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

24th May, 2017

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

Kind Attn: Corporate Relations Department

Sub: Outcome of the Board Meeting and Results for quarter and year ended 31st March, 2017

Dear Sirs,

Further to our letter dated 15th May 2017, and pursuant to the Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Board of Directors of the Company at its meeting held today viz., 24th May, 2017 considered and approved:

1) The Audited Standalone and Consolidated Financial Results along with segment wise results of the Company for the year ended 31st March, 2017 in pursuance to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;

2) The change in designation of Mr. Parvez Farooqui from Executive to Non- Executive Director and being appointed as an Executive Director in its wholly owned subsidiary company Mukta A2 Cinemas Limited w.e.f 1st June 2017.

A press release to be issued with respect to above is also enclosed herewith for your reference along with the copy of the aforesaid audited financial results. The Board Meeting commenced at 11.00 am and concluded at 2.55 pm.

Thanking you,

Yours Faithfully,

For and on behalf of
Mukta Arts Limited

MUKTA ARTS LIMITED MUMBAI

Monika Shah
Company Secretary
Encl: As above.

MUKTA ART LIMITED
CIN:L92110MH1982PLC028180
Regd. Office : Mukta House, Behind Whistling Woods Institute, Film City Complex, Goregaon (E), Mumbai-400 065

Part 1 - Statement of audited results for the quarter and year ended 31 March 2017

(Rs in lacs, except per share data)

