

MUKTA ARTS LIMITED

an entertainment company

Regd. Office : Mukta House, Behind Whistling Woods Institute, Filmcity Complex,
Goregaon (East), Mumbai 400 065. TEL.: 91-22-3364 9400

**FORM B**

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

1	Name of the Company	Mukta Arts Limited – Standalone
2	Annual financial statements for the year ended	31 st March, 2015
3	Type of Audit qualification	Except for qualifications given below.
4	Frequency of qualification	<p>Repetitive in respect of A), C), E) and H) as stated in item 5 below from the financial year ended 31st March, 2011.</p> <p>Repetitive in respect of qualification B) as stated in item 5 below from the financial year ended 31st March 2012.</p> <p>In respect of qualifications D) and K) as stated in item 5 below from the financial year ended 31st March, 2014.</p> <p>In respect of F), G), I) and J) as stated in item 5 below for the financial year ended 31st March, 2015.</p>
5	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>A) Regarding excess Remuneration has been paid to Mr. Subhash Ghai, erstwhile Managing Director of the Company during financial years 2005-06 to 2013-14.</p> <p>Refer Note No. 3.40 on page 88 of Annual Report.</p> <p>B) Regarding investments made in & loans given to Whistling Woods International Limited, a subsidiary of the Company are doubtful of recovery as net worth of the said subsidiary stands fully eroded as at 31st March 2015.</p> <p>Refer Note No. 3.41 on page 88 of the Annual Report.</p> <p>C) Regarding CARO reference in respect of tagging of certain fixed assets.</p>



	<p>D) Regarding CARO reference in respect of physical verification of fixed assets.</p> <p>E) Regarding CARO reference in respect of controls relating to recording of fixed assets, purchase of fixed assets, customer contracting and tracking of amounts billable.</p> <p>F) Regarding CARO reference in respect of , controls over recording of inventories (food and beverage items)</p> <p>G) Regarding CARO reference in respect of significant delays in depositing undisputed Valued added tax, Sales tax and Income tax and few delays in depositing Provident fund and Employees' State Insurance</p> <p>H) Regarding CARO reference in respect of undisputed VAT dues outstanding as at 31st March for a period of more than six months from the date they became payable.</p> <p>I) Regarding CARO reference in respect of undisputed Income tax dues outstanding as at 31st March for a period of more than six months from the date they became payable.</p> <p>J) Regarding CARO reference in respect of dues of service tax not been deposited on account of dispute.</p> <p>K) Regarding CARO reference in respect of delay in the repayment of dues to one of its bankers.</p> <p>The management's responses for the abovesaid qualifications are given in Directors' Report at page 21 under the head "Statutory Auditors" in the Annual Report.</p> <p>The full justification to qualification A) and B) above, have been enumerated in detail under Note No 3.40 and 3.41</p>
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		respectively which are self-explanatory and justified.
6	Additional comments from the board/audit committee chair:	Additional comments from the board/audit committee are not required as above mentioned notes to the accounts are fully explanatory.

For BSR & Co. LLP

Chartered Accountants


Firm's Registration No: 101248W/W-100022



Rajesh Mehra

Partner

Membership No: 103145



Rahul Puri

Managing Director

DIN: 01925045

For and on behalf of

MUKTA ARTS LIMITED

¹CIN: L92110MH1982PLC028180



Prabuddha Dasgupta

Chief Financial Officer



Kewal Handa

Audit Committee Chairman

DIN: 00056826

Place: Mumbai

Date: 11.09.2015

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1	Name of the Company	Mukta Arts Limited – Consolidated
2	Annual financial statements for the year ended	31 st March, 2015.
3	Type of Audit qualification	Except for qualifications given below.
4	Frequency of qualification	<p>Repetitive in respect of qualifications A) and B) as stated in item 5 below from the financial year ended 31st March 2011.</p> <p>Repetitive in respect of qualification C) as stated in item 5 below from the financial year ended 31st March 2012.</p> <p>In respect of qualifications D) to K) as stated in item no. 5 below for the financial year ended 31st March, 2015.</p>
5	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>A) Regarding excess Remuneration paid to Mr. Subhash Ghai, erstwhile Managing Director of the Company during financial years 2005-06 to 2013-14.</p> <p>Refer Note No. 3.37 on page 124 of Annual Report.</p> <p>B) Regarding Whistling Woods International Limited, a subsidiary of the Company has disputed the demand from Income-tax authorities for the financial years ended 31 March 2004 (assessment year 2004-05), 31 March 2005 (assessment year 2005-06).</p> <p>Refer Note No. 3.34 on page 122 of Annual Report.</p> <p>C) Regarding the arrears of rent and interest thereon, not being accounted in the books of Whistling Woods International Limited, a subsidiary of the Company in view of pending review petition filed by the company.</p> <p>Refer Note No. 3.38 on page 124 of the Annual Report.</p>

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	<p>D) Regarding written representation from directors of the Company as required in terms of Section 164(2) of the Act has not been received from Mr. Shyam Tagade</p> <p>E) Regarding CARO reference in respect of tagging and updating of quantities of fixed assets for Parent Company and one subsidiary.</p> <p>F) Regarding CARO reference in respect of physical verification of fixed assets for Parent Company.</p> <p>G) Regarding CARO reference in respect of controls relating to customer contracting and tracking of amounts billable need to be further strengthened for Parent Company and one subsidiary, and, controls over recording of inventories (food and beverage items) and controls relating to purchase of fixed assets need to be further strengthened for Parent Company.</p> <p>H) Regarding CARO reference in respect of delays in payment of undisputed statutory dues.</p> <p>I) Regarding CARO reference in respect of undisputed VAT, Tax deducted at source and Profession tax dues outstanding as at 31st March 2015 for a period of more than six months from the date they became payable.</p> <p>J) Regarding CARO reference in respect of dues of service tax not been deposited on account of dispute.</p> <p>K) Regarding CARO reference in respect of delay in the repayment of dues to one of its bankers.</p>
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		Management Response-As per disclosures made in the Annual Report.
6	Additional comments from the board/audit committee chair:	Additional comments from the board/ audit committee are not required as above mentioned notes to the accounts are fully explanatory.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Rahul Puri
Managing Director
DIN:01925045

For and on behalf of
MUKTA ARTS LIMITED
CIN: L92110MH1982PLC028180

Prabuddha Dasgupta
Chief Financial Officer

Place: Mumbai
Date: 11.09.2015

Kewal Handa
Audit Committee Chairman
DIN:00056826



MUKTA ARTS LIMITED



ANNUAL REPORT
for the year ended March 31, 2015



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

Mr. Ravi B. Poplai

Statutory Auditors

M/s B S R & Co. LLP

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 (W)

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.

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PERFORMANCE

Performance at a glance

Rupees in millions

	Year ended 31st March 2015	Year ended 31st March 2014	Year ended 31st March 2013	Year ended 31st March 2012	Year ended 31st March 2011
Realisation from productions, distribution & exhibition	1,036.91	2,899.14	2,574.51	2,011.78	1,919.11
Equipment Hire Income	3.07	4.28	3.67	6.38	4.23
Other Income	72.93	57.48	48.11	373.16	129.11
TOTAL INCOME	1,112.91	2,960.90	2,626.29	2,391.31	2,052.44
Profit/(Loss) before Interest, Depreciation and Tax	66.07	85.28	124.94	399.78	30.29
Depreciation	66.22	42.06	34.80	32.91	29.65
Interest	77.09	61.88	50.31	50.44	60.56
Profit/(Loss) before Tax	(77.24)	(18.66)	39.83	316.43	(59.92)
Profit/(Loss) after Tax	(69.91)	(15.21)	29.03	255.72	(61.63)
Dividend	-	-	11.29	22.58	-
Dividend Rate	-	-	10%	20%	-
Gross Fixed Assets	1,906.55	1,491.34	1,389.26	1,309.09	1,347.66
Net Fixed Assets	553.89	494.13	436.08	398.44	590.94
Total Assets	1,964.64	2,503.91	2,393.41	2,043.19	1,715.75
Equity Share Capital	112.92	112.92	112.92	112.92	112.92
Reserves and Surplus	1,003.91	1,078.98	1,094.19	1,078.37	848.90
Net Worth	1,116.82	1,191.90	1,207.11	1,191.29	961.81
Earnings per Share (EPS)					
<i>In Rupees</i>					
EPS Basic	(3.10)	(0.67)	1.29	11.32	(2.73)
EPS Adjusted to Rs. 5	(3.10)	(0.67)	1.29	11.32	(2.73)



CHAIRMAN'S STATEMENT



This year has been challenging for the company and really we have spent most of it trying to regain our footing and find some solid ground from which to build again. The expansion of the cinemas business has been a strong point for the company in the past year and though the film business has had a tough year, we have managed to stay focused on areas of growth and I am sure that we are building again for the future. Cinemas, films, education and now digital are all going to be strings of the company's bow in years to come and this year we are laying that foundation and seeing some fruits bloom.

The past year has been a positive year for the Indian media and entertainment industry. Despite the unstable global economy, the India economy is performing relatively well. This year the media and entertainment industry has grown 14.2% and is now worth INR 414bn. The annual FICCI report shows that the industry is poised for further growth over the next five years, at a rate of 14.5% to touch INR 816bn by 2019.

The film Industry has had a mixed year though where on one side we have had big budget films with top stars breaking box office records and on the other hand a number of films failed to draw the audiences due to poor content. The number of Tamil and Telugu movies is now on par or greater than their Bollywood counterparts and this new trend is expected to continue. The exhibition sector saw a number of players spreading their tentacles into tier II and III cities which I believe will surely prove beneficial for the industry to grow further.

The programming 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. Therefore the topline of the company has taken a hit as this business was a major contributor to the topline in years gone by. This though is now not recognised as revenue being just a commission service and the subsidiary has seen screen count grow to 600 even though profitability remains stable.

During this fiscal year properties were opened at Sangli, Hyderabad and Bhopal. In May 2015, another property at Kundli was opened. The next set of multiplexes lined up for opening are at Aurangabad, Panvel, Goregaon, Rajpipla and Vapi. With the opening of these locations, the number of screens will go up past 40. The Company is targeting 56 domestic screens by the end of the current financial year. I am also thoroughly proud to announce that the company has signed terms to expand its cinemas into the Middle East, where we plan to open our first overseas cinema in Bahrain. We would be the first Indian company to build and operate a multiplex outside India rather than overtaking and operating. The times are indeed exciting ahead.

The Company has over the past three years developed a dedicated clientele with its offering of luxurious experience at affordable prices. It has also been able to claim the first mover advantage by identifying locations for launching new cinemas and multiplexes ahead of its competitors.

Our Film business is undergoing revamp. The Company has not finalised any new movie projects yet but it is in discussions which are expected to close soon. Finding new content areas and new talent is our main priority for now. Our access to terrific new writers and filmmakers from the investment and first look at Whistling Woods is paying strong dividends and I am sure we will have a strong pipeline in the months to come. In the meanwhile, the Company has also started monetising rights of old hit films from its sizeable library.

Of the subsidiaries of the Company, some of the most notable work has been at Whistling Woods International. Starting off with 80 students in 8 two year Diploma courses in 2006, Whistling Woods today has over 700 students in plethora of courses that the institute offers. WWI took in the biggest batch ever this year of 325 plus students across all programs.

WWI has also entered into a historic partnership with the Tata Institute of Social Sciences' School of Vocational education to accredit all the three year UG courses that WWI runs with BSc, BA & BBA degrees. This

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partnership will redefine Film education in India and it gives WWI the strong degree branding it needs whilst remaining independent enough to control its own academics.

It also gives me great pleasure to announce that Google has collaborated with WWI to open YouTube Spaces Mumbai on our campus for video content creators. This would be the second space in Asia and the seventh such space overall. It will give WWI access to some of India's best content creators in the digital space and make the school a hub for digital content training. This is a remarkable achievement for us and also furthers our own ambitions to create strong content for this medium.

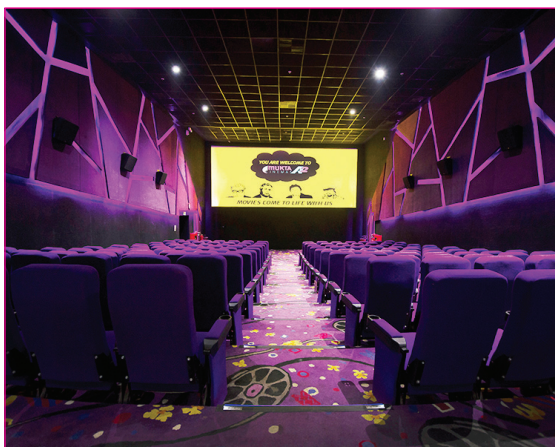
A stay/injunction has been granted to us by the court over the much discussed and highlighted land issue. However, the new government seems to be quite positive and we hope that a quick resolution will come out soon.

Mukta has also activated its digital subsidiary Connect 1 which has now become a YouTube multi-channel network. The company is creating a strong pipeline of digital content for YouTube and other platforms and we believe this is a strong growth area giving the launching of 4G and the uptake of internet services in the country.

As always, you our investors have shown faith and strength through your commitment to the company. I thank you for that always and remain committed to deliver the strong growth we all hope for shortly via strong managerial appointments and early entry into new business areas along with the use of the Mukta brand to create opportunities.



Subhash Ghai



MANAGEMENT DISCUSSION AND ANALYSIS

Industry Performance

The past year has been a positive year for the Indian media and entertainment industry. The temperate global economic environment and the stable central government paved the way for the Rating agency S&P to describe India as the bright spot of the Asia-Pacific region. India's growth rate is expected by the International Monetary Fund to surpass that of China in 2016.

Digital media continued its growth with digital advertising rising 44.5% in 2014 over 2013. This was bolstered by the announcement of 'Digital India', a programme to transform India into a digitally empowered and knowledge economy. India is already the fastest growing smartphone market, with 116 million internet enabled smartphones which number is expected to reach 435 million by 2019. This growth is a good opportunity for digital content aggregators, advertisers, app developers and online streaming companies. As a result of this digital growth, the revenue from music distributed through digital channels already contributes over 50% of the entire music industry.

The film sector had some big budget films with top stars breaking box office records, while a number of films which perhaps lacked strong content and such top rung actors failed to draw the audiences. Another trend is that Tamil and Telugu films now have the number of movies on par or greater than their Bollywood counterparts, and this trend is expected to continue. Even in terms of sale of TV rights for films, while the top films continued to demand strong prices, the unexceptional films either got low prices or failed to sell.

However, one clear trend that has been seen is that films with strong content are reaching audiences thereby paving the way for film makers to choose more experimental subjects to deal with.

The exhibition sector saw a number of players spreading out into tier II and III cities. Inorganic growth was witnessed with Carnival Cinema's three major acquisitions, viz. 10 screens of HDIL Broadway, 252 screens of Reliance Big Cinemas, and 30 screens of Network18 Media's Stargaze Entertainment. Inox Leisure Ltd acquired Satyam Cinemas -38 screens and Cinepolis acquired Fun Cinemas -83 screens. Post consolidation, PVR Cinemas continues to be the leading exhibitor with 462 screens followed by Inox Leisure Ltd. with 365 screens and Carnival Cinemas with 330 screens. The industry might witness another round of consolidation soon with the major multiplex chains acquiring smaller regional chains.

The general elections, the positive economic situation of the country along with the growth of ecommerce in the country contributed to strong growth in advertising in the television industry. This growth was to some extent suppressed by the lag in digitisation and roll out of addressability through set top boxes. Thus the securing of television distribution revenue continues to evade the stakeholders in this industry.

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The print sector witnessed growth in subscriptions supported by growth in population, income and literacy levels and the lack of media penetration. The growth came in tier II and III cities and regional language editions performed better than national and English language editions. However with introduction of digital editions of established dailies, it is obvious that this sector is beginning to include digital strategies in their overall plans.

The radio sector moved into the Phase III auctions, with the go ahead from the government for partial auctions across 69 cities, with upto 135 potential channels. The reserve prices for the auctions are being considered exorbitant. However, the 15 per cent limit on the total number of frequencies that an entity may hold, as well as dearth of new frequencies in the profitable A and A+ cities may provide the boost to Phase III. As a result, the industry now hopes to revive its

fortune with these new developments. In addition, many players are looking to enter the market through M&A rather than the auction process. This has in fact already commenced with the DainikJagran Group acquiring Radio City which has a presence in Mumbai, Bengaluru and Delhi. This sector is expected to see a lot of activity in the coming year.

The economy is now poised for continued growth with the launch pads in the form of ongoing digitisation of cable, the new spectrum for mobile, the consolidation in the exhibition sector and the Phase III auctions for radio. What can help is smooth implementation of these plans.

Company Performance

The Company has for the past two years, been focussing increasingly on the Cinema business. It has gone from 3 properties and 11 screens in 2013 to 11 properties and 31 screens at present, revenue also having grown from Rs 46.7 million to Rs 295.7 million over this period. During this fiscal year properties were opened at Sangli, Hyderabad and Bhopal. In May 2015, another property at Kundli was 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 Aurangabad, Panvel, Goregaon, in Mumbai, Rajpipla and in Vapi. With the opening of these locations, the number of screens will go up to 40. The Company is targeting 56 domestic screens by the end of the current financial year.

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 has also been able to claim the first mover advantage by identifying locations for launching new cinemas and multiplexes ahead of competitors.

The Company is also considering expanding internationally and has finalised a 6 screen multiplex theatre in Bahrain which it plans to launch by the end of this calendar year.

During this fiscal year, the Company has released two of its own productions, Hindi Feature film Kaanchi, starring newcomers Mishti, Kartik Tiwari and veteran stars Rishi Kapoor and Mithun Chakraborty and directed by Mr. Subhash Ghai, and Punjabi feature film Double Di Trouble, starring Gippy Grewal, Minissha Lamba, Gurpreet Ghuggi, Kulraj Randhawa and the evergreen star, Dharmendra and directed by Smeep Kang.

The Company has not finalised any new movie projects yet but it is in discussions which are expected to close soon. In the meanwhile, the Company has also started monetising rights of old hit films from its sizeable library.

The Distribution business continues to contribute to the topline of the Company with nearly 50 movies distributed in Delhi and East Punjab regions during the year. The notable movies were Bang Bang, Humshakals, X Men- Days of Future Past, Punjab 1984, Khamoshiyan and Finding Fanny.

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.

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. Starting off with 80 students in 8 two-yr Diploma courses in 2006, Whistling Woods today has over 700 students in 11 Undergraduate Degree courses, 9 Diploma courses and 2 MBA courses. WWI 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 WWI alumni earning laurels in India & globally.



Over the past year, Ms Meghna Ghai-Puri President of Whistling Woods was conferred an Honorary Bradford fellowship, the first Asian woman to be thus honoured. In the field of Digital Content Creation and education thereof, Whistling Woods is now partnering with Google to set up India's first and Asia's 2nd 'YouTube Space'. It offers YouTube-certified digital content creation curricula as part of its film & media programs, thereby putting it at the forefront of education in content for digital platforms in India. 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 partnership will redefine Film education globally. Academically, Whistling Woods 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.

Another subsidiary of the Company, Connect.1 has for some time been entrusted with monetising all of the group's content on all digital platforms since 2012 and has primarily been working in the background. It has entered into MG-based syndication deals with Rajshri and Hungama for web & mobile respectively for the Mukta Arts' filmed entertainment content at better-than-market rates. It has also curated & syndicated the content emerging from Whistling Woods (mostly in the nature of student fiction short films) on YouTube and Dailymotion.

Since 2013, the views for the WWI content have consistently grown, nearly doubling in number for each six month period since. There are over 31,000 subscribers to the WWI Channels on YouTube and have nearly 20 million views. Further, Connect.1 has also undertaken advertiser funded content production over the recent past for brands like Pepsi, Godrej, Bournvita, Nabard and the latest being Quicko. These have all been executed in-house with the talent emerging from Whistling Woods.

Going forward, also riding the wave of the growth in Digital Media and the announcement of "Digital India", Connect.1 is being elevated as a visible sub-brand within Mukta Arts as a Digital Studio & Multi-Channel network. With a small & light team of 10 people and a robust content strategy, focusing both on innovative & tentpole videos and several fiction & non-fiction web-series, Connect.1 is all set to make its presence felt in the ever-growing Digital Content space in India.

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.

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NOTICE

Notice is hereby given that the **33rd Annual General Meeting (AGM)** of Mukta Arts Limited will be held on Monday, the 28th day of September 2015 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 Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss Account of the Company for the year ended as on that date together with the reports of the Board of Directors and of the Auditors Report thereon.
- 2 To re-appoint Mr. Parvez A. Farooqui (DIN 00019853), Executive Director who retires by rotation and being eligible, offers himself for re-appointment.
- 3 To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 alongwith the Rules made thereunder, the appointment of M/s B S R & Co. LLP, Chartered Accountants, (Firm Registration No. 101248W/W-100022), as Auditors of the Company, by resolution passed at the 32nd Annual General Meeting of the Company, to hold office for a period of four years from the conclusion of the 32nd Annual General Meeting until the conclusion of the 36th Annual General Meeting, be and is hereby ratified and accordingly they continue to hold office from the conclusion of this Annual General Meeting till the conclusion of the 34th Annual General Meeting of the Company.

RESOLVED FURTHER THAT the Statutory Auditors be paid such remuneration as recommended by the Audit Committee and as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors, plus reimbursement of out of pocket expenses."

Special Business:

- 4 To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and the Articles of Association of the Company Mrs. Paulomi Dhawan (DIN 01574580), who was appointed as an Additional Director of the Company with effect from 13th November, 2014 and who holds office till the date of this AGM, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5(five) consecutive years w.e.f. 28th September, 2015, not liable to retire by rotation."
- 5 To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and the Articles of Association of the Company Mr. Manmohan Shetty (DIN 00013961) who was appointed as an Additional Director of the Company with effect from 13th November, 2014 and who holds office until the conclusion of this AGM in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5(five) consecutive years from 28th September, 2015, not liable to retire by rotation."
- 6 To consider and, if thought fit, to pass with or without modification(s) 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. Parvez A. Farooqui (DIN 00019853) as a Whole time Director (to be designated as Executive Director) of the Company for a period of three years with effect from 1st April 2016 on such remuneration and terms and conditions as are contained in the agreement to be entered into between the Company and Mr. Parvez A. Farooqui, 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. Parvez A. Farooqui 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.”

- 7 To consider and, if thought fit, to pass with or without modification(s) 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, approvals, sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to appoint Mr. Ashok Ghai, brother of Mr. Subhash Ghai, Executive Chairman of the Company as Professional Advisor to advise the Company in production of Regional Films to be produced by the Company from time to time at a remuneration of ₹ 2,00,000/- per month but not exceeding ₹ 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.”

- 8 To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 186 and other applicable provisions, if any of the Companies Act, 2013 read with Rules made thereunder (including any subsequent statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of Articles of Association of the Company and subject to further approval of statutory and other authorities as may be necessary and subject to such terms and conditions as may be specified by such authorities while granting such approvals, consent of the Company be and is hereby accorded to the Board of Directors of the Company to give any loan to any person or other body corporate or to give any guarantee or provide security in connection with a loan to any other body corporate or a person and to acquire by way of subscription, purchase or otherwise, the securities of any other body corporate in excess of 60% of the aggregate of the paid up share capital, free reserves and securities premium account or 100% of the aggregate of the free reserves and securities premium account, as the Board may deem necessary and in the interest of the Company, subject to the maximum aggregate not exceeding ₹ 200,00,00,000/- (Rupees Two Hundred Crores Only).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee(s) of Directors or any one or more Directors of the Company, with the power to further delegate any such powers as they may deem fit, to finalize, settle and execute such documents / deeds / writings / agreements, as may be required and to do all such acts, matters and things as it may at its absolute discretion deem proper, fit and expedient and to settle any question difficulty or doubt that may arise in the best interests of the Company.”

