

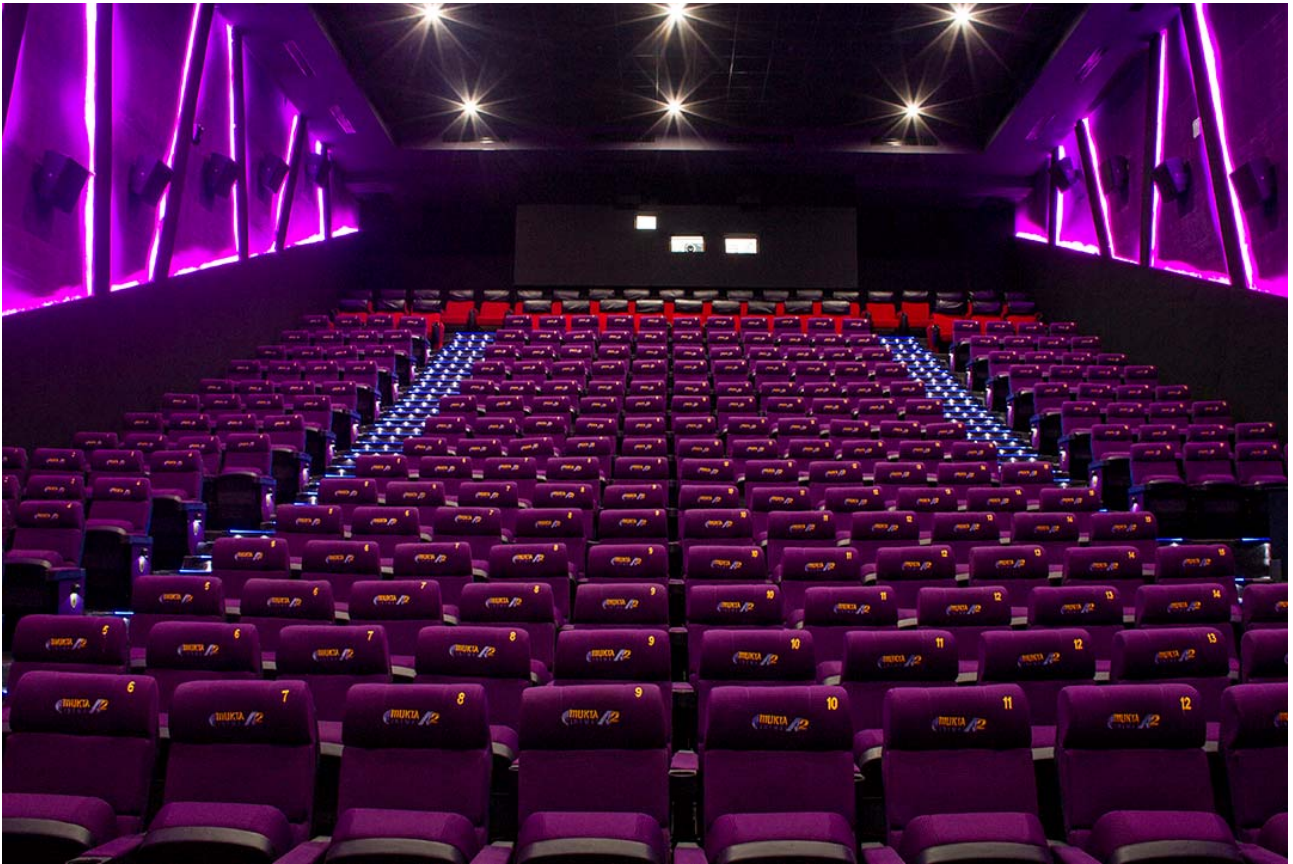


MUKTA ARTS LIMITED

ANNUAL REPORT

for the year ended March 31, 2017

Mukta A2 Cinemas, Panvel



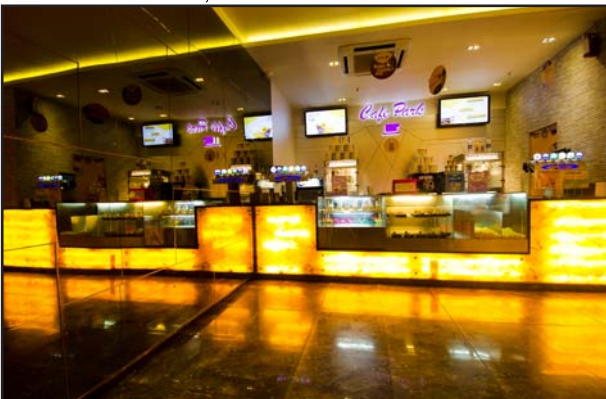
Mukta A2 Cinemas New Excelsior



Mukta A2 Cinemas, Panvel



Mukta A2 Cinemas, Jaihind



Mukta A2 Cinemas, Bahrain





BOARD OF DIRECTORS

Mr. Subhash Ghai
Executive Chairman
DIN: 00019803

Mr. Rahul Puri
Managing Director
DIN: 01925045

Mr. Parvez A. Farooqui
Non-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
Ms. Monika Shah

Statutory Auditors
M/s. Uttam Abuwala & Co.

Internal Auditors
M/s Garg Devendra & Associates

Secretarial Auditors
Pratik M. Shah, Company Secretaries

Bankers
Yes Bank Limited
HDFC Bank Limited

Registrar & Transfer Agents
Link Intime India Private Limited
C 101, 247 Park,
L B S Marg, Vikhroli West,
Mumbai 400 083
Telephone No.: (022) 49186000
Fax No.: (022) 49186060

Registered Office
Mukta House, 3rd Floor,
Behind Whistling Woods Institute,
Filmcity Complex, Goregaon (East),
Mumbai- 400065
Telephone No.: (022) 33649400
Fax No.: (022) 33649401
Email ID: monika@muktaarts.com
Website: www.muktaarts.com
CIN : L92110MH1982PLC028180

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

MUKTA ARTS LIMITED

PERFORMANCE

Performance at a glance

Rupees in millions

	Year ended 31st March 2017	Year ended 31st March 2016	Year ended 31st March 2015	Year ended 31st March 2014	Year ended 31st March 2013
Realisation from productions, distribution & exhibition	585.05	557.74	1,036.91	2,899.14	2,574.51
Equipment Hire Income	3.46	3.61	3.07	4.28	3.67
Other Income	92.51	57.05	72.93	57.48	48.11
TOTAL INCOME	681.02	618.40	1,112.91	2,960.90	2,626.29
Profit/(Loss) before Interest, Depreciation and Tax	135.40	102.81	66.07	85.28	124.94
Depreciation	64.67	61.69	66.22	42.06	34.80
Interest	63.52	58.65	77.09	61.88	50.31
Profit/(Loss) before Tax	7.21	(17.53)	(77.24)	(18.66)	39.83
Profit/(Loss) after Tax	(8.76)	(19.05)	(69.91)	(15.21)	29.03
Dividend	-	-	-	-	11.29
Dividend Rate	-	-	-	-	10%
Gross Fixed Assets	1,672.21	1,926.81	1,906.55	1,491.34	1,389.26
Net Fixed Assets	320.31	515.73	553.89	494.13	436.08
Total Assets	1,785.01	1,913.92	1,964.64	2,503.91	2,393.41
Equity Share Capital	112.93	112.92	112.92	112.92	112.92
Reserves and Surplus	978.45	986.95	1,003.91	1,078.98	1,094.19
Net Worth	1,091.38	1,099.87	1,116.82	1,191.90	1,207.11
Earnings per Share (EPS)					
<i>In Rupees</i>					
EPS Basic	(0.39)	(0.84)	(3.10)	(0.67)	1.29
EPS Adjusted to Rs. 5	(0.39)	(0.84)	(3.10)	(0.67)	1.29



CHAIRMAN'S STATEMENT



It has been a challenging year for the Company as the Film business in the country has, by and large, suffered with only a few releases meeting expectations. There has been some cause for optimism as well because inspite of the environment, the Company has managed to add to its screen count with 11 new screens plus its first overseas property of 6 screens in Bahrain. The operations also resulted in profit before tax, after a gap of three years. This now, coupled with some major changes in the company structure, builds the platform for some solid years of growth ahead.

The Indian Media and Entertainment industry grew by 9.1% aided by advertising growth of 11.2% in spite of slow US and China growth and demonetisation. TV revenue growth rate however, slowed down owing to growth in digital streams to which ad spends got substantially diverted. Print continued to remain slow in its growth. The Film sector though as mentioned had a particularly bad year. Only regional cinema and overseas exploitation outperformed expectations. The film sector grew by only 3% last year. In reality, domestic box office collections actually fell, offset by the sharp growth of overseas collections across new Asian markets. Revenue from Digital streams though grew with the growth in 4G booming after the Reliance Jio launch.

However, for the coming year, the line-up of movies is good. FICCI reports that 7.7% growth is being projected for the Film industry. Overseas contribution, Regional movies and Digital (OTT) revenues will keep growing. Screen count growth is slow and may impact overall domestic growth but in the areas of Tier 2 and Tier 3 there is a substantial opportunity and this is where the Company's growth plan can work to its benefit.

The Company opened 4 new locations in India in the Tier 1 and 2 centres of Dehradun, Panvel, Aurangabad and two in Mumbai including the prestigious New Excelsior cinema in the heart of the city. All these have added to the scale of our cinemas ambitions as we aim higher and higher. Mukta A2 Cinemas is building a strong brand and finding loyal patrons across the country and we are consistently being approached to enter new States and locations. This is an excellent sign.

The Juffair Mall multiplex in Bahrain has seen a grand opening and is the first international venture of Mukta and the first Indian cinema in the Gulf. The property is poised to grow strongly in the years to come as it builds a loyal audience. The Company has got into another joint venture, Asian Mukta A2 Cinemas LLP, for expanding presence in Andhra mainly through single screen theatres. 3 Screens are already operational under this LLP within a period of 3 months of its incorporation.

The Company also took the excellent decision to move Mukta A2 Cinemas into a separate entity this year. This will bring enhanced transparency in the reporting of the company and will allow Mukta A2 Cinemas to grow at its own accelerated pace. The business has come of age now and its destiny now needs to be decided in relation to its own business environment.

Mukta A2 Cinemas now can begin to leverage the screen count in lucrative streams like On and Off screen advertising as well as the revenues accruing from online booking fees which has boomed since demonetisation.

MUKTA ARTS LIMITED

On the production front, the company is working hard to find the right scripts and projects to return to the space. A lot of work has gone on building fresh IP from our library of content and we believe that we are in a position to leverage these across all platforms including Film, TV and Digital. I have myself spent substantial time on working with writers on scripts and I believe an announcement on our plans is imminent.