S.No	Particulars	3 months ended 31 March 2017 (Unaudited)	Preceding 3 months ended 31 December 2016 (Unaudited)	Corresponding 3 months ended in the previous year 31 March 2016 (Unaudited)	Standalone Year ended 31 March 2017 (Audited)	Standalone Year ended 31 March 2016 (Audited)	Consolidated Year ended 31 March 2017 (Audited)	Consolidated Year ended 31 March 2016 (Audited)
1	Income from operations							
	(a) Net sales / Income from operations	1,175.23	1088.69	855.86	4,488.67	4,526.21	8,792.05	7,659.73
	(b) Other operating income	366.94	330.25	307.38	1,396.41	1,279.30	1,506.35	1,180.40
	Total income from operations (net)	1,542.17	1,418.94	1,163.24	5,885.08	5,613.51	10,298.40	8,840.13
2	Expenses							
	a) (Increase)/ decrease in stock in trade	52.42	5.55	(10.29)	40.75	(17.14)	40.75	(17.14)
	b) Purchase of food and beverage	24.94	72.10	72.29	281.24	327.37	281.24	327.37
	c) Distributor and producer's share	406.48	346.22	325.61	1,490.95	1,432.38	2,057.61	1,423.61
	d) Other direct operation expenses	(70.21)	(95.64)	15.65	(78.42)	254.80	(78.24)	5.49
	e) Employee benefits expense	326.56	281.95	279.49	1,119.63	941.36	2,101.80	1,578.31
	f) Amortisation of intangible assets (including films rights)	19.72	-	(36.49)	19.72	8.13	-	66.19
	g) Depreciation of tangible assets	166.94	178.78	146.76	627.00	608.75	1,121.45	876.83
	h) Other expenses	796.64	622.81	614.85	2,550.55	2,217.20	5,122.96	4,196.05
	Total expenditure	1,723.49	1,411.77	1,407.86	6,051.42	5,772.84	10,647.57	8,456.71
3	Profit/ (loss) from operations before other income, finance costs and exceptional items	(181.32)	7.17	(244.62)	(166.34)	(159.33)	(349.17)	383.42
4	Other Income	561.46	181.66	119.54	925.14	570.53	752.82	218.32
5	Profit/ (loss) from ordinary activities before finance costs and exceptional items	380.14	188.83	(125.08)	758.80	411.20	403.65	601.75
6	Finance costs	195.69	165.47	152.27	635.25	586.54	950.70	899.90
7	Profit/ (loss) after finance costs but before exceptional items	184.45	23.36	(277.35)	123.55	(175.34)	(547.05)	(298.15)
8	Exceptional item	0.17	17.56	-	51.48	-	51.48	-
9	Profit/ (loss) from ordinary activities before tax	184.28	5.80	(277.35)	72.07	(175.34)	(598.53)	(298.15)
10	Profit/ (loss) from continuing operation before tax	297.00	2.45	(225.05)	157.82	(225.09)	(598.53)	(298.15)
11	Tax expenses (including MAT credit entitlement)	159.68	-	15.17	159.68	15.17	165.16	13.04
12	Profit/ (loss) from continuing operation after tax	137.32	2.45	(240.22)	(1.86)	(240.26)	(763.69)	(311.19)
13	Profit/ (loss) from discontinuing operation before tax (refer Note 4)	(112.72)	3.35	(52.30)	(85.75)	49.74	-	-
14	Tax expenses (including MAT credit entitlement)	-	-	-	-	-	-	-
15	Profit/ (loss) from discontinuing operation after tax	(112.72)	3.35	(52.30)	(85.75)	49.74	-	-
16	Net profit/(loss) from ordinary activities after tax	24.60	5.80	(292.52)	(87.61)	(190.51)	(763.69)	(311.19)
17	Extraordinary items (net of tax expenses)	-	-	-	-	-	-	-
18	Net profit/(loss) after tax and minority interest for the period	24.60	5.80	(292.52)	(87.61)	(190.51)	(789.94)	(311.19)
19	Paid-up equity share capital (face value of Rs. 5/- each)	1,129.06	1,129.06	1,129.06	1,129.06	1,129.06	1,129.06	1,129.06
20	Reserves excluding revaluation reserves	-	-	-	10,913.74	10,998.70	3,620.21	4,353.98
21	Basic and diluted earning per share (EPS) (not annualised)	0.11	0.03	(1.30)	(0.39)	(0.84)	(3.50)	(1.38)
	Part II							
A	Particulars of shareholdings							
1	Public shareholding							
	a) Number of shares	6,691,910	6,691,910	6,691,910	6,691,910	6,691,910	6,691,910	6,691,910
	b) Percentage of shareholding	29.63%	29.63%	29.63%	29.63%	29.63%	29.63%	29.63%
2	Promoter and promoter group shareholding							
	a) Pledge / encumbered							
	i) Number of shares	-	-	-	-	-	-	-
	ii) % of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-	-
	iii) % of shares (as a % of the total share capital of the Company)	-	-	-	-	-	-	-
	b) Non encumbered							
	i) Number of shares	15,893,290	15,889,290	15,889,290	15,893,290	15,889,290	15,893,290	15,889,290
	ii) % of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%	100%	100%	100%
	iii) % of shares (as a % of the total share capital of the Company)	70.37%	70.37%	70.37%	70.37%	70.37%	70.37%	70.37%
B	Investor complaints							
	Particulars							
	Pending at the beginning of the quarter							
	Received during the quarter	-						-
	Disposed off during the quarter	-						-
	Remaining unresolved at the end of the quarter	-						-

MUKTA ARTS LIMITED

Segment - wise Revenue, Results and Capital Employed

(Rs in lacs)