Registered Office:

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

Place: Mumbai

Date: 29th May, 2015

By Order of the Board

Ravi B. Poplai
Company Secretary
Membership No: ACS 547

NOTES:

1. A statement pursuant to Section 102 of the Companies Act, 2013 with respect to the Special Business set out in the Notice is marked as Annexure – II to this Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES INSTEAD OF HIMSELF / HERSELF AND VOTE ON A POLL AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy forms, to be effective should be duly completed, stamped and deposited at the registered office of the company not later than 48 hours before the commencement of the meeting.
3. Pursuant to the provision of Section 105 of the Companies Act, 2013 a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carry voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Corporate Members intending to send their Authorised Representatives to attend the Meeting are requested to send to the Company a Certified Copy of the Board Resolution authorizing their Representative to attend and Vote on their behalf at the Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed **from Monday, the 21st September, 2015 to Monday, the 28th September, 2015 (both days inclusive).**
6. 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

MUKTA ARTS LIMITED

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.

7. Pursuant to Clause 49 of the Listing Agreement, the relevant details in respect of Directors seeking appointment / re-appointment included as part of Notice item Nos. 2, 4 and 5 above is annexed herewith as Annexure – I.
8. 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 dividend which remains unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, is 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 2009	20-01-2009	24-02-2016
Interim Dividend 2011	04-08-2011	06-09-2018
Final Dividend 2013	21-09-2013	24-10-2020

9. 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.
10. Since securities of the Company are traded compulsorily in dematerialized form as per SEBI mandate, members holding shares in physical form are requested to get their shares dematerialized at the earliest.
11. 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.
12. 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.
13. 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.
14. In keeping with Ministry of Corporate Affairs' Green Initiative measures, soft copies of the Annual Report for the year ended 31st March 2015 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 hard 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 report, notices, etc. from the Company electronically.
15. **E-voting**
 - a. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by the Companies (Management and Administration) Rules, 2015 and clause 35B of the Listing Agreement, the Company has provided a facility to its Members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services Limited (CDSL). The facility for voting through ballot paper will also be made available at the Annual General Meeting and the members attending the Annual General Meeting who have not already cast their votes by remote e-voting shall exercise their right to vote at the Annual General Meeting through ballot paper. Members who have cast their votes by remote e-voting prior to the Annual General Meeting 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 24th September, 2015 at 9.00 A.M. and ends on 27th September, 2015 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 21st September, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.



- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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.
- (viii) 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).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) 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.
- (xix) **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.

MUKTA ARTS LIMITED

- 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.
- (xx) 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.
- c. The Company has appointed Mr. Nrupang B. Dholakia, Practicing Company Secretary from Dholakia & Associates, as scrutinizer (the 'Scrutinizer') for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.
- d. The Results shall be declared within three days of the Annual General Meeting of the Company. 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 Link Intime India Private Limited and communicated to the BSE Limited and National Stock Exchange of India Limited.

Registered Office:

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

Place: Mumbai

Date: 29th May, 2015

By Order of the Board

Ravi B. Poplai
Company Secretary
Membership No: ACS 547



Annexure - I to Notice

Details of Directors seeking appointment/re-appointment at the forth coming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name of Director	Mrs. Paulomi Dhawan	Mr. Manmohan Shetty	Mr. Parvez A. Farooqui
Date of Birth	11/05/1957	24/02/1948	31/05/1956
Date of first appointment	13/11/2014	13/11/2014	24/03/2000
Qualifications	B.Com. DBM (Management)	B.A.	B.Com.
Expertise in specific functional areas and experience	Over 30 years of media, marketing and brand communications experience. Has played an integral role in shaping the fortunes and brand equity of many leading Indian lifestyle brands like Samsonite, Parle, Raymond, Park Avenue, Eenadu, Star TV among others.	He has more than three decades of experience in the media and entertainment business which includes running a film processing laboratory, theatrical exhibition business, film production and digital cinema. He is responsible for conceptualising and launching "Adlabs Imagica". He was also the founder of Adlabs Films Limited and also instrumental in introducing the 'IMAX' exhibition format by setting up India's first IMAX theatre in Mumbai. He was also the former Chairman of the National Film Development Corporation set up by the Government of India and the former President of the Film and Television Producers Guild of India.	He started his career by joining a textile dyes and chemicals manufacturing firm in 1975. This small scale firm which had only two executives at the start, grew to have 84 employees in 1984 when Parvez joined Mukta Arts Limited (then Mukta Arts Private Limited) as Executive Director. During his career span at both the places, he acquired vast experience in various fields like marketing, sales, purchases, accounts, taxation and legal. At Mukta Arts Limited, he had handled the Distribution and Exhibition business apart from finance, accounts, taxation and legal matters. He was also actively involved in framing the Film Insurance Policy which was later named by United India Insurance Co. Ltd as "Cine Mukta" policy.
Directorships held in other Public Companies (Excluding Private Companies)	The Indian Society of Advertisers	1. Whistling Woods International Limited 2. Centrum Capital Limited 3. P & M Infrastructures Limited 4. Thrill Park Limited 5. Adlabs Entertainment Limited 6. Walkwater Media Limited	1. Connect.1 Limited 2. Mukta Tele Media Limited 3. Mukta V N Films Limited
Membership of Audit Committees and Stakeholders Relationship Committees across public companies	Nil	Audit Committee Thrill Park Limited	Nil

MUKTA ARTS LIMITED

Annexure - II

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

Item No. 4:

Appointment of Mrs. Paulomi Dhawan as an Independent Director of the Company.

The Board of Directors at its meeting held on 13th November, 2014 appointed Mrs. Paulomi Dhawan as an Additional Director of the Company with effect from 13th November, 2014. Pursuant to the provisions of Section 161 of the Companies Act, 2013 Mrs Paulomi Dhawan holds office upto the date of this Annual General Meeting. The Company has received a notice under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs. 1,00,000/- proposing the candidature of Mrs. Paulomi Dhawan for the office of Non-Executive Independent Director. The Directors recommend the said appointment in the best interest of the Company.

In the opinion of the Board she fulfills the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and she is independent of the management.

The Company has received a declaration from Mrs. Paulomi Dhawan that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

No Directors, Key Managerial Personnel or their relatives, except Mrs. Paulomi Dhawan, to whom the resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No.4 for approval of members.

Item No. 5:

Appointment of Mr. Manmohan Shetty as Independent Director of the Company.

The Board of Directors at its meeting held on 13th November, 2014 appointed Mr. Manmohan Shetty as an Additional Director of the Company with effect from 13th November, 2014. Pursuant to the provisions of Section 161 of the Companies Act, 2013 Mr. Manmohan Shetty holds office upto the date of this Annual General Meeting. The Company has received a notice under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs. 1,00,000/- proposing the candidature of Mr. Manmohan Shetty for the office of Non-Executive Independent Director. The Directors recommend the said appointment in the best interest of the Company.

In the opinion of the Board he fulfills the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director and is independent of the management.

The Company has received a declaration from Mr. Manmohan Shetty that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

No Directors, Key Managerial Personnel or their relatives, except Mr. Manmohan Shetty, to whom the resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No.5 for approval of members.

Item No. 6:

Re-appointment of Mr. Parvez A. Farooqui as Whole time Director (to be designated as Executive Director) for a period of 3 years and fixation of remuneration payable to him.

Mr. Parvez A. Farooqui was re-appointed as Executive Director on 1st April, 2013 for a term of 3 years on the terms and conditions mentioned in the agreement entered into between Mr. Parvez A. Farooqui and the Company which was duly approved by the Shareholders of the Company at Annual General Meeting held on 27th September, 2012.

The Nomination and Remuneration Committee in its meeting held on 27th May, 2015 had recommended his re-appointment on the terms and conditions contained in the agreement to be entered into between the Company and Mr. Parvez A. Farooqui. Accordingly, the Board proposes re-appointment of Mr. Parvez A. Farooqui as Executive Director of the Company for a period of 3 years commencing from 1st April, 2016.

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

SALARY:

Rs. 1,50,000/- 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 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) Education Allowance for the education of his children not exceeding Rs. 25000/- per annum per child.
- l) Exgratia – One month basic per annum

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

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

1. 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.
2. 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. Parvez A. Farooqui may be deemed to be concerned or interested in this resolution.

The other information as required under Schedule V Part II (B) Section II 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 or Collaborations, if any | : | NIL |

II INFORMATION ABOUT THE APPOINTEE :

- | | | |
|---|---|---|
| 1. Background details | : | He started his career by joining a textile dyes and chemicals manufacturing firm in 1975 thereafter, he joined Mukta Arts Limited (then Mukta Arts Private Limited) as Executive Director. He acquired vast experience in various fields like marketing, sales, purchases, accounts, taxation and legal. At Mukta Arts Limited, he had handled the Distribution and Exhibition business apart from finance, accounts, taxation and legal matters. |
| 2. Past Remuneration | : | ₹ 2,784,540 for 2014-2015 |
| 3. Recognition or awards | : | NIL |
| 4. Job Profile and his suitability | : | Incharge of overall Finance and Administration and most suitable for this assignment based on his experience of past several years. |
| 5. Remuneration Proposed | : | As contained in Agreement |
| 6. Comparative remuneration profile with respect to Industry etc. | : | The remuneration paid to Mr. Parvez A. Farooqui is in line with the industry standards. |
| 7. Pecuniary Relationship directly or indirectly with the Company | : | NIL |
| 8. Relationship with managerial Personnel, if any | : | Brother-in-law of Executive Chairman, Mr. Subhash Ghai |

MUKTA ARTS LIMITED

III OTHER INFORMATION

1. Reason of Loss or inadequate Profit : Insufficient revenues from 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 by way of Special Resolution.

Item No. 7:

Holding of office or place of Profit by Mr. Ashok Ghai, a relative of Executive Chairman, under Section 188 of the Companies Act, 2013.

Mr. Ashok Ghai is a graduate with Diploma in Editing from FTII, Pune with several years of experience in directing and producing several films which were well received by the audience. He is brother of Mr. Subhash Ghai, Executive Chairman of the Company. The Board of Directors of the Company in its meeting held on 5th March, 2013 and Members of the Company at the Annual General Meeting of the Company held on 21st September, 2013 had approved the 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 in accordance with the MOU dated 1st March, 2013 entered into between the Company and Mr. Ashok Ghai.

The Board of Directors at their Meeting held on 29th May, 2015 had passed a resolution fixing the remuneration of Mr. Ashok Ghai as ₹ 2,00,000/- per month but not exceeding ₹ 5,00,000/- per month.

The proposed special resolution is intended to obtain the approval of members pursuant to the provisions of section 188 of the Companies Act, 2013, in respect of the said Mr. Ashok Ghai holding or continuing to hold office or place of profit under the Company, being relative of Mr. Subhash Ghai, Executive Chairman of the Company.

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

Your Directors recommend the resolution for your approval by way of Special Resolution.

Item No. 8:

Approval to give loan or give any guarantee or provide security to any person or other body corporate.

Under the provisions of Section 186 of the Act, the Company can give any loan to any person or other body corporate or give any guarantee or provide security in connection with a loan to any other body corporate or a person and acquire by way of subscription, purchase or otherwise, the securities of any other body corporate in excess of 60% of the aggregate of the paid up share capital, free reserves and securities premium account or 100% of the aggregate of the free reserves and securities premium account, whichever is more only with the consent of the shareholders obtained by a Special Resolution.

In view of the same, the approval of Members is sought, to enable the Company to give any loan to any person or other body corporate or give any guarantee or provide security in connection with a loan to any other body corporate or a person and acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, as the Board may deem necessary and in the interest of the Company, subject to the maximum aggregate not exceeding ₹ 200,00,00,000/- (Rupees Two Hundred Crores Only) .

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

Your Directors recommend the resolution for your approval by way of Special Resolution.

Registered Office:

Mukta House,
Behind Whistling Woods Institute
Filmcity Complex
Goregaon (East)
Mumbai- 400065
Place: Mumbai
Date: 29th May, 2015

By Order of the Board

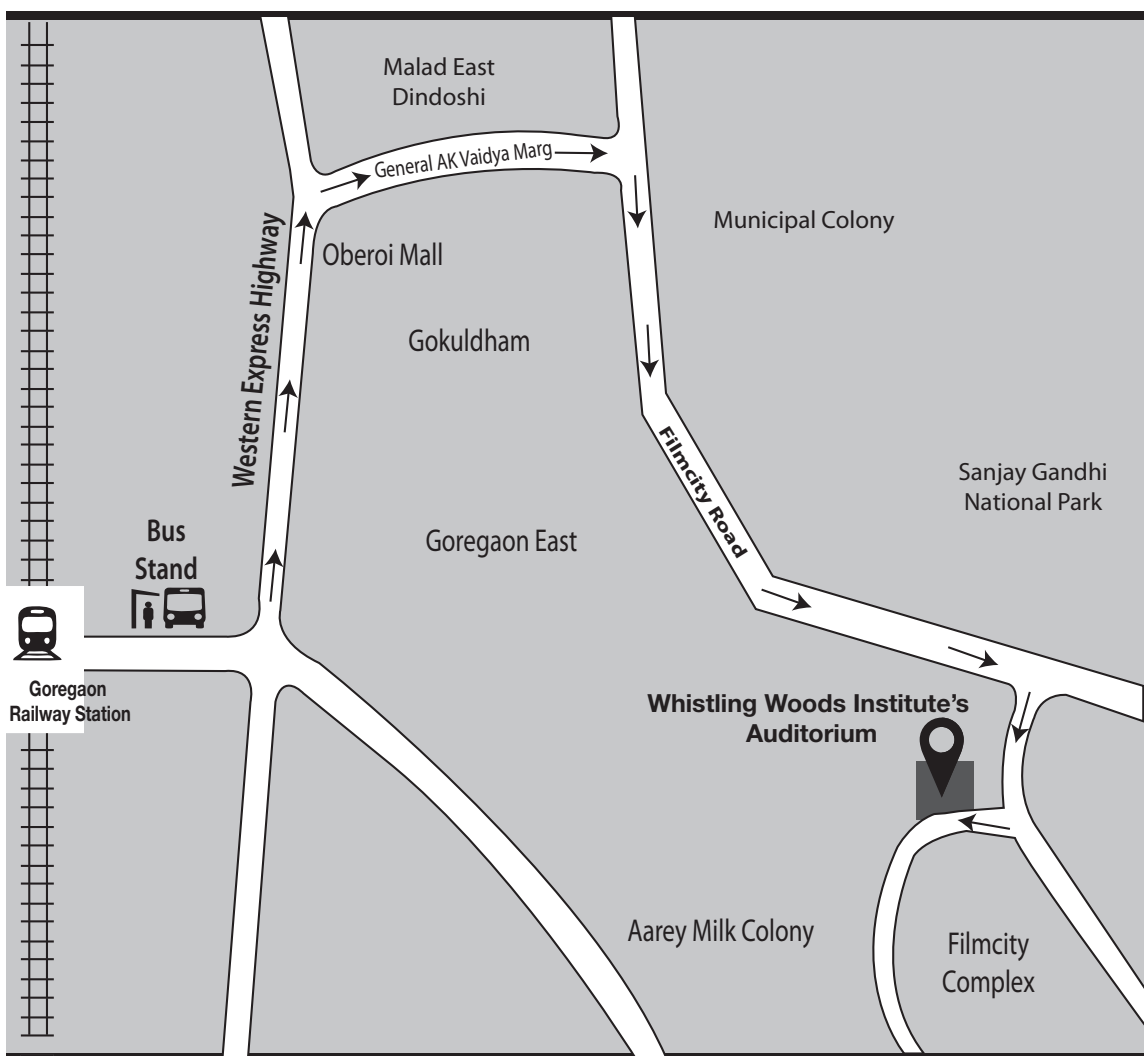
Ravi B. Poplai
Company Secretary
Membership No: ACS 547

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.



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 Third Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2015.

1. RESULTS OF OUR OPERATIONS

(Figures in millions)

Particulars	Year ending 31.03.2015 (Rs.)	Year ending 31.03.2014 (Rs.)
Profit/(Loss) before interest, depreciation & tax	66.07	85.28
Less: Interest	77.09	61.88
Profit/(Loss) after interest, before depreciation & tax	(11.02)	23.40
Less: Depreciation	66.22	42.06
Profit/(Loss) before tax	(77.24)	(18.66)
Less: Provision for taxation	0.00	0.00
Deferred Tax Liability/(Asset)	(7.33)	3.45
Profit/(Loss) available for appropriation	(69.91)	(15.21)
Less: Interim / Final Dividend	0.00	0.00
Tax on Interim / Final Dividend	0.00	0.00
Profit/(Loss) for the year	(69.91)	(15.21)
Add: Balance brought forward	22.48	37.69
Less: Transfer to general reserve	0.00	0.00
Profit/(Loss) Carried forward to Balance Sheet	(47.43)	22.48

Company's Performance

During the year the total revenues of the Company were placed at Rs. 1112.91 Millions compared to Rs. 2960.91 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 on 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') 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 2015.

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 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.

During this fiscal year, the Company has released two of its own productions, Hindi Feature film Kaanchi and Punjabi feature film Double Di Trouble. The Company has also started monetizing rights of old hit films from its sizeable library. The Distribution business of the Company continues to contribute to the topline with nearly 50 movies distributed in Delhi and East Punjab regions during the year.

The Company is also considering expanding internationally and has finalised a 6 screen multiplex theatre in Bahrain which it plans to launch by the end of this calendar year.

Subsidiary Companies

As on 31.03.2015 we have five 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 Clause 49 of the Listing Agreement.

Of the subsidiaries of the Company, the most notable has been the **Whistling Woods International Limited** ('WWI') 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 to 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. 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.

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.

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

Another subsidiary of the Company, **Coruscant Tec Private 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.

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.

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 clause 49 of the listing Agreement entered into with BSE and NSE, a separate section on Corporate Governance forms part of this Annual Report.

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Number of meetings of the board

The details of the number of meetings of the Board held during the financial year 2014-15 forms part of the Corporate Governance Report. The intervening gap between any two meetings was within the period prescribed by Clause 49 of the Listing Agreement 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. Mamohan Shetty
2.	Nomination and Remuneration Committee	1. Mrs. Paulomi Dhawan 2. Mr. Kewal Handa 3. Mr. Mamohan 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. Mamohan 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 the Listing Agreement with 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 Clause 49 of the Listing Agreement.

Board evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, 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

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mr. Parvez A. Farooqui (DIN 00019853) retires by rotation and being eligible, offer himself for re-appointment at the ensuing Annual General Meeting.

Mr. Parvez A. Farooqui is being re-appointed as Whole time Director (to be designated as Executive Director) of the Company for a period of three years with effect from 1st April 2016.



Mrs. Paulomi Dhawan (DIN 01574580) and Mr. Manmohan Shetty (DIN 00013961) were appointed as Additional Directors of the Company with effect from 13th November, 2014 and hold office upto the date of this Annual General Meeting. The Company has received letters from members along with the requisite deposits proposing candidature of Mrs. Paulomi Dhawan and Mr. Manmohan Shetty for their appointment as Directors at the ensuing Annual General Meeting. Accordingly, resolutions proposing appointment of these two Directors forms part of the Notice of the Annual General Meeting.

Mr. Anil Harish (DIN 00001685) has resigned from directorship of the Company vide his resignation letter dated 30th September, 2014.

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	Mr. Ravi B. Poplai	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 Clause 49 of the Listing Agreement 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, 2015, 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'

At the Annual General Meeting of the Company held on 27th September, 2014, M/s B S R & Co. LLP, Chartered Accountants have been appointed as the Statutory Auditors of the Company to hold office till the conclusion of the 36th Annual General Meeting. 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. Accordingly, the appointment of M/s B S R & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company is placed for ratification by the shareholders. 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, 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.

Directors Explanation to Qualification in Secretarial Audit Report:

- 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.

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- b) The loans to non-wholly owned subsidiary companies were given under urgent necessities to enable them to continue business operations smoothly. The same has been repaid fully during the financial year 2014-15. We propose to avoid the same as far as possible.
- c) Attempts continue to be made to pay statutory dues on time and file the relevant returns within prescribed time limits.

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- D 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	112.71
Mr. Rahul Puri	Managing Director	78.09
Mr. Parvez A. Farooqui	Executive Director	77.26

- 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	(1.85%)
Mr. Rahul Puri	Managing Director	3.11%
Mr. Parvez A. Farooqui	Executive Director	3.45%
*Mr. Prabuddha Dasgupta	Chief Financial Officer	Not Applicable
Mr. Ravi Poplai	Company Secretary	5.63%

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



- c. **The percentage increase in the median remuneration of employees in the financial year:** -35.41%
- d. **The number of permanent employees on the rolls of Company:** 319
- e. **The explanation on the relationship between average increase in remuneration and Company performance:**
Median remuneration has fallen during the year mainly owing to appointment of employees with salary below median salary paid during the financial year 2013-14. Number of employees grew from 267 in March, 2014 to 319 in March, 2015. Appointments were made for new Cinema locations opened during the period.
- 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	4,062,150	(1.85%)	969.09	Not Applicable
Mr. Rahul Puri	Managing Director	2,814,574	3.11%		
Mr. Parvez A. Farooqui	Executive Director	2,784,540	3.45%		
*Mr. Prabhuddha Dasgupta	Chief Financial Officer	2,201,613	Not Applicable		
Mr. Ravi Poplai	Company Secretary	367,600	5.63%		

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

- 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)
31.03.2014	112,906,000	*37.05	(1.25)	(29.64)	8366.33
31.03.2015	112,906,000	*29.70	(3.01)	(9.87)	6706.62
Increase/Decrease	NIL	(2.75)	(1.76)	19.77	(1659.71)
% Increase/Decrease	NIL	(8.55)%	(1.41)%	(9.87)%	19.84%
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 7.71% whereas the increase in the managerial remuneration was 2.59%.

- 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.

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- (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 Clause 49 of the Listing Agreement with the Stock Exchanges in India, 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/investor-relations/>

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 Clause 55 of the Listing Agreement with the Stock Exchanges is not applicable to your Company for the financial year ended March 31, 2015.

13. ACKNOWLEDGEMENTS

Your Directors express their deep sense of gratitude to the Artistes, Technicians, film distributors, exhibitors, Bankers, stakeholders and business associates for their co-operation and support and look forward to their continued support in future.

Your Directors also place on record, their appreciation for the contribution, commitment and dedication to your Company's performance by the employees of the Company at all levels.

For and on behalf of the Board of Directors of
Mukta Arts Limited

Subhash Ghai
Executive Chairman
DIN: 00019803



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	600000	500000	7500000	60000000
b)	Reserves & Surplus	(698,143,847)	474727	(10134584)	(6272566)	3450060
c)	Total Assets	299,629,121	3207506	3269741	2376825	406647284
d)	Total Liabilities	597,772,968	3207506	3269741	2376825	406647284
e)	Investments	Nil	250	250	-	-
f)	Turnover	231,926,546	240250	103666	3399124	60703637
g)	Profit /(Loss) before taxation	(18,108,971)	22310	(143337)	(768176)	5619209
h)	Provision for taxation	Nil	30508	-	-	2134872
i)	Profit /(Loss) after taxation	(18,108,971)	15728	(143337)	(768176)	3484337
j)	Proposed dividend	-	-	-	-	-
k)	% of shareholding	84.99%	99.00%	99.92%	99.99%	55%

Nomination and Remuneration Policy

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and the Listing Agreement with the stock exchanges (as amended from time to time), this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration/Compensation Committee ("NRC") and approved by the Board of Directors of the Company.