The programming business continues at its steady pace. Mukta VN is still the leading player in a diminishing space but these relationships hold us in good stead for all sorts of ancillary opportunities.

Mr. Ashish Gharde has joined as Chief Operating Officer for Mukta Arts Limited in February, 2017. Ashish has eighteen years of experience in Operations and Human Resource with well-known companies like TATA, Radio City and Balaji Telefilms. He brings a key understanding of the TV content space with him and also execution experience. We are extremely pleased to have him on board.

The education activities of the group have been growing steadily for the past few years and this year the business has shown its first net profits after taxes. With a student count of over 800 ramping up to almost 1000 by July 2017, this business shows great promise. WWI launches its Design School in July 2017 in collaboration with ECV Design School France.

WWI has seen a 20% revenue increase on the back of its TISS partnership to deliver high quality degree education. In addition to this the Institute has also launched its Virtual Academy platform for online education as well as its Virtual Reality and Augmented Reality lab which will ensure that WWI stays on the cusp of technology and maintains its status of being on the world's top film schools.

The legal situation is still on-going but we have had many good meetings with the powers that be and I am sure that a resolution which is solid and binding is on the cards shortly. We are working hard to ensure that the best possible outcome will come for WWI and its shareholders.

The implications of the move to Goods and Services Taxation (GST) from July 2017 are likely to be mixed for the company and there is still plenty of ambiguity but overall the move is a positive one and I believe it will enhance the company overall. We have worked hard to ensure that our key processes are ready and compliant with GST.

This has been a challenging year overall, but the Company has been moving steadily to its plan and now with the domestic cinema business under a distinct entity and the education business turning profitable, the future looks promising. I thank all our investors who have stood by us over all these years and are now beginning to see value created in the company. There is more to come surely, and we are all working hard to achieve that.

Thanking you,



Subhash Ghai



MANAGEMENT DISCUSSION AND ANALYSIS

Industry performance

The Indian economy continued to grow in spite of the pressure from Brexit, the slowdown in the Chinese economy and the sluggish US economy. Demonetisation did have a negative impact on the Indian economy and as a result, the growth rate was restricted to 7.1%.



Mukta A2 Cinemas, Topiwala

The Indian media and entertainment industry grew, mainly supported by the strong thrusts in the digital media sector and the 4G expansion.

This growth was however not across all the streams within the M&E space. Advertisement grew strongly, achieving 11.2%. However, television advertising saw a reduction in spends from the hitherto growing ecommerce sector.

Television growth in fact reduced with spends moving away from television subscription to the digital space. However, the continuing digitisation of television promises to make this sector more and more accessible to rural audiences.

Print also faced pressures from the digital space. Regional newspapers were however able to withstand the pressures better than the established English language newspapers.

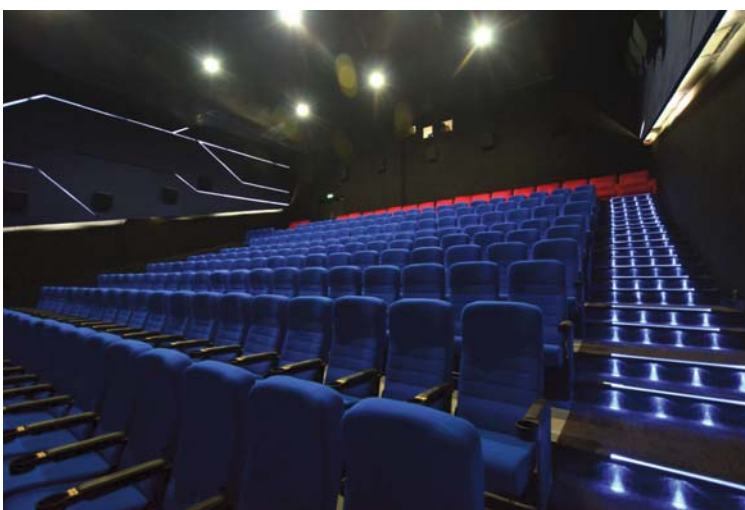
The film industry had a bad year. The core revenue streams of the industry, domestic releases from the Bollywood and Tamil studios and cable and satellite revenues of these films fared badly with big budget releases not living up to expectations. However, there was some respite due to the growth in overseas revenues of these films. Also, continuing a trend observed in 2016, regional films continued to deliver improving numbers at the box office. Revenues from OTT platform are showing growth, which is expected to provide support to this sector in future, in the form of Video on demand being a possible stream.

There are shoots of optimism though. The cooling off of the film business is leading to a re-look at costs of production and marketing which should lead to a more robust industry from a profit point of view. Overseas revenues from big films are growing due to the opening up of other Asian markets and VOD platforms will be a viable alternative to distribute content.

Company performance

The company has for a few years been focussing on the exhibition business. During the year, the company launched 10 new screens in two states and Dehradun, Aurangabad, Mumbai and Panvel properties have been contributing to the bottom line.

This year however, has seen big budget films underperforming and as a result, the margins have been under extreme pressure and the EBITDA margin for this business fell to 7%. Toplines have fallen year on year and the overall growth has been mainly as a result of increase in the number of screens.



Mukta A2 Cinemas, Sangli

MUKTA ARTS LIMITED

Mukta A2 Cinemas, New Excelsior



However, since the company has adopted a variable expense model, it has been able to keep costs linked to topline down.

In this tough environment, while overall performance languished at the same levels as the year before, some of the company's key locations like Jai Hind, Mumbai and Sangli showed growth in ATP's by 9% and 10%.

However, the positive inference from this is that having managed positive EBITDA margins in a year of so many box office failures, the company expects to show strong growth in the coming year with a huge line up of releases throughout the year. The release of Bahubali 2 has already broken a number of records. Another

positive indicator is that the company managed this performance in spite of low advertisement revenue, which is below 4% of the topline. This is an indicator of the restraint on expenditure exercised by the company.

The Company believes it is on the right track with its choice of locations and in order to better monitor the exhibition business, it has by way of a slump sale, on the last date of the year, transferred the exhibition division to a wholly owned subsidiary. So going forward, all further investment in this business shall be made through this subsidiary.

Further, during the year, the company has launched a six screen multiplex in Bahrain, the first international venture of the company, and expects good contribution to the bottom line in the future years.

The Company has not produced any new movie during the year. However, it is in talks regarding various projects. The Company shall also be focussing on monetising its existing IP through future deals in the TV space as well as looking at original IP's.

The programming business, Mukta VN Films has been performing steadily, given the performance of the film industry during the year.



Mukta A2 Cinemas, Aurangabad



Whistling Woods Institute

In FY16-17, Whistling Woods International had an excellent year. WWI reported its first PBT since its inception. WWI had reported its first positive EBITDA in FY15. For the 2nd year in a row WWI reported a 20%+ increase in revenues. During the year, WWI accepted its largest ever intake of 390 students in July 2016. That said, that intake is all set to be eclipsed by the July 2017 intake of 450+ students. Whistling Woods continued its discussions and negotiations with the Maharashtra government to restore its original land holdings, so that it is able to proceed appropriately with its strategically proposed expansion plan. Meanwhile in its current capacity, with the Film, Media & Communication & Fashion Schools settled, WWI is looking at stabilising its School of Music and has launched 3 new initiatives:

- the Whistling Woods School of Design
- the Whistling Woods Virtual Academy
- the Whistling Woods Virtual Reality & Augmented Reality Research Lab

The School of Design commences in July 2017 with its first program - BA in Visual Communication & Design.

The Virtual Academy is currently in the business plan, dipstick study and market research stage while we finalise an appropriate management & execution team for the same.

Given that VR / AR is going to emerge as the 4th platform (after Film, TV & the web) for content consumption over the next 3-4 years, WWI has commenced evaluating the vertical and from the same has structured The WWI Virtual Reality Lab. The Lab commenced its activities with visits by its personnel to IBC in September 2016 and NAB in April 2017, has secured membership of the global exclusive VR Industry Forum, has several Tech Partnerships finalised and is currently in process of finalising its management and executive operations structure while we seek to bring on an overall funding partner for the same.

Connect 1 (C.1), the digital content creation and distribution arm of Mukta Arts continues to exploit the latent industry opportunity in the digital content consumption sector. After exploring the non-fiction content space on YouTube, C.1 has restructured its business model to focus on what the core strengths of the group are - fiction content. C.1 has established ties with the existing and emerging digital content platforms in India & overseas and pursuant to the same, has commissioned fiction web-series and short-fiction story ideas. In the months to come, these will be developed by C.1, produced in-house or co-produced with other digital platforms and syndicated to various digital content platforms for distribution. C.1 has also restructured its business to reduce its fixed cost, in order to build a leaner, more financially efficient business model. C.1 has also undertaken a detailed research & analysis of the digital content industry in India and having observed the growth cycle, is strategically planning its investment in digital platform content, to coincide with the growth of monetisation efficiency of the industry.

MUKTA ARTS LIMITED

NOTICE

Notice is hereby given that the 35th Annual General Meeting (AGM) of Mukta Arts Limited will be held on **Wednesday, the 13th day of September, 2017 at 4.00 p.m.** at the Whistling Woods Institute's Auditorium, Dada Saheb Phalke Chitra Nagari, Goregaon (East), Mumbai- 400 065 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statement) of the Company for the financial year ended March 31, 2017, together with the Reports of the Board of Directors and the Auditors thereon;
2. To re-appoint Mr. Parvez A. Farooqui (DIN 00019853), Non-Executive Director who retires by rotation and being eligible, offers himself for re-appointment;
3. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 alongwith the Rules made thereunder, the appointment of M/s Uttam Abuwala & Co., Chartered Accountants (Firm Registration Number:111184W) as Statutory Auditors be and is hereby ratified and the auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the Thirty Sixth Annual General Meeting of the Company to be held in the year 2018, and the Company hereby approves the remuneration to be determined by the Audit Committee and Board of Directors of the Company and as may be mutually agreed upon by the Statutory Auditors in addition to the out of pocket expenses as may be incurred by them during the course of the Audit."

Special Business:

4. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT in supersession of the special resolution passed by the Company in 33rd Annual General Meeting of the Company held on 28th September, 2015 pursuant to applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications for re-enactment thereof for the time being in force the change in designation of Mr. Parvez Farooqui from Whole time Director (to be designated as Executive Director) to Director (to be designated as Non-Executive Director) with effect from 1st June, 2017 with Nil remuneration be and is hereby approved and he shall be liable to retire by rotation.