S.No	Particulars	3 months ended 31 March 2017	3 months ended 31 December 2016	Corresponding 3 months ended 31 March 2016	Standalone Year ended 31 March 2017	Standalone Year ended 31 March 2016	Consolidated Year ended 31 March 2017	Consolidated Year ended 31 March 2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
1	**SEGMENT REVENUE**							
	Software division	4.14	9.42	24.52	76.17	454.33	548.13	1,022.53
	Equipment division (including other income)	9.48	12.59	6.66	34.60	36.07	34.60	36.07
	Theatrical exhibition division	1,227.68	1,117.50	888.59	4,728.83	4,316.21	5,532.03	4,316.21
	Education	-	-	-	-	-	3,337.39	2,702.11
	Others	217.82	231.44	199.77	866.43	763.22	846.25	763.22
	Total	1,459.12	1,370.95	1,119.54	5,706.03	5,569.81	10,298.40	8,840.13
	Less:Inter segment revenue	-	-	-	-	-	-	-
	Net sales/ Income from operation	1,459.12	1,370.95	1,119.54	5,706.03	5,569.81	10,298.40	8,840.13
2	**SEGMENT RESULTS**							
	Profit/ (loss) before tax and finance costs from each Segment							
	Software division	(361.10)	(68.49)	(200.75)	(535.25)	(289.18)	(535.35)	(113.79)
	Equipment division	(3.65)	(10.80)	(11.24)	(19.72)	(22.73)	(19.72)	(22.73)
	Theatrical exhibition division	(112.72)	3.35	(52.30)	(85.75)	49.74	(880.46)	49.74
	Education						175.02	(62.91)
	Others	172.94	187.46	175.81	748.01	653.26	748.19	776.38
	Total	(304.53)	111.52	(88.48)	107.29	391.08	(512.32)	626.69
	Less: Finance costs	195.69	165.47	152.28	635.25	586.55	950.70	899.90
	Other un-allocable expenditure							
	Net of unallocable income	(684.50)	(59.75)	36.59	(600.03)	(20.12)	(864.49)	24.94
	Total profit before tax	184.28	5.80	(277.35)	72.07	(175.34)	(598.53)	(298.15)
3	**SEGMENT ASSETS**							
	Software division	1,126.13	1,467.42	1,769.39	1,126.13	1,769.39	1,961.53	3,254.14
	Equipment division	245.41	211.61	246.42	245.41	246.42	245.41	246.42
	Theatrical exhibition division	-	4,789.76	3,743.71	-	3,743.71	5,986.95	3,743.71
	Education	-	-	-	-	-	3,434.84	3,256.22
	Others	2,337.30	2,353.52	2,459.68	2,337.30	2,459.68	2,337.30	2,259.52
	Unallocable	15,685.38	12,457.40	13,649.23	15,685.38	13,649.23	10,685.38	5,364.24
4	**SEGMENT LIABILITIES**							
	Software division	297.91	361.89	1,296.65	297.91	1,296.65	216.19	491.93
	Equipment division	1.84	7.01	1.18	1.84	1.18	1.84	1.18
	Theatrical exhibition division	-	1,738.91	1,797.67	-	1,797.67	6,680.33	1,797.67
	Education	-	-	-	-	-	6,304.18	6,201.86
	Others	651.07	568.74	605.01	651.07	605.01	651.07	704.85
	Unallocable	7,483.83	8,245.31	7,688.02	7,483.83	7,688.02	6,867.14	7,788.23

NOTES:

1 The above financial results have been reviewed by the audit committee and approved by the Board of Directors at the meeting held on 24th May 2017.

2 Interms of order dated 9.02.2012 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 WWIL 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. However, 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 paid Rs 113,538,000 by 31 March 2017. The State Government of Maharashtra and MFSCDC challenged the Order of the High Court in the Supreme Court which was dismissed by the court on 22nd September 2014 with recourse to the State Government ofMaharashtra to make an application to Bombay High Court. The auditors continue to modify their report on the said matter.

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

4 The Company has pursuant to the approval received from the Shareholders of the company, transferred its Cinema exhibition business to a wholly owned subsidiary, Mukta A2 Cinemas Limited as on 31 March 2017, by way of slump sale. Therefore the results of the said business have been disclosed under discontinuing operations.

5 The Company has transferred all the assets and liabilities of the Cinema Exhibition business. The liabilities so transferred and recorded in the books of the transferee company as on 31 March 2017 include Term loan and Overdraft facility granted by a bank. The bank is in the process of completing documentation for transferring the said facilities in the name of the transferee company. Therefore, after the said documentation is complete, the records of the bank shall show the loans as granted in favour of the transferee company.