1. CONSTITUTION OF COMMITTEE

The Board of Directors of the Company (the Board) constituted the committee to be known as the Nomination and Remuneration Committee consisting of three non-executive Independent Directors.

2. OBJECTIVE

The Nomination and Remuneration/Compensation Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees. The Key Objectives of the Committee would be:

- 1) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 2) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- 3) Formulation of criteria for evaluation of Independent Director and the Board.
- 4) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 5) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 6) To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 7) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 8) To develop a succession plan for the Board and to regularly review the plan.
- 9) To assist the Board in fulfilling responsibilities.
- 10) To Implement and monitor policies and processes regarding principles of corporate governance.

3. APPLICABILITY

- a) Directors (Executive and Non-Executive)
- b) Key Managerial Personnel
- c) Senior Management Personnel

4. 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" means

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary; and
- iv. 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.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

5. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

a. Appointment Criteria and Qualifications

- i. 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.
- ii. 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.
- iii. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

b. Term / Tenure

i. Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time.

No re-appointment shall be made earlier than one year before the expiry of term.

ii. Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

c. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

d. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

e. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

MUKTA ARTS LIMITED

6. POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

- 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.

7. DUTIES IN RELATION TO NOMINATION MATTERS

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation;
- Determining the appropriate size, diversity and composition of the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board

8. DUTIES IN RELATION TO REMUNERATION MATTERS

The duties of the Committee in relation to remuneration matters include:

- Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board;
- Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Considering any other matters as may be requested by the Board



9. MEMBERSHIP

The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

Minimum two (2) members shall constitute a quorum for the Committee meeting.

Membership of the Committee shall be disclosed in the Annual Report.

Term of the Committee shall be continued unless terminated by the Board of Directors.

10. CHAIRPERSON

Chairperson of the Committee shall be an Independent Director.

Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

11. SECRETARY

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

12. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be recorded in minutes and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

13. REVIEW AND AMENDMENT

- The NRC or the Board may review the Policy as and when it deems necessary;
- The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary;
- This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

MUKTA ARTS LIMITED

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, 2014 to 31st March, 2015

[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, 2015**, 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, 2015** according to the provisions of:

1. Companies Act
 - a) The Companies Act, 1956 (the Old Act) and the rules made thereunder for the period upto 31st March, 2014;
 - b) The Companies Act, 2013 (the Act) and the rules made thereunder for specified sections notified and came into effect from 12th September, 2013 and sections and Rules notified and came into effect from 1st April, 2014;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. 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.
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, 2013;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
5. Employees Provident Fund and Miscellaneous Provisions Act, 1952
6. Employees State Insurance Act, 1948
7. Employers Liability Act, 1938
8. Environment Protection Act, 1986 and other environmental laws
9. Equal Remuneration Act, 1976
10. Indian Contract Act, 1872
11. Income Tax Act, 1961 to the extent of Tax Deducted at Source under various Section and T.D.S. Returns filed.
12. Indirect Tax Laws relating to collections, deductions, wherever applicable, payments made and returns filed.
13. Maharashtra Stamp Act, 1958
14. Industrial Dispute Act, 1947
15. Maternity Benefits Act, 1961
16. Minimum Wages Act, 1948



17. Negotiable Instruments Act, 1881
18. Payment of Bonus Act, 1965
19. Payment of Gratuity Act, 1972
20. Payment of Wages Act, 1936
21. Contract Labour (Regulations & Abolition) Act, 1970
22. The Sexual Harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013
23. The Copyright Act, 1957
24. Trade Marks Act, 1999
25. The Patents Act, 1970
26. Cinematograph Act, 1952
27. Shops and establishments Act

Our comments, observations and audit qualifications are stated in Annexure to this report and forms part of this report.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

The Listing Agreements entered into by the Company with BSE Limited (Bombay Stock Exchange), National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited.

The Company had voluntarily applied for delisting from the Calcutta Stock Exchange Limited w.e.f. 31st March, 2014. However on not receiving any official confirmation of being delisted, the company paid the listing fees for the financial year 2014-2015 and requested for delisting w.e.f. 31st March, 2015. The matter is being followed up by the Company, but the order of delisting of Company's Equity Shares by the Calcutta Stock Exchange Limited has yet to be received.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to extent applicable.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

However the same needs to be strengthened.

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

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013 except according general approval by the members in respect of section 180(1)(a) and section 180(1)(c) at the Annual General Meeting of the Company held on 27th September, 2014 approving the maximum limit under both the said sub sections.
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations.

For K. C. Nevatia & Associates
Company Secretaries

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

Place: Mumbai
Date: 29.05.2015

Annexure to our Secretarial Audit Report dated 29.5.2015

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 has rejected all applications of the Company in respect of balance 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 has 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.

- a. The Company had paid to erstwhile Chairman and Managing Director of the Company, Mr. Subhash Ghai, a total sum of Rs. 1,64,00,000/- as per details given hereunder by way of Professional fees for directing a Hindi film. As per provisions of Section 309 (1) (b) of the Companies Act, 1956 such Professional fees shall not be included in the managerial remuneration if, in the opinion of the Central Government, the director possesses the requisite qualifications for the practice of the profession.

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

The Company had made post facto application to the Central Government seeking its opinion that the erstwhile Chairman and Managing Director, Mr. Subhash Ghai possesses the requisite qualification. However, the said application of the Company 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 has 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.

- b. During the F.Y. 2014-15 also the Company has paid to erstwhile Chairman and Managing Director, Mr. Subhash Ghai a sum of Rs. 21,00,000/- for directing the same Hindi film as mentioned in point No. (a) above. The payments made to Mr. Subhash Ghai during the financial years 2012-13 & 2013-14 have been rejected by the Central Government under the provisions of Section 309 (1) (b) of the Companies Act, 1956 as mentioned above. In view of this the payment made to Mr. Subhash Ghai during the F.Y. 2014-15 is not in compliance with provisions contained in proviso to Sub Section 4 of Section 197 of the Companies Act, 2013.

3. Loans to non-wholly owned Subsidiary Company.

The Company has given loan to its non-wholly owned Subsidiary Company i.e. Mukta V N Films Limited during the financial year 2014-15, which is in violation of Section 185 of the Companies Act, 2013 and Rule 10 of the Companies (Meetings of Board and its Powers) Rules, 2014.

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

The resolutions passed by the Board at its meeting held on 12th February, 2015 which were required to be filed with the Registrar of Companies have been filed along with Form No. MGT- 14 after 31st March, 2015 but before the date of signing this report.

5. Internal Audit Report

The observations and remarks of Internal Auditors in their various reports need to be thoroughly considered by the Audit Committee as well as by the Board and internal control system needs to be strengthened.

6. Nomination and Remuneration Committee

As per provisions of Section 178(1) of the Companies Act, 2013, the Nomination and Remuneration Committee should be consisting of three or more Non-executive Directors out of which not less than one half shall be Independent Directors. The said committee was not constituted as per these norms for part of the year on account of non availability of adequate number of Independent Directors on the Board. However the constitution of the said committee has since been corrected as on the date of this report in conformity with the provisions of said section.



7. **Disclosures from Directors pursuant to Section 184(1) of the Companies Act, 2013.**

Disclosures received from directors under Section 184(1) of the Companies Act, 2013 have not been entered in the Register in Form No. MBP- 4 as required by Rule 16(1) of Companies (Meetings of Board & its Powers) Rules, 2014.

B. **Litigation**

1. The High Court of Judicature at Bombay had quashed the Joint Venture Agreement between Mukta Arts Limited (MAL) and Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDC') vide its order of 9th February 2012. In terms of the said order dated 09.02.2012 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 Petition was heard by High Court and a stay was granted on 30 July 2014. However, the High Court has ordered MAL 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 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.

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 and Profession Tax deducted at source at various locations by Mukta Cinemas as well as by Registered office have been made late, i.e. after due dates(except payment of ESIC by the Registered office). Challans for payments made in many cases were not available for our verification. The payment of Service Tax for last 6 months has not been made by the Registered Office and the amount of Service Tax remaining unpaid was not furnished to us.
3. **Returns:** Except returns of ESIC filed by Registered Office in Mumbai, no other returns, if filed for VAT, ESIC, Service Tax and Profession Tax deducted at source were available to us for verification during our audit.
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 amount of unpaid taxes deducted at source under various Sections was not furnished to us during our audit.
 - b) **Returns:** The returns in respect of the period for which taxes have been paid were not available for our verification during our audit.

For K. C. Nevatia & Associates
Company Secretaries

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

Place: Mumbai
Date: 29.05.2015

MUKTA ARTS LIMITED

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

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: 29.05.2015



Annexure - D

FORM NO. MGT – 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31.03.2015

[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	Production of motion picture	59111	37 %
2	Motion picture distribution	59131	23 %
	Motion picture or video tape projection in cinemas, in the open air or in other projection facilities	59141	19 %

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	99.00%	Section 2(87)
3	Mukta Telemedia Limited 6 Bashiron, 28th Road, TPS-III, Bandra (West) Mumbai – 400050	U92100MH2002PLC137312	Subsidiary	99.92%	Section 2(87)

MUKTA ARTS LIMITED

4	Coruscant Tec Private Limited Mukta House, Behind Whistling Woods Institute Filmcity Complex, Goregaon (East) Mumbai – 400065	U72200MH2003PTC193963	Subsidiary	99.99%	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 01.04.2014				No. of Shares held at the end of the year 31.03.2015				% 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 SHARE-HOLDING									
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	3037758	0	3037758	13.45	2553505	0	2553505	11.31	-2.14
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	1670841	19943	1690784	7.49	1870518	19542	1890060	8.37	0.88
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	1871012	0	1871012	8.29	2080426	0	2080426	9.21	0.92
c) Others									
i) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
ii) Trusts	24800	0	24800	0.11	24800	0	24800	0.11	0.00
iii) Clearing Members	20140	0	20140	0.09	76163	0	76163	0.34	0.25
iv) Non Resident Indian	47416	0	47416	0.21	66956	0	66956	0.30	0.09
Sub-Total (B)(2):	6671967	19943	6691910	29.63	6672368	19542	6691910	29.63	0.00
Total Public Shareholding (B)=(B)(1)+(B)(2)	6671967	19943	6671967	29.63	6672368	19542	6691910	29.63	0.00
TOTAL (A)+(B)	22561257	19943	22581200	100.00	22561658	19542	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)	22561257	19943	22581200	100.00	22561658	19542	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.

MUKTA ARTS LIMITED

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Changes during the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company		Increase (+)/ Decrease (-) during the year	Reason	No. of shares	% of total shares of the company
1	Mr. Raju Nanwani	318860	1.41	09.05.2014	4287	Purchase	323147	1.43
				16.05.2014	3853	Purchase	327000	1.44
				23.05.2014	-8140	Sale	318860	1.41
				20.06.2014	8890	Purchase	327750	1.45
				30.06.2014	16150	Purchase	343900	1.52
				04.07.2014	13725	Purchase	357625	1.58
				11.07.2014	7235	Purchase	364860	1.62
				18.07.2014	140	Purchase	365000	1.62
				25.07.2015	2000	Purchase	367000	1.63
				01.08.2015	7550	Purchase	374550	1.66
				08.08.2014	19950	Purchase	394500	1.75
				15.08.2014	9553	Purchase	404053	1.79
				22.08.2014	11697	Purchase	415750	1.84
				29.08.2014	900	Purchase	416650	1.85
				12.09.2014	10950	Purchase	427600	1.89
				19.09.2014	5975	Purchase	433575	1.92
				30.09.2014	9325	Purchase	442900	1.96
				10.10.2014	6625	Purchase	449525	1.99
				17.10.2014	10600	Purchase	460125	2.04
				24.10.2014	11875	Purchase	472000	2.09
				31.10.2014	20600	Purchase	492600	2.18
				07.11.2014	7400	Purchase	500000	2.21
				21.11.2014	5650	Purchase	505650	2.24
				28.11.2014	8115	Purchase	513765	2.28
				05.12.2014	16235	Purchase	530000	2.35
				12.12.2014	7921	Purchase	537921	2.38
				19.12.2014	12664	Purchase	550585	2.44
				31.12.2014	14165	Purchase	564750	2.5
				02.01.2015	2650	Purchase	567400	2.51
				09.01.2015	8545	Purchase	575945	2.55
				16.01.2015	18295	Purchase	594240	2.63
				23.01.2015	7760	Purchase	602000	2.67
				30.01.2015	1500	Purchase	603500	2.67
				13.02.2015	10499	Purchase	613999	2.72
				20.02.2015	17000	Purchase	630999	2.79
				27.02.2015	6251	Purchase	637250	2.82
				06.03.2015	17250	Purchase	654500	2.9
				13.03.2015	2550	Purchase	657050	2.91
				20.03.2015	10299	Purchase	667349	2.96
				27.03.2015	6476	Purchase	673825	2.98
				31.03.2015	1300	Purchase	675125	2.98
	At the end of the year						675125	2.98
2	Antique Securities Pvt Limited	-	-	31.12.2014	150000	Purchase	150000	0.66
				06.02.2015	20000	Purchase	170000	0.75
	At the end of the year						170000	0.75
3	Mr. Ashwin Kumar Kothari	-	-	01.08.2014	300000	Purchase	300000	1.33
				08.08.2014	67000	Purchase	367000	1.63
				13.03.2015	-100000	Sale	267000	1.18
	At the end of the year						267000	1.18
4	Blessings Mercantile Pvt Ltd	683300	3.03	13.02.2015	234168	Sale	449132	1.99
	At the end of the year						449132	1.99
5	Blue Moon Properties Pvt Ltd	190000	0.84	-	-	-	190000	0.84
	At the end of the year						190000	0.84



6	G R N Finsec Private Limited	-	-	27.03.2015	365017	Purchase	365017	1.62
	At the end of the year						365017	1.62
7	Optimum Stock Trading Company Pvt Ltd	290000	1.28	-	-	-	290000	1.28
	At the end of the year						290000	1.28
8	Pace Stock Broking Services Pvt Ltd	10	0	13.06.2014	47168	Purchase	47178	0.21
				29.08.2014	9	Sale	47169	0.21
				27.02.2015	145847	Purchase	193016	0.85
				06.03.2015	108171	Purchase	301187	1.33
				27.03.2015	12000	Purchase	313187	1.39
	At the end of the year						313187	1.39
9	Ms. Sakshi Nanwani	173000	0.77	31.10.2014	9375	Purchase	182375	0.81
				23.01.2015	1725	Purchase	184100	0.82
				30.01.2015	7775	Purchase	191875	0.85
				06.02.2015	11860	Purchase	203735	0.9
				13.02.2015	13915	Purchase	217650	0.96
				27.02.2015	2360	Purchase	220010	0.97
				13.03.2015	3990	Purchase	224000	0.99
	At the end of the year						224000	0.99
10	Talma Chemical Industries Pvt Ltd	261414	1.16	-	-	-	-	-
	At the end of the year						261414	1.16

(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 / KMP						
1	Subhash Ghai	12417990	54.99	12417990	54.99	--	--
2	Parvez A. Farooqui	77300	0.34	77300	0.34	--	--
3	Manmohan Shetty	800	0.00	800	0.00	--	--
4	Ravi Poplai	1000	0.00	1000	0.00	--	--

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	396,610,586	171,900,000	-	568,510,586
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,465,117	4,356,164	-	5,821,281
Total (i+ii+iii)	398,075,703	176,256,164	-	574,331,867
Change in Indebtedness during the financial year				
* Addition	30,019,674	-	-	30,019,674
* Reduction	110,965,634	19,700,000	-	130,665,634
Net Change	(80,945,960)	(19,700,000)	-	100,645,960
Indebtedness at the end 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

MUKTA ARTS LIMITED

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Names of MD/WTD (₹ p.a.)			Total Amount (₹ 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 Gross Salary	37,24,750	27,67,174	27,44,140	92,36,064
	(b) Value of Perquisites u/sec 17 (2) Income Tax Act, 1961	3,37,400	47,400	40,400	4,25,200
	(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	40,62,150	28,14,574	27,84,540	96,61,264
	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.			

B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Name of Directors			
		Mr. Anil Harish	Mr. KewalHanda	Mrs. Paulomi Dhawan	Mr. ManmohanShetty
	Non-Executive Independent Directors				
1.	Fee for attending board meetings	5,000	15,000	10,000	5,000
2.	Salary & perquisites	Nil	Nil	Nil	Nil
	Total	5,000	15,000	10,000	5,000

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

Sr No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (₹ p.a.)
		Chief Financial Officer	Company Secretary	
		Prabuddha Dasgupta	Ravi Poplai	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	22,01,613	3,67,600	25,69,213
	(b) Value of Perquisites u/sec 17 (2) Income Tax Act, 1961	40,400	--	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	--	--	--
	Total	22,42,013	3,67,600	26,09,613



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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

Place: Mumbai

(Subhash Ghai)

Date: 29th May, 2015

Chairman
DIN: 00019803

MUKTA ARTS LIMITED

CORPORATE INFORMATION

Board of Directors

Mr. Subhash Ghai, Executive Chairman
Mr. Rahul Puri, Managing Director
Mr. Parvez A. Farooqui, 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

Mr. Ravi B. Poplai

Auditors

M/s B S R & Co. LLP
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 (W)
Mumbai – 400 078



CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. 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. The Board is committed to enhance the competitiveness and to protect long term interests of all stakeholders.

The Securities and Exchange Board of India amended the Listing Agreement effective from October 1, 2014, to bring in additional corporate governance norms. These norms provide for stricter disclosures and protection of investor rights. The amended rules require companies to get shareholders' approval for related party transactions, establishment of whistle-blower mechanism, elaborate disclosures on pay packages and have at least one women director on their board. The amended norms are aligned with the provisions of the Companies Act, 2013, and aimed to encourage companies to 'adopt best practices on Corporate Governance'.

Our Corporate Governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as leadership and governance of the Company. We firmly believe that independence of Board is essential to bring objectivity and transparency in the management and in the dealings of the Company.

1. Board of Directors

Composition

The Board of the Company has an optimum combination of Executive Chairman, Managing Director, Executive Director and Non-Executive Independent Directors with one woman director and fifty percent of the Board of Directors comprises of non-executive independent directors.

All the Independent Directors have confirmed that they meet the 'Independence' criteria as mentioned under Clause 49 of the Listing Agreement and also as mentioned under Companies Act, 2013.

Attendance at Board Meetings

During the year under consideration four meetings of the Board were held on 29th May, 2014; 8th August, 2014; 13th November, 2014 and 12th February, 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 25 Companies and Companies incorporated outside India. Chairmanships of Board Committees include only Audit and Share Transfer and Stakeholders Relationship Committee.

Sr. No.	Name of the Director	Category	Number of Board meeting during the Yr. 2014 - 2015 Director's Attendance		Director ships in other Public Companies	Membership / Chairmanship of Committees in other Public Companies		Attendance at the A.G.M Held on 27th September, 2014
			Held	Attended		Chairman	Membership	
1	Mr. Subhash Ghai	EC	4	4	4	Nil	1	Present
2	Mr. Rahul Puri	ED	4	4	2	Nil	Nil	Present
3	Mr. Parvez A Farooqui	ED	4	4	3	Nil	Nil	Present
4	Mr. Kewal Handa	NEI	4	3	-	Nil	Nil	Present
5	**Mrs. Paulomi Dhawan	NEI	4	2	1	Nil	Nil	Absent
6	**Mr. Manmohan Shetty	NEI	4	1	6	Nil	5	Absent

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

** Ms. Paulomi Dhawan and Mr. Manmohan Shetty were appointed as Directors vide Board Resolution dated 13/11/2014

Mr. Anil Harish resigned from directorship of the Company w.e.f. 30/09/2014

Independent Directors:

The Company abided by definition of Independence as per clause 49 of the Listing Agreement and according to the Provision of Section 149 (6) of the Companies Act, 2013. The company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013.

The code of Independent Directors is available on company's website at <http://muktaarts.com/investor-relations/>

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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 12th February, 2015, 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 Clause 49 of the Listing Agreement.

The Committee comprises of 2 Non Executive Independent Directors and 1 Executive Director. Mr. Kewal Handa, Non- executive Independent Director is the Chairman of the Audit Committee. Four meetings of the Audit Committee were held during the year on 29th May,2014; 8th August,2014; 13th November, 2014 and 12th February,2015.

Details of meetings attended by its members till 31st March, 2015 are given below:

Name of the Director	No. of Meetings held	No. of meetings attended
Mr. Kewal Handa	3	3
*Mr. Manmohan Shetty	2	1
Mr. Parvez A. Farooqui	4	4

* Mr. Manmohan Shetty was appointed as Directors vide Board Resolution dated 13/11/2014

The Chairman of the Audit Committee was present at the Annual General Meeting held on 27th September, 2014 to answer Member's queries.

The meetings of Audit Committee are also attended by Statutory Auditors and Internal Auditors as special invitees. The Committee also invites such of the other Directors or 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. 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.

Powers and Terms of Reference of the Committee:

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audit of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors, the performance of internal auditors and the Company's risk management policies. The Committee, inter -alia, performs the following functions:



1	Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2	Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3	Approval of payment to statutory auditors for any other services rendered by them.
4	Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
	a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134 (5) of the Companies Act, 2013.
	b. Changes, if any, in accounting policies and practices and reasons for the same.
	c. Major accounting entries involving estimates based on the exercise of judgment by management.
	d. Significant adjustments made in the financial statements arising out of audit findings.
	e. Compliance with listing and other legal requirements relating to financial statements.
	f. Disclosure of any related party transactions.
	g. Qualifications in the draft audit report.
5	Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6	Reviewing, with the management, the statement of uses / application of funds as and when raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7	Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
8	Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9	Discussion with internal auditors on any significant findings and follow up thereon.
10	Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11	Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12	To look into the reasons for substantial defaults if any in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
13	To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14	Carrying out any other function as is assigned to the Audit Committee.
15	Such other powers and duties as may be required to be included in terms of Listing Agreement amended from time to time.

(B) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Mr. Kewal Handa, Chairman, Mr. Manmohan Shetty and Mrs. Paulomi Dhawan. Two members shall be the quorum for the meeting of the said Committee. The Company Secretary/Compliance Officer shall be the Secretary of the Committee. The minutes of the Meeting of the Committee shall be placed at the meeting of Board of Directors.

During the year two meetings of the Remuneration and Nomination Committee were held during the year under review on 29th May, 2014 and 13th November, 2014.

Details of meetings attended by its members till 31st March, 2015 are given below:

Name of the Director	Meetings held during the tenure of the Directors	Meetings Attended
Mr. Kewal Handa	1	1
**Mr. Parvez A. Farooqui	2	2
*Mr. Manmohan Shetty	0	0
*Mrs. Paulomi Dhawan	0	0

*Mr. Manmohan Shetty and Mrs. Paulomi Dhawan were appointed as Directors vide Board Resolution dated 13/11/2014.

MUKTA ARTS LIMITED

** Mr. Parvez A. Farooqui resigned as member of Nomination and Remuneration Committee w.e.f. 29/05/2015.

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

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time. This 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 <http://muktaarts.com/investor-relations/> 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 and Executive Directors for the year ended March 31, 2015 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 2014-15 was as under:

Particulars	Mr. Subhash Ghai Executive Chairman	Mr. Rahul Puri Managing Director	Mr. Parvez A. Farooqui Executive Director
Salary	3,724,750	2,571,550	2,566,300
Employers Contribution to Provident Fund	-	195,624	177,840
Perquisites	337,400	47,400	40,400
Total	4,062,150	2,814,574	2,784,540

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, 2013



- 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 2014-15, the Company has paid total sitting fee of Rs. 35,000 to non-executive directors as under:

Names	Sitting fees (Rs.)	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Anil Harish	5,000	Nil	Nil	5,000
*Mr. Kewal Handa	15,000	Nil	Nil	15,000
**Mrs. Paulomi Dhawan	10,000	Nil	Nil	10,000
**Mr. Manmohan Shetty	5,000	Nil	Nil	5,000
TOTAL				35,000

*Mr. Anil Harish resigned from Directorship of the Company vide resignation letter dated 30/09/2014.

