

28th September, 2016

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: 34th Annual General Meeting – Compliance as required under SEBI (listing Obligations and Disclosure) Regulations, 2015

The 34th Annual General Meeting (AGM) of the Company was held on Friday, the 9th day of September, 2016 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 26 May 2016 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 2015-16 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 alongwith the Annexure I as per the SEBI circular dated June 01, 2016 on Disclosure of the Impact of Audit Qualifications by the Listed Entities under Regulation 33/52 of SEBI (LODR), (Amendment) Regulations, 2016;

Thanking you,

Yours Faithfully,
For and on behalf of
Mukta Arts Limited
Monika Shah
Company Secretary

**ANNEXURE B**

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, 2016 [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	61,84,04,178	61,84,04,178
2.	Total Expenditure	63,59,38,062	63,59,38,062
3.	Net Profit/(Loss) before Tax	(1,75,33,884)	(1,75,33,884)
4.	Earnings Per Share	(0.84)	(0.84)
5.	Total Assets	1,91,39,20,035	1,91,39,20,035
6.	Total Liabilities	1,91,39,20,035	1,91,39,20,035
7.	Net Worth	1,09,98,69,010	1,09,98,69,010
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 explained in Note 3.40 to the Statement of Standalone Audited financial results, 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 results.

- b. **Type of Audit Qualification:** Qualified Opinion
- c. **Frequency of Qualification:** Repetitive (continuing since 2009)
- 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:**

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 results.

Moreover, the shareholders of the Company have passed a special resolution at the 34th Annual General Meeting of the Company held on 9th September, 2016 according their consent for waiver of recovery of excess managerial remuneration and the professional fees subject to approval of the Central Government. Accordingly, the Company shall again approach the Central Government for waiver of recovery of the remuneration as mentioned above.

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

As per the explanation provided by the Management in point (ii) above, it is not possible for us to determine the impact of the above qualification in the Standalone Financial Results.

2. Qualification 2:

- a. **Details of Audit Qualification:**

As at March 31, 2016, the company's investment in its subsidiary, Whistling woods International Limited (WWIL) a joint venture between the company and Maharashtra

Film, Stage and Cultural Development Corporation Limited (MFSCDCL), aggregates to Rs.36,99,97,000/- and loans and advances, Accrued interest and deposits include Rs.28,74,78,014/- recoverable from WWIL. As fully explained in Note 3.41 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, the Company paid Rs. 10,90,38,000/- by March 31, 2016. 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 treated as Deposit 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, 2016. 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.

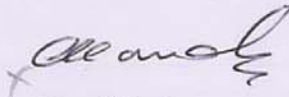
(iii) Auditors' Comments on (ii) above:

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: September 26, 2016

Place: Mumbai

For M/s Uttam Abuwala & Co.

Chartered Accountants

Firm No. 111184W

(Statutory Auditors)



CA. Urmish P. Mehta

(Partner)

Membership No. 137150

Date: September 26, 2016

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, 2016 [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	90,58,45,276	90,58,45,276
2.	Total Expenditure	93,56,60,141	94,07,21,115
3.	Net Profit/(Loss) before Tax	(2,98,14,865)	(2,98,14,865)
4.	Earnings Per Share	(1.38)	(1.60)
5.	Total Assets	1,92,85,45,654	1,92,34,84,680
6.	Total Liabilities	1,92,85,45,654	1,92,34,84,680
7.	Net Worth (excluding Minority Interest)	40,11,25,031	39,60,64,057
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

I.

* After adjusting for impact of Qualification 2

No adjustments made for Qualification 1 and 3 as impact not quantifiable

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

As explained in Note 3.37 to the accompanying consolidated 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 results.

- b. **Type of Audit Qualification:** Qualified Opinion
- c. **Frequency of Qualification:** Repetitive (continuing since 2009)
- 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:**

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 results.

Moreover, the shareholders of the Company have passed a special resolution at the 34th Annual General Meeting of the Company held on 9th September, 2016 according their consent for waiver of recovery of excess managerial remuneration and the professional fees subject to approval of the Central Government. Accordingly, the Company shall again approach the Central Government for waiver of recovery of the remuneration as mentioned above.

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

As per the explanation provided by the Management in point (ii) above, it is not possible for us to determine the impact of the above qualification in the Standalone Financial Results.

2. Qualification 2:

- a. **Details of Audit Qualification:**

As more fully explained Note 3.34 to the financial statements, Whistling Woods International Limited(WWIL), a subsidiary company, has disputed the demand from Income-tax authorities aggregating to Rs 50,60,974 (March 31, 2015: Rs 50,60,974 (including interest Rs 19,02,995 (March 31, 2015: Rs 19,02,995) and penalty Rs 4,13,148 (March 31, 2015: Rs 4,13,148) 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 the financial statements in this regard. Had the Company accrued for this liability, the loss for the year and the deficit in Statement of profit and loss at year end would have been higher by Rs 50,60,974 (March 31, 2015: Rs 50,60,974).

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:**

We are in agreement with the quantification.

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

Not Applicable

3. **Qualification 3:**

a. **Details of Audit Qualification:**

As at March 31, 2016, the Holding Company's investment in its subsidiary, Whistling woods International Limited (WWIL) a joint venture between the company and Maharashtra Film, Stage and Cultural Development Corporation Limited (MFSCDCL), aggregates to Rs.36,99,97,000/- and loans and advances, Accrued interest and deposits include Rs.28,74,78,014/- recoverable from WWIL. As more fully explained in Note 3.38 to the 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 WWILs' 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 (net book value at March 31, 2016 : Rs 17,17,57,505 (March 31, 2015: Rs 18,01,07,572)) 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 WWI 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. The State Government of Maharashtra and MFSCDCL challenged the Order of the High Court in the Supreme Court, which special leave petition was dismissed by the Supreme Court on September 22, 2014. The amounts so paid/ being paid by Mukta Arts Limited to MFSCDCL have not been accounted in these financial statements. Management of WWIL informs that these will be accounted, 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, 2016 and it has incurred a net loss (after tax) of Rs 62,91,208 during the year ended March 31, 2016 (March 31, 2015: net loss (after tax) Rs 1,81,08,971). 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.

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

- 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.

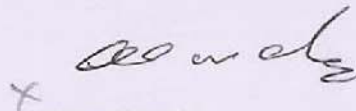
(iii) Auditors' Comments on (ii) above:

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: September 26, 2016

Place: Mumbai

For M/s Uttam Abuwala & Co.

Chartered Accountants

Firm No. 111184W (Statutory Auditors)



CA. Urmish P. Mehta
(Partner)

Membership No. 137150

Date: September 26, 2016

Place: Mumbai



MUKTA ARTS LIMITED



Annual Report
for the year ended March 31, 2016



BOARD OF DIRECTORS

Mr. Subhash Ghai
Executive Chairman
DIN: 00019803

Mr. Rahul Puri
Managing Director
DIN: 01925045

Mr. Parvez A. Farooqui
Executive Director
DIN: 00019853

Mr. Kewal Handa
Independent Director
DIN: 00056826

Mrs. Paulomi Dhawan
Independent Director
DIN: 01574580

Mr. Manmohan Shetty
Independent Director
DIN: 00013961

Chief Financial Officer
Mr. Prabuddha Dasgupta

Company Secretary & Compliance Officer
Mrs. Monika Shah

Statutory Auditors
M/s. Uttam Abuwala & Co.

Internal Auditors
M/s Garg Devendra & Associates

Secretarial Auditors
M/s. K. C. Nevatia & Associates

Bankers

Kotak Mahindra Bank Limited
HDFC Bank Limited

Registrar & Transfer Agents
Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai – 400 078
Telephone No. - (022) 2596 3838

Registered Office
Mukta House,
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) Station near Bus Depot up to 3.30 p.m. to reach the AGM Venue.

MUKTA ARTS LIMITED

PERFORMANCE

Performance at a glance

Rupees in millions

	Year ended 31st March 2016	Year ended 31st March 2015	Year ended 31st March 2014	Year ended 31st March 2013	Year ended 31st March 2012
Realisation from productions, distribution & exhibition	557.74	1,036.91	2,899.14	2,574.51	2,011.78
Equipment Hire Income	3.61	3.07	4.28	3.67	6.38
Other Income	57.05	72.93	57.48	48.11	373.16
TOTAL INCOME	618.40	1,112.91	2,960.90	2,626.29	2,391.31
Profit/(Loss) before Interest,					
Depreciation and Tax	102.81	66.07	85.28	124.94	399.78
Depreciation	61.69	66.22	42.06	34.80	32.91
Interest	58.65	77.09	61.88	50.31	50.44
Profit/(Loss) before Tax	(17.53)	(77.24)	(18.66)	39.83	316.43
Profit/(Loss) after Tax	(19.05)	(69.91)	(15.21)	29.03	255.72
Dividend	-	-	-	11.29	22.58
Dividend Rate	-	-	-	10%	20%
Gross Fixed Assets	1,926.81	1,906.55	1,491.34	1,389.26	1,309.09
Net Fixed Assets	515.73	553.89	494.13	436.08	398.44
Total Assets	1,913.92	1,964.64	2,503.91	2,393.41	2,043.19
Equity Share Capital	112.92	112.92	112.92	112.92	112.92
Reserves and Surplus	986.95	1,003.91	1,078.98	1,094.19	1,078.37
Net Worth	1,099.87	1,116.82	1,191.90	1,207.11	1,191.29
Earnings per Share (EPS)					
<i>In Rupees</i>					
EPS Basic	(0.84)	(3.10)	(0.67)	1.29	11.32
EPS Adjusted to Rs. 5	(0.84)	(3.10)	(0.67)	1.29	11.32



CHAIRMAN'S STATEMENT



The last year has seen a large improvement in the performance of the company and this has been due to the building blocks we have been putting in place over the last few years. I still believe that there is much more work to be done but the company now find itself on increasingly stable footing to take strong advantage of the new opportunities that are appearing on the horizon.

This year has again seen the Media and Entertainment industry performing well with Television growing strongly and new areas like Digital and Sports becoming increasingly important aspects. The industry has grown by 12.8% over the last year according to the FICCI-KPMG report and is expected to grow further by 14.3% CAGR to reach Rs 2260 billion by 2020. There are however an array of challenges and whether or not the industry can live up to these bullish estimates, are usually a question of whether these challenges will be met adequately.

The film industry itself has had a solid year again but there have been some set backs. Some large films have not performed at the box office whilst some small level films have done admirably. Clearly content is becoming king once again and marketing alone cannot save an unworthy enterprise. Films are getting larger releases across the country and across the world and Indian talent is getting its due in the US in TV as well as mainstream films. This will open many possibilities for our industry to expand, learn and grow but as I have mentioned earlier, the structures need to be in place to ensure this.

The internet has become an increasing opportunity. The start of 2016 has seen Netflix enter India and this has been followed by a wave of streaming TV services from big players like Star and Viacom. This market is a little nascent right now but the potential is huge. Monetization models will need to be evolved over and above the ad supported one but given the population of urban India, this could be a very large engine of growth for in industry in terms of content structure and revenue generation.

As for our own businesses, we have seen that our investment in Cinemas is now coming to fruition. As of March 31st we had 36 screens across the country and were operating 13 properties. This year we have opened properties in Kundli and Rajpipla. After March 31st we have added properties in Dehradun, Aurangabad and the screens in Panvel and Goregaon are ready to be opened shortly.

Our first international property in Bahrain is almost ready and will be opening in August 2016. This venture has taken a lot of our efforts as we have become the first foreign company in that country to receive the cinema license in our own name. It's a measure of the hard work and relationships we have built in that country and there is little doubt that the property will be a huge success. It will be the first of many more we hope as we are actively adding potential projects in the who GCC region and hope to take our business global to take advantage of a growing cineplex opportunity.

Our programming business remains consistent. The Mukta-VN Joint Venture is providing a strong foothold for the company with stable earnings and profitability. The scope of this business remains reasonable long term and we hope that the network we have built upon will help us grow further advertising and ancillary opportunities in the years to come.

The film business is currently ramping up. We announced 'Khalnayak Returns' as a first project we will be doing from our existing library and I believe that we can follow it with many more developments from our prestigious IPR. We are working with some exciting writers to create a slate of films which will be current as well as in-keeping with the traditions of Mukta and its sense of story-telling.

MUKTA ARTS LIMITED

Whistling Woods International (WWI) continues to march from strength to strength. The partnership with TISS has enabled us to make media and film education much more mainstream and sought after. Currently the institute has over 800 students studying in over 13 streams. We have added to our bouquet by offering Fashion and Music both as diplomas and degrees.

Whistling Woods has become one of the best schools in Asia and is attracting partnerships with some of the best schools in the world. We have recently finished a collaboration with Chapman University in LA. We are hopeful for many more such partnerships in the coming years. It's a wonderful thing for our students and faculty.

The You Tube Space has been an instant success on the campus attracting some of the best You Tube creators to the institute and allowing students to be trained in content creation and monetization for this exciting platform. In addition to the Sony Media Centre, we have launched technology partnerships with Foxconn and Red making WWI the centre of new technology for film and media in the country.

I am very positive about the legal situation which I am sure you are all concerned about. The current government has been very helpful in looking for a quick solution and I am sure soon something will be finalized.

Connect 1, the digital initiative, has had a year of fact-finding and experimentation. We are looking forward to presenting these findings using the talent of Whistling Woods students in the upcoming year. It's a fluid space and the company has been cautious in its approach given the amount of entrants but we are confident we have found a solid niche which will pay dividends.

I would like to once again thank all our investors for their faith. I think the recent developments have given the company a new boost in a search for consistent performance and this year will set us strongly on that path. We remain vigilante about changing market dynamics and have now added a strong management in each vertical to course correct as and when needed. The long term strategy now set, the ship has begun to sail.



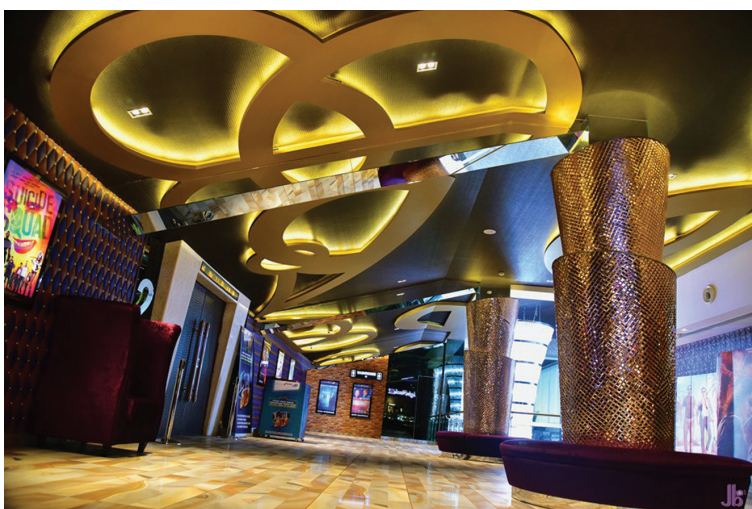
Subhash Ghai



MANAGEMENT DISCUSSION AND ANALYSIS

Industry Performance

The Indian economy withstood the global economic pressures of the past year and yet grew at a faster pace than its peers. The year was however, not completely positive for the Indian media and entertainment industry. The rural sector did not live up to the expectations created by the high spending and positive outlook of the election year of 2014.



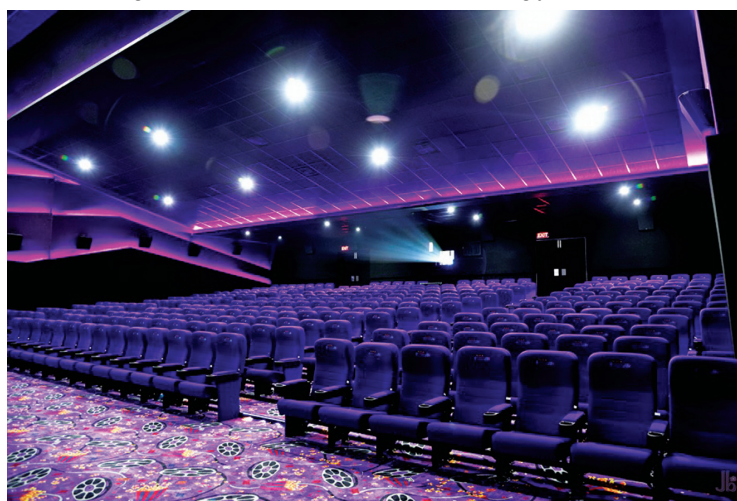
A strong growth of close to 15% in advertisement spends helped sectors like television and radio to grow phenomenally with new television channels and new radio stations opening during the year. There was increase in digitization of cable though addressability continued to be a concern. The new BARC rating system was adopted by the television industry. The cable television industry saw companies restructuring to fend off the challenge of broadband. Radio continues to face restrictions on carrying news and current affairs. In spite of this, the growth of 15.3% in 2015 was achieved and at over 10% is predicted for the next 5 years.

Digital media continued its growth with digital advertising rising 38% in 2015 over 2014. Growth in the number of internet users pushed up spending by advertisers. The availability of broadband and the introduction of 4G in India ensures that this sector continues to see the strongest growth of all Media and Entertainment sectors; this growth is expected to continue in the future. The ecommerce segment continued to target market share and spending on customer acquisition. OTT is another area where growth is expected in the future though at present, the lack of bandwidth and high costs make its short term viability a matter of concern.

The print sector witnessed pressures with real estate and education sectors cutting down on their ad spend. While the ad spend from ecommerce businesses continued to grow, this did not benefit the regional sector. One good sign in this highly cost conscious country was the increase in print ad prices. While publications are adopting digital editions, the growth of social media and mobile applications indicates the scope for disruptions in this sector in the future.

After a lacklustre 2014, the film sector saw Hollywood and regional films creating records and pushing this sector to grow by 9.3% though Bollywood offerings remained muted in their performance. Hollywood films were released in more centres resulting in noticeably improved performance. Regional films continued to deliver increasingly successful box office performers. Bahubali broke all previous box office records and collected over Rs 500 crores. The inorganic growth witnessed in 2014 in the domestic exhibition sector was followed in 2015 by slow organic growth in tier II and III cities. There was some consolidation with PVR acquiring 32 screens of DT Cinemas. However, the film sector in general was restricted by the low screen penetration of the country. This is a trend that is not expected to change soon. With the digital sector on a high growth path, the exhibition sector needs innovative solutions to improve its growth trajectory.

As indicated by the box office, content rather than star cast has become the



MUKTA ARTS LIMITED



discerning factor for a film to perform. With the adoption of the BARC channel rating system, there is expected to be a reshuffle in the distribution of ad spends amongst channels. With the increasing availability of broadband and 4G services, the advancement of the mobile phone technology and the new methods of online payment, the changes coming shall be disruptive enough to cause a complete change not only in the way content is distributed and consumed, but also of how it is created.

Company Performance

The Company has for the past few years, been focussing increasingly on the exhibition business. It has gone from 3 properties and 11 screens in 2013 to 13 properties and 36 screens

at present, revenue also having grown from Rs 46.7 million to Rs 431.6 million over this period. During this fiscal year properties were launched at Kundli and Rajpipla. In July 2016, properties at Dehradun and Aurangabad were opened. These properties are already contributing positively to the bottom line of the Company. The next set of multiplexes lined up for opening are at Panvel and Goregaon, in Mumbai. With the opening of these locations, the number of screens will go up to 43. The Company is, through a subsidiary, on the verge of launching a 6 screen multiplex in Bahrain, the first International venture for the Company. This will be the Company's entry into a potentially lucrative GCC region and the company will use this subsidiary to further ambitions in this area.

The Company has over the past three years developed a dedicated clientele with its offering of affordable luxury where the patron gets a luxurious experience at par with any of India's other multiplexes, but at a distinctly more affordable value. It also continues to leverage its experience gained from the distribution and programming backgrounds to identify locations for launching new cinemas and multiplexes.

The Company has not finalised any new movie projects yet but it is in discussions which are expected to close soon. It intends to use its enviable IPR in reboots and work to this regard has begun in earnest. In the meanwhile, the Company has also started monetising rights of old hit films from its sizeable library.

The Programming service business has from April 2014, been hived off to a subsidiary, Mukta VN Films Limited, 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.

The Company has a stake in Maya Digital Studios. This company is slowly establishing itself in the field of animation and VFX production, handling not only a number of children's animation films but also gaming projects, feature films and commercials.

Of the subsidiaries of the Company, the most notable has been the Whistling Woods Institute. It has seen admissions rise to almost 400 in the current intake and the student numbers on the campus are now 800. Adding the degree programmes from TISS (TATA Institute of Social Science) has helped this boost and WWI expects that this growth will continue in the next year as well until the institute reaches its peak capacity of almost 1000. The institute has added programmes in VFX and Music last year and continues to grow its courses in Film, Media, Animation and Fashion.

Over the past 10 years (WWI has graduated 17 batches so far), Mukta Arts has worked with WWI alumni in many ways - from them working for Mukta in the Mukta Cinemas, Film marketing, Digital content creation divisions to making movies with their filmmaking / acting talent. MAL continues to work with them to create content for digital platforms through its division Connect.1 having made 2 commissioned short fiction films in the recent past.



Going forward, with the digital division picking up steam, the Company proposes to increase its usage of WWI alumni for the same.

Another subsidiary of the Company, Connect.1 The digital business of the group has been restructured over the past year with Connect.1 moving away from the Multi-Channel Network business model to a brand/platform-funded production business for web series'. Focus has moved from production to development.

Connect.1 will continue its current model of doing creative development professionals from the industry working with WWI alumni to develop concepts for web series' for platforms / brands. Connect 1 is building strong relationships with the platforms (Netflix, Amazon, Eros, Sony, Hotstar, Voot, OZee) for regular pitching to them. WWI Short films are continued to be distributed / monetised on YT / other platforms. C.1 has partnered with one of India's biggest MCNs, with their high overseas presence will take over monetisation of WWI short films for overseas territories and they will also run the Connect.1 CMS for efficient viewership growth.

Cautionary Statement

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to Company's operations include audience preference, availability of funds for expansion, change in Government regulation, tax regimes, economic development within India and the countries which your Company deals with and other incidental factors.

MUKTA ARTS LIMITED

NOTICE

Notice is hereby given that the **34th Annual General Meeting (AGM)** of Mukta Arts Limited will be held on Friday, the 9th day of September, 2016 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 Financial Statements (including Audited Consolidated financial statement) of the Company for the financial year ended March 31, 2016, 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 re-appointment of M/s Uttam Abuwala & Co., Chartered Accountants (Firm Registration Number:111184W) as Statutory Auditors to hold office from the conclusion of the Thirty Fourth Annual General Meeting until the conclusion of the Thirty Eighth Annual General Meeting of the Company to be held in the year 2020, be and is hereby approved at a 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 a Special Resolution:
“**RESOLVED THAT** pursuant to the recommendation made by Nomination and Remuneration Committee and provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act, consent and approval of the Company be and is hereby accorded to the re-appointment of Mr. Subhash Ghai (DIN 00019803) as the Executive Chairman of the Company for a period of three years with effect from 30th May 2017 on such remuneration and terms and conditions as are contained in the agreement to be entered into between the Company and Mr. Subhash Ghai, as placed before the meeting and initialed by the Chairman for the sake of identification.
RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any year, Mr. Subhash Ghai be paid minimum remuneration as specified in Section II of Part II of Schedule V to the Companies Act, 2013 as in force in each financial year.
RESOLVED FURTHER THAT the terms and conditions of this appointment may be altered or varied from time to time by the Board (which term shall be deemed to include Nomination & Remuneration Committee of the Board) as it may in its discretion deem fit within the maximum amount payable to each Whole-time Director in accordance with Schedule V to the Act including any amendments thereto.”
5. To consider and, if thought fit, to pass the following resolution as a Special Resolution:
“**RESOLVED THAT** pursuant to the recommendation made by Nomination and Remuneration Committee and provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act, consent and approval of the Company be and is hereby accorded to the re-appointment of Mr. Rahul Puri (DIN 01925045) as Managing Director of the Company for a period of three years with effect from 30th May, 2017 on such remuneration and terms and conditions as are contained in the agreement to be entered into between the Company and Mr. Rahul Puri, as placed before the meeting and initialed by the Chairman for the sake of identification.
RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any year, Mr. Rahul Puri be paid minimum remuneration as specified in Section II of Part II of Schedule V to the Companies Act, 2013 as in force in each financial year.
RESOLVED FURTHER THAT the terms and conditions of this appointment may be altered or varied from time to time by the Board (which term shall be deemed to include Nomination & Remuneration Committee of the Board) as it may in its discretion deem fit within the maximum amount payable to each Whole-time Director in accordance with Schedule V to the Act including any amendments thereto.”
6. To consider and, if thought fit, to pass the following resolution as a Special Resolution:
“**RESOLVED THAT** pursuant to the provisions of section 188 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and subject to such other approvals, consents, sanctions of any of the authorities as may be necessary, consent of the Company be and is hereby accorded to appoint Mr. Siraj Farooqui, relative of Mr. Parvez A. Farooqui, Executive Director of the Company as “COO- Production & Studios” at a total remuneration of Rs. 274,667/- per month but not exceeding Rs. 5,00,000/- per month.



RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

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

"RESOLVED THAT in accordance with the provisions of Section 62 and other applicable provisions, if any, of The Companies Act, 2013 (including any amendment thereto or re-enactment thereof), Articles of Association of the Company, Regulation 30 of the SEBI (LODR) Regulations, 2015 and the rules/regulations/guidelines, notifications, circulars and clarifications, if any, issued by the Government of India (GOI), the Securities and Exchange Board of India (SEBI) and subject to such approvals, consents, permissions and sanctions as may be necessary or required and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution, the consent of the Company be and is hereby accorded to the Board in its absolute discretion to re-issue 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.

RESOLVED FURTHER THAT the aforesaid Equity Shares shall rank pari-passu in all respect with the existing Equity Shares of the Company. The Equity Shares allotted on preferential basis shall be locked in from the date of their allotment for such period as prescribed in Regulation 78 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

RESOLVED FURTHER THAT the Equity Shares to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER THAT the relevant date as per Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for the determination of applicable price for the issue of Equity Shares shall be 9th August, 2016 i.e. 30 days prior to the date of this Meeting.

RESOLVED FURTHER THAT the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the agencies involved in such issue but subject to such conditions as the Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) and/or such other appropriate authority may impose at the time of their approval as agreed by the Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to delegate any or all the powers, to any Committee formed thereof for the powers conferred upon it by this resolution, or to any individual so authorized by the Board.

RESOLVED FURTHER THAT for the purpose of creating, issuing, offering and allotting Equity Shares of the Company as aforesaid, the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular, to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the Equity Shares of the Company, as it may in its absolute discretion, deem fit and proper."

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

"RESOLVED THAT pursuant to the earlier resolutions passed by the members of the Company at their 23rd, 26th and 28th Annual General Meetings held on 29th September, 2005, 20th September, 2008 and 30th September, 2010 respectively under the provisions of Sections 198, 269, 309, 310, 311, 309(1)(b) read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including statutory modification or re-enactment thereof, for the time being in force) and provisions of Section 197 read with Schedule V and other applicable provisions if any of the Companies Act, 2013 (including statutory modification or re-enactment thereof, for the time being in force) and the applicable rules framed under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 subject to the approval of the Central Government and such other approvals wherever required, if necessary, consent of the members be and is hereby accorded 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 for the movie "KAANCHI" as a Director, Producer and Writer.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to undertake all such acts, deeds, matters and things to finalize and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, to enable this resolution, and to settle any question, difficulty or doubt that may arise in this regard."

Registered Office:

Mukta House,
Behind Whistling Woods Institute
Filmcity Complex
Goregaon (East)
Mumbai- 400065
Place: Mumbai
Date: 26th May, 2016

By Order of the Board

Sd/-
Monika Shah
Company Secretary
Membership No: FCS 7964

MUKTA ARTS LIMITED

NOTES:

1. The Explanatory Statement as required under Section 102 of the Companies Act, 2013 with respect to the Special Business set out in the Notice under Item Nos. 4, 5, 6, 7 and 8 is annexed hereto.
2. 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.
3. 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.
4. 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.
5. The Company's Registrar and Transfer Agents for its Share Registry work (Physical and Electronic) are Link Intime India Private Limited having its office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400078.
6. The Register of Members and Share Transfer Books of the Company will remain closed **from Friday, the 2nd September, 2016 to Friday, the 9th September, 2016 (both days inclusive).**
7. All the documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all days, except Saturdays, Sundays and holidays until the date of the Annual General Meeting or any adjournment thereof. This notice and the Annual Report will also be available on the Company's website www.muktaarts.com for download.
8. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking re-appointment as Director under Item No. 2 of the Notice is annexed herewith as Annexure – I.
9. Members wishing to claim dividends, which remain unclaimed, are requested to send their claims directly to the Company or to Link Intime India Private Limited, the Company's Registrars and Transfer Agents (the R & T Agents). Members are requested to note that dividends which remain unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are required to be transferred to the Investor Education and Protection Fund established by the Central Government as per Section 124 of the Companies Act, 2013 (Section 205A and 205C of the erstwhile Companies Act, 1956), no claim shall lie against the Company or the said Fund for the amounts so transferred.