RESOLVED FURTHER THAT the Executive Director's Agreement dated 1st April, 2016 entered between Mr. Parvez Farooqui (DIN 00019853) and the Company stands rescinded with effect from the end of 31st day of May, 2017"

Registered Office:

Mukta House,
Behind Whistling Woods Institute
Filmcity Complex
Goregaon (East), Mumbai- 400 065

Place: Mumbai
Date: 24th May, 2017

By Order of the Board

Monika Shah
Company Secretary
Membership No: FCS 7964

NOTES

1. The Explanatory Statement as required under Section 102 of the Companies Act, 2013 with respect to the Special Business as set out in Item No. 4 of the Notice is annexed hereto as Annexure - 2.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The Instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the meeting. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable.
4. Pursuant to the provision of Section 105 of the Companies Act, 2013 a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. The Company's Registrar and Transfer Agents for its Share Registry work (Physical and Electronic) are Link Intime India Private Limited having its office at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083. Tel No: +91 22 49186000 Fax: +91 22 49186060
6. The Register of Members and Share Transfer Books of the Company will remain closed **from Wednesday, the 6th September, 2017 to Wednesday, the 13th September, 2017 (both days inclusive).**



7. All the documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all days, except Saturdays, Sundays and holidays until the date of the Annual General Meeting or any adjournment thereof. This notice and the Annual Report will also be available on the Company's website www.muktaarts.com for download.
8. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking re-appointment as Director under Item No. 2 of the Notice is annexed hereto as Annexure – 1.
9. Members wishing to claim dividends, which remain unclaimed, are requested to send their claims directly to the Company or to Link Intime India Private Limited, the Company's Registrars and Transfer Agents (the R & T Agents). Members are requested to note that dividends which remain unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are required to be transferred to the Investor Education and Protection Fund established by the Central Government.

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

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

Shareholders are requested to get in touch with the Company or R & T Agents for encashing the unclaimed dividend, if any, standing to the credit of their account.

10. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Link Intime India Private Limited to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Link Intime India Private Limited.

The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Link Intime India Private Limited.

11. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Link Intime India Private Limited for assistance in this regard.
12. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Link Intime India Private Limited, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
13. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
14. Members are requested to:
 - a. Bring their copies of the Annual Report at the time of attending the Annual General Meeting.
 - b. Complete the attendance slip and deliver the same at the entrance of the meeting hall.
 - c. Send their questions atleast 7 days in advance before the Annual General Meeting on any further information on accounts so as to enable the Company to answer their question satisfactorily
15. In keeping with Ministry of Corporate Affairs' Green Initiative measures, soft copies of the Annual Report for the year ended 31st March 2017 are being sent to all members whose email IDs are registered with the Company / Depository Participant(s) for communication unless any member has requested for physical copies of the same. The Company hereby requests members who have not registered their email addresses so far, to register their email addresses for receiving all communication including annual reports, notices, etc. from the Company electronically.
16. The route map showing directions to reach the venue of the 35th Annual General Meeting of the Company is annexed.
17. Mr. Pratik M. Shah, Practising Company Secretary (Membership No. FCS 7431) has been appointed as the Scrutinizer to scrutinise the e-voting process in a fair and transparent manner.

18. Procedure for remote E-voting

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS2) issued by

MUKTA ARTS LIMITED

The Institute of Company Secretaries of India, the Company is pleased to provide to its Members the facility to cast their votes electronically, through e-voting services provided by National Securities Depository Limited (“NSDL”), on resolutions set forth in this Notice. The Members may cast their votes using an electronic voting system from a place other than the venue of the Annual General Meeting (“remote e-voting”). Instructions for remote e-voting are given herein below. The Resolutions passed by remote e-voting are deemed to have been passed as if they have been passed at the Annual General Meeting. The facility for voting through ballot paper will also be made available at the Annual General Meeting (AGM) and the members attending the AGM who have not already cast their votes by remote e-voting shall exercise their right to vote at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the Annual General Meeting but shall not be entitled to cast their votes again. The instructions for e-voting are given below.

The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The instructions for shareholders voting electronically are as under:

The voting period begins on Sunday, 10th September 2017 at 9.00 a.m. and ends on Tuesday, 12th September 2017 at 5.00 P.M. During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Thursday, 7th September 2017 may cast their vote by remote e-voting. The e-voting module shall be disabled by NSDL for voting thereafter. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change the vote subsequently.

Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

The process and manner for remote e-voting are as under:

- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail IDs are registered with the Company/ Depository Participant(s)):
 - i. Open the e-mail and also open PDF file namely “remote e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

NOTE: Members already registered with NSDL for remote e-voting will not receive the PDF file “remote e-voting.pdf”.

- ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com/>
 - iii. Click on Shareholder – Login.
 - iv. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

NOTE: Members who forgot the User Details/Password can use “Forgot User Details/Password?” or “Physical User Reset Password?” option available.

User ID

- a) In case Members are holding shares in demat mode,
 - For NSDL : 8 character DP ID followed by 8 digits
 - Client ID and
 - For CDSL : 16 digits beneficiary ID
- b) In case Members are holding shares in physical mode,
USER-ID is the combination of Even No. + Registered Folio No.
- v. If you are logging-in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password. Click Login.

The Password Change Menu will appear on your screen. Change the password/PIN with new password of your choice, making sure that it contains a minimum of eight digits or characters or a combination of both. Please take utmost care to keep your password confidential.
- vi. Once the remote e-voting home page opens, click on remote e-voting > Active e-Voting Cycles.
- vii. Select “EVEN” (E-Voting Event Number) of Mukta Arts Limited which is 106832. Now you are ready for remote e-voting as Cast Vote page opens.
- viii. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- ix. Upon confirmation, the message “Vote cast successfully” will be displayed.
- x. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.



- xi. Institutional Members (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned copy (.PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through e-mail to cspratikmshah@gmail.com with a copy marked to evoting@nsdl.co.in.
- B. In case a Member receives physical copy of the Notice of Annual General Meeting (for Members whose e-mail IDs are not registered with the Company/Depository Participant(s) or requesting physical copy):
 - i. Initial password is provided in the enclosed Attendance Slip along with EVEN (E-Voting Event Number), user ID and password.
 - ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xi) as above in 'A', to cast your vote.

Other Instructions:

- i. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- ii. You can also update your mobile number and e-mail address in the user profile details of the folio which may be used for sending future communication(s).
- iii. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date of 7th September, 2017 and as per the Register of Members of the Company.
- v. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice of Annual General Meeting and holding shares as of the cut-off date, i.e., 7th September, 2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or contact NSDL at the following Toll Free No.: 1800-222-990 or email at evoting@nsdl.co.in
- vi. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- vii. Please note, only a person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date shall be entitled to avail the facility of voting, either through remote e-voting or voting at the Annual General Meeting through ballot paper.
- viii. The Board of Directors has appointed Mr. Pratik M. Shah, Practising Company Secretary (Membership No. FCS 7431) as the Scrutinizer to scrutinize the remote e-voting process as well as voting at the Annual General Meeting in a fair and transparent manner.
- ix. At the Annual General Meeting, at the end of the discussion of the resolutions on which voting is to be held, the Chairman shall, with the assistance of the Scrutinizer, allow voting through ballot paper for all those Members who are present but have not cast their vote electronically using the remote e-voting facility.
- x. The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the Annual General Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
- xi. The Chairman or a person authorised by him in writing shall declare the result of voting forthwith.
- xii. The results declared along with the Scrutinizer's Report shall be placed on the website of the Company www.muktaarts.com and on the website of NSDL www.evoting.nsdl.com immediately after the result is declared by the Chairman or any other person authorised by the Chairman and the same shall be communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed. The results shall also be displayed on the notice board at the Registered Office of the Company.
- xiii. In case of any grievances with respect to the facility for voting by electronic means, Members are requested to contact Mr. Amit Vishal, Senior Manager at amitv@nsdl.co.in or evoting@nsdl.co.in or on (+91 22 2499 4360 / 1800 222 990) or at NSDL, Trade World, 'A' wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013.

Registered Office:

Mukta House,
Behind Whistling Woods Institute
Filmcity Complex
Goregaon (East), Mumbai- 400 065

Place: Mumbai
Date: 24th May, 2017

By Order of the Board

Monika Shah
Company Secretary
Membership No: FCS 7964

MUKTA ARTS LIMITED

Annexure - 1 to Notice

Additional Information to Item No. 2.

Name of Director	Mr. Parvez A. Farooqui
Date of Birth	31/05/1956
Date of first appointment	24/03/2000
Qualifications	B.Com.
Expertise in specific functional areas and experience	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 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 foreign companies and Section 8 companies)	1. Mukta Creative Ventures Limited (Formerly known as Coruscant Tec Limited) 2. Mukta V N Films Limited 3. Mukta A2 Cinemas Limited
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.)	Nil
Number of shares held in the Company	77300

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

Annexure – 2 to Notice

Explanatory Statement Pursuant to section 102(1) of the Companies Act, 2013.

Item No. 4:

The members, at the Annual General Meeting of the Company held on 28th September, 2015 had re-appointed Mr. Parvez A. Farooqui (DIN: 00019853) as a Whole-time Director (Designated as Executive Director) of the Company by passing a Special Resolution for a period of three years with effect from 1st April, 2016 and also approving the remuneration payable to him. However, Mr. Parvez A. Farooqui vide his letter addressed to the Board of Directors has indicated that he does not wish to continue as Whole-time Director (Designated as Executive Director) w.e.f. 1st June, 2017 as he wants to devote maximum time to expand the exhibition business in Mukta A2 Cinemas Limited but he shall continue as a director of the Company as Non-executive Director. Thus, he shall not be entitled to draw remuneration w.e.f. the said date. The Executive Director's Agreement dated 1st April, 2016 entered between Mr. Parvez Farooqui (DIN 00019853) and the Company shall stand rescinded with effect from the end of 31st day of May, 2017.

The Board recommends the resolution as set out in item No. 4 of the Notice for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Parvez A. Farooqui is in any way concerned or interested in this resolution.