**Mr. Manmohan Shetty and Mrs. Paulomi Dhawan were appointed as Directors vide Board Resolution dated 13/11/2014

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 4 times during the year on 28/05/2014, 08/08/2014, 13/11/2014 and 12/02/2015.

Name of the Director	Meetings held during the tenure of the Directors	Meetings Attended
Mr. Kewal Handa	3	3
Mr. Parvez A. Farooqui	4	4
*Mrs. Paulomi Dhawan	1	1

*Mrs. Paulomi Dhawan was appointed as Directors vide Board Resolution dated 13/11/2014

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.

A statement of various complaints received and cleared by the Company during the year ended on 31st March, 2015 is given below:

Nature of Complaint	Received	Cleared	Pending
Non Receipt of Annual Report	4	4	NIL
Non Receipt of Dividend Warrants	NIL	NIL	NIL
Request for Duplicate Share Certificates	NIL	NIL	NIL
Non Receipt of Share Transferred	NIL	NIL	NIL
Non receipt of securities	NIL	NIL	NIL
Others	NIL	NIL	NIL
Total	4	4	NIL

MUKTA ARTS LIMITED

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, 2015.

As per revised Clause 47(F) of the listing agreement the exclusive E-mail ID of the Investor Grievance Department of the Company is parvez@muktaarts.com.

Name and Designation of Compliance Officer:

Mr. Ravi B Poplai, Company Secretary is designated as Compliance Officer of the Company.

As per revised Clause 47(F) of the listing agreement the exclusive E-mail ID of the Investor Grievance Department of the Company is parvez@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

* Mrs. Paulomi Dhawan was appointed as Directors vide Board Resolution dated 13/11/2014

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

The Risk Management policy is available on the website of the Company at <http://muktaarts.com/investor-relations/>



3. General Body Meetings

(i) and (ii) The date, time and venue of the last 3 General Body Meetings of the Company is given below:

Financial Year ended	Date of AGMs	Time	Venue	Details of Special Business Resolutions
31.03.2014	27.09.2014	4.00 P.M	Whistling Woods Institution's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (E), Mumbai-400 065	<ol style="list-style-type: none"> 1. Ordinary Resolution for appointment of Mr. Anil Harish as an Independent Director for a period of 5 years. 2. Special Resolution for appointment of Mr. Kewal Handa as Independent Director of the Company for a period of 5 years. 3. Special Resolution for appointment of Mr. Subhash Ghai as Executive Chairman for a period of 3 years and approval of remuneration payable to him. 4. Special Resolution for appointment of Mr. Rahul Puri as Managing Director for a period of 3 years and approval of remuneration payable to him. 5. Special Resolution for adoption of new set of Articles of Association of the Company in substitution of the existing Articles of Association. 6. Special Resolution to authorise the Board of Directors for borrowing powers of ₹ 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. 7. Special Resolution to authorise the Board of Directors for Creation of Charge on the assets of the Company for borrowing powers of ₹ 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 (E), 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.
31.03.2012	27.09.2012	4.00 P.M	Whistling Woods Institution's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (E), Mumbai-400 065	<ol style="list-style-type: none"> 1. Special Resolution for re-appointment of Mr. Parvez A. Farooqui as Whole Time Director (Executive Director) of the Company. 2. Special Resolution for re-appointment of Mr. Siraj A. Farooqui as Chief Operating Officer (Production and Studio) of the Company

(iii) to (vi) None of the items transacted at the said meetings were required to be passed by postal ballot. At the forthcoming Annual General Meeting there is no item on the agenda requiring to be passed by postal ballot. Hence, no need to specify the procedure for postal ballot.

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4. Disclosures

(i) Related Party Transactions

During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with the promoters, directors and management that had a potential conflict with the interest of the Company at large.

The Board of Directors has adopted the policy on related party transactions. The copy of the same has been uploaded and is available at the website of the Company, viz. <http://muktaarts.com/investor-relations/>.

(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/investor-relations/>.

(iv) 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.

The Company does not have any material non-listed Indian subsidiary companies.

The Company has a policy for determining 'material subsidiaries' which is disclosed on its website at <http://muktaarts.com/investor-relations/>

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 Segmental Report are generally published in The Business Standard and Mumbai Lakshdeep. The Company's financial results are sent in time to Stock Exchanges so that they may be posted on the Stock Exchanges' website.

(ii) Newspaper where results are published

The Company usually publishes its financial results in following newspaper:

1. The Business Standard (All editions)
2. Mumbai Lakshdeep, Mumbai.

(iii) 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.

Quarterly Report on Corporate Governance under Clause 49 of the Listing Agreement have been submitted to Stock Exchange(s) as follows

Quarterly Report for the quarter ended	Submitted to BSE Ltd.	Submitted to National Stock Exchange of India Ltd through NEAPS
30.06.2014	10/07/2014	10/07/2014
30.09.2014	14/10/2014	14/10/2014
31.12.2014	09/01/2015	09/01/2015
31.03.2015	14/04/2015	14/04/2015

(iv) Release of official news

The Company intimates to the Stock Exchange any official news and places on its websites also.



7. General Shareholders Information

A. Annual General Meeting

Date	: September 28, 2015
Time	: 4.00 p.m.
Venue	: Whistling Woods Institute's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (East), Mumbai- 400 065.

As required under Clause 49(VIII)(E)(1) of the Listing Agreements entered into with the stock exchanges, particulars of directors seeking appointment / re-appointment at the forthcoming AGM are given in the Annexure to the notice of the AGM to be held on September 28, 2015.

B. Financial Calendar

For the year ending 31st March, 2016 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, 2016

C. Date of Book Closure : 21st September, 2015 to 28th September, 2015 (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. ISIN NO. : INE374B01019

SCRIP CODE :

BSE : 532357

NSE : MUKTAARTS –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.

F. 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 shares Traded	BSE SENSEX	
	High	Low		High	Low
April, 2014	44.45	30.2	29931	22939.31	22197.51
May, 2014	44.95	28.05	1274542	25375.63	22277.04
June, 2014	41.5	30.8	300134	25725.12	24270.2
July, 2014	33.7	27.6	469496	26300.17	24892
Aug, 2014	33.3	25.65	110294	26674.38	25232.82
Sep, 2014	34.5	26.6	336481	27354.99	26220.49
Oct, 2014	32.65	28	89298	27894.32	25910.77
Nov, 2014	32.15	28.05	76151	28822.37	27739.56
Dec, 2014	31	24.3	179860	28809.64	26469.42
Jan, 2015	31.05	26	80471	29844.16	26776.12
Feb, 2015	37.5	18	809979	29560.32	28044.49
Mar, 2015	37.9	28.5	588077	30024.74	27248.45

MUKTA ARTS LIMITED

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

Month	Company		No of shares Traded	NSE NIFTY	
	High	Low		High	Low
April, 2014	39.00	31.15	60868	6869.85	6650.40
May, 2014	43.00	28.00	24830	7563.50	6638.55
June, 2014	40.00	30.85	301323	7700.05	7239.50
July, 2014	34.25	27.00	355892	7840.95	7422.15
Aug, 2014	33.70	27.00	95630	7968.25	7540.10
Sep, 2014	34.90	26.40	460370	8180.20	7841.80
Oct, 2014	34.60	27.25	125535	8330.75	7723.85
Nov, 2014	32.60	28.10	86163	8617.00	8290.25
Dec, 2014	33.90	24.20	106664	8626.95	7961.35
Jan, 2015	31.50	25.30	167134	8996.60	8065.45
Feb, 2015	38.00	18.20	802959	8941.10	8470.50
Mar, 2015	37.95	28.20	233823	9119.20	8269.15

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, 2015

DISTRIBUTION SCHEDULE AS ON 31/03/2015					
Sr. No	Shareholding of Nominal Shares	No. of Shareholder	% of Total Shareholders	Share Amount Rs.	% of Amount
1	1 - 2500	4188	85.68	2568370	2.27
2	2501 - 5000	314	6.42	1300915	1.15
3	5001 - 10000	146	2.99	1135930	1.01
4	10001 - 15000	57	1.17	732575	0.65
5	15001 - 20000	29	0.59	505150	0.45
6	20001 - 25000	29	0.59	669545	0.59
7	25001 - 50000	46	0.94	1762230	1.56
8	50001 and above	79	1.62	104231285	92.32
	Total	4888	100.00	112906000	100.00



(2) Distribution of shareholding according to categories of shareholders as on 31st March, 2015

SHARE HOLDING PATTERN AS ON 31/03/2015				
Sr.no	Description	Number of Shareholders	Total number of shares	% Equity
1	Banks	0	0	0
2	Clearing Members	36	76163	0.34
3	Directors and their Relatives	9	15889290	70.37
4	Foreign Institutional Investor	0	0	0
5	H U F	0	0	0
6	Indian Promoter Companies	0	0	0
7	Bodies Corporates	182	2553505	11.31
8	Mutual Funds	0	0	0
9	Non Resident Indians	47	66956	0.30
10	Company Promoters	0	0	0
11	Resident Individuals And Others	4614	3995286	17.68
12	Foreign Nationals	0	0	0
	Total:	4888	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 2009	20-01-2009	24-02-2016
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

CONTROL REPORT AS ON 31/03/2015			
Sr. No	Name of Depository	No. of Shares	% of Total issued Capital
1	NSDL	20906365	92.58
2	CDSL	1655293	7.33
	Sub Total	22561658	99.91
3	PHYSICAL	19542	0.09
	Total:	22581200	100

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

N. Dematerialization of Shares

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, 2015, 22561658 shares were held in dematerialized form, which is 99.91% of total paid up capital.

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

MUKTA ARTS LIMITED

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	Mr. Ravi B Poplai Mr. Parvez A. Farooqui	Mr. Vishal Panjabi Ms. Ashwini Nemlekar
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 at <http://muktaarts.com/investor-relations/>. 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/investor-relations/>

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 (CDSL) and the total issued and paid-up capital. This audit is carried out every quarter and the Report thereon is submitted to the stock exchanges and is placed before the board of directors of the Company. The Audit, inter alia, confirms that the listed and paid up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSL and the total number of shares in physical form.

T. CEO/CFO certification

In terms of the requirements of Clause 49(V) of the Listing Agreement, the CEO/CFO Certification is provided as Annexure-B to this Report.



U. Certificate on Corporate Governance

Your Company has taken adequate steps to adhere to all the stipulations laid down in Clause 49 of the Listing Agreement.

A Report on Corporate Governance is included as a part of this Annual Report. Certificate from the Practising Company Secretary of the company M/s K. C. Nevatia & Associates., Practising Company Secretary confirming the compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is included as Annexure –C of 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: 29th May, 2015

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 2014-2015.

For and on behalf of
Mukta Arts Limited

Place: Mumbai
Date: 29th May, 2015

Rahul Puri
Managing Director

MUKTA ARTS LIMITED

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 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: 29th May, 2015

Annexure C

PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

TO THE MEMBERS OF MUKTAARTS LIMITED

We have examined the compliance of the conditions of Corporate Governance by Mukta Arts Limited for the year ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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.

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 Agreement.

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: 29th May, 2015



Independent Auditors' Report

To the Members of

Mukta Arts Limited

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of Mukta Arts Limited ('the Company'), which comprise the Balance sheet as at 31 March 2015, the Statement of profit and loss and the Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance 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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis of Qualified Opinion

- (i) *As explained in Note 3.40 to the standalone financial statements, remuneration paid to the erstwhile managing director (including as film director fees) for earlier financial years from 2005-06 to 2013-2014 (total remuneration paid aggregates to Rs 125,744,747) 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,*

Independent Auditors' Report (Continued)

Basis of Qualified Opinion (Continued)

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 2010-11 and 2011-12 respectively. The Company has requested the authorities to reconsider their orders in respect of the above. Pending final communication from the authorities in this regard, no adjustment has been made in these standalone financial statements. This matter was also qualified in our report on the standalone financial statements for the year ended 31 March 2014.

- (ii) As at 31 March 2015, the Company's investment in its subsidiary, Whistling Woods International Limited ('WWI'), a joint venture between the Company and Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDL'), aggregates to Rs 369,997,000 and loans, advances, accrued interest and deposits include Rs 394,188,264 recoverable from WWI. As more fully explained in Note 3.41 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 Company and MFSCDL and passed consequential orders. WWI's petition for special leave to appeal filed with the Supreme Court of India had also been dismissed. The Company and WWI had filed applications to review the said order with the High Court and an interim stay was granted on 30 July 2014 which required deposit of Rs 100,038,000 by January 2015 against payment of arrears of rent for the years 2000-01 to 2013-14 and payment of Rs 4,500,000 per annum from financial year 2014-15 till the settlement of the case, to MFSCDL. The State Government of Maharashtra and MFSCDL challenged the Order of the High Court in the Supreme Court, which special leave petition was dismissed by the Supreme Court on 22 September 2014. 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.

Further, WWI's net worth stands fully eroded as at 31 March 2015. 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 investments in and amounts due from WWI and the deposit paid consequent to the High Court's Order. Accordingly, the impact on the carrying value of investments, recoverability of loan and advances and consequential impact on loss for the year and reserves is not determinable. This matter was also qualified in our report on the standalone financial statements for the year ended 31 March 2014.

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 of the state of affairs of the Company as at 31 March 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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;



Report on Other Legal and Regulatory Requirements (Contd.)

- (d) In our opinion, the aforesaid standalone 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 at 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) The matter described in the Basis of Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- (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 3.35 and 3.41 to the standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – refer Note 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 by the Company.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Mumbai
29 May 2015

Rajesh Mehra
Partner
Membership No: 103145

MUKTA ARTS LIMITED

Annexure to Independent Auditors' Report – 31 March 2015

(Referred to in our report of even date)

- 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) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. However, during the year the Company has not carried out a physical verification of any of its fixed assets.
- ii. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs (iii) (a) and (b) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, controls over recording of inventories (food and beverage items), purchase of fixed assets, customer contracting and tracking of amounts billable need to be further strengthened and having regard to the explanation that certain services rendered/rights sold are of a specialised nature and are rendered/sold to specific buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories (food and beverage items), fixed assets and the sale of goods and services. We have not observed any other material weakness/continuing failure to correct weakness during the course of the audit.
- v. The Company has not accepted any deposits from the public.
- vi. As informed to us by the management, the Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act for any of the food and beverage items sold/ services rendered by the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing with appropriate authorities, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Service tax and other material statutory dues applicable except that there have been significant delays in depositing Valued added tax, Sales tax and Income tax and few delays in depositing Provident fund and Employees' State Insurance. As explained to us, the Company did not have any dues on account of Excise duty, customs duty and Wealth tax.

According to the information and explanations given to us, the following undisputed statutory dues are outstanding as at 31 March 2015 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
Maharashtra Value Added Tax Act, 2002	Value-added tax	842,867	June 2014	July 2014
Gujarat Value Added Tax Act, 2003	Value-added tax	653,019	September 2013 to March 2014	October 2013 to April 2014
Gujarat Value Added Tax Act, 2003	Value-added tax	77,214	April 2013 to August 2013	May 2013 to September 2013
The Income tax Act, 1961	Tax deducted at source	1,862,635	June 2014 to August 2014	July 2014 to September 2014

Except for the above, there are no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Service tax, Value added tax, Sales tax and other material statutory dues which were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Wealth tax, Income tax, Value added tax and Sales tax which have not been deposited on account of any dispute. The following dues of Service 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	875,000	November 1996 - November 2001	Customs, Excise & Service Tax Appellate Tribunal

*- excludes amount deposited under protest Rs 800,000



- (c) According to the information and explanations given to us, the amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- viii. The accumulated losses of the Company is not more than 50% of its net worth. The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- ix. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or bank, except for default in re-payment of dues to one bank, details of which are stated below:

(Amount in Rupees)

Particulars	Delay upto 30 days	Delay in range 31-60 days	Delay in range 61-90 days	Delay in range 91-120 days	Total amount
Loan re-payment (including interest) to Kotak Mahindra bank Limited	48,733,982	14,325,876	7,108,813	5,166,774	75,335,445

The above dues have been paid before the year end and there is no continuing default as on the Balance sheet date.

The Company did not have any dues to debenture holders during the year.

- x. In our opinion and according to the information and explanations given to us, the term and conditions on which the Company has given guarantee for loan taken by subsidiary from a bank are not prima facie prejudicial to the interests of the Company.
- xi. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- xii. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Mumbai
29 May 2015

Rajesh Mehra

Partner

Membership No: 103145

MUKTA ARTS LIMITED

BALANCE SHEET AS AT 31 MARCH 2015

(Currency: Indian Rupees)

	Note	31 March 2015	31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1	112,917,500	112,917,500
Reserves and surplus	3.2	1,003,906,828	1,078,983,369
		1,116,824,328	1,191,900,869
Non-current liabilities			
Long-term borrowings	3.3	88,728,974	150,739,843
Deferred tax liabilities (net)	3.4	-	7,332,813
Other long term liabilities	3.5	85,921,072	257,004,400
Long-term provisions	3.6	7,651,340	6,944,969
		182,301,386	422,022,025
Current liabilities			
Short-term borrowings	3.7	258,808,238	313,048,478
Trade payables	3.8	169,992,208	343,939,763
Other current liabilities	3.9	231,803,906	224,642,399
Short-term provisions	3.10	4,909,840	9,596,904
		665,514,192	891,227,544
TOTAL		1,964,639,906	2,505,150,438
ASSETS			
Non-current assets			
Fixed assets	3.11		
Tangible assets		502,297,749	477,168,967
Intangible assets		51,591,516	16,957,798
Capital work-in-progress		55,173,206	75,334,953
Intangible assets under development		7,345,151	298,776,619
		616,407,622	868,238,337
Non-current investments	3.12	432,384,038	391,266,850
Deferred tax assets (net)	3.4	-	-
Long-term loans and advances	3.13	615,389,938	587,593,463
Other non-current assets	3.14	1,706,479	11,111,607
		1,665,888,077	1,858,210,257
Current assets			
Inventories	3.15	2,360,909	1,219,475
Trade receivables	3.16	84,709,825	311,257,023
Cash and bank balances	3.17	33,332,428	27,949,703
Short term-loans and advances	3.18	116,396,992	259,620,686
Other current assets	3.19	61,951,675	46,893,294
		298,751,829	646,940,181
TOTAL		1,964,639,906	2,505,150,438
Summary of significant accounting policies			
	2		
The accompanying notes from 1 to 3.46 are an integral part of these financial statements.			

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/ W-100022

Rajesh Mehra
Partner
Membership No: 103145

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

Rahul Puri
Managing Director
DIN: 01925045

Subhash Ghai
Chairman
DIN: 00019803

Parvez A. Farooqui
Executive Director
DIN: 00019853

Prabuddha Dasgupta
Chief Financial Officer

Ravi Poplai
Company Secretary
Membership No: ACS 547

Mumbai
29 May 2015

Mumbai
29 May 2015



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015

(Currency: Indian Rupees)

	Note	31 March 2015	31 March 2014
Revenue from operations			
Sale of products/ film rights	3.20 a	480,583,904	53,968,032
Sale of services	3.20 b	462,379,528	2,746,432,772
Other operating revenue	3.20 c	97,012,451	103,023,005
Total		1,039,975,883	2,903,423,809
Other income	3.21	72,931,681	57,482,613
Total revenue		1,112,907,564	2,960,906,422
Expenses			
Cost of production, distribution, exhibition and theatrical operations	3.22	445,588,826	2,627,797,249
Purchases of food and beverages		24,257,932	12,912,540
Changes in inventories of food and beverages	3.23	(1,141,434)	(46,763)
Employee benefits expense	3.24	70,100,060	62,842,291
Finance costs	3.25	77,089,448	61,875,546
Depreciation and amortisation expense	3.11	358,761,495	56,680,067
Other expenses	3.26	215,492,953	157,503,426
Total expenses		1,190,149,282	2,979,564,356
(Loss) for the year before tax		(77,241,718)	(18,657,933)
(Loss) from continuing operations before tax (note 3.43)		(77,476,770)	(40,620,322)
Tax expenses			
-Current tax (including MAT credit entitlement recognised and utilised)		-	(8,602,612)
- Deferred tax (credit)		(9,399,373)	(3,770,750)
(Loss) from continuing operations after tax		(68,077,397)	(28,246,960)
Profit from discontinuing operations before tax (note 3.43)		235,052	21,962,389
Tax expenses			
-Current tax (including MAT credit entitlement recognised and utilised)		-	8,602,612
- Deferred tax charge		2,066,560	322,039
(Loss) / profit from discontinuing operations after tax		(1,831,508)	13,037,738
(Loss) for the year after tax		(69,908,905)	(15,209,222)
Earnings per equity share ((nominal value of share Rs 5 (31 March 2014: Rs 5))	3.27		
Basic and diluted		(3.10)	(0.67)
Earnings per equity share from continuing operations ((nominal value of share Rs 5 (31 March 2014: Rs 5))			
Basic and diluted		(3.01)	(1.25)
Summary of significant accounting policies	2		
The accompanying notes from 1 to 3.46 are an integral part of these financial statements.			

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/ W-100022

Rajesh Mehra
Partner
Membership No: 103145

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

Rahul Puri
Managing Director
DIN: 01925045

Subhash Ghai
Chairman
DIN: 00019803

Parvez A. Farooqui
Executive Director
DIN: 00019853

Prabuddha Dasgupta
Chief Financial Officer

Ravi Poplai
Company Secretary
Membership No: ACS 547

Mumbai
29 May 2015

Mumbai
29 May 2015

MUKTA ARTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

(Currency: Indian Rupees)

	31 March 2015	31 March 2014
A. Cash flows from operating activities		
Loss for the year before tax	(77,241,718)	(18,657,935)
Adjustments for:		
Depreciation and amortisation expense	358,761,495	56,680,067
Provision for doubtful debts/ advances	(2,397,536)	9,276,342
Bad debts/ advances/ intangible assets under development written-off	23,276,478	12,919,330
Finance costs	77,089,448	61,875,546
Interest income (Other than on income tax refund)	(48,468,516)	(42,422,213)
Interest on income tax refund	(5,484,248)	-
Profit on sale of assets, net	(580,956)	(2,098,795)
Operating cash flow before working capital changes	324,954,447	77,572,342
Adjustment for working capital changes		
Decrease in trade receivables	223,311,832	175,875,186
Decrease in loans and advances, other non-current assets and other current assets	52,424,191	233,917
(Increase) in inventories	(1,141,434)	(46,763)
(Decrease) in trade payables, provisions, other long-term liabilities and other current liabilities	(309,143,949)	(35,377,156)
Cash generated from operations	290,405,087	218,257,526
Income taxes refunded/(paid), net	38,067,158	(24,698,794)
Net cash flow generated from operating activities (A)	328,472,245	193,558,732
B. Cash flows from investing activities		
Interest income	45,904,760	42,422,213
Purchase of fixed assets (tangible and intangible)	(139,574,046)	(318,242,726)
Proceeds from sale of fixed assets	3,930,069	3,509,524
Proceeds from maturity/ (reinvestment) of fixed deposits, net	(281,500)	(156,321)
Investments in equity shares of subsidiaries (Refer note (c) below)	(32,725,000)	(275,000)
	(122,745,717)	(272,742,311)
Income taxes paid on interest income	(1,104,477)	(2,460,057)
Net cash (used in) investing activities (B)	(123,850,194)	(275,202,368)
C. Cash flows from financing activities		
Secured loan (repaid)/taken, net	(125,423,200)	3,371,291
Unsecured loan (repaid)/taken, net	(19,700,000)	137,000,000
Interest paid	(62,387,175)	(59,871,145)
Net cash flow from financing activities (C)	(207,510,375)	80,500,146
Net (decrease) in cash and cash equivalents (A+B+C)	(2,888,324)	(1,143,490)
Cash and cash equivalents as at beginning of the year	8,676,786	9,820,276
Cash and cash equivalents as at end of the year	5,788,462	8,676,786
(Refer note (b) below)		



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015 (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
- Balances with scheduled banks in
- in current accounts
- (c) In the current year, 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.