The said Term loan and Overdraft facility have correspondingly been recorded in the books of Mukta A2 Cinemas Limited.

6 Figures for the previous quarter / year have been regrouped / rearranged to conform to current quarter's presentation.

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

MUKTA ARTS LIMITED MUMBAI

Rahul Puri
Managing Director
DIN:01925045

Date : 24 May 2017
Place : Mumbai

MUKTA ARTS LIMITED

Statement of assets and liabilities

(Rs in lacs)

Sr. No.	Particulars	Standalone		Consolidated	
		As at 31 March 2017 (Audited)	As at 31 March 2016 (Audited)	As at 31 March 2017 (Audited)	As at 31 March 2016 (Audited)
A	**EQUITY AND LIABILITIES**				
1	**Shareholders' funds**				
(a)	Share capital	1,129.26	1,129.18	1,129.26	1,129.18
(b)	Reserves and surplus	9,784.48	9,869.52	2,124.42	2,882.08
(c)	Money received against share warrents	-	-	-	-
(d)	Minority interest	-	-	366.53	342.73
	Sub-total shareholders' fund	10,913.74	10,998.70	3,620.21	4,353.98
2	**Non-current liabilities**				
(a)	Long - term borrowings	3,877.90	4,479.89	6,499.34	5,986.79
(b)	Deferred tax liabilities (net)	80.53	15.17	69.28	4.34
(c)	Other long-term liabilities	574.32	669.56	1,032.22	998.64
(d)	Long-term provisions	112.37	97.22	204.07	161.19
	Sub-total - non-current liabilities	4,645.12	5,261.84	7,804.91	7,150.96
3	**Current liabilities**				
(a)	Short term borrowings	850.00	600.00	1,790.67	2,178.36
(b)	Trade payables	136.65	1,111.57	4,597.12	3,239.71
(c)	Other current liabilities	1,128.18	1,060.83	2,857.26	2,251.11
(d)	Short-term provisions	189.88	106.27	199.45	111.33
	Sub-total - current liabilities	2,304.71	2,878.67	9,444.50	7,780.52
	TOTAL EQUITY AND LIABILITIES	17,863.57	19,139.21	20,869.62	19,285.46
B	**ASSETS**				
1	**Non - current assets**				
(a)	Fixed assets	3,721.87	6,354.92	10,921.99	9,036.94
(b)	Non - current investments	4,417.51	4,323.90	184.39	183.94
(c)	Long - term loans and advances	5,447.16	5,670.94	3,552.61	3,322.74
(d)	Other non - current assets	23.77	58.96	117.46	72.47
	Sub-total - non-current assets	13,610.31	16,408.72	14,776.45	12,616.09
2	**Current assets**				
(a)	Current investments	-	-	-	
(b)	Inventories	-	40.75	82.68	40.75
(c)	Trade receivables	2,073.94	798.01	3,610.76	4,212.52
(d)	Cash and bank balances	208.56	274.02	358.59	390.86
(e)	Short term - loans and advnces	1,862.47	1,331.10	1,853.92	1,974.83
(f)	Other current assets	108.29	286.61	187.22	50.42
	Sub-total - current assets	4,253.26	2,730.49	6,093.17	6,669.37
	TOTAL ASSETS	17,863.57	19,139.21	20,869.62	19,285.46

MUKTA ARTS LIMITED MUMBAI

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Uttam Abuwala & Co.
Chartered Accountants
Website: http://www.uttamabuwala.com

Independent Auditor's Report

To
The Board of Directors
Mukta Arts Limited

1. We have audited the accompanying Statement of Standalone Financial Results of **M/s Mukta Arts Limited** ("the Company") for the **Quarter and year ended March 31, 2017** ("the statement") attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

   This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related standalone financial statements which have been prepared in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such standalone financial statements.