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

Dividend Reference	Date of Declaration	Due Date for transfer to IEPF
Interim Dividend 2011	04-08-2011	06-09-2018
Final Dividend 2013	21-09-2013	24-10-2020

10. 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.

11. 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.
12. 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.
13. 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.



14. 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
15. In keeping with Ministry of Corporate Affairs' Green Initiative measures, soft copies of the Annual Report for the year ended 31st March 2016 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.
16. The route map showing directions to reach the venue of the 34th Annual General Meeting of the Company is annexed.
17. Mr. Pratik M. Shah, Practising Company Secretary (Membership No. FCS 7431) has been appointed as the Scrutinizer to scrutinise the e-voting process in a fair and transparent manner.

18. 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 5th September, 2016 at 12.00 noon and ends on 8th September, 2016 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 2nd September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL 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 shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xviii) Note for Non – Individual Shareholders and Custodians

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Other Instructions:

- (i) The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on Cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the Cut-off date only shall be entitled to avail the facility of remote e-Voting, as well as voting at the meeting through ballot.
- (ii) 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 three days 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 a person authorised by him in writing who shall countersign the same.
- (iii) 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 CDSL www.evotingindia.com immediately after the result is declared.

Registered Office:

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

Place: Mumbai

Date: 26th May, 2016

By Order of the Board

Monika Shah
Company Secretary
Membership No: ACS 7964



Annexure - I to Notice

Additional Information to Item No. 2.

Name of Director	Mr. Rahul Puri
Date of Birth	19/09/1977
Date of first appointment	23/10/2007
Qualifications	Graduate of Kings College London
Expertise in specific functional areas and experience	Business Development, Administration and Finance Worked with UBS Warburg in London in corporate finance on international transactions. Worked with Ambit Corporate Finance and Nimbus Communications after moving to India. Joined Mukta Arts Limited in 2003 as Vice President- Finance and Strategy and later promoted as Executive Director. Currently he is holding the position of Managing director of the Company.
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	1. Coruscant Tec Limited 2. Mukta V N Films Limited
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.)	Nil
Number of shares held in the Company	Nil

For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of Mr. Rahul Puri, please refer to the Corporate Governance Report.

Annexure - II to Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4:

Re-appointment of Mr. Subhash Ghai (DIN 00019803) as Executive Chairman for a period of 3 years and fixation of remuneration payable to him.

Mr. Subhash Ghai was appointed as Executive Chairman on 30th May, 2014 for a term of 3 years on the terms and conditions mentioned in the agreement entered into between Mr. Subhash Ghai and the Company which was duly approved by the Shareholders of the Company at Annual General Meeting held on 27th September, 2014.

The Nomination and Remuneration Committee in its meeting held on 26th May, 2016 had recommended his re-appointment on the terms and conditions contained in the agreement to be entered into between the Company and Mr. Subhash Ghai. Accordingly, the Board proposes re-appointment of Mr. Subhash Ghai as Executive Chairman of the Company for a period of 3 years commencing from 30th May, 2017.

The Main terms of the said agreement are as under:-

SALARY:

Rs. 300,000/- per month with the liberty to the Board to review and increase the same from time to time upto a maximum of Rs. 5,00,000/- per month during the tenure of this contract.

PERQUISITES:

In addition to the aforesaid salary, the Executive Chairman shall be entitled to the following perquisites:

- Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities shall be borne by the Company.
- Reimbursement of all medical expenses incurred for self and family.
- Leave Travel assistance for self and family as per Company rules.
- Fees of maximum of two clubs, which will include admission and life membership fees.
- Personal accident insurance, premium whereof does not exceed Rs. 25,000/- per annum.
- A car with driver for official purpose.
- Telephones (including Mobile phones), fax and other communication facilities at residence for official purpose. All personal usage will be charged to his account.

MUKTA ARTS LIMITED

- h) Gratuity at rate not exceeding half a month's salary for each completed year of service, and
 - i) Leave at the rate of one month for every eleven month's of service. Leave not availed of may be encashed.
 - j) Other allowances will be paid as decided by the Board and as per the terms of the agreement.
 - k) Ex-gratia – One month basic per annum
- Family for the above purpose means wife, dependent children and dependent parents of the Executive Chairman.
- For the purpose of computation of the ceiling on remuneration, the following perquisites shall not be included.
- Gratuity at the rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure.

None of the Directors or Key Managerial Personnel of the Company except, Mr. Subhash Ghai and Mr. Rahul Puri may be deemed to be concerned or interested in this resolution.

The agreement entered into between the Company and Mr. Subhash Ghai will be available for inspection by the Members at the Registered Office of the Company during business hours and will also be available at the meeting.

The other information as required under Schedule V (B) (iv) is as follows.

I GENERAL INFORMATION

- 1. Nature of Industry : Production and entertainment
- 2. Date of Commencement : 07/09/1982
- 3. In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable.
- 4. Financial Performance based on Given indicators : As per Financial Statements annexed
- 5. Foreign investments of Collaborations, if any : NIL

II INFORMATION ABOUT THE APPOINTEE

- 1. Background details : B. Com, Diploma in cinema from FTII, Pune.
- 2. Past Remuneration : Rs. 33,37,400/- for 2015-2016
- 3. Recognition or awards : Has won many awards as Film Director and Producer
- 4. Job Profile and his suitability : Filmmaker (Writer, Director and Producer)
He earned accolades from the guiding and making of 37 films in 34 years of his career, out of which 18 films proved to be the blockbusters of their times and got him laurels from the critics as well as the audiences. Looking at the reputation and vast experience Mr. Subhash Ghai is ideally suited for the position.
- 5. Remuneration Proposed : As contained in the Explanatory Statement
- 6. Comparative remuneration profile with respect to Industry etc. : NA
- 7. Pecuniary Relationship directly or indirectly with the Company : NIL
- 8. Relationship with managerial Personnel, if any : Father-in- law of Mr. Rahul Puri-Managing Director

III OTHER INFORMATION

- 1. Reason of Loss or inadequate Profit : No new films released during the year
- 2. Steps Taken or proposed to be Taken for improvement : Budgets for future films rationalized.
Additional Sources of income streamlined
- 3. Expected increase in Productivity and profits in measurable terms : Not quantifiable

IV DISCLOSURE

- 1. Remuneration package : Necessary information given in explanatory statement
 - 2. Disclosure in Corporate Governance if any : Necessary information given.
- Your directors recommend the resolution for your approval.



Item No. 5:

Re-appointment of Mr. Rahul Puri (DIN 01925045) as Managing Director for a period of 3 years and fixation of remuneration payable to him.

Mr. Rahul Puri was appointed as Managing Director on 30th May, 2014 for a term of 3 years on the terms and conditions mentioned in the agreement entered into between Mr. Rahul Puri and the Company which was duly approved by the Shareholders of the Company at Annual General Meeting held on 27th September, 2014.

The Nomination and Remuneration Committee in its meeting held on 26th May, 2016 had recommended his re-appointment on the terms and conditions contained in the agreement to be entered into between the Company and Mr. Rahul Puri. Accordingly, the Board proposes re-appointment of Mr. Rahul Puri as Managing Director of the Company for a period of 3 years commencing from 30th May, 2017.

The Main terms of the said agreement are as under:-

SALARY:

Rs. 2,00,000/- per month with the liberty to the Board to review and increase the same from time to time upto a maximum of Rs. 5,00,000/- per month during the tenure of this contract.

PERQUISITES:

In addition to the aforesaid salary, the Managing Director shall be entitled to the following perquisites:

- a) Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities shall be borne by the Company.
- b) Reimbursement of all medical expenses incurred for self and family.
- c) Leave Travel assistance for self and family as per Company rules.
- d) Fees of maximum of two clubs, which will include admission and life membership fees.
- e) Personal accident insurance, premium whereof does not exceed Rs. 25,000/- per annum.
- f) A car with driver for official purpose.
- g) Telephones (including Mobile phones), fax and other communication facilities at residence for official purpose. All personal usage will be charged to his account.
- h) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- i) Gratuity at rate not exceeding half a month's salary for each completed year of service, and
- j) Leave at the rate of one month for every eleven month's of service. Leave not availed of may be encashed.
- k) Other allowances will be paid as decided by the Board and as per the terms of the agreement.
- l) Exgratia – One month basic per annum

Family for the above purpose means wife, dependent children and dependent parents of the Managing Director

For the purpose of computation of the ceiling on remuneration, the following perquisites shall not be included.

Gratuity at the rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure.

None of the Directors or Key Managerial Personnel of the Company except, Mr. Subhash Ghai and Mr. Rahul Puri may be deemed to be concerned or interested in this resolution.

The agreement entered into between the Company and Mr. Rahul Puri will be available for inspection by the Members at the Registered Office of the Company during business hours and will also be available at the meeting.

The other information as required under Schedule V (B) (iv) is as follows.

I GENERAL INFORMATION

- | | | |
|--|---|-------------------------------------|
| 1. Nature of Industry | : | Production and Exhibition of Films |
| 2. Date of Commencement | : | 07/09/1982 |
| 3. In case of new Companies, expected date of commencement of activities as per project approved by financial institutions in the prospectus | : | Not applicable. |
| 4. Financial Performance based on Given indicators | : | As per financial statements annexed |
| 5. Foreign investments of Collaborations, if any | : | NIL |

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II INFORMATION ABOUT THE APPOINTEE

1. Background details : Graduate of Kings College London
2. Past Remuneration : Rs. 35,54,340/- for 2015-2016
3. Recognition or awards : NIL
4. Job Profile and his suitability : Incharge of overall Business Development and Administration Worked with UBS Warburg in London in corporate finance on international transactions and has several years of rich experience in India & abroad. Looking at the overall exposure and experience Mr. Rahul Puri is ideally suited for the position.
5. Remuneration Proposed : As contained in the Explanatory Statement
6. Comparative remuneration profile with respect to Industry etc. : NA
7. Pecuniary Relationship directly or indirectly with the Company : NIL
8. Relationship with managerial Personnel, if any : Son-in-law of Executive Chairman, Mr. Subhash Ghai

III OTHER INFORMATION

1. Reason of Loss or inadequate Profit : No new films released during the year
2. Steps Taken or proposed to be Taken for improvement : Budgets for future films rationalized. Additional Sources of income streamlined.
3. Expected increase in productivity and profits in measurable terms : Not quantifiable

IV DISCLOSURE

1. Remuneration package : Necessary information given in explanatory statement
2. Disclosure in Corporate Governance if any : Necessary information given

Your directors recommend the resolution for your approval.

Item No. 6:

Holding of office or place of Profit by Mr. Siraj Farooqui, a relative of Executive Director, under Section 188 of the Companies Act, 2013.

The Board of Directors of the Company have appointed Mr. Siraj Farooqui, relative of Mr. Parvez A. Farooqui, Executive Director of the Company as "COO- Production & Studios" in the Company with effect from 1st November, 2015 with the remuneration at Cost to Company basis at Rs. 32,96,000/- per annum. Mr. Siraj A. Farooqui has experience of over 30 years in Film Industry. He has been associated with Mukta Arts Limited since its inception and has had good experience in production including editing, special effects, art direction etc. His continued association with the Company would prove to be an asset for the Company.

Therefore, the Board of Directors seeks approval of members pursuant to the provisions of section 188 of the Companies Act, 2013, to pay remuneration of Rs. 274,667/- per month but not exceeding Rs. 5,00,000/- per month to Mr. Siraj A. Farooqui holding or continuing to hold office or place of profit under the Company, being relative of Mr. Parvez A. Farooqui, Executive Director of the Company.

None of the Directors or Key Managerial Personnel of the Company except, Mr. Parvez A. Farooqui may be deemed to be concerned or interested in this resolution.

Your directors recommend the resolution for your approval.

Item No. 7:

Your Directors at their meeting held on 9th March, 2002 had forfeited 4000 Equity Shares belonging to 24 shareholders for non-payment of allotment money due. Prior to the forfeiture, your Company had sent forfeiture notices to shareholders in respect of 4000 Equity Shares but have not remitted the outstanding allotment money due and therefore their shares were forfeited. Article 35 of the Articles of Association of the Company provides that any shares forfeited, shall be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit. Further, the Board of the Directors of the Company at its meeting held on 26th May, 2016 consented the reissue and allotment of the 4000 forfeited Equity Shares of face value of Rs. 5/each to Mr. Subhash Ghai with the permission of the members by way of Special Resolution at the Annual General Meeting.

As the Board has consented to reissue the forfeited shares of the Company, it seeks to obtain your approval for the same. Pursuant to Section 62 (1) of the Companies Act, 2013; the Equity Shares may be offered by the Company to such persons in the manner whatsoever, if a special resolution to that effect is passed by the Company in the General Meeting. Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 62(1) and other applicable provisions of the Companies Act, 2013, Chapter VII of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 and in terms of the provisions of the SEBI (LODR) Regulations, 2015 to re-issue and allot Equity Shares as stated in the Special Resolution and on the terms as stated herein below:



(The question of additional fund does not arise in case of issue of shares as they are to be taken by the person at the price fixed in accordance with SEBI (ICDR) Regulation, 2009)

- I. The Object of the re-issue of forfeited shares:-It is intended not to cancel the forfeited shares of the Company and hence promoters decided to pay and subscribe to the forfeited shares and reissue the same to them.
- II. Intention of the Promoters/Directors/Key management persons to subscribe to the offer:- The Promoters/Directors/Key Management of the Company intend to subscribe to the re- issue of forfeited shares being offered which is proposed under the special resolution of the Notice for shareholders' approval at this meeting.
- III. Shareholding pattern before and after the reissue of forfeited shares: Shareholding pattern before and after the re-issue of 4000 forfeited Equity Shares:

Name of Promoter/ Shareholder	No .of shares held before re- issue	% of shareholding before re-issue (Keep in 4 decimal Point)	Preferential Issue of Forfeited Shares	Total holding after Issue of Forfeited Shares	% holding after Issue of Forfeited Shares (Keep in 4 decimal point)
Subhash Ghai	12417990	54.9926	4000	12421990	55.00057559
Total	15889290	70.3652	4000	15893290	70.38284059

- IV. The proposed allotment of forfeited Equity Shares has already been approved by the Board at the Board meeting held on 26th May, 2016.
- V. Auditor's Certificate:- A copy of the certificate of the Auditors of the Company certifying the adherence in SEBI's Regulations for Preferential Issues, being Chapter VII to the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 by the proposed issue shall be laid before the shareholders at the Annual General Meeting.

Lock-in:-The Equity Shares allotted pursuant to reissue of forfeited Equity Shares will be locked in from the date of their allotment i.e. from 9th September, 2016 to 8th September, 2019, i.e. for a period of 3 years as prescribed in Regulation 78 of SEBI (ICDR) Regulations, 2009.

Item No. 8:

Waiver of the recovery of excess amount paid as managerial remuneration and professional fees to Mr. Subhash Ghai as the erstwhile Chairman and Managing Director of the Company:

Mr. Subhash Ghai was appointed as Chairman and Managing Director of the Company for the period of three years w.e.f. 1st April, 2011 vide special resolution passed by the members of the Company in the 28th Annual General Meeting of the Company held on September 30, 2010 as per the recommendation of the Nomination and Remuneration Committee (Remuneration Committee as per Companies Act 1956) and as approved by the Board of Directors in their meeting held on August 12, 2010.

Any sums paid in excess of the said statutory limits become refundable to the Company and until such sums become refundable, are held in trust for the Company, unless the Company waives recovery of the said amount by way of a Special Resolution passed by the Members and such waiver is approved by the Central Government. Hence pending the necessary approval from Central Government, the excess remuneration so paid is being held in trust by the Chairman.

The Company had made various applications to the Central Government for payment of aforesaid remuneration. The Company received the approval from Central Government 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 vide their letter dated 20th April, 2011) and the Company made applications to the authorities requesting reconsideration/ approval for the balance excess remuneration and for recognition of the erstwhile managing director as a professionally qualified person under the Companies Act, 1956. Through its various communications, the Ministry of Corporate Affairs had 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.

The details of the excess Managerial Remuneration paid to Mr. Subhash Ghai during the preceding financial years are given herein below:

(Amount in Rupees)

Financial year	Remuneration paid	Entitlement	Remuneration allowed by CG	Excess to be recovered	Professional Fees paid
2005-06	Rs.1,08,95,000/-	42,00,000/-	84,00,000/-	24,95,000/-	-
2006-07	1,10,58,546/-	80,08,316/-	84,00,000/-	26,58,546/-	-
2007-08	1,15,90,741/-	83,48,169/-	84,00,000/-	31,90,741/-	-
2008-09	15,640,620/-	42,00,000/-	-	114,40,620/-	-
2009-10	15,234,145/-	42,00,000/-	-	110,34,145/-	-
2010-11	23,209,717/-	42,00,000/-	-	190,09,717/-	-
2011-12	12,997,900/-	42,00,000/-	-	87,97,900/-	-
2012-13	45,79,490/-	42,00,000/-	-	3,79,490/-	54,00,000/-
2013-14	41,38,588/-	42,00,000/-	-	-	110,00,000/-

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Hence, a sum of Rs. 590,06,159 as managerial remuneration was in excess of the remuneration sanctioned by the Central Government and is liable to be refunded to the Company unless permission of the Central Government for waiver of recovery of excess remuneration under Section 197 of the Companies Act, 2013 is obtained. The Company had made an application to Central Government in pursuance to section 309(1) (b) of the Companies Act, 1956 stating that Mr. Subhash Ghai is qualified in the field of Film Direction and other aspects of production of films. The application was rejected by the Central Government vide its letter dated 18th September, 2014.

The Company then applied for a consideration of all the applications made as above on the terms as explained therein for a sum of Rs. 590,06,159 as managerial remuneration and for a sum of Rs. 164, 00,000 as professional fees to Mr. Subhash Ghai for the movie "KAANCHI" being a Director, Producer and Writer for the same which was rejected by the Central Government.

As an explanation to their rejection, the Company stated that Mr. Subhash Ghai was fully involved in the making of his movie "KAANCHI" as a Director, Producer and Writer due to which he could not take up any other project during the said financial year. The talented persons in that field like Mr. Subhash Ghai are required to be adequately remunerated for their talent and hard work. When Actors/Stars are being paid huge amount as remuneration, Mr. Subhash Ghai being the Producer/Director/Scriptwriter and also the erstwhile Managing Director and Chairman of the Company he had to be adequately compensated as per his status and recognition in the Indian Film Industry.

Mr. Subhash Ghai is the Promoter and Managing Director of the Company, he has been associated with the Mukta Arts Limited since its inception. He is responsible for the management of the overall operations of the Company, including Group Companies hence has been instrumental in enabling the Group to diversify and expand its operations in India. During the last 30 years, the company has produced over 30 films and growing, all of which have generated tremendous profits for the company. He was the first Indian film producer who took his company into a corporate public company in 2000 as Mukta Arts Pvt Ltd. and expanded its business from education to exhibition in movies and multi-media. He is actively involved in long term strategy formulations and in exploring new growth avenues for Mukta Arts Group companies. During the F.Y. 2007-08 and 2008-09, he directed two films "Black & White" and "Yuvraaj" for Company without charging any directorial fees. Also, from F.Y. 2013-14 he has voluntarily reduced his remuneration considerably.

The Nomination & Remuneration Committee and the Board of Directors at their respective meetings held on 26th May, 2016 have recommended the waiver of the recovery of excess Managerial Remuneration paid to Mr. Subhash Ghai during the period from financial years 2005-06 to 2013-14 as per above details for the said financial years and Professional Fees paid during the financial years 2012-13 and 2013-14 subject to approval of the Central Government.

The Board recommends the said resolutions for your approval.

Mr. Subhash Ghai is deemed to be concerned or interested in the said resolutions mentioned in Item No. 8 of this notice.

Mr. Parvez Farooqui and Mr. Rahul Puri, being relatives of Mr. Subhash Ghai, are also deemed to be interested in the said Resolutions.

Save and except the above, none of the other Directors or any key managerial personnel or any other relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolutions.

The Board, therefore, recommends the approval of the Special Resolution by the shareholders.

A copy of the resolution passed by the Nomination and Remuneration Committee of the Board of Directors and Board of Directors at its meeting held on 26th May, 2016 is available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays and holidays up to the date of Annual General Meeting.

Registered Office:

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

Place: Mumbai

Date: 26th May, 2016

Note:

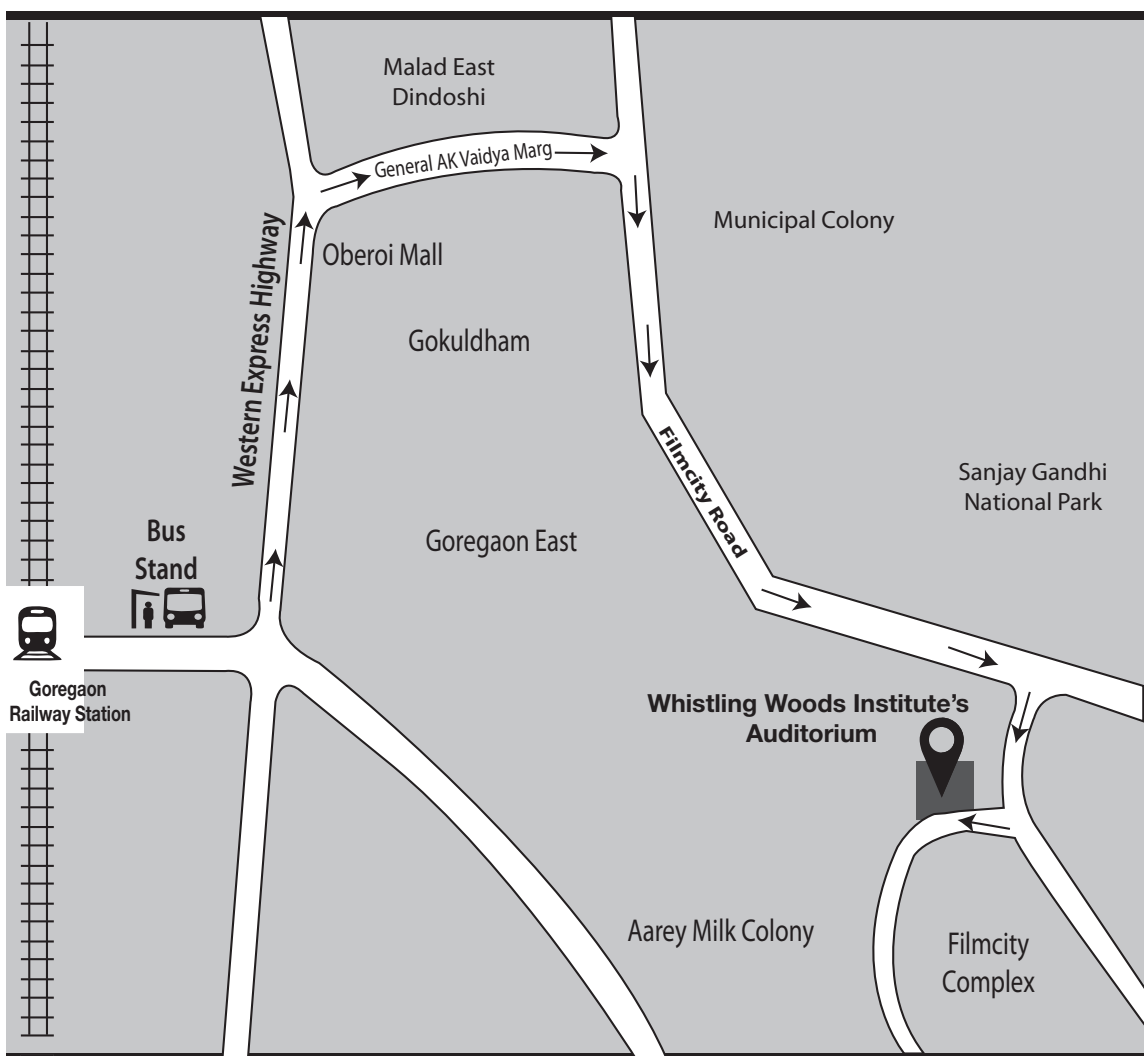
Shareholders are requested to avail services of the Company's bus outside Goregaon (East) Station near Bus Depot at 3.30 p.m. to reach the AGM Venue.

By Order of the Board

Monika Shah
Company Secretary
Membership No: ACS 7964



Route Map to the Venue of the AGM



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

MUKTA ARTS LIMITED

BOARD'S REPORT

To the Members,

Your Directors take pleasure in presenting the Thirty Fourth Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2016.

1. RESULTS OF OUR OPERATIONS

Figures in Millions

Particulars	Year ending 31.03.2016 (Rs.)	Year ending 31.03.2015 (Rs.)
Profit/(Loss) before interest, depreciation & tax	102.81	66.07
Less: Interest	58.65	77.09
Profit/(Loss) after interest, before depreciation & tax	44.15	-11.02
Less: Depreciation	61.69	66.22
Profit/(Loss) before tax	-17.53	-77.24
Less: Provision for taxation	0	0
Deferred Tax Liability /(Asset)	1.52	-7.33
Profit/(Loss) available for appropriation	-19.05	-69.91
Less: Interim / Final Dividend	0	0
Tax on Interim / Final Dividend	0	0
Profit/(Loss) for the year	-19.05	-69.91
Add: Balance brought forward	-50.5	22.48
Less: Transfer to general reserve	0	0
Profit/(Loss) Carried forward to Balance Sheet	-69.55	-50.50

Company's Performance

During the year the total revenues of the Company were placed at Rs. 618.404 Millions compared to Rs. 1112.91 Millions last year.

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

The Company and Whistling Woods International Ltd. had filed applications at the Bombay High Court to review its order dated 9th February, 2012 and after detailed hearing the Review Petition was admitted and a stay was granted by order dated 30th July 2014. However, as an interim arrangement the High Court has ordered the Petitioner to deposit with Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDCL') against the 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 year financial 2014-15, pending disposal of the review petition. The State Government of Maharashtra and MFSCDCL had challenged the Order of the High Court in the Supreme Court, this special leave petition was dismissed by the Supreme Court on 22nd September 2014.

Dividend

In view of losses, the Directors regret their inability to recommend dividend for the financial year ended 31st March 2016.

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.

Fixed Deposits

The Company has not accepted any deposits, within the meaning of section 73 of the Companies Act, 2013 read with the Companies (Acceptance of deposits) Rules, 2014.

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

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of sections 188 of the Companies Act, 2013 are not attracted. Thus, disclosure in Form AOC-2 is not required. Further, there are no material related party transactions during the year under review with Promoters, Directors or Key Managerial Personnel. 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 has any pecuniary relationship or transactions vis-à-vis the Company.

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 the 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, there was no change in the share capital of the Company.

2. BUSINESS OVERVIEW

Your Company has for the past two 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 is expanding internationally and its premium 6 screen multiplex theatre in Bahrain will open in August this year. In addition, the company has opened multiple properties across India and many more will follow.

During this fiscal year, the Company has continued to monetize rights of old hit films from its sizeable library.

The company has also successfully launched its digital company Connect One and has already produced a number of short films specifically for the internet medium to good response. The company continues to partner with the best platforms to ensure that we build strongly on this success.

Development of a new slate of feature films has also begun and the Company is confident of these beginning at the end of the year.

Subsidiary Companies

As on 31.03.2016 we have five Indian subsidiary Companies namely, Whistling Woods International Limited, Connect.1 Limited, Mukta Tele Media Limited, Coruscant Tec Private Limited and Mukta V N Films Limited. There is no material subsidiary of the company within the meaning of Regulation 27 and 30 of the Listing Agreement.

Out of the subsidiaries of the Company, the most notable has been the **Whistling Woods International Limited ('WWI')** that has regularly been rated as one of the Ten Best Film Schools in the World by 'The Hollywood Reporter', partnering with global brands like Bradford College, Sony, Apple & many more and with its alumni earning laurels in India & globally. In the field of Digital Content Creation and education thereof, Whistling Woods is now partnering with Google and has set up India's first and Asia's 2nd 'YouTube Space'. WWI has also entered into a historic partnership with the Tata Institute of Social Sciences' School of Vocational education to accredit all the 3-year UG courses that WWI runs with BSc, BA & BBA degrees. This has seen a sizeable growth in the admissions of students and will be able to take the institutes capacity to close to 900 students. Academically, WWI has started its School of Music with a 2-yr Diploma in Music Production & Composition and will be going to market with its first foray into online education with a 'Foundation in Film-making' course under the WWI Virtual Academy. In addition WWI has partnered with Foxconn to open a state of the art media lab in the institute which was inaugurated with great fanfare.

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 is being elevated as a visible sub-brand within Mukta Arts as a Digital Studio & Multi-Channel network. 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 tele-serials, management of event shows and entertainment software.