	-	
Cash on hand	2,244,023	1,481,386
Balances with scheduled banks in		
- in current accounts	3,544,439	7,195,399
	5,788,462	8,676,786

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/ W-100022

Rajesh Mehra
Partner
Membership No: 103145

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

Rahul Puri
Managing Director
DIN: 01925045

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Chairman
DIN: 00019803

Parvez A. Farooqui
Executive Director
DIN: 00019853

Prabuddha Dasgupta
Chief Financial Officer

Ravi Poplai
Company Secretary
Membership No: ACS 547

Mumbai
29 May 2015

Mumbai
29 May 2015

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

(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 2015. 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 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 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 2015 (CONTD.)

(Currency: Indian Rupees)

2.4 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 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

Consequently, depreciation charge for the year ended 31 March 2015 is higher by Rs 7,787,774 due to change in the estimated useful life of certain assets. Further, an amount of Rs 5,167,636 has been adjusted against the opening balance of Retained earnings as on 1 April 2014, in respect of the residual value of assets where the remaining useful life has become 'nil'.

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.,

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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.

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

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(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.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

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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.

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 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 2015

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3.1 Share capital

	31 March 2015	31 March 2014
Authorised		
24,000,000 (31 March 2014: 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 2014: 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)	11,500	11,500
(No. of shares forfeited: 4,000 (31 March 2014: 4,000))		
	112,917,500	112,917,500

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

	31 March 2015		31 March 2014	
	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 2015		31 March 2014	
	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%

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.2 Reserves and surplus

	31 March 2015	31 March 2014
Securities premium account	973,360,000	973,360,000
General reserve		
At the commencement and 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	22,478,578	37,687,801
Less : (Loss) for the year	(69,908,905)	(15,209,223)
Less : Adjustment for depreciation [Refer note 2.4]	(5,167,636)	-
At the end of the year	(52,597,963)	22,478,578
	1,003,906,828	1,078,983,369

3.3 Long-term borrowings

	31 March 2015	31 March 2014
Term loans		
- From banks (Secured)		
- Kotak Mahindra Bank Limited *	144,493,615	243,906,065
(Repayable within a year Rs 69,551,418 (31 March 2014: Rs 99,411,544)		
- Motor vehicle finance loans **	20,085,533	11,556,043
(Repayable within a year Rs 6,298,756 (31 March 2014: Rs 5,310,721)		
Amount disclosed under other current liabilities (note 3.9)	(75,850,174)	(104,722,265)
	88,728,974	150,739,843

- (i) *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



NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 (CONTD.)

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3.3 Long-term borrowings (Continued)

- (i) ** 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 Deferred tax liabilities (net)

Deferred tax liabilities

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 compensated absences and gratuity

Provision for doubtful debts and advances

Rent straightlining

Income tax loss and unabsorbed depreciation

Net deferred tax assets/liabilities

In absence of virtual certainty of realisation of deferred tax assets in the future periods, no deferred tax assets have been recognised as at 31 March 2015

31 March 2015	31 March 2014
12,580,377	16,230,292
10,972,899	-
23,553,276	16,230,292
3,033,676	2,585,314
3,933,693	4,674,531
2,227,872	1,637,634
34,209,228	-
43,404,469	8,897,479
-	7,332,813

3.5 Other long-term liabilities

Security deposits received

Rent straight lining

Income received in advance

31 March 2015	31 March 2014
45,390,869	40,123,493
8,290,387	6,394,487
32,239,816	210,486,420
85,921,072	257,004,400

3.6 Long-term provisions

Provisions for employee benefits

Provision for gratuity (note 3.28)

Provision for compensated absences (note 3.28)

31 March 2015	31 March 2014
5,044,822	4,141,810
2,606,518	2,803,159
7,651,340	6,944,969

3.7 Short-term borrowings

Loans repayable on demand from banks

Cash credit (secured) *

Demand loan (secured) **

Inter corporate deposits (unsecured) ***

31 March 2015	31 March 2014
96,671,238	141,148,478
9,937,000	-
152,200,000	171,900,000
258,808,238	313,048,478

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3.7 Short-term borrowings (Contd.)

* 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. 102,200,000 accepted at interest rate of 10% p.a. repayable on demand provided 30 days advance notice is given to the borrower. Deposit of Rs. 50,000,000 accepted at interest rate of 24% p.a. repayable on demand.

3.8 Trade payables

	31 March 2015	31 March 2014
Dues to micro and small suppliers (also refer note 3.35)	-	-
Others	169,992,208	343,939,763
	169,992,208	343,939,763

3.9 Other current liabilities

	31 March 2015	31 March 2014
Current maturities of term loans (note 3.3)	75,850,174	104,722,265
Dues to venturer (including interest accrued and due Rs 1,061,341 [31 March 2014: Rs 299,396])	11,061,341	12,799,396
Advances from venturer (including interest accrued and due Rs 68,606 [31 March 2014: Rs Nil])	34,568,606	2,500,000
Interest accrued but not due on borrowings	17,446,538	3,574,817
Income received in advance	2,546,605	18,335,815
Advances received for films and other services	30,668,650	18,199,076
Employee benefits expense payable	13,650,911	2,983,751
Creditors for fixed assets	22,972,332	36,076,931
Temporary book overdraft	-	3,443,381
Unclaimed dividends	332,676	643,572
Statutory dues payable*	14,491,177	14,878,402
Security deposits received	8,214,896	6,355,000
Rent straight lining	-	129,993
	231,803,906	224,642,399
*Statutory dues payable includes		
- Provident fund	115,445	258,337
- ESIC	245,094	140,745
- CST/VAT	-	3,283,338
- Service tax	-	2,631,245
- TDS payable	12,644,621	7,160,785
- Profession tax	36,857	39,570
- ET/INR/Show tax	1,449,160	1,364,382

3.10 Short-term provisions

	31 March 2015	31 March 2014
Provisions for employee benefits		
Provision for Compensated absence (note 3.28)	2,071,004	1,421,742
Provision for gratuity (note 3.28)	95,379	-
Provision for taxation	2,743,457	8,175,162
(Net of advance tax and tax deducted at source Rs 73,334,391; 31 March 2014: Rs 68,877,486)		
	4,909,840	9,596,904

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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	
Gross block												
As at 1 April 2013	240,000,320	409,304,314	2,500,000	3,510,661	655,315,295	228,190,272	182,767,643	223,069,315	46,581,661	40,836,432	12,495,261	733,940,584
Additions	-	22,603,108	-	-	22,603,108	-	49,504,641	21,399,551	6,049,898	11,863,035	7,159,016	95,976,141
Disposals	-	-	-	-	-	-	-	12,495,207	4,014,934	-	14,000	16,524,141
Other adjustment	-	-	-	(690,596)	(690,596)	-	-	-	-	-	690,596	690,596
As at 31 March 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
Accumulated Depreciation/Amortisation												
As at 1 April 2013	239,473,387	401,680,232	2,231,748	2,265,038	645,650,405	44,537,724	24,844,715	170,315,874	37,109,907	24,049,512	6,667,966	307,525,698
Charge for the year	526,933	13,816,409	53,650	222,612	14,619,604	5,863,172	13,700,898	11,243,735	3,516,845	3,842,714	3,893,097	42,060,461
Deduction	-	-	-	-	-	-	-	9,123,156	3,548,790	-	-	12,671,946
As at 31 March 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 (refer note 5)	-	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 (refer note 1)	-	-	-	-	-	-	-	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
Net block												
As at 31 March 2014	-	16,410,781	214,602	332,415	16,957,798	177,789,376	193,726,671	59,537,206	11,538,663	24,807,241	9,769,810	477,168,967
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

Intangible assets under development

Balance as at 1 April 2013	84,692,154
Additions (net)	214,084,465
As at 31 March 2014	298,776,619
Balance as at 1 April 2014	298,776,619
Additions (net)	(291,431,468)
As at 31 March 2015	7,345,151

Capital Work-in-progress

Balance as at 1 April 2013	66,633,518
Additions (net)	8,701,435
As at 31 March 2014	75,334,953
Balance as at 1 April 2014	75,334,953
Additions (net)	(20,161,747)
As at 31 March 2015	55,173,206

1. 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 is higher by Rs 7,787,774.

2. 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 19,731,971 (31 March 2014 : Rs 20,791,454). The gross value of the assets leased out is Rs 171,964,829 (31 March 2014 : Rs 181,553,550). Accumulated depreciation of the asset leased out is Rs 28,501,705 (31 March 2014 : Rs 23,733,504). The depreciation recognised in the Statement of profit and loss for the assets leased out during the year is Rs 4,413,258 (31 March 2014 : Rs 5,025,239).

3. Ownership premises costing Rs 5,000,000 (31 March 2014: Rs Nil) purchased by the Company during the year is not yet registered in the name of the Company.

4. 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)
- The overdraft facility availed by Mukta V N Films Limited, a subsidiary company, as at 31 March 2015 is Rs 120,000,000 (31 March 2014: Rs Nil) and this facility is secured by exclusive charge by way of mortgage of immovable property of the Company (WDV as on 31 March 2015: Rs 4,561,184)

5. Charge for the year for negative rights includes assets written off aggregating to Rs 4,074,083.



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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 (CONTD.)

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3.12 Non - current investments

(Valued at cost unless stated otherwise)

Trade investments	31 March 2015		31 March 2014	
	% of holding	Amount	% of holding	Amount
Investments in equity share of subsidiaries (un-quoted)				
(a) Connect 1 Limited 594 (31 March 2014: 594) equity shares of Rs 1,000 each, fully paid-up.	99%	594,000	99%	594,000
(b) Whistling Woods International Limited 169,997 (31 March 2014: 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 (31 March 2014: 4,996) equity shares of Rs 100 each, fully paid-up.	99.92%	499,600	99.92%	499,600
(d) Corusant Tec Private Limited 750,000 (31 March 2014: 750,000) equity shares of Rs 10 each, fully paid-up.	100%	9,900,000	100%	9,900,000
(e) Mukta VN Films Limited 3,300,000 (31 March 2014: 27,500) equity shares of Rs 10 each, fully paid-up.	55%	33,000,000	55%	275,000
		<u>213,990,600</u>		<u>181,265,600</u>
Investment in preference shares of subsidiary (un-quoted)				
(a) 200,000 (31 March 2014: 200,000) 8% Redeemable cumulative preference shares of Whistling Woods International Limited of Rs 1,000 each, fully paid-up (note 3.40). 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.		200,000,000		200,000,000
		<u>200,000,000</u>		<u>200,000,000</u>
Other non-current investments				
Investment in equity instruments-others (un-quoted)				
(a) Maya Digital Studios Private Limited 3,065,219 (31 March 2014: 1,000,000) equity shares of Rs 10 each, fully paid-up		18,392,188		10,000,000
(b) Bashiron Co. Op. Housing Society Limited 10 equity Shares (31 March 2014: 10) of Rs 50 each *		500		500
(c) Bait-Ush-Sharaf Co. Op. Housing Society Limited 15 equity Shares (31 March 2014: 15) of Rs 50 each *		750		750
		<u>18,393,438</u>		<u>10,001,250</u>
* pledged as security against borrowings (refer Note 3.3 and 3.7)		<u>432,384,038</u>		<u>391,266,850</u>
Aggregate value of unquoted investments		432,384,038		391,266,850



(Currency: Indian Rupees)

3.13 Long-term loans and advances

	31 March 2015	31 March 2014
To parties other than related parties		
<i>(Unsecured, considered good)</i>		
Capital advances		
- Tangible assets	20,639,940	22,098,828
- Intangible assets under development	27,546,360	23,689,635
	48,186,300	45,788,463
Security deposits	33,246,867	22,036,091
Advance tax (including tax deducted at source) (net of provision for tax Rs 114,352,519; [31 March 2014: Rs 113,377,519])	69,368,771	106,278,909
Other payments to Maharashtra Film, Stage and Cultural Development Corp Limited (note 3.41)	104,538,000	-
Service tax credit receivable	800,000	1,240,000
	256,139,938	175,343,463
To related parties		
<i>(Unsecured, considered good)</i>		
Security deposits to subsidiary companies		
- Whistling Woods International Limited (note 3.40)	30,000,000	30,000,000
- Connect.1 Limited	1,950,000	1,950,000
Security deposits to Proprietary concern of the Chairman of the Company		
- Mukta Arts	300,000	300,000
Advances to Whistling Woods International Limited, subsidiary of the Company (note 3.40)	327,000,000	380,000,000
	359,250,000	412,250,000
	615,389,938	587,593,463
<p>'Security deposit' under loans and advances to related parties include Rs 300,000 (31 March 2014 : 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.</p>		

3.14 Other non-current assets

(Unsecured, considered good)

	31 March 2015	31 March 2014
Other bank balances (note 3.17)	1,130,000	9,119,549
Interest accrued on fixed deposits	23,159	1,043,170
Rent straight lining	553,320	948,888
	1,706,479	11,111,607

3.15 Inventories

(valued at lower of cost and net realisable value)

	31 March 2015	31 March 2014
Food and beverages	2,360,909	1,219,475
	2,360,909	1,219,475

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.16 Trade receivables

	31 March 2015	31 March 2014
Receivables outstanding for a period exceeding six months from the date they became due for payment		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	41,154,129	52,088,226
(c) Doubtful	1,791,088	3,659,675
Less: Provision for doubtful receivables	1,791,088	3,659,675
	41,154,129	52,088,226
Other receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	43,555,696	259,168,797
(c) Doubtful	-	528,949
Less: Provision for doubtful receivables	-	528,949
	43,555,696	259,168,797
	84,709,825	311,257,023
Trade receivables (unsecured, considered good) include Rs Nil (31 March 2014: Rs 1,679,800) due from 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 as listed below:		
- Coruscant Tec Private Limited (wholly-owned subsidiary)	-	1,679,800

3.17 Cash and bank balances

	31 March 2015	31 March 2014
Cash and cash equivalents		
Cash on hand	2,244,023	1,481,387
Balance with banks		
-in current accounts	3,544,439	7,195,399
	5,788,462	8,676,786
Other bank balances		
Balance in dividend account	332,676	643,572
Deposits under lien		
- Bank deposits due to mature within twelve months of the reporting date	27,211,290	18,629,345
- Bank deposits due to mature after twelve months of the reporting date	1,130,000	9,119,549
	28,673,966	28,392,466
Less : Bank deposits due to mature after twelve months of the reporting date have been disclosed under non-current assets (note 3.14)	(1,130,000)	(9,119,549)
	33,332,428	27,949,703



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

(Currency: Indian Rupees)

3.18 Short-term loans and advances

(Unsecured, considered good unless otherwise stated)

To parties other than related parties

Sundry advance to distributor, producer, employees, etc.

Considered good

Considered doubtful

Less : Provision for doubtful advances

Prepaid expenses

Service tax credit receivable

VAT credit receivable

Inter-corporate deposit

To related parties

Advance to Mukta Tele Media Limited, subsidiary of the Company

	31 March 2015	31 March 2014
	37,681,786	205,346,557
	10,939,309	10,939,309
	48,621,095	216,285,866
	10,939,309	10,939,309
	37,681,786	205,346,557
	3,404,662	2,290,558
	17,689,295	-
	14,513,596	-
	30,444,669	38,870,587
	103,734,008	246,507,702
	12,662,984	13,112,984
	116,396,992	259,620,686

3.19 Other current assets

(Unsecured, considered good)

Rent straight lining

Interest accrued on advances to Whistling woods International Limited (refer note 3.41)

Interest accrued on other advances

Interest accrued on fixed deposits

Unbilled revenue

	31 March 2015	31 March 2014
	527,124	275,805
	37,188,264	35,870,587
	10,544,572	8,425,918
	2,468,420	2,320,984
	11,223,295	-
	61,951,675	46,893,294

3.20 Revenue from operations

(a) Sale of products/ film rights

Own Film/ Content production

Food and beverages

(b) Sale of services

Distribution/Exhibition, theatrical and film production services

Distribution and exhibition

Equipment hire income

Box office collection

Sale of tickets

Less: Entertainment tax

(c) Other operating revenue

Rent and amenities charges

Excess provision written back

Sundry balances written back

Other income from theatrical operations

	31 March 2015		31 March 2014	
	412,305,021		18,674,907	
	68,278,883	480,583,904	35,293,125	53,968,032
	250,799,183		2,615,574,647	
	3,065,406		4,283,365	
	255,495,306		153,219,695	
	(46,980,367)	462,379,528	(26,644,935)	2,746,432,772
	71,458,192		75,818,801	
	-		7,366,659	
	6,468,894		5,183,390	
	19,085,365	97,012,451	14,654,155	103,023,005
		1,039,975,883		2,903,423,809

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.21 Other income

	31 March 2015	31 March 2014
Interest income on bank deposits	2,699,974	2,740,234
Interest income on others	45,768,542	39,681,979
Interest on income tax refund	5,484,248	-
Keyman insurance claim received	-	11,875,000
Business support services	9,600,000	-
Profit on sale of assets, (net)	580,956	2,098,795
Miscellaneous income (net)	8,797,961	1,086,605
	72,931,681	57,482,613

3.22 Cost of production, distribution, exhibition and theatrical operations

	31 March 2015	31 March 2014
Own production - publicity, print, dubbing etc.	107,995,869	18,410,780
Distributor and producers share	334,009,319	2,610,673,661
Operator's share of profit / (loss) in theatrical operations	3,212,702	(1,731,436)
Other direct cost of theatrical operations	370,936	444,244
	445,588,826	2,627,797,249

3.23 Changes in inventories of food and beverages

	31 March 2015	31 March 2014
Inventories at the end of the year		
Food and beverages	2,360,909	1,219,475
	2,360,909	1,219,475
Inventories at the beginning of the year		
Food and beverages	1,219,475	1,172,712
	1,219,475	1,172,712
(Increase) in inventories	(1,141,434)	(46,763)

3.24 Employee benefits expense

	31 March 2015	31 March 2014
Salaries, wages and bonus (notes 3.30 and 3.39)	61,858,249	57,061,539
Contribution to provident, gratuity and other funds (note 3.28)	4,964,908	3,807,151
Compensated absences (note 3.28)	704,238	780,120
Staff welfare	2,572,665	1,193,481
	70,100,060	62,842,291

3.25 Finance costs

	31 March 2015	31 March 2014
a) Interest cost on		
- Term loan	27,765,079	28,360,572
- Cash credit /demand loan facilities	17,878,197	13,746,538
- Car loan	2,568,280	2,164,087
- Inter corporate deposits	26,538,714	11,567,834
- Others	2,319,178	4,646,328
b) Processing fees	20,000	1,390,187
	77,089,448	61,875,546



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.26 Other expenses

	31 March 2015	31 March 2014
Rent	53,055,411	36,242,205
Legal and professional fees	29,083,521	28,179,108
Electricity charges	31,034,815	16,652,084
Bad debts/ advances/ intangible assets written-off	23,276,478	14,157,046
Provision for doubtful debts and advances	-	9,276,342
Repairs and maintenance		
Buildings	3,213,403	8,009,668
Plant and machinery	1,603,419	805,152
Others	3,873,950	235,959
Security charges	13,807,186	7,048,845
Rates and taxes	23,486,063	6,658,935
Business promotion	5,876,009	6,496,341
Motor vehicle expenses	2,193,581	2,782,483
Printing and stationery	1,237,290	1,919,552
Communication	2,192,757	1,887,658
Insurance	2,314,318	1,841,472
Bank charges	837,511	-
Brokerage and commission	279,750	1,751,940
Travelling expenses	3,258,161	1,702,612
Payment to auditor (Refer details below)	1,619,200	1,626,949
Miscellaneous expenses	13,250,131	10,229,075
	215,492,953	157,503,426
Payment to auditor (excluding service tax)		
As auditor:		
Statutory audit	750,000	750,000
Limited review of quarterly results	750,000	750,000
Reimbursement of expenses	119,200	126,949
	1,619,200	1,626,949

3.27 Earnings per equity share:

	31 March 2015		31 March 2014	
	Total	Continuing operations	Total	Continuing operations
a) Net (loss)/ profit after tax attributable to shareholders	(69,908,905)	(68,077,397)	(15,209,224)	(28,246,962)
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	(3.10)	(3.01)	(0.67)	(1.25)
e) Dilutive EPS	(3.10)	(3.01)	(0.67)	(1.25)
f) Nominal value per share	5	5	5	5

3.28 Disclosure pursuant to accounting standard - 15 (Revised) 'Employee benefits'

(i) Defined contribution plans

Contribution to provident fund - amount of Rs 2,743,172 (31 March 2014: Rs 2,320,242) and ESIC - amount of Rs 646,260 (31 March 2014: Rs 690,471) is recognized as an expense and included in "Employee benefits expense" in the Statement of profit and loss.

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.28 Disclosure pursuant to accounting standard - 15 (Revised) 'Employee benefits' (Contd.)

(ii) 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 704,238 (31 March 2014: Rs 780,120) is recognized as an expense in the Statement of profit and loss.

Actuarial assumptions	31 March 2015	31 March 2014
Discount rate (p.a)	7.95%	8.85%
Salary escalation rate (p.a)	8.00%	8.00%

(iii) 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.

	31 March 2015	31 March 2014
A) Change in present value of defined benefit obligation		
Opening defined benefit obligation	9,919,551	8,748,992
Current service cost	744,964	652,401
Interest cost	760,878	597,090
Actuarial (gain) / loss	545,541	(29,894)
Benefits paid	(859,577)	(49,038)
Closing defined benefit obligation	11,111,357	9,919,551
B) Change in fair value of plan assets		
Opening fair value of plan assets	5,777,741	4,723,532
Expected return on plan assets	412,188	249,953
Actuarial gain on plan assets	63,719	173,206
Contributions by employer	577,085	680,088
Benefits paid	(859,577)	(49,038)
Closing fair value of plan assets	5,971,156	5,777,741
C) Expenses recognised in the Statement of profit and loss		
Current service cost	744,964	652,401
Interest on defined benefit obligation	760,878	597,090
Expected return on plan assets	(412,188)	(249,953)
Net actuarial (gain)/ loss recognized	481,822	(203,100)
Total expense recognized	1,575,476	796,438
D) Amount recognised in Balance sheet		
Present value of funded obligations	(11,111,357)	(9,919,551)
Fair value of plan assets	5,971,156	5,777,741
Net liability	(5,140,201)	(4,141,810)
E) Actual return on plan assets		
Expected return on plan assets	412,188	249,953
Actuarial gain/(loss) on plan assets	63,719	173,206
Actual return on plan assets	475,907	423,159
F) Actuarial assumptions		
Discount rate (p.a)	7.95%	8.85%
Expected rate of return on assets (p.a)	7.50%	8.75%
Salary escalation rate (p.a)	8%	8%
G) Experience adjustments		
On plan assets	63,719	173,206
On plan liabilities	49,347	465,475
H) Details of plan assets		
LIC managed funds	5,971,156	5,777,741



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.28 Disclosure pursuant to accounting standard - 15 (Revised) 'Employee benefits' (Contd.)