2. We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountant of India. Those Standards requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

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

   We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

3. *As at March 31, 2017, the company's investment in its subsidiary, Whistling woods International Limited (WWIL) a joint venture between the company and Maharashtra Film, Stage and Cultural Development Corporation Limited (MFSCDCL), aggregates to Rs. 36,99,97,000/- and loans and advances, Accrued interest, deposits and rent receivable aggregate to Rs. 25,90,59,561/- recoverable from WWIL. As fully explained in Note 2 to the accompanying Audited financial statements, the Order of February 9, 2012 passed by the High Court of judicature at Bombay ('High Court'), had quashed the*

Uttam Abuwala & Co. Mumbai

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joint Venture Agreement ('JVA') between the company and Maharashtra Film Stage Cultural Development Corporation ('MFSCDCL'). Maharashtra Film Stage and Cultural Development Corporation ('MFSCDC') raised net demand of Rs. 59,19,66,210/- and asked WWIL to vacate the premises. WWIL's petition for special leave to appeal filed with the Supreme Court of India had also been dismissed. The Company and WWIL had filed application to review the said order with the High Court and an Interim stay was granted on July 30, 2014 which required deposit of Rs.10,00,38,000/- by January 2015 against payment of arrears of rent for the year 2000-01 to 2013-14 and payment of Rs.45,00,000/- per annum from Financial Year 2014-15 till the settlement of the case, to MFSCDCL. As per the terms of the said Order, the Company paid Rs. 11,35,38,000/- by March 31, 2017. The State Govt. of Maharashtra and MFSCDCL challenged the order of the High Court in the Supreme Court which was dismissed by the Supreme Court on September 22, 2014. The amount so paid / being paid by the Company have been treated as Deposit in the standalone financial statements to be adjusted on the settlement of the case.

Further, WWIL's net worth stands fully eroded as at March 31, 2017. Having regard to the circumstances explained above and pending final outcome of the matter under litigation, the Company has not made any adjustment to the carrying value of investment in and amounts due from WWIL and the deposit paid consequent to the High Court's Orders. Accordingly the impact on the carrying value of investments, recoverability of loans and advances and consequential impact on loss for the year and reserves is not determinable.

4. *As explained in Note 3 to the accompanying Statement of Audited financial results, remuneration paid to the erstwhile managing director (including as film director fees) for earlier financial years from 2005-06 to 2013-14 (total remuneration paid aggregates to Rs. 12,57,44,747/-) is in excess of the limits prescribed under Schedule XIII to the Companies Act, 2013. During the year 2011-12, the Company had received approval for part of excess remuneration paid (approval received for remuneration aggregating to Rs. 2,52,00,000/- for the financial years 2005-06, 2006-07, 2007-08) and made applications to the authorities requesting consideration/approval for the balance excess remuneration and for recognition of the erstwhile managing director as professionally qualified person under the Companies Act, 1956. Through its various communications, the Ministry of Corporate Affairs has directed the Company to recover the excess remuneration paid during the financial years 2008-09 to 2011-12. The company has requested the authorities to reconsider their Orders in respect of the above and also for his recognition as a professionally qualified person under this Act. Pending conclusion of this matter, no adjustment has been made in these standalone financial results.*

5. *In our opinion and to the best of our information and according to the explanations given to us, subject to the matters referred to in **Basis of Qualified Opinion** paragraphs 3 and 4 above, the outcome and consequent adjustment to these financial results of which cannot be presently determined, the Statement:*

   i. *is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 and;*

   ii. *gives a true and fair view of the Net Loss and other financial information for the year ended March 31, 2017.*

Head Office: 409/410 Abuwala House, Gundecha Industrial Complex, Next to Big Bazaar, Akurli Road, Kandivali (East), Mumbai – 400 101.
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Uttam Abuwala & Company
Mumbai

Phone No.: 2887 8000
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Uttam Abuwala & Co.

Chartered Accountants

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6. The Statement includes the results for the Quarter ended March 31, 2017 being the balancing figure between audited figures in respect of full financial year and the audited year to date figures up to the third quarter of the current financial year.