Another subsidiary of the Company, **Coruscant Tec Limited** is a Mumbai (India) based mobile solutions company with a focus on content, applications and commerce, having office in Mumbai. The company has in a short period of time forged alliances with several leading Indian and international aggregators, telecom operators(telcos), financial networks and banks to bring mobile content and commerce to Indian mobile subscribers-one of the fastest growing telecom markets in the world thereby reaching out to almost 55 million subscribers in GSM and CDMA segments.

The Programming service business has from April 2014, been carried over by our subsidiary, **Mukta VN Films Limited**, 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.

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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.

Your Company has also invested in a Single Person Company (SPC) named 'MUKTAA2 MULTIPLEX S.P.C', registered in the Kingdom of Bahrain which runs a multiplex in Bahrain. With this, your Company has ventured into international markets in multiplex business sector.

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 27 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance forms part of this Annual Report.

Number of meetings of the board

The details of the number of meetings of the Board held during the financial year 2015-16 forms part of the Corporate Governance Report. 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 five Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Share Transfer Committee and Risk Management 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. Parvez A.Farooqui 2. Mr. Kewal Handa 3. Mr. Manmohan Shetty
2.	Nomination and Remuneration Committee	1. Mrs. Paulomi Dhawan 2. Mr. Kewal Handa 3. Mr. Manmohan Shetty
3.	Stakeholders Relationship Committee	1. Mr. Parvez A.Farooqui 2. Mr. Kewal Handa 3. Mrs. Paulomi Dhawan
4.	Share Transfer Committee	1. Mr. Parvez A.Farooqui 2. Mr. Kewal Handa 3. Mr. Manmohan Shetty
5.	Risk Management Committee	1. Mr. Parvez A.Farooqui 2. Mr. Kewal Handa 3. Mrs. Paulomi Dhawan

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 Non-Executive 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 the Listing Agreement and the Stock Exchanges and 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 is attached as **Annexure – B** to the 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 and Regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



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 A. Farooqui	Executive Director
4	Mr. Prabuddha Dasgupta	Chief Financial Officer
5	Ms. Monika Shah	Company Secretary

Certificate on Corporate Governance

A 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 and the same is enclosed as an Annexure to the Report on Corporate Governance.

Directors 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, 2016, 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 loss of the company for the year ended on that date;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis;
- 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
- 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 have been appointed as the Statutory Auditors of the Company to hold office till the conclusion of the 34th Annual General Meeting through postal ballot report of 16.10.2015. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be subject to ratification at every Annual General Meeting. Since, the appointment was made through postal ballot, the approval of members by ratification in the AGM is not required and hence the re-appointment of M/s Uttam Abuwala & Co, Chartered Accountants, as Statutory Auditors of the Company is to be taken at the Annual General Meeting of the Company. In this regard, Auditors have confirmed their eligibility and submitted the Certificate in writing that their appointment, if ratified, would be within the prescribed limit under the Act and they are not disqualified for re-appointment.

The Company's explanation to the Auditors' observation in their Report have been detailed in Note No.s 3.40 and 3.41 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 M/s. K. C. Nevatia & Associates,

MUKTA ARTS LIMITED

a firm of Company Secretaries in Practice (C. P. No. 2348) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as **Annexure C** and forms an integral part of this Report.

Certificate on Corporate Governance

Your Company has taken adequate steps to adhere to all the stipulations laid down in SEBI Listing Regulations.

A Report on Corporate Governance is included as a part of this Annual Report. Certificate from a Practicing Company Secretary, M/s K. C. Nevatia & Associates confirming the compliance with the conditions of Corporate Governance as per SEBI Listing Regulations is included as **Annexure – D** of this Report.

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) Attempts continue to be made to pay statutory dues on time and file the relevant returns within prescribed time limits.
- c) As adhering to the terms of the order passed by Bombay High Court, the Company has paid an amount of Rs. 10,90,38,000/- to (Maharashtra Film Stage and Cultural Development Corporation) MFCCDCL by March 31, 2016. 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 Company have been treated as Deposit in the Financial Statements and the same will be adjusted accordingly upon 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 control systems and their adequacy

Your Company has an effective internal 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 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 included in this Report as **Annexure- E** and forms an integral part of this Report.

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	52.39
Mr. Rahul Puri	Managing Director	66.49
Mr. Parvez A. Farooqui	Executive Director	65.96

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

Name	Designation	Ratio
Mr. Subhash Ghai	Executive Chairman	(17.84%)
Mr. Rahul Puri	Managing Director	26.28%
Mr. Parvez A. Farooqui	Executive Director	25.81%
Mr. Prabuddha Dasgupta	Chief Financial Officer	43.08%
#Mr. Ravi Poplai	Company Secretary	Not Applicable
* Mrs. Monika Shah	Company Secretary	Not Applicable

Mr. Ravi Poplai has resigned w.e.f. 05/10/2015

* Mrs. Monika Shah joined the Company w.e.f. 10/02/2016

- c. The percentage increase in the median remuneration of employees in the financial year:- 66.83%
- d. The number of permanent employees on the rolls of Company: - 387
- e. The explanation on the relationship between average increase in remuneration and Company performance:
The average increase in remuneration of the employees of the Company was due to following reasons:
1. Number of employees grew from 319 as on 31st March, 2015 to 387 as on 31st March, 2016 as appointments were made for new Cinema locations opened during the period.
 2. Increase in remuneration of the existing employees as per industry standards.
 3. The Company has reduced its losses during the year ended 31.03.2016.
- f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

Name	Designation	CTC (Rs.)	% Increase in CTC	PAT (Rs. in Lakhs)	% Increase in PAT
Mr. Subhash Ghai	Executive Chairman	3,337,400	(17.84%)	(190.51)	Not Applicable
Mr. Rahul Puri	Managing Director	3,554,340	26.28%		
Mr. Parvez A. Farooqui	Executive Director	3,503,426	25.81%		
#Mr. Prabuddha Dasgupta	Chief Financial Officer	3,150,000	43.08%		
* Mr. Ravi Poplai	Company Secretary	209,880	Not Applicable		
* Mrs. Monika Shah	Company Secretary	164,941	Not Applicable		

Mr. Prabuddha Dasgupta joined the Company w.e.f. 07/07/2014

* Mr. Ravi Poplai has resigned w.e.f. 05/10/2015 and Mrs. Monika Shah joined the Company w.e.f. 10/02/2016

MUKTA ARTS LIMITED

- g. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

Date	Paid up Capital	Closing Market Price per shares	EPS	PE Ratio	Market Capitalisation (Rs. in Lakhs)
31.03.2015	112,906,000	*29.70	(3.01)	(9.58)	6706.62
31.03.2016	112,906,000	*58.80	(0.84)	(70)	13277.75
Increase/Decrease	Nil	29.10	2.26	60.42	6571.13
% Increase/Decrease	Nil	97.98	75.08	630.69	97.98
No issue of shares during the year	--	--	--	--	--

*Market price data as per NSE is considered.

- h. 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 33.06% whereas the increase in the managerial remuneration was 41.00%.

- i. The key parameters for any variable component of remuneration availed by the directors:
Not Applicable.
- j. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:
Not Applicable.
- k. 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.
- iii) Information as per Rule 5(2) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:
- (a) & (b) There were no employees drawing remuneration of Rs. 60 lacs or more per annum, employed throughout the financial year and drawing Rs. 5 lacs or more per month if employed for part of the financial year during the financial year under review.
- (c) there is no employee holding by himself or along with his spouse and dependent children, 2% or more of the Equity shares of the Company and drawing the aggregate remuneration in excess of that drawn by the Managing Director or Whole-Time Director or Manager.

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. Risk is managed by the Board/Risk Management Committee of the Board through appropriate structures that are in place at the Company.



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.

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, 2016.

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

Place: Mumbai
Date: 26th May, 2016

Subhash Ghai
Executive Chairman
DIN: 00019803

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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 Limited	Connect.1 Limited	Mukta Tele Media Limited	Coruscant Tec Private Limited	Mukta V N Films Limited
a)	Share Capital	400,000,000	600,000	500,000	7,500,000	63,600,000
b)	Reserves & Surplus	(704,435,056)	(4,940,556)	(10,129,201)	(6,017,785)	2,828,247
c)	Total Assets	318,634,367	5,589,620	3,043,225	1,494,865	471,311,069
d)	Total Liabilities	318,634,367	5,589,620	3,043,225	1,494,865	471,311,069
e)	Investments	Nil	250	250	Nil	Nil
f)	Turnover	281,227,864	1,622,218	300,000	322,727	53,930,045
g)	Profit /(Loss) before taxation	(6,291,209)	(5,391,808)	47,126	254,781	(899,871)
h)	Provision for taxation	Nil	Nil	Nil	Nil	(278,057)
i)	Profit /(Loss) after taxation	(6,291,209)	(5,391,808)	47,126	254,781	(621,813)
j)	Proposed dividend	-	-	-	-	-
k)	% of shareholding	84.99%	100%	99.92%	100%	55%



Nomination and Remuneration Policy

This 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.

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4. MEMBERSHIP

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

5. CHAIRMAN

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

6. FREQUENCY OF MEETINGS

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

7. APPOINTMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT

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

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

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

9. SECRETARY

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

10. DEVIATIONS FROM THIS POLICY

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



Annexure C

K.C. NEVATIA & ASSOCIATES
COMPANY SECRETARIES

Telephone: 26058114
J-2, Jolly Highrise Apartments,
10th Floor, 241-A, Pali Mala Road, Bandra (West),
Mumbai-400050

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Company's Financial Year from **1st April, 2015 to 31st March, 2016**

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

To,

The Members,
Mukta Arts Limited
Mumbai

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mukta Arts Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate 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 maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **March 31, 2016**, 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, 2016** according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder for specified sections notified and came into force.
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, were not attracted 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. Listing Agreement with Stock Exchanges in force upto 30th November, 2015;
 - d. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) 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. Environment Protection Act, 1986 and other environmental laws
10. Equal Remuneration Act, 1976
11. Indian Contract Act, 1872
1. 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).
2. Indirect Tax Laws relating to collections, deductions, wherever applicable, payments made and returns filed.
3. Indian Stamp Act, 1899
4. Maharashtra Stamp Act, 1958
5. Industrial Dispute Act, 1947
6. Maternity Benefits Act, 1961
7. Minimum Wages Act, 1948



Annexure to our Secretarial Audit Report dated 26th May, 2016

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. 6,36,49,674/-, 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 applications to Central Government for approval of excess remuneration paid to Mr. Subhash Ghai. The Central Government vide its letter dated 29th August, 2011 had approved part of the excess remuneration, i.e. total Rs. 2,52,00,000/- for the Financial years 2005-06 to 2007-08. The balance excess remuneration for these 3 years and subsequent financial years from 2008-09 to 2012-13 comes to Rs. 5,90,06,159/-. Subsequently, the Central Government vide its letter dated 9th February, 2015 had rejected all applications of the Company in respect of balance excess remuneration and application for waiver of recovery of excess remuneration from the Financial years 2005-06 to 2007-08 and the entire excess remuneration paid during the Financial years 2008-09 to 2012-13. Thus the aggregate excess remuneration disapproved by the Central Government from the Financial Year from 2005-06 to 2012-13 amounts to Rs. 5,90,06,159/-. However, the Company vide its letter dated 25th March 2015 had requested the Central Government to review the applications for excess remuneration paid to Mr. Subhash Ghai, and the outcome thereof 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 possess 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 possess the requisite qualification. However, the said application of the Company has been rejected by Ministry of Corporate Affairs, Government of India vide its letter dated 18th September, 2014. However the Company vide its letter dated 9th December, 2014 had requested the Ministry of Corporate Affairs, New Delhi, to re-consider its application and accord the approval to the effect that requisite qualification is possessed by Mr. Subhash Ghai the erstwhile Chairman and Managing Director and the outcome thereof is still awaited.

3. Inter Corporate Loans.

The Inter Corporate Loans given by the Company at the interest rate lower than the rate of interest referred to in sub-section (7) of Section 186 of the Act.

4. Filing of resolutions passed at Board Meeting with R.O.C.

The audited accounts for the financial year ended 31st March 2015 were filed with the Registrar of Companies in Form No. AOC-4 XBRL after 31st March, 2016 but before the date of signing this report.

5. 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

- 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 ('MFSCDC') 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'), MFSCDC 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 WWI 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 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. 10,90,38,000/- to MFSCDC by 31 March 2016 pending final hearing. The State Government of Maharashtra and MFSCDC 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 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.



Annexure to our Secretarial Audit Report dated 26th May, 2016

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. 6,36,49,674/-, 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 applications to Central Government for approval of excess remuneration paid to Mr. Subhash Ghai. The Central Government vide its letter dated 29th August, 2011 had approved part of the excess remuneration, i.e. total Rs. 2,52,00,000/- for the Financial years 2005-06 to 2007-08. The balance excess remuneration for these 3 years and subsequent financial years from 2008-09 to 2012-13 comes to Rs. 5,90,06,159/-. Subsequently, the Central Government vide its letter dated 9th February, 2015 had rejected all applications of the Company in respect of balance excess remuneration and application for waiver of recovery of excess remuneration from the Financial years 2005-06 to 2007-08 and the entire excess remuneration paid during the Financial years 2008-09 to 2012-13. Thus the aggregate excess remuneration disapproved by the Central Government from the Financial Year from 2005-06 to 2012-13 amounts to Rs. 5,90,06,159/-. However, the Company vide its letter dated 25th March 2015 had requested the Central Government to review the applications for excess remuneration paid to Mr. Subhash Ghai, and the outcome thereof 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 possess 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 possess the requisite qualification. However, the said application of the Company has been rejected by Ministry of Corporate Affairs, Government of India vide its letter dated 18th September, 2014. However the Company vide its letter dated 9th December, 2014 had requested the Ministry of Corporate Affairs, New Delhi, to re-consider its application and accord the approval to the effect that requisite qualification is possessed by Mr. Subhash Ghai the erstwhile Chairman and Managing Director and the outcome thereof is still awaited.

3. Inter Corporate Loans.

The Inter Corporate Loans given by the Company at the interest rate lower than the rate of interest referred to in sub-section (7) of Section 186 of the Act.

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

A. 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 ('MFSCDC') 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'), MFSCDC 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 WWI 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 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 Rs 86,538,000/- by 31 December 2014 and further Rs 18,000,000/- in January 2015 pending final hearing. The State Government of Maharashtra and MFSCDC 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 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.

MUKTA ARTS LIMITED

C. Payment of Statutory Dues and Returns to be filed with appropriate authorities:

The Company is not regular in depositing statutory dues, details of which are furnished hereunder.

1. **Divisions of the Company:** The Company has a division known as 'Mukta Cinemas' and its establishments are located at various places in different states including Mumbai. The payment of VAT, ESIC, and Profession Tax deducted at Source are made and returns are filed by each unit independently. The payments relating to Mumbai Unit of 'Mukta Cinemas' and Registered office are made and returns are filed by Registered office of the Company situated in Mumbai.
2. **Payments:** The payments of VAT, ESIC, Provident Fund, Service Tax and profession Tax deducted at source at various locations by Mukta Cinemas as well as by registered office have been made within prescribed time except delayed payment in few months at certain locations.
3. **Returns:** In Service Tax Return for the month of July-2015, the amount of Service Tax shown is Rs. 3450/- whereas the amount of said Tax as per challan is Rs. 3570/-.
4. **Income Tax Deducted at Source:**
 - a) **Payment:** The Company is not regular in depositing Income Tax Deducted at Source under various sections of the Income Tax Act, 1961 and the same remains unpaid for past several months. The aggregate amount of unpaid taxes deducted at source under various Sections was not available for our audit.
 - b) **Returns:** The returns in respect of the period for which taxes have been paid were filed after their due date of filing.

For K. C. Nevatia & Associates
Company Secretaries

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

Place: Mumbai

Date: 26/05/2016

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: 26/05/2016



Annexure D

PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF

MUKTAARTS LIMITED

1. We have examined the compliance of the conditions of Corporate Governance by **Mukta Arts Limited** for the year ended on March 31, 2016, as stipulated in:
 - Clause 49 of the Listing Agreements of the Company with Stock Exchanges for the period from 1st April, 2015 to 30th November, 2015.
 - Regulations 17 to 27 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 for the period from 1st December, 2015 to 31st March, 2016.
2. The compliance of the conditions of Corporate Governance is the responsibility of the management. 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.
3. In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements and SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.
4. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **K. C. NEVATIA & ASSOCIATES**
COMPANY SECRETARIES

K. C. NEVATIA
Proprietor
FCS 3963 C.P: 2348

Place: Mumbai

Date: 26th May, 2016

MUKTA ARTS LIMITED

Annexure - E

FORM NO. MGT – 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31.03.2016

[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-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (W) Mumbai – 400 078 Telephone No. - (022) 2596 3838

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	Box office collection - Exhibition	59141	50%
2	Food and beverages	47810	16%
3	Rent and amenities charges	68100	12%

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)
2	Connect.1 Limited 11 Bait-Ush-Sharaf 29th Road TPS III Bandra, Mumbai – 400050	U92110MH2000PLC124018	Subsidiary	100.00%	Section 2(87)
3	Mukta Telemedia Limited 6 Bashiron, 28th Road, TPS-III, Bandra (West) Mumbai – 400050	U92100MH2002PLC137312	Subsidiary	99.92%	Section 2(87)
4	Coruscant Tec Private Limited Mukta House, Behind Whistling Woods Institute Filmcity Complex, Goregaon (East) Mumbai – 400065	U72200MH2003PTC193963	Subsidiary	100%	Section 2(87)
5	Mukta V N Films Limited Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon East Mumbai – 400065	U74120MH2013PLC244220	Subsidiary	55%	Section 2(87)



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 01.04.2015				No. of Shares held at the end of the year 31.03.2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.PROMOTERS									
(1) Indian									
a) Individual/ HUF	15889290	0	15889290	70.37%	15889290	0	15889290	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):-	15889290	0	15889290	70.37	15889290	0	15889290	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)	15889290	0	15889290	70.37	15889290	0	15889290	70.37	70.37
B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	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):-	0	0	0	0.00	0	0	0	0.00	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2553505	0	2553505	11.31	2106119	0	2106119	9.33	-1.98
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
Sub-total (B)(1):-	1870518	19542	1890060	8.37	2041436	18942	2060378	9.12	0.75
i) Individual Shareholders holding nominal share capital upto ` 1 lakh									
ii) Individual Shareholders holding nominal share capital in excess of ` 1 lakh	2080426	0	2080426	9.21	2050431	0	2050431	9.08	-0.13
c) Others Directors and Relatives	0	0	0	0.00	0	0	0	0.00	0.00

MUKTA ARTS LIMITED

i) Other Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
ii) Foreign Bodies	0	0	0	0.00	0	0	0	0.00	0.00
iii) NRI / OCBs	66956	0	66956	0.30	145523	0	145523	0.64	0.34
iv) Clearing Members / Clearing House	76163	0	76163	0.34	103618	0	103618	0.46	0.12
v) Trusts	24800	0	24800	0.11	24950	0	24950	0.11	0
Sub-Total (B)(2):	6672368	19542	6691910	29.63	6672968	18942	6691910	29.63	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	6672368	19542	6691910	29.63	6672968	18942	6691910	29.63	0
TOTAL (A)+(B)	22561658	19542	22581200	100.00	22562258	18942	22581200	100.00	--
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	0	0	0	0.00	0	0	0	0.00	--
Grand Total (A+B+C)	22561658	19542	22581200	100.00	22562258	18942	22581200	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	54.99	0	12417990	54.99	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	15889290	70.37	0	0

(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.	Top 10 Shareholders *	Shareholding at the beginning of the year 01-04-2015		Cumulative Shareholding end of the year 31-03-2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Raju Nanwani	675125	2.99	771200	3.42
2	Antariksha Agro Farms Private Limited	0	0.00	405639	1.80
3	Optimum Stock Trading Co. Pvt Ltd	290000	1.28	290000	1.28
4	Talma Chemical Industries Pvt Ltd	261414	1.16	256628	1.14
5	Sakshi Nanwani	224000	0.99	224000	0.99
6	Pace Stock Broking Services Pvt Ltd	313187	1.39	203045	0.90
7	Rasiklal Shankarlal Shukla	85533	0.38	116748	0.52
8	Jyoti Charul Shah	52000	0.23	104000	0.46
9	Bijoo Ramrakhiani	44500	0.20	101805	0.45
10	Blue Moon Properties Pvt Ltd	190000	0.84	100000	0.44

* The shares of the Company are traded on a daily basis and hence the date wise increase / decrease in shareholding is not indicated. 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		
	Directors						
1	Subhash Ghai	12417990	54.99	12417990	54.99	--	--
2.	Parvez A. Farooqui	77300	0.34	77300	0.34	--	--
3	*Ravi Poplai	1000	0.00	1000	0.00	--	--

* Ravi Poplai has resigned w.e.f 5th October, 2015.

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	271,187,386	152,200,000	-	423,387,386
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due	1,259,684	17,743,754	-	19,003,438
Total (i+ii+iii)	272,447,070	169,943,754	-	442,390,824
Change in Indebtedness during the financial year				
* Addition	408,673,100	8,000,000	-	416,673,100
* Reduction	262,505,158	100,200,000	-	362,705,158
Net Change	146,167,942	(92,200,000)	-	53,967,942
Indebtedness at the end of the financial year				
i) Principal Amount	417,355,328	60,000,000	-	477,355,328
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due	1,158,421	353,392	-	1,511,813
Total (i+ii+iii)	418,513,749	60,353,392	-	478,867,141

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Names of MD/MTD (₹ in lacs p.a)			Total Amount (₹ In lacs p.a)
		Subhash Ghai	Rahul Puri	Parvez A. Farooqui	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	3,000,000	3,258,158	3,259,700	
	Gross Salary				
	(b) Value of Perquisites u/sec 17 (2) Income Tax Act, 1961	337,400	47,400	40,400	
	(c) Profits in lieu of salary under section 17 (3) of Income Tax Act, 1961	--	--	--	--
2	Stock Option	--	--	--	--
3	Sweat Equity	--	--	--	--
4	Commission	--	--	--	--
	a. as a % of profit	--	--	--	--
	b. others, specify	--	--	--	--
5	Others	--	248,782	203,256	--
	Total	3,337,400	3,554,340	3,503,426	
	Ceiling as per the Act	Rs. 42 Lakhs per annum as per Section II (A) of Part II of Schedule V of the Companies Act, 2013.			

MUKTA ARTS LIMITED

B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Name of Directors		
	Non-Executive Independent Directors	Mr.Kewal Handa	Mrs. Paulomi Dhawan	Mr. Manmohan Shetty
1.	Fee for attending board meetings	25,000	15,000	20,000
2.	Salary & perquisites	Nil	Nil	Nil
	Total	25,000	15,000	20,000

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

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel Total Amount (₹ in lacs)			Total Amount (₹ in lacs)
		Chief Financial Officer	Company Secretary	Company Secretary	
		Prabuddha Dasgupta	*Ravi Poplai	# Monika Shah	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	31,50,000	2,09,880	164,941	3,524,821
	(b) Value of Perquisites u/sec 17 (2) Income Tax Act, 1961				
	c. Profits in lieu of salary under section 17 (3) of Income Tax Act, 1961				
2	Stock Option	--	--	--	
3	Sweat Equity	--	--	--	
4	Commission	--	--	--	
	a. as a % of profit				
	b. others, specify	--	--	--	
5	Others				
	Total	31,50,000	2,09,880	164,941	3,524,821

* Ravi Poplai has resigned w.e.f 5th October, 2015.

Monika Shah was appointed w.e.f 10th February, 2016.

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

There were no penalties, punishment or compounding of offences during the year ended

For and on behalf of the Board of Directors

Place: Mumbai

Date: 26th May, 2016

(Subhash Ghai)

Chairman
DIN: 00019803



CORPORATE INFORMATION

Board of Directors

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

Chief Financial Officer

Mr. Prabuddha Dasgupta

Company Secretary and Compliance Officer

Mrs. Monika Mrugank 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
Mrs. Paulomi Dhawan

Stakeholders Relationship Committee

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

Share Transfer Committee

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

Risk Management Committee

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

Bankers

Kotak Mahindra Bank Limited
HDFC Bank Limited

Registrar & Transfer Agents

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai – 400 078

MUKTA ARTS LIMITED

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company has set itself the objective of expanding its capacities and becoming more competitive in its business. Your Company believes that good Corporate Governance emerges from the application of best management practices and compliance with the laws coupled with the highest standards of integrity, transparency, accountability and business ethics. Our Corporate Governance framework endeavors to uphold the values of transparency, integrity, professionalism and accountability, and improve upon these aspects on an ongoing basis to help the Company move forward.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company has executed fresh Listing Agreements with the Stock Exchanges.

Your Company continues to strengthen its governance principles to generate long term value for its stakeholders on sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels. We firmly believe that independence of Board is essential 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 of the SEBI Listing Regulations read with Section 149 of the Act.

As on March 31, 2016, the Board of the Company has an optimum combination of Executive Chairman, Managing Director, Executive Director and Non-Executive 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 Five meetings of the Board were held on 27th May, 2015; 13th August, 2015, 6th October, 2015, 10th November, 2015 and 10th February, 2016.

The Board Meeting dated 27th May, 2015 was adjourned and the adjourned meeting of the board of directors was held on 29th May, 2015.

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. 2015 - 2016		Number of Director ships in other Public Companies	Membership / Chairmanship of Committees in other Public Companies		Attendance at the A.G.M Held on 28th September, 2015
			Held	Attended		Chairman	Membership	
1	Mr. Subhash Ghai	EC	5	5	4	Nil	1	Present
2	Mr. Rahul Puri	ED	5	5	2	Nil	Nil	Present
3	Mr. Parvez A Farooqui	ED	5	4	2	Nil	Nil	Present
4	Mr. Kewal Handa	NEI	5	5	2	Nil	1	Present
5	Mrs. Paulomi Dhawan	NEI	5	3	-	Nil	Nil	Present
6	Mr. Manmohan Shetty	NEI	5	4	6	Nil	1	Absent

ED: Executive Director, EC: Executive Chairman, NEI: Non Executive 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.

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. None of the other Non Executive Independent Directors hold any shares in the Company. Further, the Company has not issued any convertible instruments hence disclosure in this respect is not applicable.



E. Independent Directors:

The 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 21st March, 2016, 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 Chairperson 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.

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 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 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.

Five meetings of the Audit Committee were held during the year on 27th May, 2015, 13th August, 2015, 6th October, 2015, 10th November, 2015 and 10th February, 2016.

Details of meetings attended by its members till 31st March, 2016 are given below:

Name of the Director	No. of Meetings held	No. of meetings attended
Mr. Kewal Handa	5	5
Mr. Manmohan Shetty	5	4
Mr. Parvez A. Farooqui	5	4

The Chairman of the Audit Committee was present at the Annual General Meeting held on 28th September, 2015 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

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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 Agreement amended from time to time.

(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, two meetings of the Nomination and Remuneration Committee were held on 27th May, 2015 and 10th February, 2016.



Details of meetings attended by its members till 31st March, 2016 are given below:

Name of the Director	Meetings held during the tenure of the Directors	Meetings Attended
Mr. Kewal Handa	2	2
Mr. Manmohan Shetty	2	1
Mrs. Paulomi Dhawan	2	2

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

- To nominate persons who are qualified to become Directors and who may be appointed in a senior Management in accordance with the criteria laid down;
- Recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- To determine the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment, including recommendation for fixation and periodic revision of compensation policy (including performance bonus, incentives, perquisites and benefits) for senior management personnel.

Nomination and Remuneration Policy

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

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

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

Criteria for performance evaluation of Directors

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

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

Remuneration paid to Directors

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

Details of Sitting Fees/Remuneration paid to Non-executive Independent Directors and Executive Directors for the year ended March 31, 2016 are given below:

- i) Executive Chairman, Managing Director and Executive Director

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

The total remuneration paid to the Executive Chairman, Managing Director and Executive Director during the year 2015-16 was as under:

Particulars	Mr. Subhash Ghai Executive Chairman	Mr. Rahul Puri Managing Director	Mr. Parvez A. Farooqui Executive Director
Salary	3,000,000	3,258,158	3,259,700
Employers Contribution to Provident Fund	-	248,782	203,256
Perquisites	337,400	47,400	40,400
Total	3,337,400	3,554,340	3,503,426

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DETAILS OF SERVICE CONTRACT

Names	Period of Contract	Dates of Appointment
Mr. Subhash Ghai	3 Years	30 th May, 2014
Mr. Rahul Puri	3 Years	30 th May, 2014
Mr. Parvez A. Farooqui	3 Years	1 st April, 2016

- 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 and Committees thereof. During the year 2015-16, the Company has paid total sitting fee of Rs. 60,000 to Non-Executive Independent Directors as under:

Names	Sitting fees (Rs.)	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Kewal Handa	25,000	Nil	Nil	25,000
Mrs. Paulomi Dhawan	15,000	Nil	Nil	15,000
Mr. Manmohan Shetty	20,000	Nil	Nil	20,000
TOTAL				60,000

(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 27th May, 2015, 13th August, 2015, 10th November, 2015 and 10th February, 2016.