G) Experience adjustments

	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Present value of the defined benefit obligation	11,111,357	9,919,551	8,748,992	7,471,543	7,907,683
Fair value of the plan assets	5,971,156	5,777,741	4,723,532	3,956,524	4,281,507
Deficit	(5,140,201)	(4,141,810)	(4,025,460)	(3,515,019)	(3,626,176)
Experience adjustment on defined benefit obligation	49,347	465,475	(109,839)	47,723	(199,427)
Experience adjustment on plan assets	63,719	173,206	121,901	126,151	109,821

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 5,000,000 is contribution is expected to be paid to its defined benefit plan in next year (31 March 2014 : Rs 2,000,000).

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.

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 53,055,411 (31 March 2014: Rs 36,242,205) 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 2015	31 March 2014
Amounts due within one year	11,046,490	6,468,267
Amounts due after one year but not later than five years	41,171,719	20,186,918
Amounts due later than five years	51,402,884	56,985,045
	103,621,093	83,640,230

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 19,731,971 (31 March 2014: Rs 20,791,454) has been included under 'Rent and amenities charges' in the Statement of profit and loss.

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

	31 March 2015	31 March 2014
Amounts due within one year	6,385,836	10,668,356
Amounts due after one year but not later than five years	4,931,624	13,942,460
	11,317,460	24,610,816

The carrying amount of assets is as follows :

	Ownership premises	
	31 March 2015	31 March 2014
Gross block	171,964,829	181,553,550
Accumulated depreciation	28,501,705	23,733,504
Net block	143,463,124	157,820,046
Depreciation for the year	4,413,258	5,025,239

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 25,276,002 (31 March 2014: Rs 25,322,762) has been included under 'Rent and amenities charges' in the Statement of profit and loss.

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

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

	31 March 2015	31 March 2014
Amounts due within one year	1,274,350	1,686,149
Amounts due after one year but not later than five years	-	-
	1,274,350	1,686,149

The carrying amount of assets is as follows :

	31 March 2015	31 March 2014
Gross block	85,029,667	84,022,759
Accumulated depreciation	22,559,501	17,942,268
Net block	62,470,166	66,080,491
Depreciation for the year	4,617,233	4,866,555

3.30 Capitalisation of expenditure

During the year, the Company has capitalised the salaries, wages and bonus amounting to Rs 4,031,186 (31 March 2014: Rs 3,627,737) and other expenses amounting to Rs 2,391,092 (31 March 2014 : Rs 2,267,244) 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

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

3.32 Related party disclosures

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2015 are summarized below:

A Parties where control exists

(i) Shareholders holding more than 50%

- 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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.32 Related party disclosures (Continued)

B Transactions with related parties for the year ended 31 March 2015 and March 2014 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	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Rendering of services - Sale of products						
Coruscant Tec Private Limited	1,588,644	6,127,626	-	-	-	-
Mukta VN Films Limited	1,974,120	-	-	-	-	-
Receiving of services						
Ashok Ghai - Professional fees paid	-	-	2,655,198	2,580,000	-	-
Connect. 1 Limited - Rent	240,000	240,000	-	-	-	-
Mukta Arts - Rent	-	-	-	-	60,000	60,000
Interest income						
Whistling Woods International Limited	37,412,740	37,563,329	-	-	-	-
Mukta VN Films Limited	6,106,881	-	-	-	-	-
Salaries and other benefit						
Siraj Farooqui	-	-	2,806,574	2,725,480	-	-
Sameer Farooqui	-	-	662,300	595,000	-	-
Sajid Farooqui	-	-	634,415	602,040	-	-
Managerial remuneration						
Subhash Ghai	-	-	4,062,150	4,138,588	-	-
Subhash Ghai - Film Director fees	-	-	2,100,000	11,000,000	-	-
Parvez A. Farooqui	-	-	2,784,540	2,691,554	-	-
Rahul Puri	-	-	2,814,574	2,729,644	-	-
Reimbursement of expenses received by the Company						
Whistling Woods International Limited	723,846	673,587	-	-	-	-
Mukta VN Films Limited	7,575,520	-	-	-	-	-
Business support service income						
Mukta VN Films Limited	9,600,000	-	-	-	-	-
Reimbursement of expenses paid by the Company						
Whistling Woods International Limited	1,217,187	179,544	-	-	-	-
Loan given during the year						
Whistling Woods International Limited	-	21,750,000	-	-	-	-
Mukta VN Films Limited	65,500,000	-	-	-	-	-
Loan repaid during the year						
Whistling Woods International Limited	53,000,000	4,050,000	-	-	-	-
Mukta VN Films Limited	65,500,000	-	-	-	-	-
Advances given during the year						
Coruscant Tec Private Limited	800,000	805,800	-	-	-	-
Advances received during the year						
Coruscant Tec Private Limited	800,000	805,800	-	-	-	-
Loan receivable						
Whistling Woods International Limited	327,000,000	380,000,000	-	-	-	-
Amount receivable						
Whistling Woods International Limited	-	493,341	-	-	-	-
Interest receivable						
Whistling Woods International Limited	37,188,264	35,377,246	-	-	-	-
Payables						
Mukta Arts	-	-	-	-	-	60,000
Mukta VN Films Limited	41,975,753	-	-	-	-	-

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.32 Related party disclosures (Continued)

Transactions	Subsidiary companies		Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Siraj Farooqui			990,126	-		
Sameer Farooqui			47,200	-		
Sajid Farooqui			51,195	-		
Subhash Ghai			414,000	-		
Parvez A. Farooqui			1,051,460	-		
Rahul Puri			984,026	-		
Connect 1. Limited	806,000	608,000				
Trade receivables						
Coruscant Tec Private Limited	-	1,679,800	-	-	-	-
Advances receivable						
Mukta Tele Media Ltd	12,662,984	13,112,984	-	-	-	-
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
Personal guarantee given jointly by Mr. Subhash Ghai and Mrs. Mukta Ghai for secured loans taken from Kotak Mahindra Bank						
Security given towards loan backed by corporate guarantee (Mortgage of immovable property)						
Mukta VN Films Limited	120,000,000					
Letter of support to Whistling Woods International Limited						
(Also refer note 3.41)						

3.33 Disclosure as per Clause 32 of the Listing agreement

Name of the Company	Balance as at		Maximum outstanding during the year	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
(a) Particulars in respect of loans and advances in the nature of loans to subsidiary/ associate companies				
- Whistling Woods International Limited	364,188,264	415,377,246	380,000,000	415,377,246
- Mukta Tele Media Limited	12,662,984	-	13,112,984	-
- Mukta V N Films Limited *	-	-	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 advances to subsidiary companies where there is no repayment schedule				
- Whistling Woods International Limited	364,188,264	415,377,246	380,000,000	415,377,246
- Mukta Tele Media Limited	12,662,984	-	13,112,984	-

* Though the loan given to the subsidiary was not in compliance with the provisions of Section 185 of the Act, the same was squared off by year-end.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.34 Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for aggregate to Rs Nil (31 March 2014: Rs 6,129,756).

3.35 Contingent liabilities

	31 March 2015	31 March 2014
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	-
c) Support letter provided to Whistling Woods International Limited, a subsidiary of the Company.		

Notes

- 1) Unless specified, the amounts are excluding penalty and interest, if any, that would be levied at the time of final conclusion.
- 2) The Company is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the financial conditions, results of operations or cash flows.
- 3) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.
- 4) The Company has availed the benefit of payment of customs duty and other duties at a concessional rate on import of capital goods, under the Export Promotion Capital Goods ('EPCG') Scheme, against fulfillment of export commitment over eight years from the date of issue of the license. The Company's bankers have provided guarantees amounting to Rs 18,864,028 (31 March 2014: Rs 19,701,390) 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.

	31 March 2015	31 March 2014
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.	-	-

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

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 2015 (31 March 2014: Rs Nil).

3.38 Expenditure in foreign currency (on accrual basis)

	31 March 2015	31 March 2014
Travelling expenses	352,356	27,555

3.39 Earnings in foreign exchange (on accrual basis)

The Company has no earnings in foreign currency for the year ended 31 March 2015 (31 March 2014: 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 2013-2014 (total remuneration paid aggregates to Rs 125,744,747) 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 subsequent allotment of 20 acre 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 Honourable 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 (including 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 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 previous year, 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 has been 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 of Judicature at Bombay ('High Court'), Maharashtra Film Stage and Cultural Development Corporation ('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 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 104,538,000 by 31 March 2015. 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 Bombay 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 394,188,264 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

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 2015	31 March 2014
Bottled beverages	93,231	5,688
Non bottled beverages	429,649	260,625
Non packaged food items	643,635	626,130
Packing material	52,537	46,735
Others	423	233,534
Total	1,219,475	1,172,712

Information with regards to the sale of food and beverage items

Particulars	Sales	
	31 March 2015	31 March 2014
Bottled beverages	5,198,062	2,274,320
Non bottled beverages	12,108,767	8,407,424
Non packaged food items	47,722,062	21,235,010
Packaged food items	3,249,992	3,376,371
Total	68,278,883	35,293,125

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

Particulars	Closing stock	
	31 March 2015	31 March 2014
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

Value of food and beverage items

Particulars	Consumption	
	31 March 2015	31 March 2014
Imported	-	-
Indigenous	23,116,498	12,865,777
Total	23,116,498	12,865,777

Note: Food and beverages comprise diverse nature of items which may not individually significant in value. Consumption for the year comprises Rs 3,323,871 for bottled beverages, Rs 4,045,853 for non bottled beverages, Rs 15,744,424 for non packaged food items and Rs 2,350 for others.

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
Mukta VN Films Limited, subsidiary of the Company	Unsecured loan given @14% for the purpose of financial support to subsidiary as per Shareholders' Agreement which was 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

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.43 Disclosure pursuant to Section 186 of the Companies Act, 2013 (Contd.)

Movement of loan during the financial years ended 31 March 2015 and 31 March 2014 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 2015	380,000,000	-	53,000,000	327,000,000
	Year ended 31 March 2014	362,300,000	17,700,000	-	380,000,000
Mukta Tele Media Ltd	Year ended 31 March 2015	13,112,984	-	450,000	12,662,984
	Year ended 31 March 2014	13,272,984	-	160,000	13,112,984
Mukta VN Films Limited	Year ended 31 March 2015	-	Rs 65,500,000 was given to and repaid by the subsidiary during the year.	-	-
	Year ended 31 March 2014	-	-	-	-
Neelmudra Entertainment Limited	Year ended 31 March 2015	12,838,015	-	-	12,838,015
	Year ended 31 March 2014	12,838,015	-	-	12,838,015
Om Films Private Limited	Year ended 31 March 2015	17,600,000	-	-	17,600,000
	Year ended 31 March 2014	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 2015: Rs 4,561,184) for the overdraft facility availed by Mukta V N Films Limited, a subsidiary company, as at 31 March 2015. The overdraft limit as per the arrangement is Rs 120,000,000 (31 March 2014: Rs Nil). The overdraft facility will be 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 year.
- In the current year, the Company has adjusted advance amounting to Rs 8,392,188 outstanding from Maya Digital Studios Private Limited ('Maya') by subscribing to equity shares of Maya.

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.44 Discontinuing operations (Contd.)

- (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 2015	31 March 2014
Liabilities		
Non-current liabilities		
Long-term provisions	-	2,200,669
Current liabilities		
Short-term borrowings	-	100,000,000
Trade payables	6,794,032	262,142,499
Other current liabilities	-	945,468
Short-term provisions	-	450,511
Total liabilities	6,794,032	365,739,148
Assets		
Deferred tax asset	-	1,844,897
Current assets		
Trade receivables	11,749,470	260,201,789
Short term-loans and advances	308,730	168,004,270
Total assets	12,058,200	430,050,957

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

	31 March 2015	31 March 2014
Income		
Revenue from operation	62,589,425	2,542,663,594
Expenses		
Cost of operations	61,117,157	2,476,618,698
Employee benefit expense	437,155	14,306,879
Finance cost	465,509	13,746,538
Other expenses	334,552	16,029,090
Total expenses	62,354,373	2,520,701,205
Profit before tax	235,052	21,962,389
Provision for taxation	2,066,560	8,924,651
(Loss)/ Profit after tax	(1,831,508)	13,037,738

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (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 2015	31 March 2014
Cash flows from operating activities		
Profit for the year before tax	235,052	21,962,389
Adjustments for:		
(Increase) in trade receivables	248,452,320	(22,080,156)
(Increase) in loans and advances and other non-current assets	167,695,540	(12,519,638)
Increase in trade payables, provisions, other long-term and other current liabilities	(258,945,116)	17,354,749
Cash generated from operations	157,437,796	4,717,344
Income taxes paid	-	(8,924,651)
Net cash generated from operating activities (A)	157,437,796	(4,207,307)
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	-	4,207,307
Cash flows from financing activities (C)	(100,000,000)	4,207,307

- 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.

Particulars	Old caption	New Caption	Amount (Rs)
Service tax credit receivable	Other current liabilities	Long term loans and advance	1,240,000
Interest accrued on other advances	Short-term loans and advances	Other current assets	8,425,918
Other bank balances (interest accrued on fixed deposits)	Other non-current assets	Other current assets	34,332
Balance with banks	Cash and bank balances	Other current assets	210,034
Other bank balances	Cash and bank balances	Other current assets	2,076,618
Advance to related parties (Interest accrued on advances)	Short-term loans and advances	Other current assets	35,870,587

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/ W-100022

Rajesh Mehra

Partner

Membership No: 103145

For and on behalf of the Board of Directors of Mukta Arts Limited

CIN: L92110MH1982PLC028180

Rahul Puri

Managing Director

DIN: 01925045

Subhash Ghai

Chairman

DIN: 00019803

Parvez A. Farooqui

Executive Director

DIN: 00019853

Prabuddha Dasgupta

Chief Financial Officer

Ravi Poplai

Company Secretary

Membership No: ACS 547

Mumbai

29 May 2015

Mumbai

29 May 2015



Independent Auditors' Report

To the Members of Mukta Arts Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Mukta Arts Limited ('the Parent Company') and its subsidiaries (the Parent Company and its subsidiaries are collectively referred to as 'the Group'), comprising of the consolidated Balance sheet as at 31 March 2015 and the consolidated Statement of profit and loss and consolidated Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

Management's responsibility for the consolidated financial statements

The Parent Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as '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 consolidated 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 Parent 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 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 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 Parent 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 Parent Company has an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent 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 the audit evidence obtained by the 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 consolidated financial statements, remuneration paid to the erstwhile managing director of the Parent Company (including as film director fees) for earlier financial years from 2005-06 to 2013-2014 (total remuneration paid aggregates to Rs 125,744,747) 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 Parent Company to recover the excess remuneration paid during the financial years 2008-09 to 2010-11 and 2011-12 respectively. The Parent Company has requested the authorities to reconsider their orders in respect of the above. Pending final communication from the authorities in this regard, no adjustment has been made in these consolidated financial statements. This matter was also qualified in our report on the consolidated financial statements for the year ended 31 March 2014.

MUKTA ARTS LIMITED

Independent Auditors' Report (Continued)

- (ii) As more fully explained in Note 3.34 to the consolidated financial statements, Whistling Woods International Limited ('WWI'), a subsidiary of the Parent Company, has disputed the demand from Income-tax authorities aggregating to Rs 5,060,974 (31 March 2014: Rs 5,060,974 (including interest Rs 1,902,995 (31 March 2014: Rs 1,902,995) and penalty Rs 413,148 (31 March 2014: Rs 413,148) for the financial years ended 31 March 2004 (assessment year 2004-05) and 31 March 2005 (assessment year 2005-06). No provision has been made in the financial statements in this regard. Had this liability been accrued, the loss for the year and the deficit in Statement of profit and loss at year end would have been higher by Rs 5,060,974 (31 March 2014: Rs 5,060,974). This matter was also qualified in our report on the consolidated financial statements for the year ended 31 March 2014.
- (iii) As more fully explained in Note 3.38 to the consolidated 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') relating to WWI between the Holding Company and Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDCL') and passed consequential orders. WWI's 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 WWI, pursuant to the JVA (in lieu of which equity shares of corresponding value were issued to MFSCDCL), recorded in the books of WWI as land rights at a cost of Rs 30,000,000, had been cancelled and WWI 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 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 the subsidiary and the carrying value of the land rights in the books of account.

Further, MFSCDCL had demanded Rs 832,062,611 towards arrears of rent and interest thereon by letter dated 3 December 2012. Also, as per the High Court Order which is under challenge from the Parent Company and WWI, 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/ WWI, 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 31 March 2014 Rs 188,471,083 (31 March 2013: Rs 198,362,011)) based on the Balance sheet of WWI as at 31 March 2011. In the current year, MFSCDCL vide letter dated 14 July 2014, demanded Rs 591,966,210 towards arrears of rent and interest thereon, up to 31 July 2014, net of value of building determined as above.

The Parent Company and WWI had filed applications to review the said Order with the High Court and an interim stay was granted on 30 July 2014, which required deposit by the parent Company of Rs 100,038,000 by January 2015 against payment of arrears of rent for the years 2000-01 to 2013-14 and payment of Rs 4,500,000 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 22 September 2014. The amounts so paid/ being paid by the Parent Company have been treated as Deposits in the consolidated financial statements to be adjusted on the settlement of the case.

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. This matter was also qualified in our report on the consolidated financial statements for the year ended 31 March 2014.

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, of the consolidated state of affairs of the Group as at 31 March 2015, and the Group's consolidated loss and the Group's consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of Rs 8,048,072 as at 31 March 2015 and total revenues of Rs 845,070 and net cash outflows amounting to Rs 34,964 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) and (11) 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.



Independent Auditors' Report (Continued)

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Parent Company and subsidiary companies incorporated / registered in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by 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, 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 matter 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 Parent Company as at 31 March 2015 and taken on record by the Board of Directors of the Parent Company and the reports of the other statutory auditors of its subsidiary companies, none of the directors of the Group's companies is disqualified as on 31 March 2015 from being appointed as a Director in terms of Section 164 (2) of the Act. Also, in one of the subsidiary companies, consequent to setting aside of the JVA agreement as explained in paragraph (iii) above of the Basis for Qualified Opinion, MFSCDCL has, vide letter dated 26 November 2011, written to the subsidiary company stating that in its view Mr. Shyam Tagade, Nominee Director of MFSCDCL on the Board of Directors of the subsidiary company, ceases to be on the Board. Accordingly, written representation as required in terms of Section 164(2) of the Act has not been received from Mr. Shyam Tagade; and
 - (g) With respect to the other matters to be included in the Auditors' 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Notes 3.34 and 3.38 to the consolidated financial statements;
 - ii. The Parent 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 Company and its subsidiary companies incorporated in India.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
29 May 2015

MUKTA ARTS LIMITED

Annexure to the Independent Auditors' Report on the consolidated financial statements - 31 March 2015

As stated in paragraph 1 of our report on 'Other Legal and Regulatory requirements' in our Independent Auditors' Report of even date, the following statement is based on the comments in the respective Independent Auditors' Report on the standalone financial statements of the Parent Company and its subsidiary companies.

- (i) (a) The Parent Company and its subsidiary companies have 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 for the Parent Company and tagging and updating of quantities is yet to be completed for one subsidiary.
- (b) The Parent Company and its subsidiary companies have a regular programme of physical verification of fixed assets by which all assets are verified over a period ranging from one to two years. In the opinion of the respective statutory auditors, this periodicity of physical verification is reasonable having regard to the size of the respective company and the nature of assets. In accordance with the above programme, the subsidiary companies have verified a portion of the fixed assets during the year and no material discrepancies were noticed on such verification. The Parent Company has not carried out a physical verification of any of its fixed assets during the year.
- (ii) (a) The inventory of food and beverages has been physically verified by the management of the Parent Company during the year. In our opinion, the frequency of such verification is reasonable. All the subsidiary companies are in the business of rendering services and consequently do not hold inventories. Accordingly, the provisions of Clause 3 (ii) of the said Order is not applicable to the subsidiaries.
- (b) The procedures for the physical verification of inventories followed by the management of the Parent Company are reasonable and adequate in relation to the size of the Parent Company and the nature of its business.
- (c) The Parent Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Parent Company and its subsidiary companies have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained by these companies under Section 189 of the Act. Accordingly, provisions of clause 3 (iii) (a) and clause 3 (iii) (b) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations obtained by the statutory auditors of the Parent Company and its subsidiary companies and having regard to the explanation that certain services rendered/rights sold by the Parent Company are of a specialised nature and are rendered/sold to specific buyers and suitable alternative sources are not available to obtain comparable quotations, these companies have an adequate internal control system commensurate with the respective size of each company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services, except that in respect of the Parent Company and one subsidiary, controls relating to customer contracting and tracking of amounts billable need to be further strengthened and, controls over recording of inventories (food and beverage items) and controls relating to purchase of fixed assets need to be further strengthened in respect of the Parent Company. The respective statutory auditors have not observed any other major weaknesses in the internal control system during the course of the audit.
- (v) The Group has not accepted any deposits from the public.
- (vi) According to the information and explanations given to the respective statutory auditors, the Central Government has not prescribed the maintenance of cost records under the Section 148 of the Act for any of the food and beverage items sold/services rendered by the Parent Company and the subsidiary companies.
- (vii) (a) According to the information and explanations given to the respective statutory auditors and on the basis of the examination of the records of the Parent Company and its subsidiary companies by their respective statutory auditors, details of undisputed, material statutory dues deducted/accrued in the books of account that have been deposited during the year with the authorities are as follows:
 - 1. Value added tax and sales tax have been regularly deposited by the Group except for significant delays in deposit by the Parent Company. One subsidiary did not have any dues on account of Value added tax and sales tax.
 - 2. Service tax has been regularly deposited by the Group except for significant delays in deposit by a subsidiary.
 - 3. Income tax has been regularly deposited by the Group except for significant delays in deposit by the Parent Company and one subsidiary.
 - 4. Provident fund and Employees' State Insurance has been regularly deposited by the Group except for a few delays in deposit by the Parent Company. One subsidiary did not have any dues on account of Provident Fund and Employees' State Insurance.
 - 5. The Group has been generally regular in depositing excise duty, customs duty and wealth tax. Two subsidiaries and the Parent Company did not have any such dues.



Annexure to the Independent Auditors' Report on the consolidated financial statements - 31 March 2015 (Contd.)

6. The Group has been generally regular in depositing Profession tax except for one subsidiary which has not paid the dues pending registration. Three subsidiaries did not have any dues on account of Profession tax.

According to the information and explanations given to us, the following undisputed statutory dues are outstanding as at 31 March 2015 for a period of more than six months from the date they became payable:

Name of the company and relationship	Name of the statute	Nature of dues	Amount (Rs)	Period to which it relates	Due date
Mukta Arts Limited, the Parent Company	Maharashtra Value Added Tax Act, 2002	Value-added tax	842,867	June 2014	July 2014
Mukta Arts Limited, the Parent Company	Gujarat Value Added Tax Act, 2003	Value-added tax	653,019	September 2013 to March 2014	October 2013 to April 2014
Mukta Arts Limited, the Parent Company	Gujarat Value Added Tax Act, 2003	Value-added tax	77,214	April 2013 to August 2013	May 2013 to September 2013
Mukta Arts Limited, the Parent Company	The Income Tax Act, 1961	Tax deducted at source	1,862,635	June 2014 to August 2014	July 2014 to September 2014
Mukta VN Films Limited, Subsidiary	Maharashtra State Tax on Professions, Trades, Callings and Employments Act	Profession Tax	2,400	July 2014 to August 2014	August 2014 to September 2014

- (b) According to the information and explanations given to the respective auditors of the Parent Company and its subsidiary companies, the following dues of service tax have not been deposited on account of disputes:

Name of the company and relationship	Name of the statute	Nature of dues	Amount (Rs)*	Period to which the amount relates	Forum where the dispute is pending
Mukta Arts Limited, the Holding Company	Chapter V of the Finance Act, 1994	Service Tax	875,000	November 1996 - November 2001	Customs, Excise & Service Tax Appellate Tribunal
*- excludes amount deposited under protest Rs 800,000					

In case of a subsidiary, amounts paid/refund due and adjusted against matters under dispute with income tax authorities for Assessment year 2004-05 and Assessment year 2005-06 aggregate to Rs 5,087,074.