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

Uttam Abuwala & Company Mumbai

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

Date: May 24, 2017
Place: Mumbai

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Uttam Abuwala & Co.
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Website: http://www.uttamabuwala.com

Independent Auditor's Report

To
The Board of Directors
Mukta Arts Limited

1. We have audited the accompanying Statement of Consolidated Financial Results of **M/s Mukta Arts Limited** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the **Year ended March 31, 2017** ("the Statement"), being submitted by the Parent pursuant to the requirement of attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

   This Statement, which is the responsibility of the Parent's Management and approved by the Board of Directors, has been compiled from the related consolidated financial statements which have been prepared in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such consolidated financial statements.

2. We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountant of India. Those Standards requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 Paragraph 6 below, is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

3. *As at March 31, 2016, the Parent company's investment in its subsidiary, Whistling woods International Limited (WWIL) a joint venture between the company and Maharashtra Film, Stage and Cultural Development Corporation Limited (MFSCDCL), aggregates to Rs.36,99,97,000/- and loans and advances, Accrued interest, deposits and rent receivable aggregate to Rs. 25,90,59,561/- recoverable from WWIL. The Order of February 9, 2012 passed by the High Court of judicature at*

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Bombay ('High Court'), had quashed the joint Venture Agreement ('JVA') between the company and Maharashtra Film Stage And Cultural Development Corporation Limited ('MFSCDCL'). MFSCDCL raised net demand of Rs. 59,19,66,210/- and asked Whistling Woods International Limited (WWIL) to vacate the premises. WWIL's petition for special leave to appeal filed with the supreme court of India had also been dismissed. The Company and WWIL had filed application to review the said order with the High Court and an Interim stay was granted on July 30, 2014 which required deposit of Rs.10,00,38,000/- by January 2015 against payment of arrears of rent for the year 2001 to 2013-14 and payment of Rs.45,00,000/- per annum from Financial Year 2014-15 till the settlement of the case of MFSCDCL. As per the terms of the said Order, the Company paid Rs. 11,35,38,000/- by March 31, 2017. The State Govt. of Maharashtra and MFSCDCL challenged the order of the High Court in the Supreme Court which application was dismissed by the Supreme Court on September 22, 2014. The amount so paid / being paid by the Company have been treated as deposit to be adjusted on the settlement of the case. Having regard to the circumstances explained and pending final outcome of the matter under litigation the Company has not made any adjustment to the carrying value of investment in and amount due from WWIL. Accordingly the impact on the unaudited financial results is not determinable since the matter is pending before the court.

Further, WWI's net worth stands fully eroded as at March 31, 2017. Having regard to the circumstances explained above and pending final outcome of the matter under litigation, the Company has not made any adjustment to the carrying value of investment in and amounts due from WWIL and the deposit paid consequent to the High Court's Orders. Accordingly the impact on the carrying value of investments, recoverability of loans and advances and consequential impact on loss for the year and reserves is not determinable.

4. *In standalone financial statements of Mukta Arts Limited, remuneration paid to the erstwhile managing director (including as film director fees) for earlier financial years from 2005-06 to 2013-14 (total remuneration paid aggregates to Rs.12,57,44,747/- is in excess of the limits prescribed under Schedule XIII to the Companies Act, 2013. During the year 2011-12, the Company had received approval for part of excess remuneration paid (approval received for remuneration aggregating to Rs. 2,52,00,000/- for the financial years 2005-06, 2006-07, 2007-08) and made applications to the authorities requesting consideration/approval for the balance excess remuneration and for recognition of the erstwhile managing director as professionally qualified person under the Companies Act, 1956. Through its various communications, the Ministry of Corporate Affairs has directed the Company to recover the excess remuneration paid during the financial years 2008-09 to 2011-12. The company has requested the authorities to reconsider their Orders in respect of the above and also for his recognition as a professionally qualified person under this Act. Pending conclusion of this matter, no adjustment has been made in these financial results.*