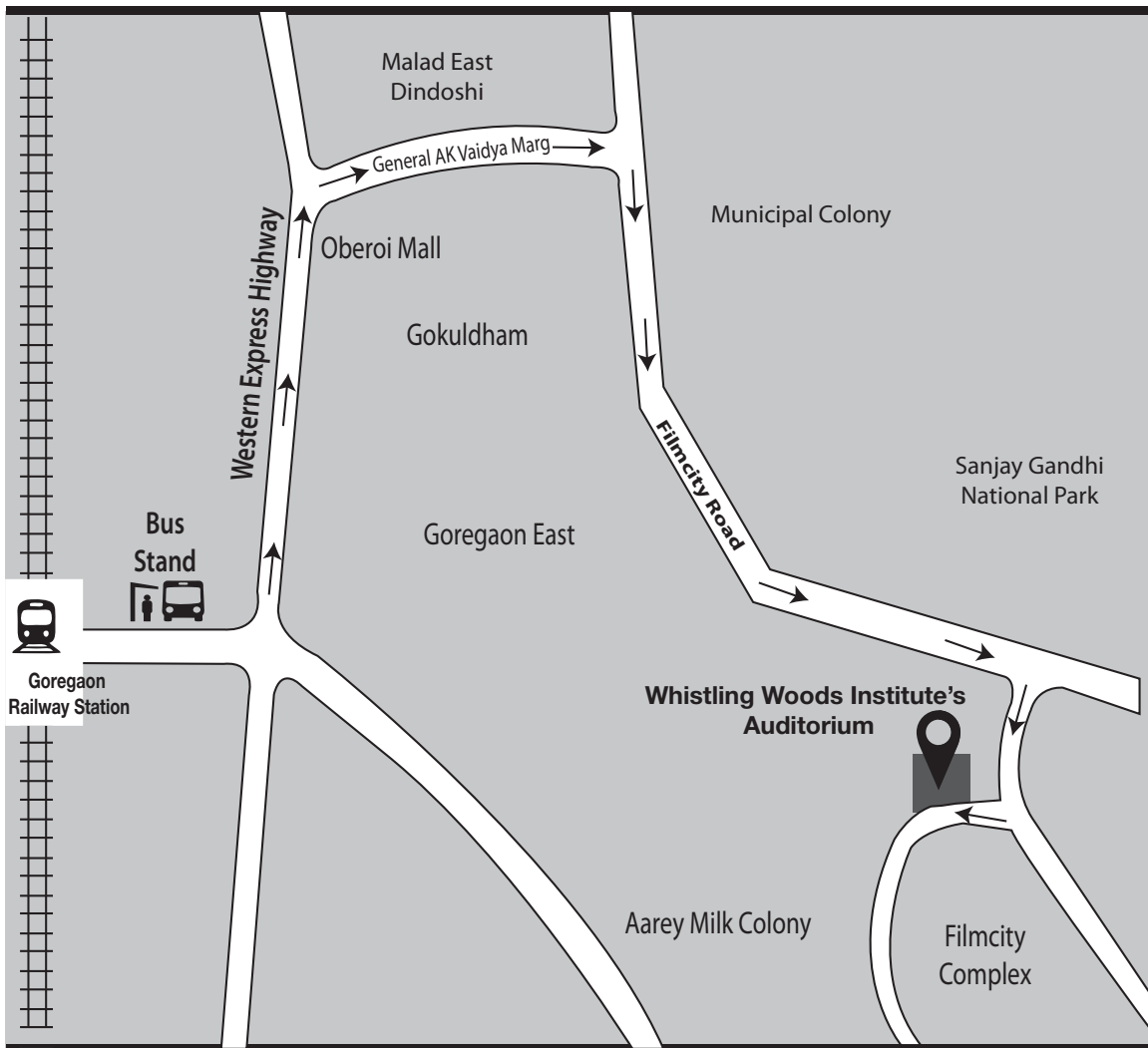
A copy of the resolution passed by the Nomination and Remuneration Committee and Board of Directors at its meeting held on 24th May, 2017 is available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays and holidays up to the date of Annual General Meeting.

Note:

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



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 Fifth Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2017.

1. RESULTS OF OUR OPERATIONS

(Figures in Millions)

Particulars	Year ending 31.03.2017 (Rs.)	Year ending 31.03.2016 (Rs.)
Profit/(Loss) before interest, depreciation & tax	135.40	102.81
Less: Interest	63.52	58.65
Profit/(Loss) after interest, before depreciation & tax	71.88	44.15
Less: Depreciation	64.67	61.69
Profit/(Loss) before tax	7.21	(17.53)
Less: Provision for taxation	9.43	0
Deferred Tax Liability /(Asset)	6.54	1.52
Profit/(Loss) available for appropriation	(8.76)	(19.05)
Less: Interim / Final Dividend	0	0
Tax on Interim / Final Dividend	0	0
Profit/(Loss) for the year	(8.76)	(19.05)
Add: Balance brought forward	(69.55)	(50.50)
Less: Transfer to general reserve	0	0
Profit/(Loss) Carried forward to Balance Sheet	(78.31)	(69.55)

Financial Performance and the state of Company's affairs:

During the year the total revenues of the Company were placed at Rs. 681.02 Millions compared to Rs. 618.404 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. As per the terms of the said order, MAL has paid an aggregate amount of Rs. 113,538,000 /- by 31st March, 2017 pending final hearing. 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 the loss incurred by the Company in the year under review, Your Directors regret that they have not recommended any dividend on Equity Shares for the year ended on 31st March 2017.

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, the company had re-issued and allotted 4000 Equity shares which were forfeited earlier to Mr. Subhash Ghai @ Rs. 66.24/- and hence the issued and paid up capital rose from Rs. 112,906,000/- to Rs. 112,926,000/-

2. BUSINESS OVERVIEW

Your Company has for the past two years, been focusing increasingly on the Cinema business. Over the years the Company has built up a dedicated clientele with its offering of affordable luxury where the patron gets a world class experience at par with any of India's other top multiplexes, but at a distinctly more affordable value. The Company is expanding internationally and its premium 6 screen multiplex theatre in Bahrain opened in September 2016. In addition, the company has opened multiple properties across India and many more will follow.

During this fiscal year, the Company has transferred its Cinema exhibition division to a separate legal entity Mukta A2 Cinemas Limited (Wholly owned subsidiary) of Mukta Arts Limited by way of slump sale.

Connect.1 Limited has produced a number of short films specifically for the internet medium with a good response. The company continues to partner with the best platforms to ensure that we build strongly on this success.

Subsidiary Companies

As on 31.03.2017 we have seven Indian subsidiary Companies namely, Whistling Woods International Limited, Connect.1 Limited, Mukta Tele Media Limited, Mukta Creative Ventures Limited (Formerly known as Coruscant Tec Limited), Mukta A2 Multiplex SPC., Mukta A2 Cinemas Limited and Mukta V N Films Limited. There is no material subsidiary of the company within the meaning of Regulation 27 and 30 of the Listing Regulations.

Out of the subsidiaries of the Company, the most notable has been the **Whistling Woods International Limited ('WWI')** that has regularly been rated as one of the Ten Best Film Schools in the World by 'The Hollywood Reporter', partnering with global brands like Sony, Apple, Foxconn & many more and with its alumni earning laurels in India & globally. In the field of Digital Content Creation and education thereof, Whistling Woods is now partnering with Google and has set up India's first and Asia's 2nd 'YouTube Space'. WWI has also entered into a historic partnership with the Tata Institute of Social Sciences' School of Vocational education to accredit all the 3-year UG courses that WWI runs with BSc, BA & BBA degrees. Whistling Woods continued its discussions and negotiations with the Maharashtra government to restore its original land holdings, so that it is able to proceed appropriately with its strategically proposed expansion plan. Academically, WWI has its own School of Music with a 2-yr Diploma in Music Production & Composition and has been in market with its online education with a 'Foundation in Film-making' course under the WWI Virtual Academy.

Another subsidiary of the Company, **Connect.1 Ltd. (C.1)**, the digital content creation and distribution arm of Mukta Arts continues to exploit the latent industry opportunity in the digital content consumption sector. After exploring the non-fiction content space on YouTube, C.1 has restructured its business model to focus on what the core strengths of the group are - fiction content. C.1 has established ties with the existing and emerging digital content platforms in India & overseas and pursuant to the same, has commissioned fiction web-series and short-fiction story ideas. In the months to come, these will be developed by C.1, produced in-house or co-produced with other digital platforms and syndicated to various digital content platforms for distribution. C.1 has also restructured its business to reduce its fixed cost, in order to build a leaner, more financially efficient business model. C.1 has also undertaken a detailed research & analysis of the digital content industry in India and having observed the growth cycle, is strategically planning its investment in digital platform content, to coincide with the growth of monetisation efficiency of the industry.

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

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

Mukta A2 Cinemas Limited is a wholly owned subsidiary company incorporated exclusively to handle the exhibition business. The Business of Cinemas are shooting up as after a lackluster 2014, the film sector saw Hollywood and

MUKTA ARTS LIMITED

regional films creating records and pushing this sector to grow by 9.3% though Bollywood offerings remained muted in their performance. With the digital sector on a high growth path, the exhibition sector needs innovative solutions to improve its growth trajectory. This company is likely to increase the ability and autonomy to nurture the Cinema Business effectively, streamline the activities currently being undertaken by the Company, rationalize financial strength and flexibility and deliver greater value to the investors and the clients.

Mukta A2 Multiplex SPC. is also a wholly owned subsidiary company incorporated in the Kingdom of Bahrain for running of a 6 screen multiplex in the Mall situated at Juffair Mall. The success of the brand in India and the zest with which patrons have accepted it has ushered the company to open a cinema over-seas in the beautiful city of Manama, Bahrain. This will be the first time that an Indian exhibition company, not even a decade old, opens a branch abroad. The company has lived up to the standards it has set for itself- to provide its patrons the best movie watching experience with pocket friendly prices, and continues to touch horizons with higher and higher standards.

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.

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

Number of meetings of the board

The details of the number of meetings of the Board held during the financial year 2016-17 forms part of the Corporate Governance Report. The Company had 5 meetings of the Board during the year. The intervening gap between any two meetings was within the period prescribed by Regulation-17(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

Committees of the Board

Currently, the Board has five Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Share Transfer Committee and Risk Management Committee.

A detailed note on Board and its committees is provided under the corporate governance section to this annual report. The composition of Committees, as per the applicable provisions of the Act and Rules, are as follows:

S. No.	Name of the Committee	Composition of the Committee
1.	Audit Committee	1. Mr. Parvez A.Farooqui 2. Mr. Kewal Handa 3. Mr. 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

* The requirement of Risk Management Committee under Regulation 21 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to your company, so, the Audit Committee and the Board in their Meetings held on 24th May, 2017 decided to dissolve the Risk Management Committee.



Board Diversity

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage difference in thought, perspectives, knowledge, skill, regional and industry experience, cultural and geographical background. The Board has adopted the Policy on Board Diversity which sets out the approach to diversity of the Board of Directors and the same is available on our website.

Remuneration and Nomination Policy

The Board of Directors of the Company has Non-Executive Independent Directors, who have in depth knowledge of the business and industry as the members of Nomination and Remuneration Committee. The composition of the Board is in conformity with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Policy Personnel and Senior Management of the Company. This Policy also lays down criteria for selection and appointment of Board Members. The policy is attached as **Annexure – B** to the Board's Report.

Declaration by Independent Directors

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Board evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The performance evaluation of the Chairman and the Non-Independent Director(s) was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

None of the independent directors are due for re-appointment.