Except for the above, there are no dues of income tax, sales tax, value added tax, service tax, customs duty and excise duty which have not been deposited with appropriate authorities on account of any disputes.

- (c) According to the information and explanations given to and on the basis of the examination by the statutory auditors of the records of the Parent Company and the subsidiary companies, the amounts required to be transferred (by the Parent Company) to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder have been transferred to such fund within time and the subsidiary companies did not have any dues on account of Investor Education and Protection Fund.
- (viii) In respect of one subsidiary, as a period of five years has not elapsed since the date of incorporation as at the balance sheet date, the provisions of paragraph 4(viii) of the Order relating to accumulated losses is not applicable.
- In respect of the Parent Company and other subsidiaries,
- Except one subsidiary, the Parent Company and other subsidiaries have accumulated losses exceeding fifty percent of net worth on a standalone basis.
 - The Parent Company and three subsidiaries have not incurred cash losses in the current year on a standalone basis. One subsidiary has incurred cash losses in the current financial year on a standalone basis.
 - The Parent Company and one subsidiary have not incurred cash losses in the previous financial year on a standalone basis. Three subsidiaries have incurred cash losses in the previous financial year on a standalone basis.
- On a consolidated basis, the Parent Company and its subsidiaries do not have any accumulated losses at the end of the year and have not incurred cash losses during the year and in the immediately preceding financial year.
- (ix) In the opinion of the respective statutory auditors of the Parent Company and its subsidiary companies and according to the information and explanations given to them, the Group has not defaulted in repayment of dues to financial institutions or banks, except for details which are stated below:

MUKTA ARTS LIMITED

(Amount in Rupees)

Name of the Company and relationship	Particulars	Delay up to 30 days	Delay in range 31-60 days	Delay in range 61-90 days	Delay in range 91-120 days	Total amount
Mukta Arts Limited, Parent Company	Loan re-payment (including interest) to Kotak Mahindra Bank Limited	48,733,982	14,325,876	7,108,813	5,166,774	75,335,445
Whistling Woods International Limited, Subsidiary	Loan re-payment (including interest) to Kotak Mahindra Prime Limited	42,000	-	-	-	42,000

The above dues have been paid before the year end and there is no continuing default as on the Balance sheet date.

The Group did not have any outstanding dues to any debenture-holders during the year.

- (x) According to the information and explanations given to the statutory auditors of the Parent Company and the subsidiary companies, the Group has not given any guarantees for loans taken by others from bank and others.
- (xi) In the opinion of the respective statutory auditors and according to the information and explanations given to them, the term loans taken by the Parent Company and one of the subsidiary companies have been applied for the purpose for which they were raised.
- (xii) According to the information and explanations given to the statutory auditors of the Parent Company and its subsidiary companies, no instances of fraud on or by each company have been noticed or reported during the course of audit by the statutory auditors of the Parent Company and the subsidiary companies.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Mumbai
29 May 2015

Rajesh Mehra

Partner

Membership No: 103145



CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

(Currency: Indian Rupees)

	Notes	31 March 2015	31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1	112,917,500	112,917,500
Reserves and surplus	3.2	319,326,740	414,898,378
		432,244,240	527,815,878
Minority interest	3.2 (a)	34,563,274	216,702
Non-current liabilities			
Long-term borrowings	3.3	153,039,993	183,250,887
Deferred tax liabilities (net)	3.4 (a)	-	7,332,813
Other long term liabilities	3.5	109,593,493	271,183,399
Long-term provisions	3.6	12,430,485	9,650,420
		275,063,971	471,417,519
Current liabilities			
Short-term borrowings	3.7	468,386,938	313,048,478
Trade payables	3.8	279,085,534	371,972,840
Other current liabilities	3.9	319,422,127	305,596,226
Short-term provisions	3.10	5,430,697	9,908,880
		1,072,325,296	1,000,526,424
TOTAL		1,814,196,781	1,999,976,523
ASSETS			
Non-current assets			
Fixed assets	3.11		
Tangible fixed assets		761,141,119	766,335,025
Intangible fixed assets		54,095,873	18,832,481
Capital work-in-progress		55,173,206	75,334,953
Intangible fixed assets under development		9,281,205	299,845,773
		879,691,403	1,160,348,232
Non-current investments	3.12	18,393,938	10,001,750
Deferred tax assets (net)	3.4 (b) & (c)	23,927	-
Long-term loans and advances	3.13	274,731,488	206,381,372
Other non-current assets	3.14	2,970,324	11,480,949
		1,175,811,080	1,388,212,303
Current assets			
Inventories	3.15	2,360,909	1,219,475
Trade receivables	3.16	418,396,797	321,511,695
Cash and bank balances	3.17	35,592,558	29,380,882
Short-term loans and advances	3.18	148,104,494	247,637,452
Other current assets	3.19	33,930,943	12,014,716
		638,385,701	611,764,220
TOTAL		1,814,196,781	1,999,976,523
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 and on behalf of the Board of Directors of
Mukta Arts Limited
CIN: L92110MH1982PLC028180

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/ W-100022

Rahul Puri
Managing Director
DIN: 01925045

Subhash Ghai
Chairman
DIN: 00019803

Parvez A. Farooqui
Executive Director
DIN: 00019853

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
29 May 2015

Prabuddha Dasgupta
Chief Financial Officer

Ravi Poplai
Company Secretary
Membership No: ACS 547

Mumbai
29 May 2015

MUKTA ARTS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015

(Currency: Indian Rupees)

	Note	31 March 2015	31 March 2014
Income			
Revenue from operations	3.20	1,313,979,432	3,082,756,139
Other income	3.21	37,309,643	45,433,474
Total income		1,351,289,075	3,128,189,613
Expenses			
Cost of services rendered	3.22	443,614,706	2,627,797,249
Purchases of food and beverages		24,257,932	12,912,540
Changes in inventories of food and beverages	3.23	(1,141,434)	(46,763)
Employee benefits expense	3.24	130,611,668	106,147,083
Finance costs	3.25	96,070,625	66,443,832
Depreciation and amortisation	3.11	392,417,051	85,511,960
Other expenses	3.26	356,079,210	305,983,101
Total expenses		1,441,909,758	3,204,749,002
(Loss) before tax		(90,620,683)	(76,559,389)
Tax expenses:			
- Current tax (including MAT credit entitlement recognised and utilised)		2,165,380	326,687
- Deferred tax (credit)		(7,356,740)	(3,448,711)
(Loss) for the year after tax and before minority interest		(85,429,323)	(73,437,365)
Less: Minority interest		1,568,109	(14,639)
(Loss) for the year after tax		(86,997,432)	(73,422,726)
Earnings per equity share ((nominal value of share Rs 5 (31 March 2014 : Rs 5))	3.27		
Basic and diluted		(3.85)	(3.25)
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 and on behalf of the Board of Directors of
Mukta Arts Limited**
CIN: L92110MH1982PLC028180

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/ W-100022

Rahul Puri
Managing Director
DIN: 01925045

Subhash Ghai
Chairman
DIN: 00019803

Parvez A. Farooqui
Executive Director
DIN: 00019853

Rajesh Mehra
Partner
Membership No: 103145

Prabuddha Dasgupta
Chief Financial Officer

Ravi Poplaji
Company Secretary
Membership No: ACS 547

Mumbai
29 May 2015

Mumbai
29 May 2015



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

(Currency: Indian Rupees)

	31 March 2015	31 March 2014
A. Cash flows from operating activities		
(Loss) for the year before tax	(90,620,683)	(76,559,389)
Adjustments for:		
Depreciation and amortisation expense	392,417,051	85,511,960
Provision for doubtful debts/ advances	(3,124,659)	10,440,159
Bad debts/ advances/ intangible assets under development written-off	23,502,861	12,919,330
Finance costs	96,070,625	66,443,832
Interest income (Other than on income tax refund)	(5,195,880)	(5,118,217)
Interest on income tax refund	(5,923,739)	(983,608)
(Profit) on sale of assets, net	(1,201,859)	(13,691,848)
Operating cash flow before working capital changes	405,923,717	78,962,219
Adjustment for working capital changes		
Decrease/ (increase) in trade receivables	(98,502,511)	177,858,034
Decrease/ (increase) in loans and advances, other non-current assets and other current assets	(46,598,526)	29,845,941
(Increase) in inventories	(1,141,434)	(46,763)
(Decrease) in trade payables and other liabilities	(210,967,803)	(19,074,643)
Cash generated from operations	48,713,443	267,544,788
Income taxes refunded/(paid), net	41,078,999	(36,230,435)
Net cash generated from operating activities (A)	89,792,442	231,314,353
B. Cash flows from investing activities		
Interest income	3,946,133	5,118,217
Purchase of fixed assets (tangible and intangible)	(149,055,645)	(333,705,537)
Proceeds from sale of fixed assets	4,583,075	17,539,104
Proceeds from maturity/ (reinvestment) of fixed deposits, net	(281,500)	(2,444,326)
	(140,807,937)	(313,492,542)
Income taxes paid on interest income	(1,104,477)	(2,485,707)
Net cash (used in) investing activities (B)	(141,912,414)	(311,006,835)
C. Cash flows from financing activities		
Secured loan taken, net	115,805,015	4,261,523
Unsecured loan taken/(repaid), net	(19,700,000)	137,000,000
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	(79,044,416)	(62,614,813)
Net cash flow from financing activities (C)	50,060,599	78,646,710
Net (decrease) in cash and cash equivalents (A+B+C)	(2,059,373)	(1,045,772)
Cash and cash equivalents as at beginning of the year	10,107,965	11,153,737
Cash and cash equivalents as at end of the year (Refer note (b) below)	8,048,592	10,107,965
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	2,466,982	2,205,813
Balances with scheduled banks in - in current accounts	5,581,610	7,902,152
	8,048,592	10,107,965
(c) In the current year, 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 and on behalf of the Board of Directors of
Mukta Arts Limited

CIN: L92110MH1982PLC028180

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/ W-100022

Rahul Puri

Managing Director

DIN: 01925045

Subhash Ghai

Chairman

DIN: 00019803

Parvez A. Farooqui

Executive Director

DIN: 00019853

Rajesh Mehra

Partner

Membership No: 103145

Prabuddha Dasgupta

Chief Financial Officer

Ravi Poplai

Company Secretary

Membership No: ACS 547

Mumbai

29 May 2015

Mumbai

29 May 2015

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

(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 2015. 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 2015. 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 2015 (CONTD.)

(Currency: Indian Rupees)

2. Summary of significant accounting policies (Continued)

Sr. No.	Name of the subsidiary	Country of incorporation	% of shareholding in 2015	% of shareholding in 2014
1	Whistling Woods International Limited	India	84.99%	84.99%
2	Connect 1 Limited	India	99.00%	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 2015 (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

Consequently, depreciation charge for the year ended 31 March 2015 is higher by Rs 16,288,477 due to change in the estimated useful life of certain assets. Further, an amount of Rs 8,598,925 has been adjusted against the opening balance of reserves as on 1 April 2014, in respect of the residual value of assets where the remaining useful life has become 'nil'.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

2. Summary of significant accounting policies (Continued)

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/ 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

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

2. Summary of significant accounting policies (Continued)

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.

(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 2015

(Currency: Indian Rupees)

3.1 Share capital

	31 March 2015	31 March 2014
Authorised		
24,000,000 (31 March 2014: 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 2014: 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 2014: 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 2015		31 March 2014	
	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 2015		31 March 2014	
	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 2015	31 March 2014
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	(641,606,412)	(568,183,686)
Add : (Loss) for the year	(86,997,432)	(73,422,726)
Less : Adjustment for depreciation [Refer note 2.4]	(8,574,206)	-
Net deficit in the consolidated Statement of profit and loss	(737,178,050)	(641,606,412)
Total reserve and surplus	319,326,740	414,898,378

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

(Currency: Indian Rupees)

3.3 Long term borrowings

	31 March 2015	31 March 2014
a) Term loans		
- From banks (Secured)		
- Kotak Mahindra Bank Limited *	144,493,615	243,906,067
(Repayable within a year Rs 69,551,418 (31 March 2014: Rs 99,411,544)		
- Motor vehicle finance loans **	20,524,050	12,583,536
(Repayable within a year Rs 6,737,271 (31 March 2014: Rs 5,899,696)		
b) Inter-corporate deposits		
- From Mukta Tele Arts Private Limited, a related party (unsecured) ##	26,811,017	32,072,524
- From others (unsecured)***	37,500,000	-
Amount disclosed under the head - other current liabilities (note 3.9)	(76,288,689)	(105,311,240)
	153,039,993	183,250,887

	31 March 2015	31 March 2014
## Loans from related parties include loans from entity with common director		
Mukta Tele Arts Private Limited	26,811,017	32,072,524
(No terms of repayment have been specified. Interest is charged at 13.5% p.a)		

- (i) * 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
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 installment 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 installment 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 installment 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 installment 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 installment 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 installment of Rs 1,281,208

- (ii) ** The motor vehicle finance loans taken by the Company are secured against the related vehicles. Repayment schedule is as detailed below:

Lender	Repayment schedule
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 installment of Rs 274,248
ICICI Bank Limited	Outstanding amount of loan Rs 2,411,854 will be repayable in 30 equated monthly installment of Rs 75,650 and 27 equated monthly installment of Rs 18,490
Kotak Mahindra Prime Limited	Outstanding amount of loan Rs 438,517 will be repayable in 11 equated monthly installment of Rs 42,000

- (iii) *** Deposit of Rs 37,500,000 accepted from Serene Securities Private Limited at interest rate of 10% p.a. No terms of repayment have been specified.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.4 (a) Deferred tax liability, net

Deferred tax liability

Arising on account of timing differences in:

Depreciation/ amortisation	12,580,377	16,230,292
Adjustments as per Rule 9A/9B of Income-tax Rules, 1962	10,972,899	-

23,553,276

Deferred tax assets

Arising on account of timing differences in:

Provision for employee benefits	3,033,676	2,585,314
Provision for doubtful debts and advances	3,933,693	4,674,531
Rent straightlining	2,227,872	1,637,634
Income tax loss and unabsorbed depreciation	34,209,228	-

43,404,469

Net deferred tax assets/liabilities

-

7,332,813

In absence of virtual certainty of realisation of deferred tax assets in the future periods, no deferred tax assets have been recognised as at 31 March 2015

3.4 (b) Deferred tax assets, net

Deferred tax liabilities

Arising on account of timing differences in:

Depreciation/ amortisation	13,629,321	16,073,398
	13,629,321	16,073,398

Deferred tax assets

Arising on account of timing differences in:

Unabsorbed depreciation allowance and carried forward business loss	83,519,837	204,171,267
Expenditure covered by section 43B of Income-tax Act, 1961	246,119	402,425
Provision for employee benefits	1,539,085	876,466
Provision for doubtful debts and advances	154,344	379,025

85,459,385

Net deferred tax assets

-

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

3.4 (c) Deferred tax assets, net

Deferred tax liability

Deferred tax asset

Arising on account of timing differences in:

Depreciation/ amortisation	23,927	-
	23,927	-

Net deferred tax asset

23,927

3.5 Other long-term liabilities

	31 March 2015	31 March 2014
Security deposits received	68,821,949	54,302,493
Trade payable	241,341	-
Rent straight lining	8,290,387	6,394,486
Income received in advance	32,239,816	210,486,420
	109,593,493	271,183,399

3.6 Long-term provisions

Provisions for employee benefits

Provision for gratuity (note 3.28)

Provision for compensated absences (note 3.28)

Provision for taxation

Provision for Fringe benefits tax (net of advance tax Rs 1,733,688 (31 March 2014: Rs 1,733,688))

	31 March 2015	31 March 2014
	7,560,080	5,375,675
	4,808,371	4,212,711
	62,034	62,034
	12,430,485	9,650,420

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.7 Short-term borrowings

Loans repayable on demand from banks

Cash credit (secured) *

Bank overdraft (secured)**

Demand loan (secured) ***

Inter corporate deposits

-From other than related parties (unsecured)****

31 March 2015	31 March 2014
96,671,238	141,148,478
209,578,700	-
9,937,000	-
152,200,000	171,900,000
468,386,938	313,048,478

* 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 3 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. 102,200,000 accepted at interest rate of 10% p.a. repayable on demand provided 30 days advance notice is given to the borrower. Deposit of Rs. 50,000,000 accepted at interest rate of 24% p.a. repayable on demand.

3.8 Trade payables

Dues to micro and small suppliers (also refer note 3.35)

Others

31 March 2015	31 March 2014
-	-
279,085,534	371,972,840
279,085,534	371,972,840

3.9 Other current liabilities

Current maturities of term loans (note 3.3)

Dues to venturer (including interest accrued and due Rs 1,061,341 [31 March 2014: Rs 299,396])

Advances from venturer (including interest accrued and due Rs 68,606 [31 March 2014: Rs Nil])

Interest accrued but not due on borrowings

Income received in advance

Advances received for film and other services

Employee benefits expense payable

Creditors for fixed assets

Temporary book overdraft

Unclaimed dividends

Statutory dues payable*

Security deposits received

Others

31 March 2015	31 March 2014
76,288,689	105,311,240
11,061,341	12,799,396
34,568,607	2,500,000
21,295,697	5,100,039
53,665,572	55,638,209
28,308,550	21,660,345
17,536,711	6,906,109
25,516,227	39,588,290
692,059	5,013,392
332,676	643,572
17,486,845	18,859,094
32,612,089	31,272,872
57,064	303,668
319,422,127	305,596,226

*Statutory dues payable includes:

- Provident fund

- ESIC

- CST/ VAT payable

- Service tax payable

- TDS payable

- Profession tax

- ET/ INR/ Show tax payable

31 March 2015	31 March 2014
468,128	364,478
255,721	151,973
-	3,283,338
740,829	3,356,575
14,496,250	10,276,252
52,607	40,970
1,473,310	1,385,508

3.10 Short-term provisions

Provisions for employee benefits

Provision for compensated absences (note 3.28)

Provision for gratuity (note 3.28)

Provision for taxation

(Net of advance tax and tax deducted at source Rs 73,533,062 (31 March 2014: Rs 69,040,342))

31 March 2015	31 March 2014
2,418,286	1,614,786
95,379	63,841
2,917,032	8,230,253
5,430,697	9,908,880

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.11 Fixed assets

	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 2013	240,000,320	409,304,314	2,500,000	6,184,859	8,810,583	19,934,577	686,734,653	30,000,000	236,382,035	666,964	278,718,006	182,767,643	408,805,954	51,932,515	77,254,751	140,125,772	1,406,653,640
Additions	-	22,603,109	-	-	650,540	722,829	23,976,478	-	-	-	-	49,504,641	22,441,698	6,080,498	13,909,971	9,349,137	101,285,945
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	12,495,207	4,014,934	-	-	16,608,976
Other adjustment	-	-	-	-	-	-	(690,596)	-	-	-	-	-	-	-	-	690,596	690,596
As at 31 March 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	(823,175)	18,577,075
Other adjustment	-	-	-	-	-	-	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	156,586,585	1,576,054,946
Accumulated Depreciation/Amortisation																	
As at 1 April 2013	239,473,387	401,680,232	2,231,748	6,112,579	8,574,378	17,214,723	675,287,047	-	47,765,918	666,964	80,355,995	24,844,715	298,138,089	39,670,013	54,533,158	122,862,114	668,836,946
Charge for the year	526,933	13,816,409	53,650	14,456	596,471	893,088	15,901,007	-	6,111,351	-	9,890,928	13,700,998	15,448,782	4,243,924	11,234,693	8,980,377	69,610,953
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	9,130,155	3,548,790	-	82,775	12,761,720
Other adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 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 (refer note 5)	-	294,465,421	214,602	15,801	557,592	2,686,930	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustment (refer note 1)	-	-	-	-	-	-	469,578	-	-	-	-	-	3,098,416	107,399	1,649,290	3,274,242	15,208,218
Other adjustment	-	-	-	-	-	-	244,270	-	-	-	-	-	-	-	-	(244,270)	(244,270)
As at 31 March 2015	240,000,320	709,962,062	2,500,000	6,142,836	9,729,441	21,508,589	989,842,248	-	60,066,663	666,964	99,399,611	60,274,576	320,498,601	48,001,814	85,121,334	142,884,265	816,913,827
Net block																	
As at 31 March 2014	-	16,410,782	214,602	57,824	290,274	1,858,999	18,832,481	30,000,000	182,504,766	-	188,471,083	183,726,671	114,295,749	13,632,932	25,396,871	18,306,954	766,335,025
As at 31 March 2015	-	44,426,452	-	67,023	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	13,702,320	761,141,119
Capital work-in-progress																	
Balance as at 1 April 2013				66,633,518													87,462,113
Additions (net)				8,701,435													212,383,660
As at 31 March 2014				75,334,953													299,845,773
Balance as at 1 April 2014				75,334,953													299,845,773
Additions (net)				20,161,747													(290,564,568)
As at 31 March 2015				55,173,206													9,281,205

- 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 is higher by Rs 16,288,477.
- 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 19,731,971 (31 March 2014 : Rs 20,791,454). The gross value of the assets leased out is Rs 171,964,829 (31 March 2014 : Rs 181,553,550). Accumulated depreciation of the asset leased out is Rs 28,501,705 (31 March 2014 : Rs 23,733,504). The depreciation recognised in the Statement of profit and loss for the assets leased out during the year is Rs 4,413,258 (31 March 2014 : Rs 5,025,239).
- Ownership premises costing Rs 5,000,000 (31 March 2014: Nil) purchased by the Company during the year, is not yet registered in the name of the Company.
- Tangible/Intangible assets given as security
- Charge for the year for negative rights includes assets written off aggregating to Rs 4,074,083.
- # As the Company had perpetual right to use the land, the same was not amortised. (Also refer Note 3.38)



MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.12 Non-current investments

(Valued at cost unless stated otherwise)

Other non-current investments

Investment in equity instruments-others (un-quoted)

- (a) Maya Digital Studios Private Limited 3,065,219 (31 March 2014: 1,000,000) equity shares of Rs 10 each, fully paid-up. {Refer note 3.39(b)}
- (b) Bashiron Co. Op. Housing Society Limited 10 equity shares (31 March 2014 : 10) of Rs 50 each *
- (c) Bait-Ush-Sharaf Co. Op. Housing Society Limited 25 equity shares (31 March 2014 : 25) of Rs 50 each *

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

Aggregate value of unquoted investments

31 March 2015	31 March 2014
18,392,188	10,000,000
500	500
1,250	1,250
18,393,938	10,001,750
18,393,938	10,001,750

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 Rs 114,352,519 (31 March 2014: Rs 113,377,519))"

Payments to Maharashtra Film, Stage and Cultural Development Corp Limited (note 3.38)

Other loans and advances

Service tax credit receivable

To related parties

(Unsecured, considered good)

- Security deposits to proprietary concern of the chairman of the Company
- Mukta Arts

31 March 2015	31 March 2014
21,251,222	22,685,628
27,546,360	23,689,635
48,797,582	46,375,263
37,199,727	25,974,151
78,841,580	126,858,987
104,538,000	-
4,254,599	5,632,971
800,000	1,240,000
274,431,488	206,081,372
300,000	300,000
300,000	300,000
274,731,488	206,381,372

"Security deposit" under loans and advances to related parties include Rs 300,000 (31 March 2014 : 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)

- Other bank balance (note 3.17)
- Interest accrued on fixed deposits
- Rent straightlining
- Trade receivable
- Other receivable

31 March 2015	31 March 2014
1,170,443	9,159,992
28,301	1,044,644
553,320	948,888
890,835	-
327,425	327,425
2,970,324	11,480,949



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.15 Inventories

(valued at lower of cost and net realisable value)

	31 March 2015	31 March 2014
Foods and beverages	2,360,909	1,219,475
	2,360,909	1,219,475

3.16 Trade receivables

	31 March 2015	31 March 2014
Receivables outstanding for a period exceeding six months from the date they became due for payment		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	59,053,456	54,060,143
(c) Doubtful	2,290,582	4,886,292
Less: Provision for doubtful receivables	(2,290,582)	(4,886,292)
	59,053,456	54,060,143
Other receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	359,343,341	267,451,552
(c) Doubtful	-	528,949
Less: Provision for doubtful receivables	-	(528,949)
	359,343,341	267,451,552
	418,396,797	321,511,695

3.17 Cash and bank balances

	31 March 2015	31 March 2014
Cash and cash equivalents		
Cash in hand	2,466,982	2,205,813
Balance with banks		
- in current accounts	5,581,610	7,902,152
	8,048,592	10,107,965
Other bank balances		
Balance in dividend account	332,676	643,572
Deposits under lien		
- Bank deposits due to mature within twelve months of the reporting date	27,211,290	18,629,345
- Bank deposits due to mature after twelve months of the reporting date	1,170,443	9,159,992
	28,714,409	28,432,909
Less : Bank deposits due to mature after twelve months of the reporting date have been disclosed under non-current assets (note 3.14)	(1,170,443)	(9,159,992)
	35,592,558	29,380,882

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2015 (CONTD.)