5. *WWIL has disputed the demand from Income-tax authorities aggregating to Rs 5,060,974 (31 March 2016: Rs 5,060,974 (including interest Rs 1,902,995 (31 March 2016: Rs 1,902,995) and penalty Rs 413,148 (31 March 2016: 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 the Company accrued for this liability, the loss for the year and the deficit in Statement of profit and loss at year end would have been higher by Rs 5,060,974 (31 March 2016: Rs 5,060,974).*

6. *In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements of the*

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subsidiaries subject to the matters referred to in ***Basis of Qualified Opinion*** *paragraphs 3,4 and 5 above, the outcome and consequent adjustment to these financial results of which cannot be presently determined, the Statement:*

a. *includes the results of the following subsidiaries, in addition to the Parent entity 'Mukta Arts Limited':*

   i. *Connect 1 Limited*
   ii. *Whistling Woods International Limited*
   iii. *Mukta Tele Media Limited*
   iv. *Coruscant Tec Private Limited*
   v. *Mukta VN Films Limited*
   vi. *Mukta A2 Multiplex SPC*
   vii. *Mukta A2 Cinemas Limited*

b. *is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 and;*

c. *gives a true and fair view of the Net Loss and other financial information for the year ended March 31, 2017.*

7. We did not audit the financial statements of six subsidiaries included in the Consolidated Financial Results. These financial statements information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the Statement is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

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

Mumbai

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

Date: May 24, 2017
Place: Mumbai

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

Statement on Impact of Audit Qualifications in the Independent Auditors Report for Standalone and consolidated financial Statements

a) As adhering to the terms of the order passed by Bombay High Court, the Company has paid an amount of Rs. 11,35,38,000 /- to (Mahrashtra Film Stage and Cultural Development Corporation) MFCCDCL by 31st March, 2017. The State Govt. and MFSCDCL challenged the said order of the High Court in the Supreme Court which application was dismissed by the Supreme Court on 22 September 2014. The amount so paid / being paid by the Company have been treated as Deposit in the Financial Statements and the same will be adjusted accordingly upon settlement of the case.

b) 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. The shareholder's approval is taken for the waiver of the recovery of excess amount paid as managerial remuneration and professional fees to Mr. Subhash Ghai and the Central Government orders for the same are awaited.

c) WWIL (subsidiary company) has disputed the demand from Income-tax authorities aggregating to Rs 5,060,974/- and penalty Rs 413,148/-. The Company did not make provision for this as the amount to be paid is under dispute and the appeal proceedings are incomplete.

For **Mukta Arts Limited**

Parvez Farooqui
Executive Director

Rahul Puri
Managing Director

Date: 24.05.2017

PRESS RELEASE

24th May 2017, Mumbai

Mukta Arts Limited has shown profits in what has been a testing year for the entertainment industry. With large systemic shocks like Demonetisation as well as poor results from some highly anticipated films, the company has managed to move back into the black and has posted a net profit of Rs 72 lacs as opposed to showing a loss of Rs 1.75 crores over the same period the year before.

For the quarter just ended, the company showed a profit of Rs 1.84 crores against a loss of Rs 2.77 crores over the same period last year.

The company has also seen its education subsidiary, Whistling Woods International post its first ever post tax profit, showing positive results of Rs 1.76 crores for the year ended. Whistling Woods International also saw strong growth in its revenues for the year, growing from Rs 28.12 crores to Rs 34.25 crores largely on account of higher student admissions during the year. EBITDA has also increased substantially by over 42% from Rs 6.81 crores to Rs 9.68 crores which is a margin of 28%.

The exhibition division, Mukta A2 Cinemas however, showed losses after a difficult trading year for the film exhibition business. The division has now been successfully hived off into a separate wholly owned subsidiary, Mukta A2 Cinemas Limited, and has seen strong trading in the first few months of the new financial year.

MUKTA ARTS LIMITED MUMBAI