Name of the Director	Meetings held during the tenure of the Directors	Meetings Attended
Mr. Kewal Handa	4	4
Mr. Parvez A. Farooqui	4	3
Mrs. Paulomi Dhawan	4	3

ROLE

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

- to deal and approve shares/securities transfers, request for split, issue of duplicate Shares certificate;
- to delegate Authority to the Senior Executives for approval of transfer and transmission of securities issued by the Company;
- to deal with the Investors complaints;
- to maintain, develop and improve relations with the investors;
- to fix record date/book closure of share/debenture 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 2015- 16 are as follows:

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

The "SCORES" website of SEBI for redressing of Grievances of the investors is being visited at regular intervals by the Company Secretary and there are no pending complaints registered with SCORES for the Financial Year ended on 31st March, 2016.



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) 33649400
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 fifteen 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 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.

(E) RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of:

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

The purpose of the Committee is to assist the Board in fulfilling its Corporate Governance duties by overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and environmental risk. The Committee has overall responsibility of monitoring and approving the risk policies and associated practices of the Company.

The Risk Management Committee is also responsible for reviewing and approving the risk document statement in public documents and disclosures.

The Committee meets as and when required and the Minutes of the Committee are placed at the next meeting of the Board. During the year, no such meeting was held.

Role

The Committee is entrusted with the responsibility to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. An enterprise wide risk management framework is applied so that effective management of risks is an integral part of every employee's job. Risk Management Committee is entrusted with following tasks:

1. Providing a framework that enables future activities to take place in a consistent and controlled manner;
2. Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats;
3. Contributing towards more efficient use/allocation of the resources within the organization;
4. Protecting and enhancing assets and company image;
5. Reducing volatility in various areas of the business;
6. Developing and supporting people and knowledge base of the organization;
7. Optimizing operational efficiency

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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
31.03.2015	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 Appointment of as Mr. Ashok Ghai as Professional Advisor and fixation of remuneration on payable to him. 3. Special Resolution for Approval of limits for Loan, Guarantees and Investments by Company.
31.03.2014	27.09.2014	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 appointment of Mr. Kewal Handa as Independent Director of the Company for a period of 5 years. 2. Special Resolution for appointment of Mr. Subhash Ghai as Executive Chairman for a period of 3 years and approval of remuneration payable to him. 3. Special Resolution for appointment of Mr. Rahul Puri as Managing Director for a period of 3 years and approval of remuneration payable to him. 4. Special Resolution for adoption of new set of Articles of Association of the Company in substitution of the existing Articles of Association. 5. Special Resolution to authorise the Board of Directors for borrowing powers of Rs. 200,00,00,000/- (Rupees Two Hundred Crores Only) or the aggregate of the paid up share capital and free reserves of the Company, whichever is higher. 6. Special Resolution to authorise the Board of Directors for Creation of Charge on the assets of the Company for borrowing powers of Rs. 200,00,00,000/- (Rupees Two Hundred Crores Only) or the aggregate of the paid up share capital and free reserves of the Company, whichever is higher.
31.03.2013	21.09.2013	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. Rahul Puri as Whole time Director (to be designated as Executive Director) of the Company. 2. Special Resolution for re-appointment of Mr. Subhash Ghai as Managing Director of the Company. 3. Special Resolution for appointment of Mr. Ashok Ghai as Professional Advisor to advise the Company in production of Regional Films to be produced by the Company from time to time.

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.



4. Disclosures

(i) Related Party Transactions

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

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

(ii) Compliances by the Company

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

(iii) Whistle Blower Policy:

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

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

(iv) Policy for determining 'material' subsidiaries

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

(v) Compliance with Mandatory Items

The Company has complied with the mandatory requirements regarding the Board of Directors, Audit Committees and other Board committees and other disclosures as required under the provisions of the revised Clause 49 of the Listing Agreement (including the revised one).

5. Subsidiary Companies

The audit committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the board of directors of the Company.

6. Means of Communication:

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

The quarterly/half-yearly and annual results 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 along with the Segment Report 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.

(iii) 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.

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7. General Shareholders Information

A. Annual General Meeting

Date	: September 9, 2016
Time	: 4.00 p.m.
Venue	: Whistling Woods Institute's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (East), Mumbai- 400 065.

As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Directors seeking re-appointment at the forthcoming AGM are given in the Annexure to the Notice of the AGM to be held on September 9, 2016.

B. Financial Calendar

For the year ending 31st March, 2017 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, 2017

C. Date of Book Closure

: Friday, 2nd September, 2016 to Friday, the 9th September, 2016
(both days inclusive).

D. Listing

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

E. Corporate Identity Number

: L92110MH1982PLC028180

F. ISIN NO.

: INE374B01019

SCRIP CODE

:

BSE : 532357

NSE : MUKTA ARTS –EQ

*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 Listing fees for the year 2016–17 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: high, low during each month in the last financial year.

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 2015	35.20	28.50	74875	29094.61	26897.54
May 2015	37.70	30.20	24619	28071.16	26423.99
June 2015	33.00	26.90	23991	27968.75	26307.07
July 2015	33.50	29.10	41708	28578.33	27416.39
August 2015	54.00	30.10	490358	28417.83	25298.42
September 2015	37.50	30.25	140031	26471.82	24833.54
October 2015	46.50	31.80	278969	27618.14	26168.71
November 2015	54.65	33.15	330001	26824.30	25451.42
December 2015	63.35	43.75	1321715	26256.42	24867.73
January 2016	84.90	51.70	1757057	26197.27	23839.76
February 2016	67.45	40.15	203421	25002.32	22494.61
March 2016	72.2	42.00	1200600	25479.62	23133.18



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

Month	Company		No of shares Traded	NSE NIFTY	
	High	Low		High	Low
April 2015	35.65	29.15	119814	8844.80	8144.75
May 2015	34.50	30.05	47549	8489.55	7997.15
June 2015	32.90	26.45	49215	8467.15	7940.3
July 2015	33.70	27.65	143881	8654.75	8315.40
August 2015	53.25	29.75	1393809	8621.55	7667.25
September 2015	38.00	29.30	398975	8055.00	7539.50
October 2015	46.45	31.15	895703	8336.30	7930.65
November 2015	54.80	35.15	1492950	8116.10	7714.15
December 2015	63.35	43.70	3829846	7979.30	7551.05
January 2016	84.80	51.70	5463918	7972.55	7241.5
February 2016	67.60	40.40	639270	7600.45	6825.8
March 2016	72.10	41.50	4145347	7777.6	7035.10

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

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (W)
Mumbai – 400 078.
(PH- 022- 25963838, Fax- 22 25946969)
Email Id- Ashwini Nemlekar [ashwini.nemlekar@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 15 days and certificates are dispatched to the transferees within 15 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 15 days.

J. (1) Distribution of Share Holding as on 31st March, 2016

DISTRIBUTION SCHEDULE AS ON 31/03/2016					
Sr. No	Shareholding of Nominal Shares	No. of Shareholders	% of Total Shareholders	Shares held	% of Share held
1	1 - 500	5486	85.84	705724	3.13
2	501 - 1000	427	6.68	358247	1.59
3	1001 - 2000	203	3.18	316385	1.40
4	2001 - 3000	70	1.10	180387	0.80
5	3001 - 4000	35	0.55	122143	0.54
6	4001 - 5000	33	0.52	153507	0.68
7	5001 - 10000	62	0.97	473474	2.10
8	10001 and above	75	1.17	20271333	89.77
	Total	6391	100.00	22581200	100.00

MUKTA ARTS LIMITED

(2) Distribution of shareholding according to categories of shareholders as on 31st March, 2016

SHARE HOLDING PATTERN AS ON 31/03/2016				
Sr.no	Description	Number of Shareholders	Total number of shares	% of Total shares
1	Clearing Member	91	103618	0.46
2	Other Bodies Corporate	226	2106119	9.33
3	Promoter & Promoter Group	8	15889290	70.37
4	Hindu Undivided Family	203	200891	0.89
5	Non Resident Indians	72	145523	0.64
6	Public	5789	4110809	18.20
7	Trusts	2	24950	0.11
	Total:	6391	22581200	100

K. UNCLAIMED DIVIDEND

Dividends pertaining to the Financial Years 2008-09 to 2012-13 which remain unclaimed for a period of seven years will be transferred to Investor Education and Protection Fund (IEPF) in due course. To enable the members to claim their Dividend before its transfer to the above fund the proposed dates are 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

L. Details of Dematerialisation 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, 2016, 22562258 shares were held in dematerialized form, which is 99.92% of total paid up capital.

CONTROL REPORT AS ON 31/03/2016			
Sr. No	Name of Depository	No. of Shares	% of Total issued Capital
1	NSDL	2,08,86,678	92.50%
2	CDSL	16,75,580	7.42%
	Sub Total	2,25,62,258	99.92%
3	PHYSICAL	18,942	0.08%
	Total:	2,25,81,200	100

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

O. 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: parvez@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 (w), Mumbai – 400 053



Other Locations

Bashiron, 28th Road,
TPS- III, Bandra (West)
Mumbai- 400 050

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

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

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

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

107, Rudraksha Bldg,
3rd Floor, 16th Meera Path Colony,
Dhenu Market, Indore- 452 003.

P. 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 Mr. Parvez A. Farooqui	Mr. Vishal Panjabi Ms. Nayna Wakle
Address	Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon (East), Mumbai- 400065.	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W) Mumbai – 400 078.
Telephone No.	(022) 33649400	(022) 2596 3838
Fax No.	(022) 33649401	(022) 2594 6969

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.)

Q. 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 A**.

R. 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>.

S. 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 (CDSIL) 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.

T. CEO/CFO certification

The Certificate from CEO 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 2015-16 is attached as **Annexure-B** to this Report.

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, Directors 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: 26th May, 2016

MUKTA ARTS LIMITED

Annexure A

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 2015-2016.

For and on behalf of
Mukta Arts Limited

Rahul Puri
Managing Director
DIN: 01925045

Place: Mumbai

Date: 26th May, 2016

Annexure B

CEO/CFO CERTIFICATION

I Parvez A. Farooqui, Executive Director of the Company certify that:

- (a) I have reviewed the stand alone 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, 2016, 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

Parvez A. Farooqui
Executive Director
DIN: 00019853

Place: Mumbai

Date: 26th May, 2016



Independent Auditors' Report

To the Members of

MUKTA ARTS LIMITED
Mumbai

Report on the Financial Statements

We have audited the accompanying standalone financial statements of MUKTA ARTS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 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 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 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 financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 financial statements.

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

Basis of Qualified Opinion

As explained in Note 3.40 to the accompanying Statement of Audited financial results, 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, 1956. 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 results.

As at March 31, 2016, the company's investment in its subsidiary, Whistling woods International Limited (WWIL) a joint venture between the company and Maharashtra Film, Stage and Cultural Development Corporation Limited (MFSCDCL), aggregates to Rs.36,99,97,000/- and loans and advances, Accrued interest and deposits include Rs.28,74,78,014/- recoverable from WWIL. As fully explained in Note 3.41 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, the Company paid Rs. 10,90,38,000/- by March 31, 2016. The State Govt. of Maharashtra and MFSCDCL challenged the order of the High Court in the Supreme Court

MUKTA ARTS LIMITED

Independent Auditors' Report (Continued)

Basis of Qualified Opinion (Continued)

which was dismissed by the Supreme Court on September 22, 2014. The amount so paid / being paid by the Company have been treated as Deposit 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, 2016. 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.

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 standalone 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,

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b. in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B, and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Notes No. 3.35 and 3.41 to the standalone financial statements.
 - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note No. 3.45 to the standalone financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund.

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

CA. Urmish P. Mehta
(Partner)
Membership No. 137150

Date: May 26, 2016

Place: Mumbai



Report on Other Legal and Regulatory Requirements (Contd.)

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, 2016

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, 2016)	Net Block (as at March 31, 2016)	Remarks
1	75,00,000/-	71,09,329/-	Agreement yet to be registered.

- ii) As explained by the Management, physical verification of Inventory of Food and Beverages has been conducted at reasonable intervals by the management. The company is maintaining proper records of inventory and no material discrepancies were noticed on such verification.
- 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) of Para 3 of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has not granted any new loans or made any investments, or provided any guarantee or security to the parties covered under Section 185 and 186 of the Companies Act, 2013, except for following loans to below mentioned parties, which were given prior to Section 185 coming into effect. As per the information and explanations provided by the management, the Company is in the process of recovering the outstanding balances:

Sr. No.	Name of Party	Amount Involved (Rs.)	Balance outstanding as at Balance Sheet Date	Rate of Interest
1.	Mukta Telemedia Limited	1,24,05,000/-	1,24,05,000/-	NIL
2.	Whistling Woods International Limited	32,70,00,000/-	23,29,00,000/-	10%

- 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 the food and beverage item sold/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 Sales tax, Service Tax, Value added Tax, Cess and any other statutory dues with the appropriate authorities except that there have been few delays in depositing Provident Fund 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 the information and explanations given to us, the following undisputed statutory dues are outstanding as on March 31, 2016 for a period of more than six months from the date they became payable.

Name of the statute	Nature of dues	Amount (Rs.)	Period to which it relates	Due Date
The Income Tax Act 1961	Tax Deducted at Source	51,14,838/-	July 2015 to August 2015	August 2015 to September 2015

Except for the above, there are no undisputed statutory dues payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax and other material statutory dues, which were in arrears as on March 31, 2016 for a period of more than 6 months from the date they became payable.

MUKTA ARTS LIMITED

- (b) According to the information and explanations given to us, there are no dues payable in respect of wealth tax, sales tax, Value Added Tax, customs duty and excise duty which have not been deposited 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	88,08,700/-	Asst year 2013-14	Commissioner of Income Tax (Appeals)
		15,08,440/-	Asst year 2012-13	
		82,97,120/-	Asst year 2010-11	Income Tax Appellate Tribunal
		8,30,118/-	Asst year 2009-10	

*Excludes Amount deposited under protest Rs. 8,00,000/-

- 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. Urmish P. Mehta
(Partner)
Membership No. 137150

Date: May 26, 2016
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") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 judgement, 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 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 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, 2016, 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. Urmish P. Mehta
(Partner)
Membership No. 137150

Date: May 26, 2016
Place: Mumbai

MUKTA ARTS LIMITED

BALANCE SHEET AS AT 31 MARCH 2016

(Currency: Indian Rupees)

	Note	31 March 2016	31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1	112,917,500	112,917,500
Reserves and surplus	3.2	986,951,510	1,003,906,828
		1,099,869,010	1,116,824,328
Non-current liabilities			
Long-term borrowings	3.3	447,988,582	88,728,974
Deferred tax liabilities (net)	3.4	1,517,182	-
Other long term liabilities	3.5	66,955,909	85,921,072
Long-term provisions	3.6	9,722,410	7,651,340
		526,184,083	182,301,386
Current liabilities			
Short-term borrowings	3.7	60,000,000	258,808,238
Trade payables	3.8	111,156,679	169,992,208
Other current liabilities	3.9	106,083,326	231,803,906
Short-term provisions	3.10	10,626,937	4,909,840
		287,866,942	665,514,192
TOTAL		1,913,920,035	1,964,639,906
ASSETS			
Non-current assets			
Fixed assets	3.11		
Tangible assets		469,847,280	502,297,749
Intangible assets		45,881,950	51,591,516
Capital work-in-progress		82,260,041	55,173,206
Intangible assets under development		37,503,151	7,345,151
		635,492,422	616,407,622
Non-current investments	3.12	432,390,038	432,384,038
Long-term loans and advances	3.13	567,093,507	615,389,938
Other non-current assets	3.14	5,895,925	1,706,479
		1,640,871,892	1,665,888,077
Current assets			
Inventories	3.15	4,074,521	2,360,909
Trade receivables	3.16	79,800,936	84,709,825
Cash and bank balances	3.17	27,402,121	33,332,429
Short-term loans and advances	3.18	133,109,199	116,396,991
Other current assets	3.19	28,661,366	61,951,675
		273,048,143	298,751,829
TOTAL		1,913,920,035	1,964,639,906
Summary of significant accounting policies			
The accompanying notes from 1 to 3.47 are an integral part of these financial statements.	2		

As per our report of even date attached.

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

Urmish P. Mehta
Partner
Membership No: 137150

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

Subhash Ghai
Chairman Director
DIN: 00019803

Parvez A. Farooqui
Executive Director
DIN: 00019853

Rahul Puri
Managing Director
DIN: 01925045

Monika Shah
Company Secretary
Membership No: FCS7964



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees)

	Note	31 March 2016	31 March 2015
Revenue from operations			
Sale of products/ film rights	3.20	146,137,428	480,583,904
Distribution, Exhibition, Theatrical and Film Production Income		306,483,355	462,379,528
Other operating revenue		108,729,977	97,012,451
Total		561,350,760	1,039,975,883
Other income	3.21	57,053,418	72,931,681
Total revenue		618,404,178	1,112,907,564
Expenses			
Cost of production, distribution, exhibition and theatrical operations	3.22	168,717,801	445,588,826
Purchases of food and beverages		32,736,511	24,257,932
Changes in inventories of food and beverages	3.23	(1,713,612)	(1,141,434)
Employee benefits expense	3.24	94,136,488	70,100,060
Finance costs	3.25	58,654,085	77,089,448
Depreciation and amortisation expense	3.11	61,687,125	358,761,495
Other expenses	3.26	221,719,664	215,492,953
Total expenses		635,938,062	1,190,149,282
(Loss) for the year before tax		(17,533,884)	(77,241,718)
(Loss) from continuing operations before tax (note 3.42)		(17,533,884)	(77,241,718)
Tax expenses			
- Current tax (including MAT credit entitlement recognised and utilised)		-	-
- Deferred tax (credit)/ charge		1,517,182	(7,332,813)
(Loss) from continuing operations after tax		(19,051,066)	(69,908,905)
(Loss) for the year after tax		(19,051,066)	(69,908,905)
Earnings per equity share ((nominal value of share Rs 5 (2015: Rs 5))	3.27		
Basic and diluted		(0.84)	(3.10)
Earnings per equity share from continuing operations ((nominal value of share Rs 5 (2015: Rs 5))			
Basic and diluted		(0.84)	(3.01)
Summary of significant accounting policies	2		
The accompanying notes from 1 to 3.47 are an integral part of these financial statements.			

As per our report of even date attached.

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

Urmish P. Mehta
Partner
Membership No: 137150

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

Subhash Ghai
Chairman Director
DIN: 00019803

Parvez A. Farooqui
Executive Director
DIN: 00019853

Rahul Puri
Managing Director
DIN: 01925045

Monika Shah
Company Secretary
Membership No: FCS7964

Place : Mumbai
Date: 26 May 2016

MUKTA ARTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees)

	31 March 2016	31 March 2015
A. Cash flows from operating activities		
Loss for the year before tax	(17,533,884)	(77,241,718)
Adjustments for:		
Depreciation and amortisation expense	61,687,125	358,761,495
Provision for doubtful debts/ advances	-	(2,397,536)
Bad debts/ advances/ intangible assets under development written-off	4,889,857	23,276,478
Finance costs	58,654,085	77,089,448
Interest income (Other than on income tax refund)	(32,157,555)	(48,468,516)
Interest on income tax refund	-	(5,484,248)
Profit on sale of assets, net	(619,500)	(580,956)
Operating cash flow before working capital changes	74,920,128	324,954,447
Adjustment for working capital changes		
Decrease in trade receivables	4,908,889	223,311,832
Decrease in loans and advances, other non-current assets and other current assets	54,679,134	52,424,191
(Increase) in inventories	(1,713,612)	(1,141,434)
(Decrease) in trade payables, provisions, other long-term liabilities and other current liabilities	(195,588,145)	(309,143,949)
Cash generated from operations	(62,793,605)	290,405,087
Income taxes refunded/(paid), net	6,005,955	38,067,158
Net cash flow generated from/ (used in) operating activities (A)	(56,787,650)	328,472,245
B. Cash flows from investing activities		
Interest income	32,157,555	45,904,760
Purchase of fixed assets (tangible and intangible)	(80,771,925)	(139,574,046)
Proceeds from sale of fixed assets	619,500	3,930,069
Proceeds from maturity/ (reinvestment) of fixed deposits, net	9,110,885	(281,500)
Investments in equity shares of subsidiaries (Refer note (c) below)	(6,000)	(32,725,000)
	(38,889,985)	(122,745,717)
Income taxes paid on interest income	(2,939,071)	(1,104,477)
Net cash flow generated from/ (used in) investing activities (B)	(41,829,056)	(123,850,194)
C. Cash flows from financing activities		
Secured loan (repaid)/taken , net	252,651,370	(125,423,200)
Unsecured loan (repaid)/taken , net	(92,200,000)	(19,700,000)
Interest (paid)	(58,654,085)	(62,387,175)
Net cash flow from financing activities (C)	101,797,285	(207,510,375)
Net Increase/ (decrease) in cash and cash equivalents (A+B+C)	3,180,579	(2,888,324)
Cash and cash equivalents as at beginning of the year	5,788,462	8,676,786
Cash and cash equivalents as at end of the year (Refer note (b) below)	8,969,041	5,788,462



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

Notes:

(a) The cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 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:

Cash on hand

2,337,624

2,244,023

Balances with scheduled banks in

-in current accounts

6,631,417

3,544,439

8,969,041

5,788,462

(c) In the year 2014-15, the Company has adjusted advance amounting to 8,392,188 outstanding from Maya Digital Studios Private Limited ('Maya') by subscribing to equity shares of Maya. This amount has not been considered in the above cash flow statement.

As per our report of even date attached.

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

Urmish P. Mehta
Partner
Membership No: 137150

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

Subhash Ghai
Chairman Director
DIN: 00019803

Parvez A. Farooqui
Executive Director
DIN: 00019853

Rahul Puri
Managing Director
DIN: 01925045

Monika Shah
Company Secretary
Membership No: FCS7964

Place : Mumbai
Date: 26 May 2016

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees)

1. Background

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 2016. The Company is primarily engaged in the business of film production, distribution and exhibition (wherein it provides film content to multiplexes and single screens across India as well as manages/ operates theatres). The Company also provides production equipment to other production houses and independent producers. The Company is listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Kolkata Stock Exchange Association Limited.

2. Summary of significant accounting policies

2.1 Basis of preparation

The 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 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 financial statements are presented in India 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 Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates and assumptions made in the preparation of financial statements are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Fixed assets

Tangible assets

Tangible fixed assets are stated at cost of acquisition less accumulated depreciation and any provision for impairment. 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. 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.

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 recorded 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.

Software

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

2.4 Depreciation/ amortisation

Tangible assets

Till the year ended 31 March 2014, depreciation on fixed assets, except leasehold improvements, was provided on written down method in the manner and rates prescribed in Schedule XIV to the Companies Act 1956.

Pursuant to the Act being effective from 1 April 2014, the Company has revised the depreciation rates on fixed assets as per the useful life specified in Part 'C' of Schedule II to the Act, except for the following class of assets where the useful life is higher than the useful life prescribed in Schedule II based on management estimates which is supported with the assessment carried out by the technical experts.

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.

Intangible assets

Film rights comprising negative rights and distribution rights

Costs are amortised in the proportion that gross revenue realized 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 realizable value of a right is less than its unamortized cost, a loss is recognized for the excess of unamortized cost over the film rights' realizable value.

Software

Application software purchased is amortised over its license period or on a straight-line basis over its useful life, not exceeding five years, as determined by management.

2.5 Impairment

In accordance with AS 28 – 'Impairment of Assets', where there is an indication of impairment of the Company's assets, the carrying amount of the Company's assets are reviewed at each Balance sheet date to determine whether there is any impairment. 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.

2.6 Revenue recognition

Revenue is recognized 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 recognized as income is exclusive of value added tax, service tax and net of trade discounts. Unbilled revenue represents costs incurred and revenues recognized 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 recognized 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 recognized on assignment/ sale of the rights in the concerned motion picture from the date of their availability for exploitation.

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

Income from distribution and exhibition

Revenue comprising proceeds from sales of tickets, net of taxes and exhibitor's share, is recognized 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 recognized 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 recognized on rendering of service as per the terms and conditions of the agreement.

Interest income

Interest income is recognised on a time proportion basis.

2.7 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.

2.8 Investments

Long-term investments and current maturities of long term investments are stated at cost less any provision for diminution, which is other than temporary, in value.

2.9 Employee benefits

(a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. 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.

(b) Post employment benefits

Defined contribution plan:

The Company's contribution paid/ payable under the recognised provident fund scheme and the employees' state insurance contribution is recognised as an expense in the Statement of profit and loss during the period in which the employee renders the related service.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

Defined benefit plan:

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity scheme is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. These benefits are discounted to determine their present value, and the fair value of any plan assets is deducted therefrom.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation at each Balance sheet date by an independent actuary, using the Projected Unit Credit Method, which recognises each period of service as giving rise to one additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligations are measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the Balance sheet date.

All actuarial gains and losses arising during the period are recognised immediately in the Statement of profit and loss.

(c) 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 at the present value of the defined benefit obligations at the Balance sheet date based on an actuarial valuation by an independent actuary using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the Balance sheet date.

2.10 Foreign currency transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of profit and loss for the year. Monetary assets and liabilities denominated in foreign currencies as at the Balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the Statement of profit and loss.

Non-monetary items are carried at historical cost using the exchange rate at the date of the transaction.

2.11 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.

2.12 Taxation

Income-tax expense comprises current tax expense and deferred tax charge or credit.

Current tax

Provision for current tax is recognised in accordance with the provisions of the Income-tax Act, 1961 and is made based on the tax liability after taking credit for tax allowances and exemptions.

Minimum Alternative Tax Credit entitlement

Minimum Alternative Tax ("MAT") credit is recognised only to the extent there is convincing evidence that the Company will pay normal income tax in excess of MAT during the specified period.

MAT credit entitlement is reviewed as at each Balance sheet date and written down to the extent there is no longer convincing evidence that the Company will pay normal income tax during the specified period.

Deferred tax

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

Deferred tax asset is recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realized.

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

2.13 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.

2.14 Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of profit and loss.

2.15 Provisions and contingencies

A provision is made when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.



NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016

(Currency: Indian Rupees)

3.1 Share capital

Authorised

24,000,000 (2015: 24,000,000) equity shares of Rs 5 each

Issued, subscribed and paid-up

22,581,200 (2015: 22,581,200) equity shares of Rs 5 each, fully paid-up

Add :- Forfeited shares (Amount originally paid-up)

(No. of shares forfeited: 4,000 (2015: 4,000))

	31 March 2016	31 March 2015
Authorised	120,000,000	120,000,000
Issued, subscribed and paid-up	112,906,000	112,906,000
Add :- Forfeited shares (Amount originally paid-up)	11,500	11,500
	112,917,500	112,917,500

a) Reconciliation of the shares outstanding at the beginning and at the end of the year :

	31 March 2016		31 March 2015	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
Balance as at the beginning of the year	22,581,200	112,917,500	22,581,200	112,917,500
Add: Issued during the year	-	-	-	-
Less: Buyback/ forfeiture/ reduction during the year	-	-	-	-
Balance as at the end of the year	22,581,200	112,917,500	22,581,200	112,917,500

b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs 5 per share. Each equity shareholder is entitled to one vote per share. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	31 March 2016		31 March 2015	
	No. of shares	% holding	No. of shares	% holding
1. Mr. Subhash Ghai	12,417,990	54.99%	12,417,990	54.99%
2. Ms. Meghna Ghai Puri	1,650,000	7.31%	1,650,000	7.31%
3. Ms. Mukta Ghai	1,650,000	7.31%	1,650,000	7.31%

3.2 Reserves and surplus

Securities premium account

General reserve

At the commencement of the year

At the end of the year

(Deficit) /surplus in the Statement of profit and loss

At the commencement of the year

Add : (Loss)/ profit for the year

Less : Adjustment for depreciation [Refer note 2.4]

At the end of the year

	31 March 2016	31 March 2015
Securities premium account	973,360,000	973,360,000
General reserve		
At the commencement of the year	83,144,791	83,144,791
At the end of the year	83,144,791	83,144,791
(Deficit) /surplus in the Statement of profit and loss		
At the commencement of the year	(52,597,963)	22,478,578
Add : (Loss)/ profit for the year	(19,051,066)	(69,908,905)
Less : Adjustment for depreciation [Refer note 2.4]	-	(5,167,636)
At the end of the year	(69,553,281)	(52,597,963)
	986,951,510	1,003,906,828

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

3.3 Long-term borrowings

	31 March 2016	31 March 2015
a) Term loans		
Secured loans		
- From banks & others:		
Kotak Mahindra Bank Limited*	-	144,493,615
(Repayable within a year Rs. Nil (2015: Rs 69,551,418)		
Indiabulls Housing Finance Ltd**	399,025,939	-
(Repayable within a year Rs 4,052,083 (2015: Rs Nil)		
- Motor vehicle finance loans***	18,329,389	20,085,533
(Repayable within a year Rs 6,314,663 (2015: Rs 6,298,756)		
- Yes Bank Ltd****	41,000,000	-
(Repayable within a year Rs Nil (2015: Rs Nil)		
Amount disclosed under other current liabilities (note 3.9)	(10,366,746)	(75,850,174)
	447,988,582	88,728,974

* This loan has been repaid in full during the year 2015-16. As at 31st March, 2015, the term loan is secured against all current assets, commercial property at Oshiwara and three residential flats at Bandra. Personal guarantee of Mr. Subhash Ghai, the Chairman of the Company and Mrs. Mukta Ghai, a relative of the Chairman and a shareholder, has also been given in respect of this liability. The term loan has been taken in various tranches, having separate maturity periods ranging from 1 to 5 years and at interest rate varying from 10% to 14% per annum. The details of repayment and other terms are as follows:

Loan tranches	Repayment schedule and other terms
Term loan of Rs 100,000,000 taken on 17 January 2011	Outstanding amount of loan Rs 21,670,502 will be repayable in 10 equated monthly installments of Rs 2,352,826
Term loan of Rs 30,000,000 taken on 26 September 2011	Outstanding amount of loan Rs 11,055,073 will be repayable in 18 equated monthly installments of Rs 690,532
Term loan of Rs.50,000,000 taken on 13 December 2011	Outstanding amount of loan Rs 22,240,074 will be repayable in 22 equated monthly installments of Rs 1,163,413
Term loan of Rs 25,000,000 taken on 4 January 2013	Outstanding amount of loan Rs 16,505,190 will be repayable in 34 equated monthly installments of Rs 588,534
Term loan of Rs 50,000,000 taken on 4 January 2013	Outstanding amount of loan Rs 33,412,604 will be repayable in 35 equated monthly installments of Rs 1,161,764
Term loan of Rs 50,000,000 taken on 7 February 2014	Outstanding amount of loan Rs 39,610,172 will be repayable in 34 equated monthly installments of Rs 1,281,208

** 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)

*** 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 6,551,281 will be repayable within 3 years from the reporting date with monthly EMI of Rs 385,468 till 1 Feb 2016 then Rs. 289,665 till 1 Feb 2017 and then Rs. 124,365 till Feb 2018
BMW India Financial Services Pvt Ltd	Outstanding amount of loan Rs 11,122,398 will be repayable in 51 equated monthly installments of Rs 274,248
ICICI Bank Limited	Outstanding amount of loan Rs 2,411,854 will be repayable in 30 equated monthly installments of Rs 75,650 and 27 equated monthly installments of Rs 18,490

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



NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

3.4 Deferred tax liabilities

Deferred tax liability

Arising on account of timing differences in:

Depreciation/ amortisation	8,524,872	12,580,377
Adjustment as per Rule 9A/9B of Income-tax Rules, 1962	-	10,972,899

8,524,872 23,553,276

Deferred tax assets

Arising on account of timing differences in:

Provision for leave encashment and gratuity	3,508,144	3,033,676
Provision for doubtful debts and advances	1,222,051	3,933,693
Rent straightlining	2,277,495	2,227,872
Income tax loss and unabsorbed depreciation	-	34,209,228

7,007,690 43,404,469

Net deferred tax (liability)

1,517,182 -

3.5 Other long-term liabilities

Security deposits received	56,523,299	45,390,869
Rent straight lining	10,432,610	8,290,387
Income received in advance	-	32,239,816

66,955,909 85,921,072

3.6 Long-term provisions

Provisions for employee benefits

Provision for gratuity (note 3.28)	5,874,592	5,044,822
Provision for leave salary (note 3.28)	3,847,818	2,606,518

9,722,410 7,651,340

3.7 Short-term borrowings

Secured :

Cash credit from Kotak Mahindra Bank Limited *	-	96,671,238
Demand loan from Punjab National Bank **	-	9,937,000

(Repayable within a year Rs Nil (2015: Rs 9,937,000))

Unsecured :

Inter corporate deposits ***	60,000,000	152,200,000
	60,000,000	258,808,238

* This loan has been repaid in full during the year 2015-16. As at 31st March, 2015, the Company has obtained a cash credit facility from Kotak Mahindra Bank Limited on 8 January 2010 at interest rate varying from 13% to 14% per annum. Along with the term loan mentioned above in Note 3.3, this facility is secured against all current assets, commercial property at Oshiwara, and three residential flats at Bandra. Personal guarantee of Mr Subhash Ghai, the Chairman of the Company and Mrs. Mukta Ghai, a relative of the Chairman and a shareholder, has also been given in respect of this liability.

** The Company has obtained a demand loan from Punjab National Bank against fixed deposit. The interest rate on this loan is 10.75% p.a.

***Deposit of Rs. 20,000,000 accepted at interest rate of 24% p.a. repayable on demand. Deposit of Rs. 40,000,000 accepted at interest rate of 4% p.a. repayable on demand.

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

3.8 Trade payables

Dues to micro and small suppliers (also refer note 3.36)
Others

31 March 2016	31 March 2015
-	-
111,156,679	169,992,208
111,156,679	169,992,208

3.9 Other current liabilities

Current maturities of term loans (note 3.3)
Dues to venturer (including interest accrued and due Rs 1,369,180 [31 March 2015: Rs 1,061,341])
Advances from venturer (including interest accrued and due Rs Nil [31 March 2015: Rs 68,606])
Interest accrued but not due on borrowings
Income received in advance
Advances received for films and other services
Employee benefits expense payable
Creditors for fixed assets
Temporary book overdraft
Unclaimed dividends
Statutory dues payable*
Security deposits received

31 March 2016	31 March 2015
10,366,746	75,850,174
7,907,980	11,061,341
-	34,568,606
1,553,392	17,446,538
-	2,546,605
43,297,009	30,668,650
11,132,460	13,650,911
4,977,056	22,972,332
3,880,660	-
38,564	332,676
22,779,459	14,491,177
150,000	8,214,896
106,083,326	231,803,906

*Statutory dues payable includes

- Provident fund
- ESIC
- TDS payable
- Profession tax
- ET/INR/Show tax

562,607	115,445
282,523	245,094
18,264,006	12,644,621
31,637	36,857
3,638,686	1,449,160

3.10 Short-term provisions

Provisions for employee benefits

Provision for leave salary (note 3.28)
Provision for gratuity (note 3.28)

Provision for taxation

(Net of advance tax and tax deducted at source Rs 76,077,848 (2015: Rs 73,334,391))

31 March 2016	31 March 2015
1,630,806	2,071,004
-	95,379
8,996,131	2,743,457
10,626,937	4,909,840

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 (CONTD.)

3.11 Fixed assets

(Currency: Indian Rupees)

	Intangible assets				Tangible assets							Total
	Distribution rights	Negative rights	Exhibition rights	Computer software	Total	Ownership premises	Leasehold premises	Plant and machinery	Motor vehicles	Furniture fixtures and office equipment	Computers	Total
Gross block												
As at 1 April 2014	240,000,320	431,907,422	2,500,000	2,820,065	677,227,807	228,190,272	232,272,284	231,973,659	48,616,625	52,699,467	20,330,873	814,083,180
Additions	-	322,481,091	-	8,186,414	330,667,505	5,000,000	52,154,379	17,613,635	16,418,961	4,924,357	4,342,993	100,454,325
Disposals	-	-	-	-	-	-	-	-	15,878,076	-	7,000	15,885,076
Other adjustment	-	-	-	823,175	823,175	-	-	-	-	-	(823,175)	(823,175)
As at 31 March 2015	240,000,320	754,388,513	2,500,000	11,829,654	1,008,718,487	233,190,272	284,426,663	249,587,294	49,157,510	57,623,824	23,843,691	897,829,254
Additions	-	-	-	553,230	553,230	7,850,000	10,574,888	2,274,609	5,391,880	1,767,016	3,173,849	31,032,241
Disposals	-	-	-	-	-	5,000,000	-	-	3,778,840	-	-	8,778,840
Other adjustment	-	(2,626,908)	-	442,822	(2,402,303)	-	2,663,524	(15,765,480)	13,723,959	(592,810)	39,675	(138,911)
As at 31 March 2016	240,000,320	751,761,605	2,500,000	12,825,706	1,006,869,414	236,040,272	297,665,075	236,096,423	64,494,509	58,798,030	27,057,215	919,943,744
Accumulated Depreciation/Amortisation												-
As at 1 April 2014	240,000,320	415,496,641	2,285,398	2,487,650	660,270,009	50,400,896	38,545,613	172,436,453	37,077,962	27,892,226	10,561,063	336,914,213
Charge for the year	-	294,465,421	214,602	1,932,669	296,612,692	5,795,349	21,728,963	4,448,595	21,801,398	6,838,746	5,609,835	66,222,886
Deduction	-	-	-	-	-	-	-	-	12,528,960	-	-	12,528,960
Other adjustment	-	-	-	244,270	244,270	-	-	3,098,416	7,748	1,585,656	475,816	5,167,636
As at 31 March 2015	240,000,320	709,962,062	2,500,000	4,664,589	957,126,971	56,196,245	60,274,576	179,983,464	46,358,148	36,316,628	16,402,444	395,531,505
Charge for the year (refer note 5)	-	-	-	3,860,492	3,860,492	5,899,595	23,913,080	11,652,605	6,910,483	5,504,742	3,946,129	57,826,634
Deduction	-	-	-	-	-	386,779	-	-	2,874,895	-	-	3,261,674
Other adjustment	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2016	240,000,320	709,962,062	2,500,000	8,525,082	960,987,464	61,709,062	84,187,656	191,636,069	50,393,736	41,821,370	20,348,573	450,096,464
Net block												
As at 31 March 2015	-	44,426,451	-	7,165,065	51,591,516	176,994,027	224,152,087	69,603,830	2,799,362	21,307,196	7,441,247	502,297,749
As at 31 March 2016	-	41,799,543	-	4,300,624	45,881,950	174,331,210	213,477,419	44,460,354	14,100,773	16,976,660	6,708,642	469,847,280
Capital Work-in-progress												
Balance as at 1 April 2014												75,334,953
Additions (net)												(20,161,747)
As at 31 March 2015												55,173,206
Balance as at 1 April 2015												55,173,206
Additions (net)												27,086,835
As at 31 March 2016												82,260,041
Intangible assets under development												
Balance as at 1 April 2014		298,776,619										298,776,619
Additions (net)		(291,431,468)										(291,431,468)
As at 31 March 2015		7,345,151										7,345,151
Balance as at 1 April 2015		7,345,151										7,345,151
Additions (net)		30,158,000										30,158,000
As at 31 March 2016		37,503,151										37,503,151

- Pursuant to notification of Schedule II to the Companies Act, 2013 with effect from 1 April 2014, the depreciation for the year ended 31 March 2015 has been provided on the basis of estimated economic lives or useful lives of fixed assets as prescribed in Schedule II, whichever is lower. Accordingly, an amount of Rs 5,167,636 has been adjusted against Retained Earnings for the assets which had no residual life as at 1 April 2014, and depreciation for the year 2014-15 is higher by Rs 7,787,774.
- The Company has leased out part of its owned office premises, and the leases are renewable as per the terms of the respective agreements. The lease rental income recognised in the Statement of profit and loss is Rs 19,587,722 (31 March 2015: Rs 19,731,971). The gross value of the assets leased out is Rs 172,280,521 (31 March 2015: Rs 171,964,829). Accumulated depreciation of the asset leased out is Rs 33,209,738 (31 March 2015: Rs 28,501,705). The depreciation recognised in the Statement of profit and loss for the assets leased out during the year is Rs 4,708,033 (31 March 2015: Rs 4,413,258).
- Ownership premises costing Rs 7,500,000 (31 March 2015: Rs 5,000,000) purchased by the Company during the previous year is not yet registered in the name of the Company.
- Tangible/Intangible assets given as security**
 - Tangible/Intangible assets are subject to first charge to secure the Company's term loan and cash credit limits (refer note 3.3 and 3.7).
 - The overdraft facility availed by Mukta V N Films Limited, a subsidiary company, as at 31 March 2016 is Rs 120,000,000 (31 March 2015: Rs 120,000,000) and this facility is secured by exclusive charge by way of mortgage of immovable property of the Company (WDV as on 31 March 2016: Rs 4,172,273 (31 March 2015: Rs 4,561,184)).
- Charge for the year for negative rights includes assets written off aggregating to Rs. Nil (2015: Rs 4,074,083)



MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

3.12 Non - current investments

Trade investments (valued at cost unless stated otherwise)

Name of the corporate bodies

Investments in equity share of subsidiaries (un-quoted)

- (a) Connect 1 Limited 600 (2015: 594) equity shares of Rs 1,000 each, fully paid-up. (6 shares are jointly held with individuals)
- (b) Whistling Woods International Limited 169,997 (2015: 169,997) equity shares of Rs 1,000 each, fully paid-up. (note 3.40)
- (c) Mukta Tele Media Limited 4,996 (2015: 4,996) equity shares of Rs 100 each, fully paid-up.
- (d) Coruscant Tec Private Limited 750,000 (2015: 750,000) equity shares of Rs 10 each, fully paid-up.
- (e) Mukta VN Films Limited 27,500 (2015: 27,500) equity shares of Rs 10 each, fully paid-up.

Investment in preference shares of subsidiary (un-quoted)

- (a) 200,000 (2015: 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.

Investment in equity instruments-others (un-quoted)

- (a) Maya Digital Studios Private Limited 3,065,219 (2015: 1,000,000) 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.
- (b) Bashiron Co. Op. Housing Society Limited 10 Shares (2015: 10) of Rs 50 each *
- (c) Bait-Ush-Sharaf Co. Op. Housing Society Limited 15 Shares (2015: 15) of Rs 50 each *

* pledged as security against borrowings (refer Note 3.3 and 3.7)

Aggregate value of unquoted investments

	31 March 2016		31 March 2015	
	% of holding	Amount	% of holding	Amount
(a) Connect 1 Limited 600 (2015: 594) equity shares of Rs 1,000 each, fully paid-up. (6 shares are jointly held with individuals)	100%	600,000	99%	594,000
(b) Whistling Woods International Limited 169,997 (2015: 169,997) equity shares of Rs 1,000 each, fully paid-up. (note 3.40)	84.99%	169,997,000	84.99%	169,997,000
(c) Mukta Tele Media Limited 4,996 (2015: 4,996) equity shares of Rs 100 each, fully paid-up.	99.92%	499,600	99.92%	499,600
(d) Coruscant Tec Private Limited 750,000 (2015: 750,000) equity shares of Rs 10 each, fully paid-up.	100%	9,900,000	100%	9,900,000
(e) Mukta VN Films Limited 27,500 (2015: 27,500) equity shares of Rs 10 each, fully paid-up.	55%	33,000,000	55%	33,000,000
		213,996,600		213,990,600
Investment in preference shares of subsidiary (un-quoted)				
(a) 200,000 (2015: 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.	100%	200,000,000	100%	200,000,000
		200,000,000		200,000,000
Investment in equity instruments-others (un-quoted)				
(a) Maya Digital Studios Private Limited 3,065,219 (2015: 1,000,000) 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.		18,392,188		18,392,188
(b) Bashiron Co. Op. Housing Society Limited 10 Shares (2015: 10) of Rs 50 each *		500		500
(c) Bait-Ush-Sharaf Co. Op. Housing Society Limited 15 Shares (2015: 15) of Rs 50 each *		750		750
		18,393,438		18,393,438
		432,390,038		432,384,038
Aggregate value of unquoted investments		432,390,038		432,384,038



NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

3.13 Long-term loans and advances

To parties other than related parties

(Unsecured, considered good)

Capital advances

- Tangible assets

- Intangible assets under development

Security deposits

Advance tax (including tax deducted at source)

(net of provision for tax Rs 114,302,519; 2015: Rs 114,352,519)

Other advances

Service tax credit receivable

To related parties

(Unsecured, considered good)

Security deposits include deposit to subsidiaries

- Whistling Woods International Limited (note 3.41)

- Connect1 Limited

Security deposits include deposit to Proprietary concern of the Managing Director of the Company

- Mukta Arts

Advances to related party includes to subsidiaries

- Whistling Woods International Limited (note 3.41)

31 March 2016	31 March 2015
25,084,687	20,639,940
-	27,546,360
25,084,687	48,186,300
60,886,455	33,246,867
81,627,400	69,368,771
133,544,965	104,538,000
800,000	800,000
30,000,000	30,000,000
1,950,000	1,950,000
300,000	300,000
232,900,000	327,000,000
567,093,507	615,389,938

3.14 Other non-current assets

Unsecured, considered good unless stated otherwise

Other bank balances (note 3.17)

Rent straight lining

Interest accrued on Fixed deposits

31 March 2016	31 March 2015
4,891,465	1,130,000
1,004,460	553,320
-	23,159
5,895,925	1,706,479

3.15 Inventories

(valued at lower of cost and net realisable values)

Food and beverages

31 March 2016	31 March 2015
4,074,521	2,360,909
4,074,521	2,360,909

3.16 Trade receivables

Receivables outstanding for a period exceeding six months from the date they became due for payment

(a) Secured, considered good

(b) Unsecured, considered good

(c) Doubtful

Less: Provision for doubtful receivables

Other receivables

(a) Secured, considered good

(b) Unsecured, considered good

(c) Doubtful

Less: Provision for doubtful receivables

31 March 2016	31 March 2015
-	-
31,686,990	41,154,129
1,791,088	1,791,088
1,791,088	1,791,088
31,686,990	41,154,129
48,113,946	43,555,696
-	-
-	-
48,113,946	43,555,696
79,800,936	84,709,825

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

3.17 Cash and bank balances

	31 March 2016	31 March 2015
Cash and cash equivalents		
Cash in hand	2,337,624	2,244,023
Balance with banks		
- in current accounts	6,631,417	3,544,439
- in deposits with original maturity of less than three months	-	-
	8,969,041	5,788,462
Other bank balances		
Balance in dividend account	38,564	332,676
Deposits with original maturity of more than three months but less than twelve months	-	-
Deposits with original maturity of more than twelve months	-	-
Deposits under lien	-	-
- Deposits with original maturity of less than three months	-	-
- Deposit with original maturity of more than three months but less than twelve months	18,394,517	27,211,290
- Deposit with original maturity of more than twelve months	4,891,465	1,130,000
	23,324,546	28,673,966
Less : Deposits with original maturity of more than twelve months from the Balance sheet date disclosed under non-current assets (note 3.14)	(4,891,465)	(1,130,000)
	27,402,121	33,332,428

3.18 Short-term loans and advances

	31 March 2016	31 March 2015
To parties other than related parties		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Sundry advance to distributor, producer, employees, etc.		
Considered good	11,087,919	37,681,786
Considered doubtful	2,163,770	10,939,309
	13,251,689	48,621,095
Less : Provision for doubtful advances	2,163,770	10,939,309
	11,087,919	37,681,786
Prepaid expenses	22,636,765	3,404,662
Service tax credit receivable	13,930,527	17,689,294
VAT credit receivable	15,727,247	14,513,596
Inter-corporate deposit	50,114,241	30,444,669
To related parties		
- Mukta Tele Media Limited, subsidiary of the Company	12,405,000	12,662,984
- Connect.1 Limited, subsidiary of the Company	7,207,500	-
	133,109,199	116,396,991

3.19 Other current assets

	31 March 2016	31 March 2015
Rent straight lining	-	527,124
Interest accrued on Investments	26,954,339	47,732,836
Interest accrued on Fixed deposits	1,707,027	2,468,420
Unbilled revenue	-	11,223,295
	28,661,366	61,951,675
# Interest accrued on Investments on advances to related party includes to subsidiaries		
- Whistling Woods International Limited (note no. 3.41)	24,578,014	37,188,264



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees)

3.20 Revenue from operations

	31 March 2016		31 March 2015	
(a) Sale of products/ film rights				
Own Film/ Content production	44,925,729		412,305,021	
Food and beverages	101,211,699	146,137,428	68,278,883	480,583,904
b) Distribution, Exhibition, Theatrical and Film Production Income				
Distribution and exhibition	506,931		250,799,183	
Equipment hire income	3,606,850		3,065,406	
Box office collection				
Sale of tickets	373,179,653		255,495,306	
Less: Entertainment tax	(70,810,079)	306,483,355	(46,980,367)	462,379,528
(c) Other operating revenue				
Rent and amenities charges	76,320,505		71,458,192	
Sundry balances written back	4,369,596		6,468,894	
Other income from theatrical operations	28,039,876	108,729,977	19,085,365	97,012,451
		561,350,760		1,039,975,883

3.21 Other income

	31 March 2016	31 March 2015
Interest income on bank deposits (Tax deducted at source Rs 233,152 (2015: Rs 269,312))	2,339,038	2,699,974
Interest income on others (Tax deducted at source Rs 2,767,421 (2015: Rs 835,165))	29,818,517	45,768,542
Other non-operating income		
Business support services	19,200,000	9,600,000
Interest on income tax refund	-	5,484,248
Profit on sale of assets, (net)	619,500	580,956
Miscellaneous income (net)	5,076,363	8,797,961
	57,053,418	72,931,681

3.22 Cost of production, distribution, exhibition and theatrical operations

	31 March 2016	31 March 2015
Own production - publicity, print, dubbing etc.	6,582,839	107,995,869
Distributor and producers share	136,655,086	334,009,319
Operator's share in theatrical operations	24,930,453	3,212,702
Other direct cost of theatrical operations	549,423	370,936
	168,717,801	445,588,826

3.23 Changes in inventories of food and beverages

	31 March 2016	31 March 2015
Inventories at the end of the year		
Food and beverages	4,074,521	2,360,909
	4,074,521	1,219,475
Inventories at the beginning of the year		
Food and beverages	2,360,909	1,219,475
	2,360,909	1,219,475
(Increase) in inventories	(1,713,612)	(1,141,434)

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

3.24 Employee benefits expense

	31 March 2016	31 March 2015
Salaries and other benefits (notes 3.30 and 3.40)	85,833,135	61,858,249
Staff welfare	884,223	2,572,665
Gratuity and leave encashment (note 3.28)	2,275,275	2,279,714
Contribution to provident and other funds (note 3.28)	5,143,855	3,389,432
	94,136,488	70,100,060

3.25 Finance costs

	31 March 2016	31 March 2015
a) Interest cost on		
- Term loan	30,883,171	27,765,079
- Cash credit \ demand loan facilities	5,439,981	17,878,197
- Car loan	2,711,097	2,568,280
- Inter corporate deposits	16,037,678	26,538,714
- Others	2,780,627	2,319,178
b) Processing cost and other charges	801,531	20,000
	58,654,085	77,089,448

3.26 Other expenses

	31 March 2016	31 March 2015
Rent	56,401,203	53,055,411
Legal and professional fees	22,193,055	29,083,521
Electricity charges	48,607,926	31,034,815
Bad debts/ advances/ intangibles under development written-off	4,889,857	23,276,478
Repairs and maintenance	24,939,820	8,690,772
Security charges	10,172,788	13,807,186
Rates and taxes	15,649,791	23,486,063
Business promotion	5,435,761	5,876,009
Motor vehicle expenses	1,960,270	2,193,581
Printing and stationery	1,481,394	1,237,290
Communication	2,502,932	2,192,757
Insurance	2,587,082	2,314,318
Bank charges	204,451	837,511
Brokerage and commission	1,471,875	279,750
Travelling expenses	2,668,053	3,258,161
Payment to auditor (Refer details below)	1,500,000	1,619,200
Miscellaneous expenses	19,053,406	13,250,131
	221,719,664	215,492,953
Payment to auditor (excluding service tax)		
As auditor:		
Audit fee	1,500,000	1,500,000
Reimbursement of expenses	-	119,200
	1,500,000	1,619,200



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

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3.27 Earnings per equity share:

	31 March 2016		31 March 2015	
	Total	Continuing operations	Total	Continuing operations
a) Net (loss)/ profit after tax attributable to shareholders	(19,051,066)	(19,051,066)	(69,908,905)	(68,077,397)
b) Weighted average number of equity shares outstanding during the year for basic EPS	22,581,200	22,581,200	22,581,200	22,581,200
c) Weighted average number of equity shares outstanding during the year for dilutive EPS	22,581,200	22,581,200	22,581,200	22,581,200
d) Basic EPS	(0.84)	(0.84)	(3.10)	(3.01)
e) Dilutive EPS	(0.84)	(0.84)	(3.10)	(3.01)
f) Nominal value per share	5	5	5	5

3.28 Gratuity and other post employment benefit plans

(i) Defined contribution plans

Contribution to provident fund - amount of Rs 3,652,315 (2015: Rs 2,743,172) and ESIC - amount of Rs 1,491,540 (2015: Rs 646,260) is recognized as an expense and included in "Employee benefits expense" in the Statement of profit and loss.

(ii) Defined benefit plan and other long term employment benefit

(a) Leave wages (other long term employment benefit)

The leave wages are payable to all eligible employees at the rate of daily salary for each day of accumulated leave on death or on resignation or upon retirement on attaining superannuation age. During the year, Rs 865,884 (2015: Rs 704,238) is recognized as an expense in the Statement of profit and loss.

Actuarial assumptions

Discount rate (p.a)

31 March 2016

7.70%

31 March 2015

7.95%

Salary escalation rate (p.a)

8.00%

8.00%

(b) Gratuity (Defined benefit plan)

There is a defined benefit gratuity plan. Every employee who has completed five years or more of service gets gratuity on death or resignation or retirement at fifteen days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

A) Change in defined benefit obligation

Opening defined benefit obligation

11,111,357

9,919,551

Current service cost

1,142,984

744,964

Interest cost

733,075

760,878

Actuarial (gain) / loss

(110,221)

545,541

Benefits paid

(2,156,878)

(859,577)

Closing defined benefit obligation

10,720,317

11,111,357

B) Change in fair value of plan assets

Opening fair value of plan assets

5,971,156

5,777,741

Expected return on plan assets

407,842

412,188

Actuarial gain on plan assets

(16,748)

63,719

Contributions by employer

640,353

577,085

Benefits paid

(2,156,878)

(859,577)

Closing fair value of plan assets

4,845,725

5,971,156

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

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C) Expenses recognised in the Statement of profit and loss		
Current service cost	1,142,984	744,964
Prior year charge	-	-
Interest on defined benefit obligation	733,073	760,878
Expected return on plan assets	(407,842)	(412,188)
Net actuarial (gain)/ loss recognized	(93,473)	481,822
Total expense recognized	1,374,744	1,575,476
D) Amount recognised in Balance sheet		
Present value of funded obligations	(10,720,317)	(11,111,357)
Fair value of plan assets	4,845,725	5,971,156
Net liability	(5,874,592)	(5,140,201)
E) Actuarial assumptions		
Discount rate (p.a)	7.70%	7.95%
Expected rate of return on assets (p.a)	7.50%	7.50%
Salary escalation rate (p.a)	8%	8%
E) Experience adjustments		
On plan assets	(16,748)	63,719
On plan liabilities	(279,024)	49,347
F) Details of plan assets		
LIC managed funds	4,845,725	5,971,156

G) Experience adjustments

	31 March 2016	31 March 2015	31 March 2014
Present value of the defined benefit obligation	10,720,317	11,111,357	9,919,551
Fair value of the plan assets	4,845,725	5,971,156	5,777,741
Deficit	(5,874,592)	(5,140,201)	(4,141,810)
Experience adjustment on defined benefit obligation	(279,024)	49,347	465,475
Experience adjustment on plan assets	(16,748)	63,719	173,206

The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other conditions in the employment market.

The Company expects Rs 3,000,000 in contribution to be paid to its defined benefit plan in the next year (2015: Rs 5,000,000)

3.29 Lease disclosure under AS 19 – ‘Leases’

Operating lease : Company as lessee

The Company is obligated under non-cancellable leases primarily for office and residential premises which is renewable thereafter as per the terms of the respective agreement.

Lease rent expenses of Rs 56,401,203 (2015: Rs 53,055,411) 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 March 2016	31 March 2015
Amounts due within one year	4,938,787	11,046,490
Amounts due after one year but not later than five years	21,918,451	41,171,719
Amounts due later than five years	45,541,615	51,402,884
	72,398,853	103,621,093



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

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 19,587,722 (2015: Rs 19,731,971) 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 March 2016	31 March 2015
Amounts due within one year	9,951,424	6,385,836
Amounts due after one year but not later than five years	25,597,861	4,931,624
	35,549,285	11,317,460

The carrying amount of assets is as follows :

	Ownership premises	
	31 March 2016	31 March 2015
Gross block	172,280,521	171,964,829
Accumulated depreciation	33,209,738	28,501,705
Net block	139,070,783	143,463,124
Depreciation for the year	4,708,033	4,413,258

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 23,651,114 (2015: Rs 25,276,002) 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 March 2016	31 March 2015
Amounts due within one year	-	1,274,350
Amounts due after one year but not later than five years	-	-
	-	1,274,350

The carrying amount of assets is as follows :

	31 March 2016	31 March 2015
Gross block	85,535,753	85,029,667
Accumulated depreciation	29,527,574	22,559,501
Net block	56,008,179	62,470,166
Depreciation for the year	6,968,073	4,617,233

3.30 Capitalisation of expenditure

During the year, the Company has capitalised the salaries, wages and bonus amounting to Rs 5,330,611 (2015: Rs 4,031,186) to the cost of Fixed asset/ Capital work in progress (CWIP). Consequently, expenses disclosed under note 3.24 are net of amount capitalised by the Company.