Directors and Key Managerial Personnel

The Company has following Key Managerial Personnel:

Sr. No.	Name of the Person	Designation
1	Mr. Subhash Ghai	Executive Chairman
2	Mr. Rahul Puri	Managing Director
3	Mr. Parvez A. Farooqui	Executive Director
4	Mr. Prabuddha Dasgupta	Chief Financial Officer
5	Ms. Monika Shah	Company Secretary

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:

- i. in the preparation of the annual accounts for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. 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;
- iii. 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;
- iv. the annual accounts have been prepared on a going concern basis;
- v. 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
- vi. 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.

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4. AUDIT AND AUDITORS

Statutory Auditors

M/s Uttam Abuwala & Co., Chartered Accountants were re-appointed as the Statutory Auditors of the Company to hold office for a period of 4 years till the conclusion of the Thirty Eighth Annual General Meeting of the Company to be held in the year 2020. 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. 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 Pratik M. Shah, Company Secretaries in Practice (C. P. No. 7401) to undertake the Secretarial Audit of the Company. The Draft Secretarial Audit Report is included as **Annexure - C** and forms an integral part of this Report.

Directors Explanation to Qualification in Secretarial Audit Report:

- a) Excess remuneration and professional fees paid to Mr. Subhash Ghai, erstwhile chairman and Managing Director of the company has been taken up at suitable level for review and the company is hopeful of getting the relief shortly.
- b) The financial statements for the year ended 31st March, 2016 were not signed by the Chief Financial Officer of the Company due to oversight and inadvertently and the Company shall take due care as to avoid such error in future.
- c) Attempts continue to be made to pay statutory dues on time and file the relevant returns within prescribed time limits.
- d) 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 (Maharashtra Film Stage and Cultural Development Corporation) MFCCDCL by March 31, 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.
- e) The trading window for the board meeting held on 26th May, 2016 was not closed and the same was not intimated to the Stock Exchange due to certain unavoidable circumstances and the Company shall take due care regarding such compliances.

Certificate on Corporate Governance

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

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

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 is constantly assessed and strengthened with new/ revised standard operating procedures. Your Company has in the year 2016, appointed NMAH & Associates LLP, Chartered Accountants to assist the Company in setting up effective Internal Financial Controls (IFC) and for periodic review. With their assistance and guidance the Company has put in place an adequate system of internal controls commensurate with its size and nature of business. The key areas, general IT controls and the entity level controls alongwith the risk control matrix were considered for review. These systems have helped in assessing the effectiveness and efficiency of operational controls, enhancing governance and protecting against IT fraud and increasing reliability of financial reporting and statutory compliance. The effectiveness of IFC was tested by the consultants who found no significant deficiencies. Further, the statutory auditors through their independent testing of IFC, have also issued an unqualified opinion.

The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal and operational audit is entrusted to M/s. Garg Devendra & Associates, a reputed firm of Chartered Accountants The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.



The Audit Committee actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

The Audit Committee, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken by the management are presented to the Audit Committee. To maintain its objectivity and independence, the internal Audit function reports to the Chairman of the Audit Committee.

Extract of Annual Return

The details forming part of the extract of Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and administration) Rules, 2014, is included in this Report as **Annexure - E** and forms an integral part of this Report.

5. Human Resources

Human Resource is considered as one of the most critical resources in the business which can be continuously smoothened to maximize the effectiveness of the Organization. Human Resources build the Enterprise and the sense of belonging would inculcate the spirit of dedication and loyalty amongst them towards strengthening the Company's Polices 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 internet 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	29.96
Mr. Rahul Puri	Managing Director	36.65
Mr. Parvez A. Farooqui	Executive Director	36.36

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

Name	Designation	Ratio
Mr. Subhash Ghai	Executive Chairman	17.83%
Mr. Rahul Puri	Managing Director	13.82%
Mr. Parvez A. Farooqui	Executive Director	14.36%
Mr. Prabuddha Dasgupta	Chief Financial Officer	9.99%
Ms. Monika Shah	Company Secretary	0.00

c. The percentage increase in the median remuneration of employees in the financial year:- 50%

d. The number of permanent employees on the rolls of Company: - 367

e. Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year was 33.06% whereas the increase in the managerial remuneration was 41.00%.

f. 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.

g. Particulars of Employees

Information as per Rule 5(2) & 5(3) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

MUKTA ARTS LIMITED

1 Top Ten Employees in terms of remuneration drawn during the year

Sr. No.	Name	"Designation / Nature of Duties"	Remuneration	Qualification	"Experience (in years)"	"Date of Commencement of Employment"	"Age (in years)"	Last Employment Held	Relative of any Director and Manger of the Company
1	Satwik Lele	Chief Operating Officer	4,965,840	BE-Mech. & PGDBM	15	19-May-2014	43	INOX Leisure Limited	No
2	Rahul Puri	Managing Director	4,397,800	BSC - Business Management	18	01-Apr-2004	39	Nimbus Communications Ltd.	* Yes
3	Parvez Farooqui	Executive Director	4,362,600	B com	43	24-Oct-1984	61	Citi Colour Corporation Firm	No
4	Ashish Gharde	Group - COO	4,000,000	MBA(SIBM)	20	06-Feb-2017	45	L&T, Balaji Telefilms	No
5	Subhash Ghai	Chairman	3,595,000	B com	47	09-Jul-1982	73	Mukta Arts since inception	No
6	Siraj Farooqui	Studio Chief Executive	3,582,260	Inter Arts	41	01-Jan-1984	63	Mukta Arts since inception	* Yes
7	Vashdev Bajaj	COO	3,366,000	B.Com	40	01-Jan-2008	61	Mukta Arts since inception	No
8	Sanjay Ghai	COO	3,054,000	Graduate	34	28-Nov-1983	52	Mukta Arts since inception	No
9	Prabodha Das Gupta	CFO	3,811,308	CA	25	07-Jul-2014	50	Neo sports broadcast pvt ltd	No
10	Prem Taparua	Fin. Manager	2,303,892	CA	13	25-Jul-2007	38	Simplex Mills Co. Ltd.	No

Notes:

- 2 Details of Employees who were :
 - (A) Employed throughout the Financial Year under review and in receipt of remuneration for the Financial Year in the aggregate of not less than Rs. 1,02,00,000 per annum: NIL
 - (B) Employed for the part of the Financial Year under review and in receipt of remuneration at the rate of not less than Rs. 8,50,000/- per month : NIL
- 3 There was no employee either throughout the financial year or part thereof who was in receipt of remuneration which in the aggregate was in excess of that drawn by the Managing Director or Whole-time Director and who held by himself or alongwith his spouse or dependent children two percent or more of the Equity Shares of the Company.
- 4 * Mr.Rahul Puri is relative of Mr. Subhash Ghai.
* Mr.Siraj Farooqui is relative of Mr.Parvez Farooqui.

6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

7. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Regulation to report genuine concerns or grievances. The Vigil Mechanism/ Whistle Blower Policy may be accessed on the Company's website <http://muktaarts.com/Aboutus/investorrelations.php>

8. RISK MANAGEMENT

Your Company is well aware of risks associated with its business. The Company manages risk through a detailed Risk Management Policy framework which lays down guidelines in identifying, assessing and managing risks that the businesses are exposed to. Risk is managed by the Board through appropriate structures that are in place at the Company.

9. HEALTH, SAFETY AND ENVIRONMENT:

As a responsible corporate citizen, your Company lays considerable emphasis on health, safety aspects of its human capital, operations and overall working conditions. Thus being constantly aware of its obligation towards maintaining and improving the environment, all possible steps are being taken to meet the toughest environmental standards on pollution, effluents, etc. across various spheres of its business activities.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is not engaged in manufacturing activities and as such the particulars relating to conservation of energy and technology absorption are not applicable. The Company makes every effort to conserve energy as far as possible in its post-production facilities, Studios, Offices, etc. In particular the Company has taken specific measures to ensure conservation of energy in places where Mukta A2 Cinemas are located.



Particulars regarding Foreign Exchange earnings and outgo required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are given in the notes forming part of accounts which forms part of the Annual Report.

11. GREEN INITIATIVE

Section 136 of the Act and the Rules framed there under allows the Company to send its Financial Statements by electronic mode to such Members whose shareholding is in dematerialized format and whose email addresses are registered with the Depositories for communication purposes. As a responsible corporate citizen, the Company proposes to effect electronic delivery of the Annual Report of the Company in lieu of the paper form to the Members who have registered their email IDs with the Depositories. A physical copy of the Annual Report will be sent to those Members who have not registered their email addresses with the Depositories for receiving electronic communication. A physical copy of this Annual Report can also be obtained free of cost by any Member from the Registered Office of the Company on any working day during business hours.

A copy of this Annual Report is also available on the website of the Company at www.muktaarts.com.

12. STATUTORY INFORMATION

The Business Responsibility Reporting as required by Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to your Company for the financial year ended March 31, 2017.

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

Place: Mumbai
Date: 24th May, 2017

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	Mukta Creative Ventures Limited (Formerly known as Coruscant Tec Limited)	Mukta V N Films Limited	Mukta A2 Cinemas Limited	Mukta A2 Multiplex SPC
a)	Share Capital	40,00,00,000	600,000	500,000	75,00,000	6,36,00,000	5,00,000	86,02,205
b)	Reserves & Surplus	-68,68,68,434	-1,03,31,198	-1,19,52,869	-60,68,325	40,63,875	-6,44,299	-7,77,95,642
c)	Total Assets	34,35,37,738	44,57,732	20,07,124	14,43,175	19,58,64,250	46,05,58,258	13,81,36,748
d)	Total Liabilities	34,35,37,738	44,57,732	20,07,124	14,43,175	19,58,64,250	46,05,58,258	13,81,36,748
e)	Investments	5,00,000	250	250	Nil	Nil	45,000	Nil
f)	Turnover	34,24,94,708	12,01,713	3,00,000	181	4,98,61,701	35,97,229	7,09,59,476
g)	Profit/(Loss) before taxation	1,75,66,621	-53,90,642	-18,23,667	-50,540	21,73,051	-6,44,299	-7,88,26,533
h)	Provision for taxation	Nil	Nil	Nil	Nil	5,11,987	Nil	Nil
i)	Profit/(Loss) after taxation	1,75,66,621	-53,90,642	-18,23,667	-50,540	16,61,064	-6,44,299	-7,88,26,533
j)	Proposed dividend	-	-	-	-	3,60,000	-	-
k)	% of shareholding	84.99%	100%	99.92%	100%	55%	99.99%	100%

Nomination and Remuneration Policy

This Nomination and Remuneration Policy (the "Policy") applies to the Board of Directors (the "Board"), Key Managerial Personnel (the "KMP") and the Senior Management Personnel of Mukta Arts Limited.

1. OBJECTIVE

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

2. DEFINITIONS

"**Board**" means Board of Directors of the Company.