(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 2015	31 March 2014
74,079,864	204,725,467
10,939,309	10,939,309
85,019,173	215,664,776
10,939,309	10,939,309
74,079,864	204,725,467
4,376,396	3,384,573
18,201,946	656,825
14,513,596	-
30,444,669	38,870,587
6,488,023	-
148,104,494	247,637,452

3.19 Other current assets

(Unsecured, considered good)

Rent straight lining

Interest accrued on advances

Interest accrued on fixed deposits

Unbilled revenue

Other receivables

31 March 2015	31 March 2014
527,124	275,805
10,544,572	8,425,918
2,468,420	2,320,984
20,366,057	969,500
24,770	22,509
33,930,943	12,014,716

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

Excess provision written back

Sundry balances written back

Sale of prospectus/application

forms /re-examination fees

Facilitation charges recovered

from students

Re-examination fees

	31 March 2015		31 March 2014	
	410,716,377		12,547,281	
	68,278,883	478,995,260	35,293,125	47,840,406
	309,528,700		2,615,574,647	
	3,065,406		4,283,365	
	108,072,500		54,713,700	
	6,557,480		1,635,211	
	94,145,947		112,766,318	
	521,370,033		2,788,973,241	
	255,495,306		153,219,695	
	(46,980,367)		(26,644,935)	
	208,514,939	729,884,972	126,574,760	2,915,548,001
	71,458,192		75,818,801	
	19,085,365		14,654,155	
	3,315,507		7,299,750	
	497,365		6,809,960	
	1,855,482		797,299	
	-		7,371,100	
	6,468,894		4,680,806	
	1,097,713		853,397	
	759,522		725,214	
	561,160	105,099,200	357,250	119,367,732
	1,313,979,432		3,082,756,139	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.21 Other income

	31 March 2015	31 March 2014
Interest income on bank deposits	2,699,974	2,740,234
Interest income on others	2,495,906	2,377,983
Interest on income tax refund	5,923,739	983,608
Other non-operating income		
Keyman insurance claim received	-	11,875,000
Profit on sale of assets, (net)	1,201,858	13,691,848
Hire charges	6,970,010	11,491,643
Sundry balance written back	1,177,896	-
Miscellaneous income	16,701,605	2,037,336
Discount received	138,655	235,822
	37,309,643	45,433,474

3.22 Cost of services rendered

	31 March 2015	31 March 2014
Own production - publicity, print, dubbing etc.	107,995,869	18,410,780
Distributor and producers share	332,035,199	2,610,673,661
Other direct cost of theatrical operations	370,936	444,244
Operator's share in profit/(loss) in theatrical operations	3,212,702	(1,731,436)
	443,614,706	2,627,797,249

3.23 Changes in inventories of food and beverages

	31 March 2015	31 March 2014
Inventories at the end of the year		
Foods and beverages	2,360,909	1,219,475
	2,360,909	1,219,475
Inventories at the beginning of the year		
Foods and beverages	1,219,475	1,172,712
	1,219,475	1,172,712
(Increase) in inventories	(1,141,434)	(46,763)

3.24 Employee benefits expense

	31 March 2015	31 March 2014
Salaries and other benefits (notes 3.30 and 3.37)	115,537,708	95,533,419
Contribution to provident and other funds (note 3.28)	8,163,767	5,590,116
Compensated absences (note 3.28)	1,604,312	978,327
Staff welfare	5,305,881	4,045,221
	130,611,668	106,147,083

3.25 Finance costs

	31 March 2015	31 March 2014
a) Interest cost on		
- Term loan	27,765,079	28,360,572
- Cash credit facilities	21,180,285	16,468,643
- Car loan	2,645,485	2,315,577
- Unsecured loan	39,113,339	13,262,525
- Others	2,319,178	4,646,328
b) Processing cost and other charges	3,047,259	1,390,187
	96,070,625	66,443,832

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.26 Other expenses

	31 March 2015	31 March 2014
Legal and professional fees	83,252,033	69,581,287
Business promotion	27,199,399	36,726,392
Rent (Note 3.29)	53,357,410	36,525,832
Electricity charges	47,907,893	32,168,587
Repairs		
Buildings	12,281,562	17,266,865
Plant and machinery	1,603,419	805,153
Others	3,876,083	240,427
Bad debts/ advances/ intangibles under development written-off	23,502,861	17,012,447
Sets/ student practicals	11,238,900	16,851,828
Provision for doubtful debts and advances	499,494	10,440,159
Rates and taxes	25,396,571	9,097,756
Travelling expenses	8,580,971	7,512,576
Printing and stationery	4,525,500	5,903,195
Motor vehicle expenses	3,584,216	3,843,554
Communication	4,111,134	3,649,024
Scholarships awards	1,657,586	3,624,928
Insurance	3,646,587	3,130,813
Bank charges	26,361	-
Brokerage and commission	486,863	2,419,874
Payment to auditors	2,981,672	2,179,984
Miscellaneous expenses	36,362,695	27,002,420
	356,079,210	305,983,101

3.27 Earnings per equity share:

	31 March 2015	31 March 2014
a) Consolidated net (loss) after tax	(86,997,432)	(73,422,726)
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	(3.85)	(3.25)
e) Dilutive EPS	(3.85)	(3.25)
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 4,479,541 (31 March 2014 : Rs 3,524,318) and ESIC - amount of Rs 827,357 (31 March 2014: Rs 868,679) 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 1,604,312 (31 March 2014: 978,327) is recognized as an expense in the Statement of profit and loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.28 Gratuity and other post employment benefit plans (Continued)

Actuarial assumptions	31 March 2015	31 March 2014
Discount rate (p.a)	7.90% to 7.95%	8.85% to 9.35%
Salary escalation rate (p.a)	6% to 8%	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.

	31 March 2015	31 March 2014
A) Change in defined benefit obligation		
Opening defined benefit obligation	12,115,346	10,602,668
Current service cost	1,181,172	1,026,676
Interest cost	1,001,201	772,977
Actuarial (gain)/ loss	1,182,269	(94,274)
Benefits paid	(961,915)	(192,701)
Closing defined benefit	14,518,073	12,115,346
B) Change in fair value of plan assets		
Opening fair value of plan assets	6,739,671	5,704,198
Expected return on plan assets	517,205	339,026
Actuarial (loss)/gain on plan assets	(9,432)	169,234
Contributions by employer	577,085	719,914
Benefits paid	(961,915)	(192,701)
Closing fair value of plan assets	6,862,614	6,739,671
C) Expenses recognised in the Statement of profit and loss		
Current service cost	1,181,172	1,026,676
Interest on defined benefit obligation	1,001,201	772,977
Expected return on plan assets	(517,205)	(339,026)
Net actuarial (gain)/ loss recognized	1,191,701	(263,508)
Total expense recognized	2,856,869	1,197,119
D) Amount recognised in Balance sheet		
Present value of funded obligations	(14,518,073)	(12,115,346)
Fair value of plan assets	6,862,614	6,739,671
Net liability	(7,655,459)	(5,375,675)
E) Actual return on plan assets		
Expected return on plan assets	517,205	339,026
Actuarial gain/(loss) on plan assets	(9,432)	169,234
Actual return on plan assets	507,773	508,260
F) Actuarial assumptions		
Discount rate (p.a)	7.90% to 7.95%	8.85% to 9.35%
Expected rate of return on assets (p.a)	7.50%	7.50% to 8.75%
Salary escalation rate (p.a)	6% to 8%	6% to 8%
G) Experience adjustments		
On plan assets	(9,432)	169,234
On plan liabilities	87,066	989,967
H) Details of plan assets		
LIC managed funds	6,862,614	6,739,671

G) Experience adjustments

	2015	2014	2013	2012	2011
Present value of the defined benefit obligation	14,518,073	12,115,346	10,602,668	9,026,270	9,220,652
Fair value of the plan assets	6,862,614	6,739,671	5,704,198	5,072,028	5,334,840
Deficit	(7,655,459)	(5,375,675)	(4,898,470)	(3,954,242)	(3,885,812)
Experience adjustment on defined benefit obligation	87,066	989,967	(206,230)	(87,443)	(377,413)
Experience adjustment on plan assets	(9,432)	169,234	115,270	129,774	114,892

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 6,000,000 is contribution is expected to be paid to its defined benefit plan in next year (31 March 2014 : Rs 3,000,000).

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

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 53,357,410 (31 March 2014: Rs 36,525,832) 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 2015	31 March 2014
Amounts due within one year	11,046,490	6,468,267
Amounts due after one year but not later than five years	41,171,719	20,186,918
Amounts due later than five years	-	-
Amounts due later than five years	51,402,884	56,985,045
	103,621,093	83,640,230

(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 19,731,971 (31 March 2014: Rs 20,791,454) 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 2015	31 March 2014
Amounts due within one year	6,385,836	10,668,356
Amounts due after one year but not later than five years	4,931,624	13,942,460
	11,317,460	24,610,816

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

	31 March 2015	31 March 2014
Gross block	171,964,829	181,553,550
Accumulated depreciation	28,501,705	23,733,504
Net block	143,463,124	157,820,046
Depreciation for the year	4,413,258	5,025,239

(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 25,276,002 (31 March 2014: Rs 25,322,762) 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 2015	31 March 2014
Amounts due within one year	1,274,350	1,686,149
Amounts due after one year but not later than five years	-	-
	1,274,350	1,686,149



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.29 Lease disclosure under AS 19 – 'Leases' (Continued)

The carrying amount of assets is as follows :

	31 March 2015	31 March 2014
Gross block	85,029,667	84,022,759
Accumulated depreciation	22,559,501	17,942,268
Net block	62,470,166	66,080,491
Depreciation for the year	4,617,233	4,866,555

3.30 Capitalisation of expenditure

During the year, the Company has capitalised salaries, wages and bonus amounting to Rs 4,031,186 (31 March 2014: Rs 3,627,737) and other expenses amounting to Rs 2,391,092 (31 March 2014: Rs 2,267,244) 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 2015	31 March 2014
Segment revenue		
Software division	733,854,878	2,659,936,936
Equipment division	3,065,406	9,391,104
Education	214,616,495	178,894,171
Theatrical exhibition	295,879,187	176,522,040
Others	71,698,192	88,397,049
Total	1,319,114,158	3,113,141,300
Less : Inter segment revenue	5,134,726	15,063,015
Net sales/ Income from operations	1,313,979,432	3,098,078,285
Segment results		
(Loss)/ profit before tax, interest and exceptional items from each segment		
Software division	10,482,975	(27,173,847)
Equipment division	(3,766,571)	(2,766,750)
Education	5,278,441	(25,739,869)
Theatrical exhibition	(5,415,729)	1,494,791
Others	62,589,618	64,806,880
Total	69,168,734	10,621,205
Less: Finance costs	96,070,625	66,443,832
Unallocated expenses, net of unallocable income	63,718,792	20,736,762
Total (loss) before tax	(90,620,683)	(76,559,389)
Segment assets		
Software division	644,373,331	905,829,210
Equipment division	30,217,030	32,119,368
Education	288,781,687	310,354,833
Theatrical exhibition	363,304,020	294,824,643
Others	197,570,177	169,747,832
Unallocable (includes advance for tax, net of provision for tax)	570,833,779	495,645,360

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.31 Segment information (Continued)

Particulars	31 March 2015	31 March 2014
Segment liabilities		
Software division	348,544,700	646,356,283
Equipment division	750,966	871,958
Education	206,023,436	119,471,749
Theatrical exhibition	132,360,432	61,210,593
Others	58,521,008	45,605,885
Unallocable (includes provision for tax, net of advance tax and minority interest)	916,635,240	807,163,197
Capital expenditure		
Software division	43,265,501	238,437,175
Equipment division	-	1,804,210
Education	8,273,473	7,695,285
Theatrical exhibition	62,930,793	94,288,123
Others	912,769	642,066
Unallocable	13,865,923	3,149,674
Depreciation and amortization		
Software division	299,623,847	19,539,596
Equipment division	4,762,029	7,148,862
Education	33,107,946	28,324,996
Theatrical exhibition	38,627,526	15,978,620
Others	9,035,864	9,547,227
Unallocable	7,259,840	4,972,659
Capital employed		
(Segment assets - Segment liabilities)		
Software division	295,828,630	259,472,927
Equipment division	29,466,064	31,247,410
Education	82,758,251	190,883,084
Theatrical exhibition division	230,943,587	233,614,050
Others	139,049,169	124,141,947
Unallocable (includes minority interest)	(345,801,462)	(311,517,837)

The Group has disclosed Business Segments as the primary segment.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.32 Related party disclosures

Details of related parties including summary of transaction entered into by the Group during the year ended 31 March 2015 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 2015 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 2015	31 March 2014	31 March 2015	31 March 2014
Receiving of services				
Ashok Ghai - Professional fees	2,655,198	2,580,000	-	-
Mukta Arts - Rent	-	-	60,000	60,000
Employee benefits expense				
Siraj Farooqui	2,806,574	2,725,480	-	-
Sameer Farooqui	662,300	595,000	-	-
Sajid Farooqui	634,415	602,040	-	-
Managerial remuneration				
Subhash Ghai	4,062,150	4,138,588	-	-
Subhash Ghai - Film Director fees	2,100,000	11,000,000	-	-
Parvez A. Farooqui	2,784,540	2,691,554	-	-
Rahul Puri	2,814,574	2,729,644	-	-
Remuneration to director of subsidiary company				
Meghna Ghai Puri	2,482,057	2,489,304	-	-
Loan received during the year				
Mukta Tele Arts Private Limited	-	-	800,000	34,500,001
Loan repaid during the year				
Mukta Tele Arts Private Limited	-	-	6,061,507	2,427,477

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

Interest on loan during the year				
Mukta Tele Arts Private Limited	-	-	4,009,036	1,694,691
Unsecured loan-Closing				
Mukta Tele Arts Private Limited	-	-	26,811,017	32,072,524
Interest accrued but not due on borrowings				
Mukta Tele Arts Private Limited	-	-	3,608,132	1,525,222
Payables				
Mukta Arts	-	-	-	60,000
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 Kotak Mahindra Bank				

3.33 Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for aggregate to Rs Nil (31 March 2014: Rs 6,129,756).

3.34 Contingent liabilities

	31 March 2015	31 March 2014
Claims not acknowledged as debt		
- Service tax matters (note 1)	1,675,000	1,675,000
- Local levies	23,478,300	22,865,198

* 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 guarantees amounting to Rs 18,864,028 (31 March 2014: Rs 19,701,390) 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-fulfilment of the terms and conditions of the EPCG scheme.
- 5) Matters in respect of Whistling Woods International Limited (WWI) -Income tax

Assessment year 2004-05

"There were certain additions/ disallowances made in the assessment and the Department had raised a demand of Rs. 2,898,895 (including interest Rs 711,905). Aggrieved by the assessment order, WWI had filed an appeal with the C.I.T (Appeals) who confirmed the additions/ disallowances. WWI subsequently filed an appeal with the Income Tax Appellate Tribunal which was also dismissed and the amount was paid by WWI/ adjusted against refunds due of earlier assessment years by the income tax authorities. 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 WWI preferred an appeal before C.I.T (Appeals) who, by Order dated 4 February 2013, upheld the order of Assessing officer. WWI has filed an appeal against the said Order before Hon. Tribunal on 23 April 2013.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.34 Contingent liabilities (Contd.)

WWI had received an Order under section 154 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. WWI 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 WWI with the C.I.T (Appeals) who confirmed the penalty. WWI 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). WWI 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 524,063 (including interest Rs 106,950) and the amount was paid by WWI/adjusted against refunds due of earlier assessment years by the income tax authorities. Aggrieved by the assessment Order, WWI had filed an appeal with the C.I.T (Appeals) who confirmed the additions/ disallowances. WWI 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. WWI has filed an appeal against the said order before Hon. Tribunal on 23 April 2013. The Assessing officer has also levied penalty u/s 271(1)(c) of Rs 413,148 which was contested by WWI and the same has been appealed on 22 April 2014. WWI has not accrued for the liability as it is contesting these matters and management believes that its position will be upheld.

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 2015	31 March 2014
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.		

3.36 Foreign currency exposures not covered by forward contracts

Particulars	Currency	31 March 2015		31 March 2014	
		Amount in Foreign currency	Amount in Rs.	Amount in Foreign currency	Amount in Rs.
Cash on hand	USD	1,950	122,051	1,000	59,758
	THB	-	-	120	220
Capital advance	USD	2,000	125,181	-	-

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.37 Managerial remuneration

Total remuneration paid to the erstwhile managing director (including as film director fees) of Mukta for earlier financial years from 2005-06 to 2013-2014 (total remuneration paid aggregates to Rs 125,744,747) 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 The Hon'ble High Court of Judicature at Bombay ('High Court') through its order of 9 February 2012, had quashed the Joint Venture Agreement ('JVA') relating to WWI between Mukta and Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDCL') and passed consequential orders. WWI's 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 WWI, pursuant to the JVA (in lieu of which equity shares of corresponding value were issued to MFSCDCL), recorded in the books of the WWI as land rights at a cost of Rs 30,000,000, had been cancelled and WWI 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 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 the subsidiary and the carrying value of the land rights in the books of account. Further, MFSCDCL had demanded Rs 832,062,611 towards arrears of rent and interest thereon by letter dated 3 December 2012. Also, as per the High Court Order which is under challenge from Mukta and WWI, 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 Mukta/ WWI, 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 31 March 2014 Rs 188,471,083 (31 March 2013: Rs 198,362,011)) based on the Balance sheet of the Company as at 31 March 2011. In the current year, MFSCDCL vide letter dated 14 July 2014, demanded Rs 591,966,210 towards arrears of rent and interest thereon, up to 31 July 2014, net of value of building determined as above. Mukta and WWI had filed applications to review the said Order with the High Court and an interim stay was granted on 30 July 2014 which required deposit by the Company of Rs 100,038,000 by January 2015 against payment of arrears of rent for the years 2000-01 to 2013-14 and payment of Rs 4,500,000 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 22 September 2014. The amounts so paid/ being paid by the Company have been treated as Deposits in the consolidated financial statements to be adjusted on the settlement of the case. Pending final disposal of the review petitions, management is hopeful of reliefs based on the issues involved and on merits of the case and that the deposit paid is good and recoverable.

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
Neeludra 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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD.)

(Currency: Indian Rupees)

3.39 Disclosure pursuant to Section 186 of the Companies Act, 2013 (Contd.)

Movement of loan during the financial years ended 31 March 2015 and 31 March 2014 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 2015	12,838,015	-	-	12,838,015
	Year ended 31 March 2014	12,838,015	-	-	12,838,015
Om Films Private Limited	Year ended 31 March 2015	17,600,000	-	-	17,600,000
	Year ended 31 March 2014	17,600,000	-	-	17,600,000

b) Details of investments made:

During the year ended 31 March 2015, the Company has adjusted advance amounting to Rs 8,392,188 outstanding from Maya Digital Studios Private Limited ('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.

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 2015		31 March 2015	
Parent				
Mukta Arts Limited	77.92%	336,814,229	152.15%	(129,978,569)
Subsidiaries				
Whistling woods International Limited	20.92%	90,437,543	-21.34%	18,234,443
Connect 1 Limited	0.06%	262,727	0.26%	(224,272)
Mukta Tele Media Limited	0.70%	3,028,000	0.17%	(143,337)
Mukta V N Films Limited	0.11%	474,307	-29.02%	24,792,619
Coruscant Tele Private Limited	0.28%	1,227,434	-2.21%	1,889,794
Consolidated net assets/(loss) after tax	100.00%	432,244,240	100.00%	(85,429,323)

Note: The above figures are after eliminating intra group transactions and intra group balances as at 31 March 2015.

MUKTA ARTS LIMITED

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 as follows:

Particulars	Old caption	New Caption	Amount (Rs)
Income received in advance (Advance fees received from students)	Trade payables	Other current liabilities	961,270
Security deposits received (Security deposits from students and others)	Other non-current liabilities	Other current liabilities	100,000
Service tax credit receivable	Other current liabilities	Long-term loans and advance	1,240,000
Other loans and advances	Short-term loans and advance	Long-term loans and advance	5,632,971
Capital advance	Short-term loans and advance	Long-term loans and advance	586,800
Interest on sundry advance to distributor, producer	Short-term loans and advance	Other current assets	8,425,918
Other receivables	Other current assets	Other non-current assets	327,425
Other bank balances (interest accrued on fixed deposits)	Other non-current assets	Other current assets	34,332
Balance with banks	Cash and bank balances	Other current assets	210,034
Other bank balances (interest accrued on fixed deposits)	Cash and bank balances	Other current assets	2,076,618
Miscellaneous income	Other income	Revenue from operations	797,299

As per our report of even date attached.

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

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/ W-100022

Rahul Puri
Managing Director
DIN: 01925045

Subhash Ghai
Chairman
DIN: 00019803

Parvez A. Farooqui
Executive Director
DIN: 00019853

Rajesh Mehra
Partner
Membership No: 103145

Prabuddha Dasgupta
Chief Financial Officer

Ravi Poplai
Company Secretary
Membership No: ACS 547

Mumbai
29 May 2015

Mumbai
29 May 2015



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 _____ or failing him

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 Monday the 28th day of September, 2015 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*	
		For	Against
ORDINARY BUSINESS			
1.	Adoption of Financial Statements and Reports thereon for financial year ended 31 st March, 2015		
2.	Re-appointment of Mr. Parvez A. Farooqui (DIN 00019853) who retires by rotation		
3.	Appointment of M/s B S R & Co. LLP, Chartered Accountants as Auditors and fixing their remuneration.		
SPECIAL BUSINESS			
4.	Appointment of Mrs. Paulomi Dhawan as Independent director for a term of Five years.		
5.	Appointment of Mr. Manmohan Shetty as Independent director for a term of Five years.		
6.	Appointment of Mr. Parvez A. Farooqui as a Whole time Director for a period of three years and fixation of remuneration payable to him.		
7.	Appointment of as Mr. Ashok Ghai as Professional Advisor and fixation of remuneration payable to him.		
8.	Approval of limits for Loan, Guarantees and Investments by Company		

Signed this..... Day of..... 2015

Signature of shareholder.....

Signature of Proxy holder(s)

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- It is optional to put 'X' in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all the details including details of member(s) in the above box for submission.

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