3.31 Segment information

As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided in the Notes to consolidated financial statements.

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

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3.32 Related party disclosures

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2016 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
- Coruscant Tec Private Limited
- Mukta VN Films Limited

(iii) 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)

(iv) 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 2016 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	
	2016	2015	2016	2015	2016	2015
Rendering of services - Sale of products						
Coruscant Tec Private Limited	-	1,588,644	-	-	-	-
Mukta VN Films Limited	2,912,852	1,974,120	-	-	-	-
Receiving of services						
Ashok Ghai - Professional fees paid	-	-	2,844,456	2,655,198	-	-
Connect. 1 Limited - Rent	240,000	240,000	-	-	-	-
Mukta Tele Media Ltd	300,000	-	-	-	-	-
Mukta Arts - Rent	-	-	-	-	60,000	60,000
Interest income						
Whistling Woods International Limited	27,308,904	37,412,740	-	-	-	-
Mukta VN Films Limited	-	6,106,881	-	-	-	-
Salaries and other benefit						
Siraj Farooqui	-	-	2,531,500	2,806,574	-	-
Sameer Farooqui	-	-	777,480	662,300	-	-
Sajid Farooqui	-	-	723,294	634,415	-	-
Managerial remuneration						
Subhash Ghai	-	-	3,337,400	4,062,150	-	-
Subhash Ghai - Film Director fees	-	-	-	2,100,000	-	-
Parvez A. Farooqui	-	-	3,503,426	2,784,540	-	-
Rahul Puri	-	-	3,554,340	2,814,574	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

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Transactions	Subsidiary companies		Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	2016	2015	2016	2015	2016	2015
Reimbursement of expenses received by the Company						
Whistling Woods International Limited	1,182,704	723,846			-	-
Mukta VN Films Limited	19,200,000	17,175,520			-	-
Reimbursement of expenses paid by the Company						
Whistling Woods International Limited	1,182,704	1,217,187			-	-
Loan given during the year						
Mukta VN Films Limited	-	65,500,000				
Issue of equity shares						
Mukta VN Films Limited	-	32,725,000				
Loan repaid during the year						
Whistling Woods International Limited	94,100,000	53,000,000			-	-
Mukta VN Films Limited	-	65,500,000				
Advances given during the year						
Coruscant Tec Private Limited	21,400	800,000			-	-
Connect.1 Ltd	7,727,000	-				
Advances received during the year						
Coruscant Tec Private Limited	21,400	800,000			-	-
Connect.1 Ltd	519,500	-				
Loan receivable						
Whistling Woods International Limited	232,900,000	327,000,000			-	-
Interest receivable						
Whistling Woods International Limited	24,578,014	37,188,264			-	-
Payables						
Siraj Farooqui	-	-	358,814	990,126		
Sameer Farooqui	-	-	44,320	47,200		
Sajid Farooqui	-	-	58,175	51,195		
Subhash Ghai	-	-	364,000	414,000		
Parvez A. Farooqui	-	-	402,500	1,051,460		
Rahul Puri	-	-	352,700	984,026		
Connect 1. Limited	-	806,000	-	-	-	-
Advances receivable						
Mukta Tele Media Ltd	12,405,000	12,662,984	-	-	-	-
Connect.1 Limited	7,207,500	-	-	-	-	-
Mukta VN Films Limited	61,327,413	39,615,653	-	-	-	-
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	300,000
Security given towards loan (Mortgage of immovable property)						
Mukta VN Films Limited	120,000,000	120,000,000	-	-	-	-
Letter of support to Whistling Woods International Limited						

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

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3.33 Disclosure as per Clause 32 of the Listing agreement

Name of the Company	Balance as at		Maximum outstanding during the year	
	2016	2015	2016	2015
(a) Particulars in respect of loans and advances in the nature of loans to subsidiary/ associate companies				
- Whistling Woods International Limited	257,478,014	364,188,264	327,000,000	380,000,000
- Mukta Tele Media Ltd	12,405,000	12,662,984	12,405,000	13,112,984
- Mukta V N Films	-	-	-	66,218,872*
(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	257,478,014	364,188,264	327,000,000	380,000,000
- Mukta telemedia limited	12,405,000	12,662,984	12,405,000	13,112,984

(* Though the loan given to the subsidiary was not in compliance with the provision of Section 185 of the Act, the same was squared off by the year end)

3.34 Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for aggregate to Rs Nil (31 March 2015: Rs Nil).

3.35 Contingent liabilities

	31 March 2016	31 March 2015
a) Service tax liability in appeal (note 1)	1,675,000	1,675,000
b) Corporate guarantee given by the Company on behalf of its subsidiary	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 17,727,661 (31 March 2015: Rs 18,864,028) 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.

3.36 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 Company's suppliers are covered.



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(Currency: Indian Rupees)

	31 March 2016	31 March 2015
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.	-	-

3.37 Foreign currency exposures not covered by forward contracts

The Company has no foreign currency exposures relating to any receivable / payable balance as at 31 March 2016 (31 March 2015: Rs Nil).

3.38 Expenditure in foreign currency (on accrual basis)

	31 March 2016	31 March 2015
Travelling expenses	333,462	352,356
Pre-incorporation Expenses	7,496,893	-

3.39 Earnings in foreign exchange (on accrual basis)

Earnings in foreign currency for the year ended 31 March 2016 is Rs. 4,11,876 (31 March 2015: Rs Nil).

3.40 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 (total remuneration paid aggregates to Rs 131,906,897) is in excess of 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 and for recognition of the erstwhile managing director as a 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 the Act. Pending conclusion of this matter, no adjustment has been made in these financial statements.

3.41 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 2011-12, 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 2013-14, 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 appeal filed with the Supreme Court of India was dismissed. However, the Company and WWI filed review petitions with the High Court. In terms of

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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 2000-01 to 2013-14 aggregating to Rs 100,038,000 by January 2015 and to pay rent of Rs 4,500,000 per annum from the financial year 2014-15. As per the terms of the said Order, the Company has paid Rs 109,038,000 by 31 March 2016. 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 287,478,014 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.

3.42 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 2016	31 March 2015
Bottled beverages	330,936	93,231
Non bottled beverages	627,987	429,649
Non packaged food items	849,889	643,635
Packing material	552,097	52,537
Others	-	423
Total	2,360,909	1,219,475

Information with regards to the sale of food and beverage items

Particulars

Sales

	31 March 2016	31 March 2015
Bottled beverages	8,264,414	5,198,062
Non bottled beverages	18,296,716	12,108,767
Non packaged food items	70,067,553	47,722,062
Packaged food items	4,583,016	3,249,992
Total	101,211,699	68,278,883

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

Particulars

Closing stock

	31 March 2016	31 March 2015
Bottled beverages	521,462	330,936
Non bottled beverages	405,016	627,987
Non packaged food items	1,985,164	849,889
Packing material	1,162,879	552,097
Others	-	-
Total	4,074,521	2,360,909

Value of food and beverage items

Particulars

Consumption

	31 March 2016	31 March 2015
Imported	-	-
Indigenous	30,981,356	23,116,498
Total	30,981,356	23,116,498



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3.43 Disclosure pursuant to Section 186 of the Companies Act, 2013

a) Details of loan given:

Name of the the entity and relation with the Company, if applicable	Terms and conditions of the loan and purpose for which it will be utilised
Whistling Woods International Limited, subsidiary of the Company	Unsecured loan given @10% for the purpose of financial support to subsidiary which is repayable on mutual consent
Mukta Tele Media Ltd, subsidiary of the Company	Unsecured, interest-free loan given for the purpose of financial support to subsidiary which is repayable on demand
Neelmudra Entertainment Limited	Unsecured, interest-free loan given for the purpose of production of a film which will be repayable on demand
Om Films Private Limited	Unsecured loan given @10% on simple interest basis 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 2016 and 31 March 2015 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 2016	327,000,000	-	94,100,000	232,900,000
	Year ended 31 March 2015	380,000,000	-	53,000,000	327,000,000
Mukta Tele Media Ltd	Year ended 31 March 2016	12,662,984	-	257,984	12,405,000
	Year ended 31 March 2015	13,112,984	-	450,000	12,662,984
Mukta VN Films Limited	Year ended 31 March 2016	-	-	-	-
	Year ended 31 March 2015	-	Rs 65,500,000 was given to and repaid by the subsidiary during the year.		-
Neelmudra Entertainment Limited	Year ended 31 March 2016	12,838,015	-	-	12,838,015
	Year ended 31 March 2015	12,838,015	-	-	12,838,015
Om Films Private Limited	Year ended 31 March 2016	17,600,000	-	-	17,600,000
	Year ended 31 March 2015	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 2016: Rs 4,172,273) for the overdraft facility availed by Mukta V N Films Limited, a subsidiary company, as at 31 March 2016. The overdraft limit as per the arrangement is Rs 120,000,000 (31 March 2015: Rs 120,000,000). The subsidiary has accounted for book overdraft amounting to Rs 157,836,368 as on 31 March 2016 . The overdraft facility is being utilised by the subsidiary for its business.

c) Details of investments made:

- The Company has invested in 3,272,500 equity shares of Rs 10 each, fully paid up in Mukta VN Films Private Limited, a subsidiary of the Company during the previous year.
- In the current year, the Company has adjusted advance amounting to Rs. Nil (2015: Rs 8,392,188) outstanding from Maya Digital Studios Private Limited ('Maya') by subscribing to equity shares of Maya.

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3.44 Discontinuing operations

During the year ended 31 March 2013, the Company entered into an arrangement with VN Films Private Limited vide term sheet dated 11 September 2012 to form a Joint Venture Company under the name "MUKTA VN FILMS LIMITED" to conduct the business of exhibition and programming ('Exhibition') which was being conducted by the Company and forming part of the Company's revenue under 'Software' segment. The Board of Directors of the Company had passed a resolution at their meeting held on 5 March 2013, authorising the Company to enter into a shareholders' agreement. Further on 19 April 2013, the proposal had been approved by the shareholders through postal ballot. A share subscription cum shareholder agreement had been entered into on 19 March 2014 between the Company and Mukta VN Films Private Limited based on which they legally and beneficially own 3,300,000 (55%) and 2,699,950 (44.90%) equity shares respectively as at 31 March 2015.

During the financial year ended 31 March 2015, the Company has conducted the Exhibition business till 10 April 2014. The assets and liabilities pertaining to these business operations as on this date shall be realised and settled by the Company, as applicable, and shall not stand transferred to Mukta VN Films Limited.

Mukta VN Films Limited has conducted the Exhibition business from 11 April 2014 based on the agreement with the Company, VN Films Private Limited and Mukta VN Films Limited.

(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 2016	31 March 2015
Liabilities		
Non-current liabilities		
Long-term provisions	-	-
Current liabilities		
Short-term borrowings	-	-
Trade payables	-	6,794,032
Other current liabilities	-	-
Short-term provisions	-	-
Total liabilities	-	6,794,032
Assets		
Deferred tax asset	-	-
Current assets		
Trade receivables	-	11,749,470
Short term-loans and advances	-	308,730
Total assets	-	12,058,200

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

	31 March 2016	31 March 2015
Income		
Revenue from operation	-	62,589,425
Expenses		
Cost of operations	-	61,117,157
Employee benefit expense	-	437,155
Finance cost	-	465,509
Other expenses	-	334,552
Total expenses	-	62,354,373
Profit before tax	-	235,052
Provision for taxation	-	2,066,560
(Loss)/Profit after tax	-	(1,831,508)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

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

	31 March 2016	31 March 2015
Cash flows from operating activities		
Profit for the year before tax	-	235,052
Adjustments for:		
(Increase) in trade receivables	-	248,452,320
(Increase) in loans and advances and other non-current assets	-	167,695,540
Increase in trade payables, provisions, other long-term and other current liabilities	-	(258,945,116)
Cash generated from operations	-	157,437,796
Income taxes paid	-	-
Net cash generated from operating activities (A)	-	157,437,796
Cash flows from investing activities (B)	-	-
Cash flows from financing activities		
Repayment of borrowings	-	(100,000,000)
(Increase)/ Decrease in balance with Corporate and other business units	-	-
Cash flows from financing activities (C)	-	(100,000,000)

- 3.45** 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.

3.46 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.

3.47 Prior period comparatives

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

As per our report of even date attached.

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

Urmish P. Mehta
Partner
Membership No: 137150

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

Subhash Ghai
Chairman Director
DIN: 00019803

Parvez A. Farooqui
Executive Director
DIN: 00019853

Rahul Puri
Managing Director
DIN: 01925045

Monika Shah
Company Secretary
Membership No: FCS7964

Place : Mumbai
Date: 26 May 2016

MUKTA ARTS LIMITED

Independent Auditors' Report

To the Members of MUKTA ARTS LIMITED

Mumbai

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated 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, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein referred to as the 'consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the preparation of these consolidated 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 and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 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 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 financial statements.

Basis for Qualified Opinion

- (i) As explained in Note 3.37 to the accompanying consolidated 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 results.



Independent Auditors' Report (Continued)

- (ii) As more fully explained Note 3.34 to the financial statements, Whistling Woods International Limited (WWIL), a subsidiary company, has disputed the demand from Income-tax authorities aggregating to Rs 50,60,974 (March 31, 2015: Rs 50,60,974 (including interest Rs 19,02,995 (March 31, 2015: Rs 19,02,995) and penalty Rs 4,13,148 (March 31, 2015: Rs 4,13,148) 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 the financial statements in this regard. Had the Company accrued for this liability, the loss for the year and the deficit in Statement of profit and loss at year end would have been higher by Rs 50,60,974 (March 31, 2015: Rs 50,60,974).
- (iii) As at March 31, 2016, the Holding Company's investment in its subsidiary, Whistling woods International Limited (WWIL) a joint venture between the company and Maharashtra Film, Stage and Cultural Development Corporation Limited (MFSCDCL), aggregates to Rs.36,99,97,000/- and loans and advances, Accrued interest and deposits include Rs.28,74,78,014/- recoverable from WWIL. As more fully explained in Note 3.38 to the 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 WWILs' 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 (net book value at March 31, 2016 : Rs 17,17,57,505 (March 31, 2015: Rs 18,01,07,572)) 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 WWI 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. The State Government of Maharashtra and MFSCDCL challenged the Order of the High Court in the Supreme Court, which special leave petition was dismissed by the Supreme Court on September 22, 2014. The amounts so paid/ being paid by Mukta Arts Limited to MFSCDCL have not been accounted in these financial statements. Management of WWIL informs that these will be accounted, 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, 2016 and it has incurred a net loss (after tax) of Rs 62,91,208 during the year ended March 31, 2016 (March 31, 2015: net loss (after tax) Rs 1,81,08,971). 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.

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

- a. in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2016;
- b. in the case of the Consolidated Profit and Loss Account, of the Loss for the year ended on that date; and

MUKTA ARTS LIMITED

Independent Auditors' Report (Continued)

c. *in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.*

Other Matters

We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of Rs. 80,00,73,148/- as at March 31, 2016 and total revenues of Rs. 33,74,02,854/- and net cash inflows amounting to Rs. 93,83,143/- for the year then ended, as considered in the consolidated 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 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.

Our opinion on the consolidated financial statements, 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 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 financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated 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, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated 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 financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (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, 2016 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, 2016 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 financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 3.34 and 3.38 to the consolidated 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 3.42 to the consolidated 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. Urmish P. Mehta
Partner
Membership No.: 137150

Date: May 26, 2016

Place: Mumbai



Annexure A to the Independent Auditor's Report of even date on the Consolidated 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 financial statements of the Company as of and for the year ended March 31, 2016, 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, 2016, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies, which are companies incorporated in India

MUKTA ARTS LIMITED

Annexure to the Independent Auditors' Report on the consolidated financial statements - 31 March 2016 (Contd.)

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.

Date: May 26, 2016

Place: Mumbai

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

CA. Urmish P. Mehta
Partner
Membership No.: 137150



CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016

(Currency: Indian Rupees)

	Note	31 March 2016	31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1	112,917,500	112,917,500
Reserves and surplus	3.2	288,207,531	319,326,740
		401,125,031	432,244,240
Minority interest	3.2 (a)	34,272,711	34,563,274
Non-current liabilities			
Long-term borrowings	3.3	598,679,282	153,039,993
Deferred tax liabilities (net)	3.4 (a)	434,182	-
Other long term liabilities	3.5	99,864,019	109,593,493
Long-term provisions	3.6	16,118,843	12,430,485
		715,096,326	275,063,971
Current liabilities			
Short-term borrowings	3.7	217,836,368	468,386,938
Trade payables	3.8	323,971,440	279,085,534
Other current liabilities	3.9	225,111,228	319,422,127
Short-term provisions	3.10	11,132,550	5,430,697
		778,051,586	1,072,325,296
TOTAL		1,928,545,654	1,814,196,781
ASSETS			
Non-current assets			
Fixed assets	3.11		
Tangible fixed assets		728,756,000	761,141,119
Intangible fixed assets		52,091,112	54,095,873
Capital work-in-progress		82,260,041	55,173,206
Intangible fixed assets under development		40,587,105	9,281,205
		903,694,258	879,691,403
Non-current investments	3.12	18,393,938	18,393,938
Deferred tax assets (net)	3.4 (b) & (c)	-	23,927
Long-term loans and advances	3.13	332,274,048	274,731,488
Other non-current assets	3.14	7,246,777	2,970,324
		1,261,609,021	1,175,811,080
Current assets			
Inventories	3.15	4,074,521	2,360,909
Trade receivables	3.16	421,251,701	418,396,797
Cash and bank balances	3.17	39,085,841	35,592,558
Short-term loans and advances	3.18	197,482,694	148,104,494
Other current assets	3.19	5,041,876	33,930,943
		666,936,633	638,385,701
TOTAL		1,928,545,654	1,814,196,781
Summary of significant accounting policies			
	2		

The accompanying notes from 1 to 3.43 are an integral part of these consolidated financial statements.

As per our report of even date attached.

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

Urmish P. Mehta
Partner
Membership No: 137150

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

Subhash Ghai
Chairman Director
DIN: 00019803

Parvez A. Farooqui
Executive Director
DIN: 00019853

Rahul Puri
Managing Director
DIN: 01925045

Monika Shah
Company Secretary
Membership No: FCS7964

Place : Mumbai
Date: 26 May 2016

MUKTA ARTS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees)

	Note	31 March 2016	31 March 2015
Income			
Revenue from operations	3.20	884,013,074	1,313,979,432
Other income	3.21	21,832,202	37,309,643
Total income		905,845,276	1,351,289,075
Expenses			
Cost of services rendered	3.22	167,840,825	443,614,706
Purchases of food and beverages		32,736,511	24,257,932
Changes in inventories of food and beverages	3.23	(1,713,612)	(1,141,434)
Employee benefits expense	3.24	157,830,745	130,611,668
Finance costs	3.25	89,989,550	96,070,625
Depreciation and amortisation	3.11	94,301,659	392,417,051
Other expenses	3.26	394,674,463	356,079,210
Total expenses		935,660,141	1,441,909,758
(Loss) before tax		(29,814,865)	(90,620,683)
Tax expenses:			
- Current tax (including MAT credit entitlement recognised and utilised)		804,943	2,165,380
- Deferred tax (credit)		458,109	(7,356,740)
- Prior Period Tax		41,292	-
(Loss) for the year after tax and before minority interest		(31,119,209)	(85,429,323)
Less: Minority interest		-	1,568,109
(Loss) for the year after tax		(31,119,209)	(86,997,432)
Earnings per equity share ((nominal value of share Rs 5 (31 March 2015 : Rs 5))	3.27		
Basic and diluted		(1.38)	(3.85)
Summary of significant accounting policies	2		
The accompanying notes from 1 to 3.43 are an integral part of these consolidated financial statements.			

As per our report of even date attached.

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

Urmish P. Mehta
Partner
Membership No: 137150

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

Subhash Ghai
Chairman Director
DIN: 00019803

Parvez A. Farooqui
Executive Director
DIN: 00019853

Rahul Puri
Managing Director
DIN: 01925045

Monika Shah
Company Secretary
Membership No: FCS7964

Place : Mumbai
Date: 26 May 2016



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees)

	31 March 2016	31 March 2015
A. Cash flows from operating activities		
(Loss) for the year before tax	(29,814,865)	(90,620,683)
Adjustments for:		
Depreciation and amortisation expense	94,301,659	392,417,051
Provision for doubtful debts/ advances	(3,584,867)	(3,124,659)
Bad debts/ advances/ intangible assets under development written-off	4,905,922	23,502,861
Finance costs	89,989,550	96,070,625
Interest income (Other than on income tax refund)	(5,185,366)	(5,195,880)
Interest on income tax refund	(270,498)	(5,923,739)
(Profit) on sale of assets, net	(619,500)	(1,201,859)
Operating cash flow before working capital changes	149,722,035	405,923,717
Adjustment for working capital changes		
Decrease/ (increase) in trade receivables	(2,854,904)	(98,502,511)
Decrease/ (increase) in loans and advances, other non-current assets and other current assets	(82,308,147)	(46,598,526)
(Increase) in inventories	(1,713,612)	(1,141,434)
(Decrease) in trade payables and other liabilities	(232,436,804)	(210,967,803)
Cash generated from operations	(169,591,431)	48,713,443
Income taxes refunded/(paid), net	(29,658,187)	41,078,999
Net cash flow generated from/ (used in) operating activities (A)	(199,249,618)	89,792,442
B. Cash flows from investing activities		
Interest income	5,455,864	3,946,133
Purchase of fixed assets (tangible and intangible)	(73,241,855)	(149,055,645)
Proceeds from sale of fixed assets	13,922,885	4,583,075
Proceeds from maturity/ (reinvestment) of fixed deposits, net	-	(281,500)
	(53,863,106)	(140,807,937)
Income taxes paid on interest income	(1,208,954)	(1,104,477)
Net cash flow generated from/ (used in) investing activities (B)	(55,072,060)	(141,912,414)
C. Cash flows from financing activities		
Secured loan taken, net	445,639,289	115,805,015
Unsecured loan taken/(repaid), net	(92,200,000)	(19,700,000)
Proceeds from issue of equity shares to minority shareholder	-	27,000,000
Proceeds from issue of share warrants to minority shareholder	-	6,000,000
Interest paid	(89,989,550)	(79,044,416)
Net cash flow from financing activities (C)	263,449,739	50,060,599
Net Increase/ (decrease) in cash and cash equivalents (A+B+C)	9,128,061	(2,059,373)
Cash and cash equivalents as at beginning of the year	8,048,592	10,107,965
Cash and cash equivalents as at end of the year (Refer note (b) below)	17,176,653	8,048,592
Notes:		
(a) The cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 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:		
Cash in hand	2,442,259	2,466,982
Balances with scheduled banks in		
-in current accounts	14,734,394	5,581,610
	17,176,653	8,048,592

As per our report of even date attached.

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

Urmish P. Mehta
Partner
Membership No: 137150

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

Subhash Ghai
Chairman Director
DIN: 00019803

Parvez A. Farooqui
Executive Director
DIN: 00019853

Rahul Puri
Managing Director
DIN: 01925045

Monika Shah
Company Secretary
Membership No: FCS7964

Place : Mumbai
Date: 26 May 2016

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees)

1. Background

Mukta Arts Limited ('Mukta' or 'the Company or 'the Parent Company') is a company incorporated in India under the Companies Act, 1956 ('the Act'). The Company was incorporated on 7 September 1982 as Mukta Arts Private Limited and was converted from a private limited company 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 approximately 54.99% of the outstanding equity share capital as at 31 March 2016. 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 five subsidiaries, Whistling Woods International Limited (which is an education institute which imparts training in various skills related to films, television and media industry), Coruscant Tec Private 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 Mukta V N Films Limited (which is involved in the business of distribution and exhibition of films).

2. Summary of significant accounting policies

2.1 Basis of preparation and consolidation

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 2016. 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.

2.2 Principles of consolidation

The consolidated financial statements are prepared in accordance with AS 21 – 'Consolidated Financial Statements'. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its standalone financial statements. The consolidated financial statements have been prepared on the following basis:

Subsidiaries

The excess of that cost to the Company of its investment in each subsidiary over its share of the equity of that subsidiary at the date on which the investment in the subsidiary is made, is recognised as "Goodwill on Consolidation" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of the investment of the Company, it is recognised as "Capital Reserve" and shown under the head "Reserves and surplus" in the consolidated financial statements. Goodwill on consolidation is not amortised but is tested for impairment on each balance sheet date and impairment losses are recognised, where applicable.

The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances/ transactions and resulting unrealized profits in full. The amounts shown in respect of reserves/ accumulated losses comprise the reserve/ accumulated losses as per the Balance sheet of the Parent Company and its share in the post-acquisition increase/ decrease in the relevant reserve/ accumulated losses of the subsidiaries.

Minority interest's share of profits or losses is adjusted against the income to arrive at the net income attributable to the shareholders of the Parent Company. Minority's share of net assets of consolidated subsidiaries is identified and presented in the consolidated Balance sheet as a separate item from liabilities and the shareholders' equity.

The losses applicable to the minority in a consolidated subsidiary may exceed the minority interest in the equity of the subsidiary. The excess, and any further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered. The list of subsidiaries with the percentage of holding is summarised below:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

2. Summary of significant accounting policies (Continued)

Sr. No.	Name of the subsidiary	Country of incorporation	% of shareholding in 2016	% of shareholding in 2015
1	Whistling Woods International Limited	India	84.99%	84.99%
2	Connect 1 Limited	India	100.00%	99.00%
3	Mukta Tele Media Limited	India	99.92%	99.92%
4	Coruscant Tele Private Limited	India	100.00%	100.00%
5	Mukta V N Films Limited	India	55%	55%

2.3 Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates and assumptions made in the preparation of these consolidated financial statements are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying consolidated financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.4 Fixed assets and depreciation/amortisation

Tangible assets

Tangible fixed assets are stated at cost of acquisition less accumulated depreciation and any provision for impairment. 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. 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.

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 recorded 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.

Software

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets.

Intellectual property rights

Intangible assets also comprise of intellectual property rights ('IPR') in course curriculum and library of books. An intangible asset is recognized if, and only if, it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise. IPR in course curriculum consists of expenses incurred on internal development of course curriculum. Cost incurred on creating course curriculum under development is recorded as intangible asset under development (net of provision for impairment). Such costs incurred are capitalised only if these can be measured reliably, the content is commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and use the asset. Other development expenditure is recognised in the Statement of profit and loss as incurred.

Depreciation/amortisation

Tangible assets

Till the previous year ended 31 March 2014, depreciation on fixed assets, except leasehold improvements, was provided on written down method in the manner and rates prescribed in Schedule XIV to the Companies Act 1956.

Pursuant to the Act being effective from 1 April 2014, the Group has revised the depreciation rates on fixed assets as per the useful life specified in Part 'C' of Schedule II to the Act, except for the following classes of assets where the useful life is higher than the useful life prescribed in Schedule II based on management estimates which is supported with the assessment carried out by the technical experts.

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

2. Summary of significant accounting policies (Continued)

Asset class	Useful life
Plant and equipment	10-14 years
Furniture and fixtures	5-10 years
Computers and IT equipment	3-10 years
Cinematography 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.

Intangible assets

Film rights comprising negative rights and distribution rights

Costs are amortised in the proportion that gross revenue realized 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 realizable value of a right is less than its unamortized cost, a loss is recognized for the excess of unamortized cost over the film right's realizable value.

Software

Application software purchased is amortised over its license period or on a straight line basis over its useful life, not exceeding five years, as determined by management.

The amortisation of other intangible assets is provided pro-rata on a straight line basis over their useful life determined by the management as mentioned below:

Intangible assets	Estimated useful life
Intellectual property rights (course curriculum)	10 years
Library (books and copyrights)	1 year

2.5 Impairment

In accordance with AS 28 - 'Impairment of Assets', where there is an indication of impairment of assets, the carrying amount of the assets are reviewed at each Balance sheet date to determine whether there is any impairment. 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.

2.6 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity, revenue can be reliably measured and recoverability is reasonably certain. The amount recognized as income is exclusive of value added tax, service tax and net of trade discounts. Unbilled revenue represents costs incurred and revenues recognized 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 recognized 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 recognized 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 recognized 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.