"**Company**" means Mukta Arts Limited

"**Employees' Stock Option**" means the option given to the directors, officers or employees of a company or of its subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

"**Independent Director**" means a director referred to in Section 149 (6) of the Companies Act, 2013.

"**Key Managerial Personnel**" (KMP) means

- (i) Chief Executive Officer or the Managing Director or the Manager,
- (ii) Company Secretary,
- (iii) Whole-time Director,
- (iv) Chief Financial Officer and
- (v) Such other officer as may be prescribed.

"**Nomination and Remuneration Committee**" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.

"**Remuneration**" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

"**Senior Management**" means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

3. ROLE OF THE COMMITTEE

The following shall be the role of the Committee:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- b) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- c) To recommend to the Board the appointment and removal of Directors and Senior Management.
- d) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- e) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- f) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- g) To perform such other functions as may be necessary or appropriate for the performance of its duties.

4. MEMBERSHIP

- a) The Committee shall comprise of at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.



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

5. CHAIRMAN

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

6. FREQUENCY OF MEETINGS

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

7. APPOINTMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT

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

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

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

9. SECRETARY

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

10. DEVIATIONS FROM THIS POLICY

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

Form No. MR-3

Secretarial Audit Report

For the Financial year ended 31st March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,

Mukta Arts Limited

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 evaluation the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31st March, 2017, 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:

1. 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 31st March, 2017 according to the provisions of:
 - i. The Companies Act, 2013 (the 'Act') and the rules made there under for specified sections notified and came into force;
 - ii. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment made by the Company;
 - iii. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
 - iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations 2015;
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
 - v. The Depositories Act, 1996 and Regulations and Bye – laws framed there under;
 - vi. Employees Provident Fund and Miscellaneous Provisions Act, 1952;
 - vii. Employees State Insurance Act, 1948;
 - viii. Income Tax Act, 1961 (our checking to the extent of Tax Deducted at Source under various Sections, payments made and T.D.S Return filed);
 - ix. Indirect Tax Laws relating to collections, deductions, wherever applicable, payments made and returns filed;
 - x. The Sexual Harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013;
 - xi. The Bombay Shops and Establishments Act, 1948;
 - xii. The Copyright Act, 1957;
 - xiii. Trade Marks Act, 1999;
 - xiv. The Patents Act, 1970;
 - xv. Cinematograph Act, 1952;
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report:-
 - i. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - ii. The Securities and Exchange Board of India (Delisting of equity Shares) Regulations, 2009; and



- iii. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
 - iv. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
3. The Company has identified the following laws as specifically applicable to the Company and on basis of information and certificates signed by the respective departmental head, cross verified by executive director and as placed before the board, we hereby state that the Company has complied with the following Acts:-
1. Employers Liability Act, 1938;
 2. Environment Protection Act, 1986 and other environmental laws;
 3. Equal Remuneration Act, 1976;
 4. Indian Contract Act, 1976;
 5. Indian Stamp Act, 1958;
 6. Maharashtra Stamp Act, 1958;
 7. Maternity Benefits Act, 1961;
 8. Minimum Wages Act, 1948;
 9. Negotiable Instrument Act, 1981;
 10. Payment of Bonus Act, 1965;
 11. Payment of Gratuity Act, 1972;
 12. Payment of Wages Act, 1936;
 13. Contract Labour (Regulations & Abolition) Act, 1970;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) 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 (hereinafter referred to as 'CSE');

The Company had voluntarily applied for delisting from the Calcutta Stock Exchange Limited w.e.f 31st March, 2014. However till date of issue of this report the Company has not received any official confirmation from CSE of being delisted. Further, the status of scrip of the Company (Scrip Code 023922) is suspended on CSE website.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable, *except some instances which are mentioned in the Annexure -I to this Secretarial Audit Report.*

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors during the financial year under review.

Adequate notice is given to all Directors to schedule the Board meetings, at least seven days in advance in compliance with the provisions of the Act, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and process in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the 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. However, the Company has re-issued and allotted 4,000 forfeited equity shares on 9th February, 2017.
- ii. Redemption/buy-back of securities.
- iii. Merger/amalgamation/reconstruction etc.
- iv. Foreign Technical collaboration. However, the Company has floated a wholly owned subsidiary in Kingdom of Bahrain by name of Mukta A2 Multiplex S.P.C.

PRATIK M. SHAH
Company Secretaries
FCS No.: 7431
CP No.: 7401

Place: Mumbai
Date: 24th May, 2017

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

MUKTA ARTS LIMITED

Annexure – I

A. Observations 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. 63,649,674/- 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. 25,200,000/- 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. 59,006,159/-. Subsequently, the Central Government vide its letter dated 9th February, 2015 had rejected all applications of the Company in respect of balance excess remuneration and application for waiver of recovery of excess remuneration from the financial years 2005-06 to 2007-08 and the entire excess remuneration paid during the financial years 2008-09 to 2012-13. Thus the aggregate excess remuneration disapproved by the Central Government from the financial year from 2005-06 to 2012-13 amounts to Rs. 59,006,159/-. However, the Company vide its letter dated 25th March 2015 had requested the Central Government to review the applications for excess remuneration paid to Mr. Subhash Ghai, and the outcome thereof is awaited.

2. Professional fees paid to Mr.Subhash Ghai, erstwhile Chairman and Managing Director of the Company.

The Company had paid to erstwhile Chairman and Managing Director of the Company, Mr. Subhash Ghai, a total sum of Rs. 16,400,000/- as per details given hereunder by way of Professional fees for directing a Hindi film. As per provisions of Section 309 (1) (b) of the Companies Act, 1956 such Professional fees shall not be included in the managerial remuneration if, in the opinion of the Central Government, the director possess the requisite qualifications for the practice of the profession.

Financial Year	Professional Fees paid
2013-2014	Rs. 11,000,000/-
2012-2013	Rs. 5,400,000/-

The Company had made post facto application to the Central Government seeking its opinion that the erstwhile Chairman and Managing Director, Mr. Subhash Ghai possess the requisite qualification. However, the said application of the Company has been rejected by Ministry of Corporate Affairs, Government of India vide its letter dated 18th September, 2014. However, the Company vide its letter dated 9th December, 2014, had requested the Ministry of Corporate Affairs, New Delhi, to re-consider its application and accord the approval to the effect that requisite qualification is possessed by Mr. Subhash Ghai the erstwhile Chairman and Managing Director and the outcome thereof is still awaited.

3. Financial Statements

The financial statements for the financial year ended 31st March, 2016 were not signed by the Chief Financial Officer of the Company i.e. Mr. Prabuddha Dasgupta as prescribed by provisions of sub section (1) of section 134 of the Act.

4. Internal Audit Report

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

5. Compliance of Secretarial Standard-1 in respect to Board meetings

The Company is *generally* regular in observing the Secretarial Standard-1 in respect minutes of Board meetings.

B. On Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992

1. The compliance officer has closed the Trading window for all the board meetings in which the financial results were declared Pursuant to Regulation 4 of Schedule B of The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, *except for the Board meeting held on 26th May, 2016*

C. Litigations

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 9th February 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 WWIL filed Review Petitions before the High Court and the said Review Petitions were heard by High Court and a stay was granted on 30th July 2014. However, the High Court has ordered MAL/WWIL to pay arrears of rent for the years 2000-01 to 2013-14 aggregating to Rs. 100,038,000/- by January 2015 and pay rent of Rs 4,500,000/- per annum from the financial year 2014-15. As per the terms of the said order, MAL has paid an aggregate amount of Rs. 113,538,000/- by 31st March, 2017 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.

D. 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. ESIC, Provident Fund, Service Tax and Profession Tax

- a) **Payments:** The Company is regular in payments of ESIC, Provident Fund, Service Tax and Profession Tax deducted at various locations by Mukta Cinemas as well as by registered office and transfer has been made within prescribed time *except* delayed payment in few months at certain locations.
- b) **Returns:** The Company is *generally* regular in filing returns relating to service tax.
- c) **Legal Proceedings:** The legal proceeding against Company was closed by Assistant P. F. Commissioner vide his Order No. MH/39757-A/PF/DAMAGES/SO/PDJ/132 dated 9th June 2016 as the Company has fulfilled the demand raised in Notice No.180 dated 16th May 2016, by paying an amount of Rs. 61,374/- on 30th May, 2016, towards damages for the period April 2011 to March, 2016, under Section 14B and interest under section 7-Q of the Employee's Provident Fund and Miscellaneous Provisions Act, 1952.

3. 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.
- b) **Returns:** The Company is *not regular* in filing of returns of the period for which taxes have been deducted. The summary of the return in respect to tax deducted at source filed by the company is given below:

Form no	Purpose	Compliance Status
24Q	Tax Deducted at Source in respect of salary	Filed for Quarter I after due date. Not filed for Quarter II, III and IV till the date of issue of the certificate
26Q	Tax Deducted at Source for all other payments made to residents	Filed for Quarter I, II and III after due date Not filed for Quarter IV till the date of issue of the certificate

- c) **Default Notices:** The Company has received default notices from Income Tax Department for late filing of returns and correction in return. The Company has paid the necessary late filing fees and made necessary corrections in returns within prescribed time except in case of Notice No TDS/1617/26Q/D/100023991478 dated 12th January 2017 for late filing of Form 26Q for Quarter I.

E. Other Observations

1. The Company has made wrong classification in booking of expenses incurred for Auditors and guests under the head "Staff Welfare Expenses".

PRATIK M. SHAH
Company Secretaries
FCS No.: 7431
CP No.: 7401

Place: Mumbai
Date: 24th May, 2017

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

PRATIK M. SHAH
Company Secretaries
FCS No.: 7431
CP No.: 7401

Place: Mumbai
Date: 24th May, 2017

MUKTA ARTS LIMITED

Annexure D

PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
MUKTA ARTS LIMITED

1. We have examined the compliance of the conditions of Corporate Governance by Mukta Arts Limited for the year ended on March 31, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 ("Listing Regulations")
2. The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.
4. We further 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: 24th May, 2017



Annexure - E

FORM NO. MGT – 9
EXTRACT OF ANNUAL RETURN

As on the financial year ended 31.03.2017

[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 101, 247 Park L B S Marg, Vikhroli West Mumbai – 400 083. (PH- 22 49186000, Fax- 22 49186060)

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	Motion picture projection in cinemas	59141	49%
2	Food and beverages	47810	16%
3	Rent and amenities charges	68100	13%

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	Wholly Owned Subsidiary	100%	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

Sr. No	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of Equity shares held	Applicable Section
4	Mukta Creative ventures Limited (Formerly known as Coruscant Tec Private Limited) Mukta House, Behind Whistling Woods Institute Filmcity Complex, Goregaon (East) Mumbai – 400065	U72200MH2003PTC193963	Wholly Owned Subsidiary	100%	Section 2(87)
5	Mukta V N Films Limited Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon East Mumbai – 400065	U74120MH2013PLC244220	Subsidiary	55%	Section 2(87)
6	Mukta A2 Cinemas Limited	U74999MH2016PLC287694	Wholly Owned Subsidiary	100%	Section 2 (87)
7	Mukta A2 Multiplex S.P.C. (Bahrain)	99524-1	Wholly Owned Subsidiary	100%	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 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% 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	15893290	0	15893290	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	15893290	0	15893290	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	15893290	0	15893290	70.37	0.00
B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	13026	0	13026	0.06	0.00



Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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	13026	0	13026	0.06	0.06
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2106119	0	2106119	9.32	976979	0	976979	4.32	5.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs. 2 lakh	2174876	18942	2193818	9.71	2507269	23642	2526911	11.19	1.48
ii) Individual Shareholders holding nominal share capital in excess of Rs.2 lakh	1916991	0	1916991	8.48	2429653	0	2429653	10.75	2.27
c) Others Directors and Relatives	0	0	0	0.00	0	0	0	0.00	0.00
i) Other Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
ii) Foreign Bodies	0	0	0	0.00	0	0	0	0.00	0.00
iii) NRI / OCBs	145523	0	145523	0.63	150471	0	150471	0.67	0.04
iv) Clearing Members / Clearing House	103618	0	103618	0.45	345615	0	345615	1.53	1.08
v) Trusts	24950	0	24950	0.11	24950	0	24950	0.11	0
vi)HUF	200891	0	200891	0.99	224305	0	224305	0.99	0.00
Sub-Total (B)(2):	6672968	18942	6691910	29.63	6678884	23642	6678884	29.57	0.06
Total Public Shareholding (B)=(B)(1)+(B)(2)	6672968	18942	6691910	29.63	6691910	23642	6691910	29.63	0.00
TOTAL (A)+(B)	22562258	18942	22581200	100.00	22561758	23642	22585200	100.00	--
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	0	0	0	0.00	0		0	0.00	--
Grand Total (A+B+C)	22562258	18942	22581200	100.00	22565558	23642	22585200	100.00	--

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(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	12421990	55.00	0	0.01
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	15893290	70.37	0	0.01

(iii) Change in Promoters' Shareholding

SI No	Shareholder's Name	Share holding at the beginning of the year			Share holding at the end of 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	% change in share holding during the year
1	Mr. Subhash Ghai	12417990	54.99	0	12421990	55.00	0	0.01

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

Sr. No.	Top 10 Shareholders *	Shareholding at the beginning of the year 01-04-2016		Cumulative Shareholding end of the year 31-03-2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Raju Nanwani	771200	3.42	839700	3.72
2	Sakshi Nanwani	224000	0.99	224000	0.99
3	Pace Stock Broking Services Pvt. Ltd.	203045	0.90	180000	0.80
4	Bijoo U Ramrakhiani	101805	0.45	176010	0.78
5	Rasiklal Shankarlal Shukla	116748	0.52	122031	0.54
6	Jyoti Charul Shah	104000	0.46	121000	0.54
7	Nilesh Talak Dedhia	0	0.00	108900	0.48
8	Blue Moon Properties Pvt Ltd	100000	0.44	100000	0.44
9	Mind Factory Entertainment Pvt. Ltd.	0	0.00	100000	0.44
10	Dhanesh S Shah	100000	0.44	100000	0.44

* The shares of the Company are traded on a daily basis and hence the date wise increase / decrease in shareholding is not indicated. Shareholding is consolidated based on permanent account number (PAN) of the shareholder.



(v) **Shareholding of Directors and Key Managerial Personnel:**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Date of change in shareholding	Reason for change
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company		
1	Subhash Ghai	12417990	54.99	12421990	55.00	09.02.2017	Re-issue of 4000 forfeited shares
2.	Parvez A. Farooqui	77300	0.34	77300	0.34	--	--
3.	Manmohan Shetty	800	0.00	800	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	45,83,55,328	6,00,00,000	0.00	51,83,55,328
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	11,58,421	3,53,392	0.00	15,11,813
Total (i+ii+iii)	45,95,13,749	6,03,53,392	0.00	51,98,67,141
Change in Indebtedness during the financial year				
* Addition	15,27,95,790	3,72,66,027	0.00	19,00,61,817
* Reduction	19,15,46,209	1,00,00,000	0.00	20,15,46,209
Net Change	(3,87,50,419)	2,72,66,027	0.00	(1,14,84,392)
Indebtedness at the end of the financial year				
i) Principal Amount	42,07,63,330	8,50,00,000	0.00	50,57,63,330
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	26,19,419	0.00	26,19,419
Total (i+ii+iii)	42,07,63,330	8,79,72,811	0.00	50,83,82,749

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 (Rs.)			Total Amount (Rs.)
		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 (b) Value of Perquisites u/sec 17 (2) Income Tax Act, 1961 (c) Profits in lieu of salary under section 17 (3) of Income Tax Act, 1961	35,95,000	39,98,000	39,66,000	1,15,59,000
		3,37,400	47,400	40,400	4,25,200
2	Stock Option				
3	Sweat Equity				
4	Commission a. as a % of profit b. others, specify				
5	Others				
	Total	39,32,400	40,45,400	40,06,400	1,19,84,200
	Ceiling as per the Act	Rs. 42 Lakhs per annum as per Section II (A) of Part II of Schedule V of the Companies Act, 2013.			

MUKTA ARTS LIMITED

B. Remuneration to other Directors: -

Sr. No.	Particulars of Remuneration	Name of Directors		
		Mr. Kewal Handa	Mrs. Paulomi Dhawan	Mr. Manmohan Shetty
	Non-Executive Independent Directors			
1.	Fee for attending board meetings	55,000	50,000	55,000
2.	Salary & perquisites	Nil	Nil	Nil
	Total	55,000	50,000	55,000

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

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (Rs.)
		Total Amount (Rs.)		
		Chief Financial Officer	Company Secretary	
		Prabuddha Dasgupta	Monika Shah	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	34,64,820	9,00,000	43,64,820
	(b) Value of Perquisites u/sec 17 (2) Income Tax Act, 1961	-	-	-
	c. Profits in lieu of salary under section 17 (3) of Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	a. as a % of profit			
	b. others, specify	-	-	-
5	Others	-	-	-
	Total	34,64,820	9,00,000	43,64,820

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

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: 24th May, 2017

(Subhash Ghai)
Chairman
DIN: 00019803



CORPORATE INFORMATION

Board of Directors

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

Ms. Monika M. Shah

Auditors

M/s. Uttam Abuwala & Co.
Chartered Accountants

Registered Office

Mukta House,
Behind Whistling Woods Institute,
Filmcity Complex, Goregaon (East),
Mumbai – 400 065
CIN : L92110MH1982PLC028180

Audit Committee

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

Nomination and Remuneration Committee

Mr. Kewal Handa
Mr. Manmohan Shetty
Mrs. Paulomi Dhawan

Stakeholders Relationship Committee:

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

Share Transfer Committee

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

Bankers

Yes Bank Limited
HDFC Bank Limited

Registrar & Transfer Agents

Link Intime India Private Limited

C 101, 247 Park,
L B S Marg, Vikhroli West,
Mumbai 400 083

Tel No: +91 22 49186000 Fax: +91 22 49186060

MUKTA ARTS LIMITED

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The essence of Corporate Governance is about maintaining the right balance between economic, social, individual and community goals. At Mukta Arts, good corporate governance is a way of life and the way we do our business, encompassing every day's activities and is enshrined as a part of our way of working. The Company is focused on enhancement of long-term value creation for all stakeholders without compromising on integrity, societal obligations, environment and regulatory compliances. Our actions are governed by our values and principles, which are reinforced at all levels of the organisation. These principles have been and will continue to be our guiding force in future.

For your Company, good corporate governance is a synonym for sound management, transparency and disclosure, encompassing good corporate practices, procedures, standards and implicit rules which propel a Company to take sound decisions, thus maximising long-term shareholder value without compromising on integrity, social obligations and regulatory compliances. The cardinal principles such as transparency, integrity, professionalism, accountability and disclosure serve as means for implementing the philosophy of Corporate Governance.

The Company follows the Governance Guidelines to help fulfill its corporate responsibility towards its stakeholders. The Governance Guidelines related to composition and role of the Board, Chairman and Directors, Board diversity, definition of independence, Director's term, retirement age and Committees of the Board are adhered to. These guidelines ensure that the Board will have the necessary authority and processes to review and evaluate our operations when required. Further, these guidelines allow the Board to make independent decisions to bring objectivity and transparency in the management and in the dealings of the Company.

A Report on compliance with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is given below.

1. Board of Directors

A. Composition

The composition of the Board is in conformity with Regulation 17(1) of the SEBI Listing Regulations read with Section 149 of the Act.

As on March 31, 2017, the Board of the Company has an optimum combination of Executive Chairman, Managing Director, Executive Director and Non-Executive Independent Directors and 50% of the Board of Directors comprises of independent directors including one woman director.

B. Attendance at Board Meetings

During the year under consideration Five meetings of the Board were held on 26th May, 2016; 11th August, 2016, 29th September, 2016, 10th November, 2016 and 9th February, 2017.

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below. Other Directorships do not include directorships in Private Limited Companies, Section 8 Companies and Companies incorporated outside India. Chairmanships / Memberships of Board Committees include only Audit Committee and Stakeholders Relationship Committee.

Sr. No.	Name of the Director	Category	Number of Board meeting during the Yr. 2016 - 2017		Number of Director ships in other Public Companies *	Membership / Chairmanship of Committees in other Public Companies		Attendance at the A.G.M Held on 9th September, 2016
			Held	Attended		Chairman	Membership	
1	Mr. Subhash Ghai	EC	5	3	7	Nil	1	Present
2	Mr. Rahul Puri	ED	5	5	4	Nil	Nil	Present
3	Mr. Parvez A Farooqui	ED	5	5	4	Nil	Nil	Present
4	Mr. Kewal Handa	NEI	5	5	4	Nil	1	Present
5	Mrs. Paulomi Dhawan	NEI	5	4	1	Nil	Nil	Present
6	Mr. Manmohan Shetty	NEI	5	5	7	Nil	1	Present

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

* excludes directorships in private companies, foreign companies and Section 8 companies

C. Inter-se relationships among Directors:

Mr. Rahul Puri is son-in-law of Mr. Subhash Ghai and Mr. Parvez A Farooqui is brother-in-law of Mr. Subhash Ghai. Except for this, there are no inter-se relationships among the Directors.



D. Number of shares and convertible instruments held by Non Executive Directors:

Mr. Manmohan Shetty, Non Executive Independent Director of the Company holds 800 Equity Shares of the Company. None of the other Non Executive Independent Directors hold any shares in the Company. Further, the Company has not issued any convertible instruments hence disclosure in this respect is not applicable.