Brokerage and commission income from exhibition services is recognised on the date of exhibition of films based on the Daily Collection Reports and generally comprises proceeds from sale of tickets, net of taxes, exhibitor's share and share of producers and sub-agents/ sub-distributors.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

2. Summary of significant accounting policies (Continued)

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/ premise hire/ facility rental

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

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.

Interest income

Interest income is recognised on a time proportion basis.

2.7 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 the First-In, First-Out ('FIFO') basis.

2.8 Investments

Long-term investments and current maturities of long term investments are stated at cost less any provision for diminution, which is other than temporary, in nature.

2.9 Employee benefits

(a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. 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.

(b) Post-employment benefits

Defined contribution plan:

The contribution paid/ payable under the recognised provident fund scheme and the employees' state insurance contribution is recognised as an expense in the Statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plan:

The gratuity benefit scheme is a defined benefit plan. The net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. These benefits are discounted to determine their present value, and the fair value of any plan assets is deducted therefrom.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation at each Balance sheet date by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to one additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligations are measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the Balance sheet date.

All actuarial gains and losses arising during the year are recognised immediately in the Statement of profit and loss.

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

2. Summary of significant accounting policies (Continued)

(c) 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 at the present value of the defined benefit obligations at the Balance sheet date based on an actuarial valuation by an independent actuary using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the Balance sheet date.

2.10 Foreign currency transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of profit and loss for the year. Monetary assets and liabilities denominated in foreign currencies as at the Balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the Statement of profit and loss.

Non-monetary items are carried at historical cost using the exchange rate at the date of the transaction.

2.11 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.

2.12 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 entity 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 entity 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 asset is recognised only if there is a virtual certainty of realisation of such asset. Deferred tax asset is reviewed as at each Balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain to be realized.

2.13 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.

2.14 Provisions and contingencies

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2016

(Currency: Indian Rupees)

3.1 Share capital

	31 March 2016	31 March 2015
Authorised		
24,000,000 (31 March 2015: 24,000,000) equity shares of Rs 5 each	120,000,000	120,000,000
Issued, subscribed and paid-up		
22,581,200 (31 March 2015: 22,581,200) equity shares of Rs 5 each, fully paid-up	112,906,000	112,906,000
Add :- Forfeited shares (Amount originally paid-up) (No. of shares forfeited: 4,000 (31 March 2015: 4,000))	11,500	11,500
	112,917,500	112,917,500

a) Reconciliation of the shares outstanding at the beginning and at the end of the year is as below:

	31 March 2016		31 March 2015	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
Balance as at the beginning of the year	22,581,200	112,917,500	22,581,200	112,917,500
Issued during the year	-	-	-	-
Buyback/ forfeiture/ reduction during the year	-	-	-	-
Balance as at the end of the year	22,581,200	112,917,500	22,581,200	112,917,500

b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs 5 per share. Each equity share holder is entitled to one vote per share. The voting rights of an equity shareholder are in proportion to its share of the paid-up capital of the Company.

In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	31 March 2016		31 March 2015	
	No. of shares	% holding	No. of shares	% holding
1. Mr. Subhash Ghai	12,417,990	54.99%	12,417,990	54.99%
2. Ms. Meghna Ghai Puri	1,650,000	7.31%	1,650,000	7.31%
3. Ms. Mukta Ghai	1,650,000	7.31%	1,650,000	7.31%

3.2 Reserves and surplus

	31 March 2016	31 March 2015
Securities premium	973,360,000	973,360,000
General reserve		
At the commencement and end of the year	83,144,790	83,144,790
(Deficit) in the consolidated Statement of profit and loss		
At the commencement of the year	(737,178,050)	(641,606,412)
Add : (Loss) for the year	(31,119,209)	(86,997,432)
Less : Adjustment for depreciation [Refer note 2.4]	-	(8,574,206)
Net deficit in the consolidated Statement of profit and loss	(768,297,259)	(737,178,050)
Total reserve and surplus	288,207,531	319,326,740

3.2 (a) Minority interest reconciliation during the year includes profit attributable to minority interest amounting to Rs. Nil (2015: Rs 1,568,109); money received from minority shareholder amounting to Rs. Nil (2015: Rs 27,000,000) for additional stake in a subsidiary and Rs. Nil (2015: Rs 6,000,000) for share warrants issued to minority shareholder of a subsidiary

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

3.3 Long-term borrowings

	31 March 2016	31 March 2015
a) Term loans		
- From banks (Secured)		
- Kotak Mahindra Bank Limited **	-	144,493,615
(Repayable within a year Rs Nil (2015: Rs 69,551,418))		
- Indiabulls Housing Finance Ltd ***	399,025,939	-
(Repayable within a year Rs 4,052,083 (2015: Rs Nil))		
- Hero FinCorp Limited ****	32,146,368	-
(Repayable within a year Rs 7,055,668 (2015: Rs Nil))		
- Yes Bank Ltd*****	41,000,000	-
(Repayable within a year Rs Nil (2015: Rs Nil))		
- Motor vehicle finance loans *****	18,329,389	20,524,050
(Repayable within a year Rs 6,314,663 (2015: Rs 6,737,271))		
b) Inter-corporate deposits		
- From Mukta Tele Arts Private Limited, a related party (unsecured) *	-	26,811,017
-From Subhash Ghai (unsecured)	125,600,000	-
-From others (unsecured)	-	37,500,000
Amount disclosed under the head - other current liabilities (note 3.9)	(17,422,414)	(76,288,689)
	598,679,282	153,039,993
	31 March 2016	31 March 2015
*Loans from related parties include loans from entity with common director		
Mukta Tele Arts Private Limited	-	26,811,017
(No terms of repayment have been specified. Interest is charged at 13.5% p.a)		

** This loan has been repaid in full during the year 2015-16. As at 31st March, 2015, the term loan is secured against all current assets, commercial property at Oshiwara and three residential flats at Bandra. Personal guarantee of Mr. Subhash Ghai, the Chairman of the Company and Mrs. Mukta Ghai, a relative of the Chairman and a shareholder, has also been given in respect of this liability. The term loan has been taken in various tranches, having separate maturity periods ranging from 1 to 5 years and at interest rate varying from 10% to 14% per annum. The details of repayment and other terms are as follows:

Loan tranches	Repayment schedule and other terms
Term loan of Rs 100,000,000 taken on 17 January 2011	Outstanding amount of loan Rs 21,670,502 will be repayable in 10 equated monthly installments of Rs 2,352,826
Term loan of Rs 30,000,000 taken on 26 September 2011	Outstanding amount of loan Rs 11,055,073 will be repayable in 18 equated monthly installments of Rs 690,532
Term loan of Rs.50,000,000 taken on 13 December 2011	Outstanding amount of loan Rs 22,240,074 will be repayable in 22 equated monthly installments of Rs 1,163,413
Term loan of Rs 25,000,000 taken on 4 January 2013	Outstanding amount of loan Rs 16,505,190 will be repayable in 34 equated monthly installments of Rs 588,534
Term loan of Rs 50,000,000 taken on 4 January 2013	Outstanding amount of loan Rs 33,412,604 will be repayable in 35 equated monthly installments of Rs 1,161,764
Term loan of Rs 50,000,000 taken on 7 February 2014	Outstanding amount of loan Rs 39,610,172 will be repayable in 34 equated monthly installments of Rs 1,281,208

*** 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)

****The facility carries an interest at 12.5% p.a.. It is secured against first charge on immovable property at Flat no. 1207 and flat no. 1208 at Oberoi Splendor, Andheri, Mumbai and repayable in 60 equal monthly instalments.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

***** 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.

***** 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 6,551,281 will be repayable within 3 years from the reporting date with monthly EMI of Rs 385,468 till 1 Feb 2016 then Rs. 289,665 till 1 Feb 2017 and then Rs. 124,365 till Feb 2018
BMW India Financial Services Pvt Ltd	Outstanding amount of loan Rs 11,122,398 will be repayable in 51 equated monthly installments of Rs 274,248
ICICI Bank Limited	Outstanding amount of loan Rs 2,411,854 will be repayable in 30 equated monthly installments of Rs 75,650 and 27 equated monthly installments of Rs 18,490

3.4 (a) Deferred tax liability, net

Deferred tax liability

Arising on account of timing differences in:

Depreciation/ amortisation

Adjustments as per Rule 9A/9B of Income-tax Rules, 1962

Deferred tax assets

Arising on account of timing differences in:

Provision for employee benefits

Provision for doubtful debts and advances

Rent straightlining

Income tax loss and unabsorbed depreciation

Net deferred tax assets/liabilities

31 March 2016	31 March 2015
8,524,872	12,580,377
-	10,972,899
8,524,872	23,553,276
3,590,596	3,033,676
2,222,599	3,933,693
2,277,495	2,227,872
-	34,209,228
8,090,690	43,404,469
434,182	-

3.4 (b) Deferred tax assets, net

Deferred tax liabilities

Arising on account of timing differences in:

Depreciation/ amortisation

Deferred tax assets

Arising on account of timing differences in:

Unabsorbed depreciation allowance and carried forward business loss

Expenditure covered by section 43B of Income-tax Act, 1961

Provision for employee benefits

Provision for doubtful debts and advances

Net deferred tax assets

31 March 2016	31 March 2015
-	13,629,321
-	13,629,321
-	83,519,837
-	246,119
-	1,539,085
-	154,344
-	85,459,385
-	-
-	-

In absence of virtual certainty of realisation of deferred tax assets in the future periods, no deferred tax assets have been recognised.

MUKTA ARTS LIMITED

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(Currency: Indian Rupees)

3.4 (c) Deferred tax assets, net

	31 March 2016	31 March 2015
Deferred tax liability	-	-
Deferred tax asset	-	-
<i>Arising on account of timing differences in:</i>		
Depreciation/ amortisation	-	23,927
	-	23,927
Net deferred tax asset	-	23,927

3.5 Other long-term liabilities

	31 March 2016	31 March 2015
Security deposits received	89,193,563	68,821,949
Trade payable	237,846	241,341
Rent straight lining	10,432,610	8,290,387
Income received in advance	-	32,239,816
	99,864,019	109,593,493

3.6 Long-term provisions

	31 March 2016	31 March 2015
Provisions for employee benefits		
Provision for gratuity (note 3.28)	9,426,052	7,560,080
Provision for compensated absences (note 3.28)	6,630,757	4,808,371
Provision for taxation		
Provision for Fringe benefits tax (net of advance tax Rs 1,733,688 (31 March 2015: Rs 1,733,688)	62,034	62,034
	16,118,843	12,430,485

3.7 Short-term borrowings

	31 March 2016	31 March 2015
Loans repayable on demand from banks		
Cash credit (secured) #	-	96,671,238
Bank overdraft (secured)*	157,836,368	209,578,700
Demand loan (secured) **	-	9,937,000
Inter corporate deposits		
- From other than related parties (unsecured)***	60,000,000	152,200,000
	217,836,368	468,386,938

This loan has been repaid in full during the year 2015-16. As at 31st March, 2015, the Company has obtained a cash credit facility from Kotak Mahindra Bank Limited on 8 January 2010 at interest rate varying from 13% to 14% per annum. Along with the term loan mentioned above in Note 3.3, this facility is secured against all current assets, commercial property at Oshiwara, and three residential flats at Bandra. Personal guarantee of Mr Subhash Ghai, the Chairman of the Company and Mrs. Mukta Ghai, a relative of the Chairman and a shareholder, has also been given in respect of this liability.

* Mukta V N Films Limited, a subsidiary in the group, has obtained bank overdraft facility from Yes Bank Limited on 29 September 2014 at interest rate of base rate plus 2.0%. This facility is secured against all current assets of Mukta V N Films Limited, and against four residential flats at Bandra owned by Mukta Arts Limited, the parent company. Also corporate guarantee by UFO Moviez India Limited, [Holding company of V N Films Private Limited which holds 44.99% of voting power of Mukta V N Films Limited] has been given in respect of this liability.

** The Company has obtained a demand loan from Punjab National Bank against fixed deposit. The interest rate on this loan is 10.75% p.a.

*** Deposit of Rs. 20,000,000 accepted at interest rate of 24% p.a. repayable on demand. Deposit of Rs. 40,000,000 accepted at interest rate of 4% p.a. repayable on demand.



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(Currency: Indian Rupees)

3.8 Trade payables

	31 March 2016	31 March 2015
Dues to micro and small suppliers (also refer note 3.35)	-	-
Others	323,971,440	279,085,534
	323,971,440	279,085,534

3.9 Other current liabilities

	31 March 2016	31 March 2015
Current maturities of term loans (note 3.3)	17,422,414	76,288,689
Dues to venturer	7,907,980	11,061,341
Advances from venturer	-	34,568,607
Interest accrued but not due on borrowings	2,925,087	21,295,697
Income received in advance	-	53,665,572
Advances received for film and other services	109,637,144	28,308,550
Employee benefits expense payable	16,197,783	17,536,711
Creditors for fixed assets	6,678,598	25,516,227
Temporary book overdraft	6,266,359	692,059
Unclaimed dividends	38,564	332,676
Statutory dues payable*	29,490,439	17,486,845
Security deposits received	27,773,079	32,612,089
Others	773,781	57,064
	225,111,228	319,422,127

*Statutory dues payable includes:

	31 March 2016	31 March 2015
- Provident fund	761,668	468,128
- ESIC	292,353	255,721
- Service tax payable	2,071,363	740,829
- TDS payable	22,667,857	14,496,250
- Profession tax	35,637	52,607
- ET/ INR/ Show tax payable	3,661,561	1,473,310

3.10 Short-term provisions

	31 March 2016	31 March 2015
Provisions for employee benefits		
Provision for compensated absences (note 3.28)	2,091,372	2,418,286
Provision for gratuity (note 3.28)	-	95,379
Provision for taxation	9,041,178	2,917,032
(Net of advance tax and tax deducted at source Rs 76,240,704 (31 March 2015: Rs 73,533,062))		
	11,132,550	5,430,697

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

3.11 Fixed assets

MUKTA ARTS LIMITED

	Intangible assets							Tangible assets							Total		
	Distribution rights	Negative rights	Exhibition rights	Intellectual property rights (Course curriculum)	Library books	Computer software	Total	Land rights #	Ownership premises	Temporary shed	Institute building	Leasehold premises	Plant and machinery	Motor vehicles		Furniture fixtures and office equipment	Computers
Gross block																	
As at 1 April 2014	240,000,320	431,907,423	2,500,000	6,184,859	9,461,123	19,966,810	710,020,535	30,000,000	236,382,035	666,964	278,718,006	232,272,284	418,752,445	53,998,079	91,164,722	150,066,670	1,492,021,205
Additions	-	322,481,091	-	25,000	386,649	10,201,671	333,094,411	-	5,000,000	-	789,177	52,154,379	17,613,635	16,418,961	6,107,750	7,350,090	105,433,992
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	18,341,195	228,880	7,000	18,577,075
Other adjustment	-	-	-	-	-	823,175	823,175	-	-	-	-	-	-	-	-	(823,175)	(823,175)
As at 31 March 2015	240,000,320	754,388,514	2,500,000	6,209,859	9,847,772	30,991,656	1,043,938,121	30,000,000	241,382,035	666,964	279,507,183	284,426,662	436,366,080	52,075,845	97,043,592	156,686,585	1,578,054,946
Additions	-	-	-	7,442,175	324,564	4,459,725	12,226,464	-	7,850,000	-	385,875	10,574,888	2,527,419	5,391,880	14,447,658	19,837,671	61,015,391
Disposals	-	-	-	-	-	-	-	-	5,000,000	-	-	-	-	3,778,840	144,045	-	8,922,885
Other adjustment	-	(2,626,908)	-	-	-	442,822	(2,184,086)	-	-	-	-	2,663,524	(15,765,480)	13,723,959	(592,810)	39,675	68,868
As at 31 March 2016	240,000,320	751,761,606	2,500,000	13,652,034	10,172,336	35,894,203	1,048,552,436	30,000,000	244,232,035	666,964	279,893,058	297,665,074	423,728,019	67,412,844	110,754,395	176,463,931	1,630,216,320
Accumulated Depreciation/Amortisation																	
As at 1 April 2014	240,000,320	415,496,641	2,285,398	6,127,035	9,170,849	18,107,811	691,188,054	-	53,877,269	666,964	90,246,923	38,545,613	304,456,696	40,365,147	65,767,851	131,759,716	725,686,180
Charge for the year	-	294,465,421	214,602	15,801	557,592	2,886,930	297,940,346	-	6,189,393	-	9,152,688	21,728,963	12,943,489	22,533,712	17,907,966	8,094,578	98,550,789
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	15,004,445	203,773	-	15,208,218
Other adjustment	-	-	-	-	-	469,578	469,578	-	-	-	-	-	3,088,416	107,399	1,649,290	3,274,242	8,129,347
Other adjustment	-	-	-	-	-	244,270	244,270	-	-	-	-	-	-	-	-	(244,270)	(244,270)
As at 31 March 2015	240,000,320	709,962,062	2,500,000	6,142,835	9,728,441	21,508,589	989,842,248	-	60,066,663	666,964	99,399,611	60,274,576	320,498,601	48,001,813	85,121,334	142,884,266	816,913,827
Charge for the year (refer note 5)	-	-	-	17,947	219,768	6,381,361	6,619,076	-	6,260,710	-	8,735,942	23,913,080	14,578,014	7,318,776	17,400,843	9,475,218	87,682,593
Disposals	-	-	-	-	-	-	-	-	386,779	-	-	-	-	2,874,895	-	-	3,261,674
Other adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	125,584	-	125,584
As at 31 March 2016	240,000,320	709,962,062	2,500,000	6,160,782	9,948,209	27,889,950	996,461,324	-	65,940,594	666,964	108,135,553	84,187,656	335,076,615	52,445,694	102,647,761	152,359,484	901,460,320
Net block																	
As at 31 March 2015	-	44,426,452	-	67,024	119,331	9,483,067	54,095,873	30,000,000	181,315,372	-	180,107,572	224,152,086	115,867,479	4,074,031	11,922,258	13,702,319	761,141,119
As at 31 March 2016	-	41,799,544	-	7,491,252	224,127	8,004,253	52,091,112	30,000,000	178,291,441	-	171,757,505	213,477,418	88,051,404	14,967,150	8,106,634	24,104,447	728,756,000
Capital work-in-progress																	
Balance as at 1 April 2014	-	-	-	75,334,953	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions (net)	-	-	-	(20,161,747)	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2015	-	-	-	55,173,206	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2015	-	-	-	55,173,206	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions (net)	-	-	-	27,086,835	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2016	-	-	-	82,260,041	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets under development																	
Balance as at 1 April 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

- Pursuant to notification of Schedule II to the Companies Act, 2013 with effect from 1 April 2014, the depreciation for the year ended 31 March 2015 has been provided on the basis of estimated economic lives or useful lives of fixed assets as prescribed in Schedule II, whichever is lower. Accordingly, an amount of Rs 8,598,925 has been adjusted against retained earnings for the assets which had no residual life as at 1 April 2014, and depreciation for the year 2014-15 is higher by Rs 16,288,477.
- The Company - Mukta Arts Limited has leased out part of its owned office premises and the leases are renewable as per the terms of the respective agreements. The lease rental income recognised in the Statement of profit and loss is Rs 19,587,722 (31 March 2015 : Rs 19,731,971). The gross value of the assets leased out is Rs 172,280,521 (31 March 2015 : Rs 171,964,829). Accumulated depreciation of the asset leased out is Rs 33,209,738 (31 March 2015 : Rs 28,501,705). The depreciation recognised in the Statement of profit and loss for the assets leased out during the year is Rs 4,708,033 (31 March 2015 : Rs 4,413,258).
- Ownership premises costing Rs 7,500,000 (31 March 2015: Rs 5,000,000) purchased by Mukta Arts Limited during the previous year is not yet registered in the name of the Company.

Tangible/ Intangible assets given as security

Tangible/Intangible assets are subject to first charge to secure the Company's term loan and cash credit loans (refer note 3.3 and 3.7)

Charge for the year for negative rights includes assets written off aggregating to Rs. Nil (2015 : Rs 4,074,083)

As the Company had perpetual right to use the land, the same was not amortised. (Also refer Note 3.38)



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3.12 Non-current investments

(Valued at cost unless stated otherwise)

	31 March 2016	31 March 2015
Other non-current investments		
Investment in equity instruments-others (un-quoted)		
(a) Maya Digital Studios Private Limited 3,065,219 (31 March 2015: 1,000,000) equity shares of Rs 10 each, fully paid-up. {Refer note 3.39(b)}	18,392,188	18,392,188
(b) Bashiron Co. Op. Housing Society Limited 10 equity shares (31 March 2015 : 10) of Rs 50 each *	500	500
(c) Bait-Ush-Sharaf Co. Op. Housing Society Limited 25 equity shares (31 March 2015 : 25) of Rs 50 each *	1,250	1,250
* pledged as security against borrowings (refer note 3.3 and 3.7)		
	18,393,938	18,393,938
Aggregate value of unquoted investments	18,393,938	18,393,938

3.13 Long-term loans and advances

	31 March 2016	31 March 2015
To parties other than related parties		
(Unsecured, considered good)		
Capital advances		
- Tangible assets	26,395,910	21,251,222
- Intangible assets under development	-	27,546,360
	26,395,910	48,797,582
Security deposits	74,774,315	37,199,727
Advance tax (including tax deducted at source) (net of provision Rs 114,352,519 (31 March 2015: Rs 114,352,519)	96,458,857	78,841,580
Payments to Maharashtra Film, Stage and Cultural Development Corp Limited (note 3.38)	109,038,000	104,538,000
Other loans and advances	24,506,965	4,254,599
Service tax credit receivable	800,000	800,000
	331,974,048	274,431,488
To related parties		
(Unsecured, considered good)		
Security deposits to proprietary concern of the chairman of the Company	300,000	300,000
- Mukta Arts	300,000	300,000
	332,274,048	274,731,488

'Security deposit' under loans and advances to related parties include Rs 300,000 (31 March 2015 : Rs 300,000) due by directors or other officers, or any of them, either severally or jointly with any other person or from firms or private companies in which any director is a partner or a director or member.

3.14 Other non-current assets

(Unsecured, considered good)

	31 March 2016	31 March 2015
Other bank balance (note 3.17)	4,891,465	1,170,443
Interest accrued on fixed deposits	-	28,301
Rent straightlining	1,004,460	553,320
Trade receivable	890,835	890,835
Prepaid expenses	132,592	-
Other receivable	327,425	327,425
	7,246,777	2,970,324

MUKTA ARTS LIMITED

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(Currency: Indian Rupees)

3.15 Inventories

(valued at lower of cost and net realisable value)]

	31 March 2016	31 March 2015
Foods and beverages	4,074,521	2,360,909
	4,074,521	2,360,909

3.16 Trade receivables

	31 March 2016	31 March 2015
Receivables outstanding for a period exceeding six months from the date they became due for payment		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	49,699,710	59,053,456
(c) Doubtful	4,484,036	2,290,582
Less: Provision for doubtful receivables	(4,484,036)	(2,290,582)
	49,699,710	59,053,456
Other receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	371,551,991	359,343,341
(c) Doubtful	891,919	-
Less: Provision for doubtful receivables	(891,919)	-
	371,551,991	359,343,341
	421,251,701	418,396,797

3.17 Cash and bank balances

	31 March 2016	31 March 2015
Cash and cash equivalents		
Cash in hand	2,442,259	2,466,982
Balance with banks		
- in current accounts	14,734,394	5,581,610
- Cheques on hand	1,935,663	-
- in deposit with original maturity of more than 3 months	1,500,000	-
- in deposit with original maturity of more than 12 months	40,443	-
	20,652,760	8,048,592
Other bank balances		
Balance in dividend account	38,564	332,676
Deposits under lien		
- Bank deposits due to mature within twelve months of the reporting date	18,394,517	27,211,290
- Bank deposits due to mature after twelve months of the reporting date	4,891,465	1,170,443
	23,324,546	28,714,409
Less : Bank deposits due to mature after twelve months of the reporting date have been disclosed under non-current assets (note 3.14)	(4,891,465)	(1,170,443)
	39,085,841	35,592,558



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(Currency: Indian Rupees)

3.18 Short-term loans and advances

(Unsecured, considered good unless otherwise stated)

To parties other than related parties

Sundry advances to distributor, producer, employee etc.

Considered good

Considered doubtful

Less: Provision for doubtful advances

Prepaid expenses

Service tax credit receivable

VAT credit receivable

Inter-corporate deposit

Advance tax (including tax deducted at source)

	31 March 2016	31 March 2015
	88,067,612	74,079,864
	2,163,770	10,939,309
	90,231,382	85,019,173
	2,163,770	10,939,309
	88,067,612	74,079,864
	24,451,777	4,376,396
	14,261,624	18,201,946
	15,727,247	14,513,596
	50,114,241	30,444,669
	4,860,194	6,488,023
	197,482,694	148,104,494

3.19 Other current assets

(Unsecured, considered good)

Rent straight lining

Interest accrued on advances

Interest accrued on fixed deposits

Unbilled revenue

Other receivables

Prepaid expenses

	31 March 2016	31 March 2015
	-	527,124
	2,376,325	10,544,572
	1,722,816	2,468,420
	734,298	20,366,057
	115,884	24,770
	92,553	-
	5,041,876	33,930,943

3.20 Revenue from operations

(a) Sale of products/ film rights

Own film/ Content production

Food and beverages

(b) Sale of services

Distribution and exhibition

Equipment hire income

Infrastructure services

Income from institutional affiliations

Fees from students

Box office collection

Sale of tickets

Less: Entertainment tax

(c) Other operating revenue

Rent and amenities charges

Other income from theatrical operations

Income from downloads

Consultancy fees

Other income from institutional affiliations

Sundry balances written back

Sale of prospectus/application forms / re-examination fees

Facilitation charges recovered from students

Re-examination fees

	31 March 2016		31 March 2015	
	44,925,729		-	
	101,211,699	146,137,428	68,278,883	478,995,260
	51,524,124		309,528,700	
	3,606,850		3,065,406	
	143,653,481		108,072,500	
	4,192,311		6,557,480	
	114,489,368		94,145,947	
	317,466,134		521,370,033	
	349,349,942		255,495,306	
	(46,980,368)		(46,980,367)	
	302,369,574	619,835,708	208,514,939	729,884,972
	76,320,505		71,458,192	
	28,039,876		19,085,365	
	1,434,448		3,315,507	
	-		497,365	
	4,048,819		1,855,482	
	4,369,596		6,468,894	
	2,158,352		1,097,713	
	881,002		759,522	
	787,340	118,039,938	561,160	105,099,200
		884,013,074		1,313,979,432

MUKTA ARTS LIMITED

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(Currency: Indian Rupees)

3.21 Other income

	31 March 2016	31 March 2015
Interest income on bank deposits	2,339,038	2,699,974
Interest income on others	2,846,328	2,495,906
Interest on income tax refund	270,498	5,923,739
Other non-operating income		
Profit on sale of assets, (net)	619,500	1,201,858
Hire charges	6,531,516	6,970,010
Sundry balance written back	2,484,529	1,177,896
Miscellaneous income	6,732,193	16,701,605
Discount received	8,600	138,655
	21,832,202	37,309,643

3.22 Cost of services rendered

	31 March 2016	31 March 2015
Own production - publicity, print, dubbing etc.	8,618,715	107,995,869
Distributor and producers share	133,742,234	332,035,199
Other direct cost of theatrical operations	549,423	370,936
Operator's share in profit/(loss) in theatrical operations	24,930,453	3,212,702
	167,840,825	443,614,706

3.23 Changes in inventories of food and beverages

	31 March 2016	31 March 2015
Inventories at the end of the year		
Foods and beverages	4,074,521	2,360,909
	4,074,521	2,360,909
Inventories at the beginning of the year		
Foods and beverages	2,360,909	1,219,475
	2,360,909	1,219,475
(Increase) in inventories	(1,713,612)	(1,141,434)

3.24 Employee benefits expense

	31 March 2016	31 March 2015
Salaries and other benefits (notes 3.30 and 3.37)	141,859,481	115,537,708
Contribution to provident and other funds (note 3.28)	8,716,930	8,163,767
Compensated absences (note 3.28)	2,542,111	1,604,312
Staff welfare	4,712,223	5,305,881
	157,830,745	130,611,668

3.25 Finance costs

	31 March 2016	31 March 2015
a) Interest cost on		
- Term loan	32,397,374	27,765,079
- Cash credit facilities	20,655,434	21,180,285
- Car loan	2,734,103	2,645,485
- Unsecured loan	28,130,595	39,113,339
- Others	2,788,387	2,319,178
b) Processing cost and other charges	3,283,657	3,047,259
	89,989,550	96,070,625



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3.26 Other expenses

	31 March 2016	31 March 2015
Legal and professional fees	81,269,401	83,252,033
Business promotion	33,447,975	27,199,399
Rent (Note 3.29)	55,952,921	53,357,410
Electricity charges	68,255,207	47,907,893
Repairs & maintenance	36,321,546	17,761,064
Bad debts/ advances/ intangibles under development written-off	4,905,922	23,502,861
Sets/ student practicals	15,570,981	11,238,900
Provision for doubtful debts and advances	3,584,867	499,494
Rates and taxes	17,766,087	25,396,571
Travelling expenses	9,446,359	8,580,971
Printing and stationery	4,666,453	4,525,500
Motor vehicle expenses	3,460,036	3,584,216
Communication	5,235,378	4,111,134
Scholarships awards	2,012,500	1,657,586
Insurance	4,297,475	3,646,587
Bank charges	244,405	26,361
Brokerage and commission	4,147,875	486,863
Payment to auditors	3,222,300	2,981,672
Miscellaneous expenses	40,866,776	36,362,695
	394,674,463	356,079,210

3.27 Earnings per equity share:

	31 March 2016	31 March 2015
a) Consolidated net (loss) after tax	(31,119,209)	(86,997,432)
b) Weighted average number of equity shares outstanding during the year for basic EPS	22,581,200	22,581,200
c) Weighted average number of equity shares outstanding during the year for dilutive EPS	22,581,200	22,581,200
d) Basic EPS	(1.38)	(3.85)
e) Dilutive EPS	(1.38)	(3.85)
f) Nominal value per share	5	5

3.28 Gratuity and other post employment benefit plans

(i) Defined contribution plans

Contribution to provident fund - amount of Rs 5,538,619 (31 March 2015 : Rs 4,479,541) and ESIC - amount of Rs 3,018,364 (31 March 2015: Rs 827,357) is recognized as an expense and included in "Employee benefits expense" in the Statement of profit and loss.

(ii) Defined benefit plan and other long term employment benefit

(a) Leave wages (other long term employment benefit)

The leave wages are payable to all eligible employees at the rate of daily salary for each day of accumulated leave, on death or on resignation or upon retirement on attaining superannuation age. During the year, Rs 1,659,367 (31 March 2015: 1,604,312) is recognized as an expense in the Statement of profit and loss.

Actuarial assumptions

Discount rate (p.a)

Salary escalation rate (p.a)

31 March 2016

7.70% to 7.90%

6% to 8%

31 March 2015

7.90% to 7.95%

6% to 8%

(b) Gratuity (Defined benefit plan)

In the case of the Company and Whistling Woods International Limited (WWI), there is a defined benefit gratuity plan. As per the plan, every employee who has completed five years or more of service gets gratuity on death or resignation or retirement at fifteen days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

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3.28 Gratuity and other post employment benefit plans (Continued)

	31 March 2016	31 March 2015
A) Change in defined benefit obligation		
Opening defined benefit obligation	14,518,073	12,115,346
Current service cost	1,768,514	1,181,172
Interest cost	1,045,149	1,001,201
Actuarial (gain)/ loss	21,016	1,182,269
Benefits paid	(2,341,383)	(961,915)
Closing defined benefit	15,011,369	14,518,073
B) Change in fair value of plan assets		
Opening fair value of plan assets	6,862,614	6,739,671
Expected return on plan assets	506,055	517,205
Actuarial (loss)/gain on plan assets	(48,103)	(9,432)
Contributions by employer	640,353	577,085
Benefits paid	(2,341,383)	(961,915)
Closing fair value of plan assets	5,619,536	6,862,614
C) Expenses recognised in the Statement of profit and loss		
Current service cost	1,768,514	1,181,172
Interest on defined benefit obligation	1,045,147	1,001,201
Expected return on plan assets	(506,055)	(517,205)
Net actuarial (gain)/ loss recognized	69,119	1,191,701
Total expense recognized	2,376,725	2,856,869
D) Amount recognised in Balance sheet		
Present value of funded obligations	(15,011,369)	(14,518,073)
Fair value of plan assets	5,619,536	6,862,614
Net liability	(9,391,833)	(7,655,459)
E) Actual return on plan assets		
Expected return on plan assets	500,457	517,205
Actuarial gain/(loss) on plan assets	(31,355)	(9,432)
Actual return on plan assets	469,102	507,773
F) Actuarial assumptions		
Discount rate (p.a)	7.70% to 7.90%	7.90% to 7.95%
Expected rate of return on assets (p.a)	7.50%	7.50%
Salary escalation rate (p.a)	6% to 8%	6% to 8%
G) Experience adjustments		
On plan assets	81,465	(9,432)
On plan liabilities	(310,379)	87,066
H) Details of plan assets		
LIC managed funds	8,362,966	6,862,614

G) Experience adjustments	2016	2015	2014	2013	2012
Present value of the defined benefit obligation	15,011,369	14,518,073	12,115,346	10,602,668	9,026,270
Fair value of the plan assets	5,619,536	6,862,614	6,739,671	5,704,198	5,072,028
Deficit	(9,391,833)	(7,655,459)	(5,375,675)	(4,898,470)	(3,954,242)
Experience adjustment on defined benefit obligation	(310,379)	87,066	989,967	(206,230)	(87,443)
Experience adjustment on plan assets	81,465	(9,432)	169,234	115,270	129,774

The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other conditions in the employment market.

Rs 4,000,000 in contribution is expected to be paid to the defined benefit plan in the next year (31 March 2015: Rs 6,000,000)

The above figures are derived by adding Actuarial Valuation figures of Mukta Arts Limited and Whistling Woods International Limited figures. No corresponding figures are available for others.



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3.29 Lease disclosure under AS 19 – 'Leases'

(i) Operating lease : Company as lessee

The Group is obligated under non-cancellable leases primarily for office and residential premises which is renewable thereafter as per the terms of the respective agreement.

For certain cinema properties, rent is payable in accordance with the leasing agreement at the higher of:

- 1) Fixed minimum guarantee amount and/or
- 2) Revenue share percentage

Lease rent expenses of Rs 56,401,203 (2015: Rs 53,055,411) have been included under 'Rent' in the Statement of profit and loss.

Future minimum rental payable over the lease term are as follows :

	31 March 2016	31 March 2015
Amounts due within one year	4,938,787	11,046,490
Amounts due after one year but not later than five years	21,918,451	41,171,719
Amounts due later than five years	45,541,615	51,402,884
	72,398,853	103,621,093

(ii) 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 19,587,722 (2015: Rs 19,731,971) has been included under 'Rent and amenities charges' in the Statement of profit and loss.

Future minimum rental receivable for the non-cancellable period of the operating leases is as follows :

	31 March 2016	31 March 2015
Amounts due within one year	9,951,424	6,385,836
Amounts due after one year but not later than five years	25,597,861	4,931,624
	35,549,285	11,317,460

The carrying amount of assets given on lease is as follows :

	31 March 2016	31 March 2015
Gross block	172,280,521	171,964,829
Accumulated depreciation	33,209,738	28,501,705
Net block	139,070,783	143,463,124
Depreciation for the year	4,708,033	4,413,258

(iii) 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 23,651,114 (2015: Rs 25,276,002) has been included under 'Rent and amenities charges' in the Statement of profit and loss.

Future minimum rental receivable for the non-cancellable period of the operating leases is as follows :

	31 March 2016	31 March 2015
Amounts due within one year	-	1,274,350
Amounts due after one year but not later than five years	-	-
	-	1,274,350

The carrying amount of assets is as follows :

	31 March 2016	31 March 2015
Gross block	85,535,753	85,029,667
Accumulated depreciation	29,527,574	22,559,501
Net block	56,008,179	62,470,166
Depreciation for the year	6,968,073	4,617,233

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3.30 Capitalisation of expenditure

During the year, the Company has capitalised salaries, wages and bonus amounting to Rs 5,330,611 (2015: Rs 4,031,186) and other expenses amounting to Rs 334,216 (2015: Rs 2,391,092) to the cost of Fixed asset/ Capital work in progress (CWIP). Consequently, expenses disclosed under note 3.24 and note 3.26 are net of amount capitalised by the Company.

3.31 Segment information

Particulars	31 March 2016	31 March 2015
Segment revenue		
Software division	102,252,897	733,854,878
Equipment division	3,606,850	3,065,406
Education	431,621,149	214,616,495
Theatrical exhibition	270,210,673	295,879,187
Others	76,321,505	71,698,192
Total	884,013,074	1,319,114,158
Less : Inter segment revenue	-	5,134,726
Net sales/ Income from operations	884,013,074	1,313,979,432
Segment results		
(Loss)/ profit before tax, interest and exceptional items from each segment		
Software division	(11,379,000)	10,482,975
Equipment division	(2,272,655)	(3,766,571)
Education	4,974,413	5,278,441
Theatrical exhibition	(6,291,209)	(5,415,729)
Others	77,637,765	62,589,618
Total	62,669,315	69,168,734
Less: Finance costs	89,989,550	96,070,625
Unallocated expenses, net of unallocable income	2,493,533	63,718,792
Total (loss) before tax	(29,813,769)	(90,620,683)
Capital expenditure		
Software division	33,254,178	43,265,501
Education	6,953,147	8,273,473
Theatrical exhibition	59,124,712	62,930,793
Others	354,781	912,769
Unallocable	11,932,702	13,865,923
Depreciation and amortization		
Software division	7,667,528	299,623,847
Equipment division	4,009,308	4,762,029
Education	31,003,446	33,107,946
Theatrical exhibition	35,826,564	38,627,526
Others	8,368,717	9,035,864
Unallocable	7,426,096	7,259,840
Capital employed		
(Segment assets - Segment liabilities)		
Software division	276,221,201	295,828,630
Equipment division	24,524,282	29,466,064
Education	194,604,209	82,758,251
Theatrical exhibition division	79,523,000	230,943,587
Others	155,467,175	139,049,169
Unallocable (includes minority interest)	(242,398,900)	(345,801,462)

The Group has disclosed Business Segments as the primary segment.



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Management has identified five business segments – Software division, Equipment division, Education, Theatrical exhibition division and Others. Segments have been identified taking into account the nature of the business, the differing risks and returns, the organisation structure and internal reporting system.

Software division primarily comprises film/ TV production, distribution and exhibition operations. Production operations represent production/ co-production of movies and allied services. Distribution and exhibition operations represent acquisition of movie rights for overseas as well as Indian distribution for a fixed period and exploitation thereof. Equipment division comprises of the equipment given on hire to the outsider. Education comprises the operations of an education, research and training institute that imparts training in various skills related to films, television and media industry. Theatrical exhibition operations comprise of a range of activities/ services offered at theaters including sale of tickets, catering of food and beverages, etc. Others comprises mainly rental income.

The Group caters mainly to the domestic market and risks and rewards being similar across the market, there are no reportable geographical segments.

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.

3.32 Related party disclosures

Details of related parties including summary of transaction entered into by the Group during the year ended 31 March 2016 are summarized below:

A Parties where control exists

(i) Shareholders holding more than 50%

- Subhash Ghai

(ii) Key management personnel and relatives of such personnel

- Subhash Ghai - Chairman (and shareholder)
- Parvez Farooqui - Executive Director (and shareholder)
- Rahul Puri - Managing Director
- Mukta Ghai - Wife of Subhash Ghai (and shareholder)
- Ashok Ghai - Brother of Subhash Ghai
- Siraj Farooqui - Brother of Parvez Farooqui
- Sameer Farooqui - Brother of Parvez Farooqui
- Sajid Farooqui - Brother of Parvez Farooqui
- Meghna Ghai Puri - Daughter of Subhash Ghai, wife of Rahul Puri (and shareholder)

(iii) Enterprise over which key management personnel have control/ substantial interest/ significant influence

- Mukta Arts – Proprietary concern of Subhash Ghai
- Mukta Tele Arts Private Limited – Enterprise in which Subhash Ghai exercises significant influence

B Transactions with related parties for the year ended 31 March 2016 are as follows:-

Transactions	Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Receiving of services				
Ashok Ghai - Professional fees	2,844,456	2,655,198	-	-
Mukta Arts - Rent	-	-	60,000	60,000
Employee benefits expense				
Siraj Farooqui	2,531,500	2,806,574	-	-
Sameer Farooqui	777,480	662,300	-	-
Sajid Farooqui	723,294	634,415	-	-
Managerial remuneration				

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Subhash Ghai	3,337,400	4,062,150	-	-
Subhash Ghai - Film Director fees	-	2,100,000	-	-
Parvez A. Farooqui	3,503,426	2,784,540	-	-
Rahul Puri	3,554,340	2,814,574	-	-
Remuneration to director of subsidiary company				
Meghna Ghai Puri	2,859,589	2,482,057		
Loan received during the year				
Mukta Tele Arts Private Limited	-	-	800,000	800,000
Subhash Ghai	12,860,000	-		
Loan repaid during the year				
Mukta Tele Arts Private Limited	-	-	28,574,929	6,061,507
Subhash Ghai	3,000,000			
Loan given & recovered during the year				
Mukta Tele Arts Private Limited	-	-	1,763,912	-
Interest on loan during the year				
Mukta Tele Arts Private Limited	-	-	2,806,342	4,009,036
Unsecured loan-Closing				
Mukta Tele Arts Private Limited	-	-	-	26,811,017
Interest accrued but not due on borrowings				
Mukta Tele Arts Private Limited	-	-	-	3,608,132
Deposit receivable				
Mukta Arts	-	-	300,000	300,000
Personal guarantee given jointly by Mr. Subhash Ghai and Mrs. Mukta Ghai for secured loans taken from Yes Bank Ltd				

3.33 Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for aggregate to Rs Nil (31 March 2015: Rs Nil).

3.34 Contingent liabilities

	31 March 2016	31 March 2015
Claims not acknowledged as debt		
-Service tax matters (note 1)	1,675,000	1,675,000
-Local levies	24,094,702	23,478,300

* 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 reviews all its pending litigations and makes a provision or discloses as a contingent liability, wherever required based on its assessment, 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 on 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



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guarantees amounting to Rs 17,727,661 (31 March 2015: Rs 18,864,028) 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.

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

Assessment year 2004-05

There were certain additions/ disallowances made in the assessment and the Department had raised a demand of Rs. 2,898,895 (including interest Rs 711,905). Aggrieved by the assessment order, the Company had filed an appeal with the C.I.T (Appeals) who confirmed the additions/ disallowances. The Company subsequently filed an appeal with the Income Tax Appellate Tribunal which was also dismissed and the Company deposited the outstanding amount. The Assessing officer had passed an order u/s 143(3) /250 of the Income tax Act, 1961 giving the effect of the appeal against which the Company preferred an appeal before C.I.T (Appeals) who, by Order dated 4 February 2013, upheld the order of Assessing officer. The Company has filed an appeal against the said Order before Hon. Tribunal on 23 April 2013.

The Company had received an Order under Section 154 of the Income tax Act, 1961 dated 19 August 2013, where by the revised demand was Rs. 4,536,911 (including interest Rs. 1,796,045) and the dues payable have been adjusted by the department against refund receivable for earlier assessment years. The Company has filed an appeal against the said Order before Income Tax Appellate Tribunal which is pending to be heard.

The Assessing officer had also levied penalty of Rs 3,000,000, which was contested by the Company with the C.I.T (Appeals) who confirmed the penalty. The Company subsequently filed an appeal with the Income Tax Appellate Tribunal which set aside the Order and referred it back to the C.I.T Appeals. The C.I.T Appeals vide Order dated 30 July 2012 has allowed the appeal and penalty is deleted, refund of the amount adjusted for penalty levied is received with interest. Department has preferred an appeal against C.I.T (A) order u/s 271(1) (c). The Company has not accrued for the liability as it is contesting these matters and management believes that its position will be upheld

Assessment year 2005-06

There are certain additions/ disallowances made in the assessment and the Department had raised a demand of Rs 559,676 (including interest Rs 106,950) and the Company deposited the outstanding amount. Aggrieved by the assessment Order, the Company had filed an appeal with the C.I.T (Appeals) who confirmed the additions/ disallowances. The Company subsequently filed an appeal with the Income Tax Appellate Tribunal which set aside the Order and referred it back to the C.I.T Appeals who by Order dated 4 February 2013 upheld the Order of Assessing officer. The Company has filed an appeal against the said order before Hon. Tribunal on 23 April 2013. The Company has not accrued for the liability as it is contesting these matters and management believes that its position will be upheld. The Assessing officer has also levied penalty u/s 271(1)(c) of Rs 413,148 which was contested by the Company and the same has been appealed on 7 May 2016

3.35 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 2016	31 March 2015
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.	-	-

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3.36 Foreign currency exposures not covered by forward contracts

Particulars	Currency	31 March 2016		31 March 2015	
		Amount in Foreign currency	Amount in Rs.	Amount in Foreign currency	Amount in Rs.
Cash on hand	USD	-	-	1,950	122,051
	AED	235	4231	-	-
Capital advance	USD	-	-	2000	128,866
Trade Receivable	GBP	22,266	2117234	-	-

3.37 Managerial remuneration

Total remuneration paid to the erstwhile managing director of Mukta Arts Limited (including as film director fees) for earlier financial years from 2005-06 to 2014-2015 (total remuneration paid aggregates to Rs 131,906,897) is in excess of 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 and for recognition of the erstwhile managing director as a 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 the Act. Pending conclusion of this matter, no adjustment has been made in these financial statements.

3.38 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 2011-12, 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 2013-14, 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 appeal filed 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 2000-01 to 2013-14 aggregating to Rs 100,038,000 by January 2015 and to pay rent of Rs 4,500,000 per annum from the financial year 2014-15. As per the terms of the said Order, the Company has paid Rs 109,038,000 by 31 March 2016. 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 287,478,014 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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3.39 Disclosure pursuant to Section 186 of the Companies Act, 2013

a) Details of loan given:

Name of the the entity and relation with the Company, if applicable	Terms and conditions of the loan and purpose for which it will be utilised
Neelmudra Entertainment Limited	Unsecured, interest-free loan given for the purpose of production of a film which will be repayable on demand
Om Films Private Limited	Unsecured loan given @10% on simple interest basis 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 2016 and 31 March 2015 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 2016	12,838,015	-	-	12,838,015
	Year ended 31 March 2015	12,838,015	-	-	12,838,015
Om Films Private Limited	Year ended 31 March 2016	17,600,000	-	-	17,600,000
	Year ended 31 March 2015	17,600,000	-	-	17,600,000

b) Details of investment

During the year ended 31 March 2015, the Company has adjusted advance amounting to Rs. 8,392,188 outstanding from Maya Digital Studios Pvt Ltd ('Maya') by subscribing to equity shares of Maya.

- 3.40** During the year ended 31 March 2013, Mukta Arts had entered into an arrangement with VN Films Private Limited (formerly known as Allied Services Private Limited) vide term sheet dated 11 September 2012 to form a Joint Venture Company under the name "MUKTA VN FILMS LIMITED" as a subsidiary of Mukta Arts Limited to conduct the business of exhibition and programming being conducted by Mukta Arts Limited and forming part of the Company's revenue under 'Software' segment.

During the financial year ended 31 March 2015, the Company has conducted the Exhibition business till 10 April 2014. The assets and liabilities pertaining to these business operations as on this date shall be realised and settled by the Company, as applicable, and shall not stand transferred to Mukta VN Films Limited.

Mukta VN Films Limited has conducted the Exhibition business from 11 April 2014 based on the agreement with the Company, VN Films Private Limited and Mukta VN Films Limited.

As the discontinued business is to be transferred to a subsidiary i.e. within the Group, the said business is disclosed as a discontinuing operation only in the standalone financial statements of Mukta Arts Limited.

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

(Currency: Indian Rupees)

3.41 Additional Information to be given as required under Schedule III to the Companies Act 2013, of enterprises consolidated as Subsidiary/ Associates

Name of the entity	Net Assets i.e total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount in Rs	As % of consolidated loss	Amount in Rs
For the year ended	31 March 2016		31 March 2016	
<u>Parent</u>				
Mukta Arts Limited	44.74%	467,942,726	61.22%	(19,051,066)
<u>Subsidiaries</u>				
Whistling woods International Limited	36.36%	380,348,862	20.22%	(6,291,209)
Connect 1 Limited	0.54%	5,656,944	17.40%	(5,415,283)
Mukta Tele Media Limited	0.34%	3,575,399	-0.02%	5,382
Mukta V N Films Limited	17.71%	185,268,512	2.00%	(621,813)
Coruscant Tele Private Limited	0.30%	3,159,444	-0.82%	254,781
Consolidated net assets/ loss after tax	100.00%	1,045,951,886	100.00%	(31,119,209)

Note: The above figures are after eliminating intra group transactions and intra group balances as at 31 March 2016.

3.42 The Group has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Group has reviewed that there are no long-term contracts including derivative contracts for which there were any material foreseeable losses.

3.43 Prior period comparatives

Previous year's figures have been regrouped/ reclassified, wherever necessary.

As per our report of even date attached.

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

Urmish P. Mehta
Partner
Membership No: 137150

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

Subhash Ghai
Chairman Director
DIN: 00019803

Parvez A. Farooqui
Executive Director
DIN: 00019853

Rahul Puri
Managing Director
DIN: 01925045

Monika Shah
Company Secretary
Membership No: FCS7964

Place : Mumbai
Date: 26 May 2016



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 33rd Annual General Meeting of the company, to be held on Friday the 9th day of September, 2016 at 4:00 p.m. at Whistling Woods Institute's Auditorium, Dada Saheb Phalke Chitra Nagari, Goregaon (East), Mumbai- 400 065 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	OPTIONAL*	
ORDINARY BUSINESS		For	Against
1.	To receive, consider and adopt the Audited Financial Statement (including Audited Consolidated Financial Statement) of the Company for the Financial Year ended 31 st March, 2016 and the Report of the Board of Directors and Auditors thereon.		
2.	Re-appointment of Mr. Rahul Puri (DIN 01925045) as Managing Director who retires by rotation and being eligible, offers himself for re-appointment.		
3.	Re-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 Eighth Annual General Meeting of the Company to be held in the year 2020 and approve their remuneration.		
SPECIAL BUSINESS			
4.	Re-appointment of Mr. Subhash Ghai (DIN 00019803) as the Executive Chairman of the Company for a period of three years with effect from 30th May 2017		
5.	Re-appointment of Mr. Rahul Puri (DIN 01925045) as Managing Director of the Company for a period of three years with effect from 30th May, 2017		
6.	To appoint Mr. Siraj Farooqui, relative of Mr. Parvez A. Farooqui, Executive Director of the Company as "COO-Production and Studios"		
7.	To re-issue 4000 forfeited Equity Shares 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		
8.	Waiver of the recovery of excess amount paid as managerial remuneration and professional fees to Mr. Subhash Ghai as the erstwhile Chairman and Managing Director of the Company.		

Signed this..... Day of..... 2016

Signature of shareholder.....

Signature of Proxy holder(s)

Note:

1. 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.
2. 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.
3. Please complete all the details including details of member(s) in the above box for submission.

Affix 1 Re.
Revenue
Stamp



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

**ANNEXURE B**

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, 2016 [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	61,84,04,178	61,84,04,178
2.	Total Expenditure	63,59,38,062	63,59,38,062
3.	Net Profit/(Loss) before Tax	(1,75,33,884)	(1,75,33,884)
4.	Earnings Per Share	(0.84)	(0.84)
5.	Total Assets	1,91,39,20,035	1,91,39,20,035
6.	Total Liabilities	1,91,39,20,035	1,91,39,20,035
7.	Net Worth	1,09,98,69,010	1,09,98,69,010
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 explained in Note 3.40 to the Statement of Standalone Audited financial results, 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 results.

- b. **Type of Audit Qualification:** Qualified Opinion
- c. **Frequency of Qualification:** Repetitive (continuing since 2009)
- 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:**

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 results.

Moreover, the shareholders of the Company have passed a special resolution at the 34th Annual General Meeting of the Company held on 9th September, 2016 according their consent for waiver of recovery of excess managerial remuneration and the professional fees subject to approval of the Central Government. Accordingly, the Company shall again approach the Central Government for waiver of recovery of the remuneration as mentioned above.

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

As per the explanation provided by the Management in point (ii) above, it is not possible for us to determine the impact of the above qualification in the Standalone Financial Results.

2. Qualification 2:

- a. **Details of Audit Qualification:**

As at March 31, 2016, the company's investment in its subsidiary, Whistling woods International Limited (WWIL) a joint venture between the company and Maharashtra

Film, Stage and Cultural Development Corporation Limited (MFSCDCL), aggregates to Rs.36,99,97,000/- and loans and advances, Accrued interest and deposits include Rs.28,74,78,014/- recoverable from WWIL. As fully explained in Note 3.41 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, the Company paid Rs. 10,90,38,000/- by March 31, 2016. 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 treated as Deposit 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, 2016. 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

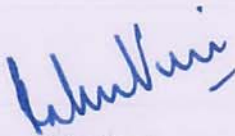
(ii) If management is unable to estimate the impact, reasons for the same:

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.

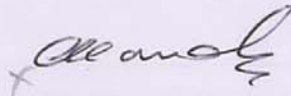
(iii) Auditors' Comments on (ii) above:

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: September 26, 2016

Place: Mumbai

For M/s Uttam Abuwala & Co.

Chartered Accountants

Firm No. 111184W

(Statutory Auditors)



CA. Urmish P. Mehta

(Partner)

Membership No. 137150

Date: September 26, 2016

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, 2016 [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	90,58,45,276	90,58,45,276
2.	Total Expenditure	93,56,60,141	94,07,21,115
3.	Net Profit/(Loss) before Tax	(2,98,14,865)	(2,98,14,865)
4.	Earnings Per Share	(1.38)	(1.60)
5.	Total Assets	1,92,85,45,654	1,92,34,84,680
6.	Total Liabilities	1,92,85,45,654	1,92,34,84,680
7.	Net Worth (excluding Minority Interest)	40,11,25,031	39,60,64,057
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

I.

* After adjusting for impact of Qualification 2

No adjustments made for Qualification 1 and 3 as impact not quantifiable

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

As explained in Note 3.37 to the accompanying consolidated 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 results.

- b. **Type of Audit Qualification:** Qualified Opinion
- c. **Frequency of Qualification:** Repetitive (continuing since 2009)
- 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:**

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 results.

Moreover, the shareholders of the Company have passed a special resolution at the 34th Annual General Meeting of the Company held on 9th September, 2016 according their consent for waiver of recovery of excess managerial remuneration and the professional fees subject to approval of the Central Government. Accordingly, the Company shall again approach the Central Government for waiver of recovery of the remuneration as mentioned above.

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

As per the explanation provided by the Management in point (ii) above, it is not possible for us to determine the impact of the above qualification in the Standalone Financial Results.

2. Qualification 2:

- a. **Details of Audit Qualification:**

As more fully explained Note 3.34 to the financial statements, Whistling Woods International Limited(WWIL), a subsidiary company, has disputed the demand from Income-tax authorities aggregating to Rs 50,60,974 (March 31, 2015: Rs 50,60,974 (including interest Rs 19,02,995 (March 31, 2015: Rs 19,02,995) and penalty Rs 4,13,148 (March 31, 2015: Rs 4,13,148) 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 the financial statements in this regard. Had the Company accrued for this liability, the loss for the year and the deficit in Statement of profit and loss at year end would have been higher by Rs 50,60,974 (March 31, 2015: Rs 50,60,974).

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:**

We are in agreement with the quantification.

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

Not Applicable

3. **Qualification 3:**

a. **Details of Audit Qualification:**

As at March 31, 2016, the Holding Company's investment in its subsidiary, Whistling woods International Limited (WWIL) a joint venture between the company and Maharashtra Film, Stage and Cultural Development Corporation Limited (MFSCDCL), aggregates to Rs.36,99,97,000/- and loans and advances, Accrued interest and deposits include Rs.28,74,78,014/- recoverable from WWIL. As more fully explained in Note 3.38 to the 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 WWILs' 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 (net book value at March 31, 2016 : Rs 17,17,57,505 (March 31, 2015: Rs 18,01,07,572)) 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 WWI 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. The State Government of Maharashtra and MFSCDCL challenged the Order of the High Court in the Supreme Court, which special leave petition was dismissed by the Supreme Court on September 22, 2014. The amounts so paid/ being paid by Mukta Arts Limited to MFSCDCL have not been accounted in these financial statements. Management of WWIL informs that these will be accounted, 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, 2016 and it has incurred a net loss (after tax) of Rs 62,91,208 during the year ended March 31, 2016 (March 31, 2015: net loss (after tax) Rs 1,81,08,971). 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.

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

- 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.

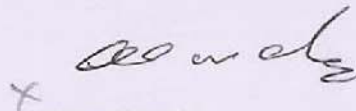
(iii) Auditors' Comments on (ii) above:

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: September 26, 2016

Place: Mumbai

For M/s Uttam Abuwala & Co.

Chartered Accountants

Firm No. 111184W (Statutory Auditors)



CA. Urmish P. Mehta
(Partner)

Membership No. 137150

Date: September 26, 2016

Place: Mumbai