E. Independent Directors:

The Independent Directors on the Board of the Company, upon appointment are given formal appointment letter inter alia containing the term of appointment, role, duties and responsibilities, time commitment, remuneration, insurance, code of conduct, training and development, performance evaluation process, disclosure, confidentiality, etc. The Company has received necessary declarations from all the independent directors under Section 149 (7) of the Companies Act, 2013 that he/she meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) / 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The terms and conditions of appointment of the Independent Directors and familiarisation programme of the Independent Directors both are disclosed on the website of the Company at <http://muktaarts.com/Aboutus/investorrelations.php>

Performance Evaluation:

One of the Key functions of the Board is to monitor and review the board evaluation framework. The Board works with the Nomination and Remuneration Committee to lay down the evaluation criteria for the performance of executive/ non-executive/ independent directors through a peer- evaluation excluding the director being evaluated through a survey. The questionnaire of the survey is a key part of the process of reviewing the functioning and effectiveness of the Board and for identifying possible paths for improvement. Each Board member is requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, decision-making of the directors, relationship to stakeholders, company performance, company strategy and the effectiveness of the whole Board.

Separate Meeting of the Independent Directors:

The Independent Directors held a Meeting on 7th July, 2016, without the attendance of Non-Independent Directors and Member of Management. All the Independent Directors were present at the meeting. The following issues were discussed in detail:

- Reviewed the performance of non-independent directors and the Board as a whole;
- Reviewed the performance of the Chairperson of the Company, taking into account the views of Non-Executive Directors;
- Assessed the quality, quantity and timeliness of flow of information between the company management and the board that is necessary for the board to effectively and reasonably perform their duties.
- Discussion on the observance of the Corporate Governance by the Company.

2. COMMITTEES OF THE BOARD

(A) AUDIT COMMITTEE

The Company has an Audit Committee in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI Listing Regulations.

The Audit Committee comprises of

- Mr. Kewal Handa - Chairman and Independent Director
- Mr. Parvez A. Farooqui - Member and Executive Director
- Mr. Manmohan Shetty - Member and Independent Director

The meetings of Audit Committee are also attended by the Statutory Auditors and Chief Financial Officer of the Company as special invitees. The Committee also invites the Internal Auditors and such other Executives as it considers appropriate to be present at the meeting. The Company Secretary/ Compliance Officer acts as the secretary to the Committee. Minutes of each Audit Committee meeting are placed before, and when considered appropriate, are discussed in the meeting of the Board. All the members of the Committee possess strong accounting and financial management knowledge. The Audit Committee, inter-alia, reviews financial statements/reports, the adequacy of the internal control functions, and reviews the Internal Audit reports including those related to Internal Control weaknesses, if any. The Audit Committee is provided with necessary assistance and information to carry out their functions effectively.

Five meetings of the Audit Committee were held during the year on 26th May, 2016; 11th August, 2016, 29th September, 2016, 10th November, 2016 and 9th February, 2017.

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Details of meetings attended by its members till 31st March, 2017 are given below:

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

The Chairman of the Audit Committee was present at the Annual General Meeting held on 9th September, 2016 to address the shareholders' queries pertaining to the Annual Accounts of the Company.

Powers and Terms of Reference of the Committee:

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

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



(B) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of

Mr. Kewal Handa - Chairman and Independent Director

Mr. Manmohan Shetty - Member and Independent Director

Mrs. Paulomi Dhawan - Member and Independent Director

Two members are the quorum for the meeting of the said Committee. The Company Secretary/Compliance Officer is the Secretary of the Nomination and Remuneration Committee. The minutes of the Meeting of the Committee are placed at the meeting of Board of Directors.

During the year under review, two meetings of the Nomination and Remuneration Committee were held on 26th May, 2016 and 11th August, 2016.

Details of meetings attended by its members till 31st March, 2017 are given below:

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

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

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

Nomination and Remuneration Policy

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

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

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

Criteria for performance evaluation of Directors

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

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

Remuneration paid to Directors

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

Details of Sitting Fees/Remuneration paid to Non-executive Independent Directors and Executive Directors for the year ended March 31, 2017 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.

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The total remuneration paid to the Executive Chairman, Managing Director and Executive Director during the year 2016-17 was as under:

Particulars	Mr. Subhash Ghai Executive Chairman	Mr. Rahul Puri Managing Director	Mr. Parvez A. Farooqui Executive Director
Salary	35,95,000	39,98,000	39,66,000
Perquisites	3,37,400	47,400	40,400
Total	39,32,400	40,45,400	40,06,400

DETAILS OF SERVICE CONTRACT

Names	Period of Contract	Dates of Appointment
Mr. Subhash Ghai	3 Years	30 th May, 2017
Mr. Rahul Puri	3 Years	30 th May, 2017
Mr. Parvez A. Farooqui	3 Years	1 st April, 2016*

*Mr. Parvez Farooqui will be designated as Non- Executive Director w.e.f 1st June 2017 with nil remuneration.

- 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 2016-17, the Company has paid total sitting fee of Rs. 1,60,000 to Non-Executive Independent Directors as under:

Names	Sitting fees (Rs.)	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Kewal Handa	55000	Nil	Nil	55000
Mrs. Paulomi Dhawan	50000	Nil	Nil	50000
Mr. Manmohan Shetty	55000	Nil	Nil	55000
TOTAL				1,60,000

(C) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee has the mandate to review and redress shareholders grievances.

Stakeholders Relationship Committee comprises of:

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

The Company promptly redresses the complaints of the shareholders. Stakeholders Relationship Committee met Four times during the year on Four meetings of the Board were held on 26th May, 2016; 11th August, 2016, 10th November, 2016 and 9th February, 2017.

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

ROLE

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

- to deal and approve shares/securities transfers, request for split, issue of duplicate Shares certificate;
- to delegate Authority to the Senior Executives for approval of transfer and transmission of securities issued by the Company;
- to deal with the Investors complaints;
- to maintain, develop and improve relations with the investors;
- to fix record date/book closure of share/debenture transfer book of the Company from time to time;
- to appoint representatives to attend the General Meeting of other companies in which the Company is holding shares.



Details of investor complaints received and redressed during the year 2016- 17 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	1	1	0

The "SCORES" website of SEBI for redressing of Grievances of the investors is being visited at regular intervals by the Company Secretary and there are no pending complaints registered with SCORES for the Financial Year ended on 31st March, 2017.

Name, designation and address of Compliance Officer:

Ms. Monika Shah,
Company Secretary & Compliance Officer
Mukta House, Behind Whistling Woods Institute,
Filmcity Complex, Goregaon (East), Mumbai- 400 065
Telephone No. - (022) 33649444

Email: monika@muktaarts.com

(D) Share Transfer Committee

Share Transfer Committee provides assistance to the Board of Directors in ensuring that the transfer of shares takes place within the stipulated period of thirty 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

During the year, no Risk Management Committee meeting was held.

* The requirement of Risk Management Committee under Regulation 21 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to your company, so, the Audit Committee and the Board in their Meetings held on 24th May, 2017 decided to dissolve the Risk Management Committee.

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3. General Body Meetings

Details of General meetings and special resolutions passed:

Annual General Meetings ("AGM") held during the past 3 years and the Special Resolutions passed therein:

Financial Year ended	Date of AGMs	Time	Venue	Details of Special Resolutions
31.03.2016	09.09.2016	4.00 P.M.	Whistling Woods Institution's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (East), Mumbai-400 065	<ol style="list-style-type: none"> 1. Special Resolution for re-appointment of Mr. Subhash Ghai (DIN 00019803) as the Executive Chairman for a period of 3 years and approval of remuneration payable to him. 2. Special Resolution for re-appointment of Mr. Rahul Puri (DIN 01925045) as Managing Director of the Company for a period of 3 years and approval of remuneration payable to him. 3. Special Resolution for appointment of Mr. Siraj Farooqui, relative of Mr. Parvez A. Farooqui, Executive Director of the Company as "COO- Production & Studios" and fixing his remuneration. 4. Special resolution for re-issue of 4000 forfeited Equity Shares of Rs. 5/- each at a price not less than the price which is to be determined in accordance with the provisions of SEBI (Issue of capital and Disclosure Requirements) Regulations 2009. 5. Special resolution for waiver of recovery of a sum of Rs. 590,06,159 as excess managerial remuneration and sum of Rs. 164,00,000 as professional fees paid to Mr. Subhash Ghai, Executive Chairman of the Company.
31.03.2015	28.09.2015	4.00 P.M	Whistling Woods Institution's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (East), Mumbai-400 065	<ol style="list-style-type: none"> 1. Special Resolution for re-appointment Mr. Parvez A. Farooqui as Whole time Director (to be designated as Executive Director) for a period of 3 years and approval of remuneration payable to him. 2. Special Resolution for appointment of Mr. Ashok Ghai as Professional Advisor and fixation of remuneration payable to him. 3. Special Resolution for Approval of limits for Loan, Guarantees and Investments by Company.



Financial Year ended	Date of AGMs	Time	Venue	Details of Special Resolutions
31.03.2014	27.09.2014	4.00 P.M	Whistling Woods Institution's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (East), Mumbai-400 065	<ol style="list-style-type: none"> 1. Special Resolution for appointment of Mr. Kewal Handa as Independent Director of the Company for a period of 5 years. 2. Special Resolution for appointment of Mr. Subhash Ghai as Executive Chairman for a period of 3 years and approval of remuneration payable to him. 3. Special Resolution for appointment of Mr. Rahul Puri as Managing Director for a period of 3 years and approval of remuneration payable to him. 4. Special Resolution for adoption of new set of Articles of Association of the Company in substitution of the existing Articles of Association. 5. Special Resolution to authorise the Board of Directors for borrowing powers of Rs. 200,00,00,000/- (Rupees Two Hundred Crores Only) or the aggregate of the paid up share capital and free reserves of the Company, whichever is higher. 6. Special Resolution to authorise the Board of Directors for Creation of Charge on the assets of the Company for borrowing powers of Rs. 200,00,00,000/- (Rupees Two Hundred Crores Only) or the aggregate of the paid up share capital and free reserves of the Company, whichever is higher.

No Extra Ordinary General Meeting was held during the past 3 years. A special resolution(s) requiring approval of members was passed by Postal Ballot notice dated 10th November 2016 and the e-voting results were declared on 22nd December, 2016.

1. Disclosures

(i) Related Party Transactions

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

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

(ii) Compliances by the Company

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

(iii) Whistle Blower Policy

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

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

(iv) Policy for determining 'material' subsidiaries

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

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(v) Compliance with Mandatory Items

The Company has complied with the mandatory requirements regarding the Board of Directors, Audit Committees and other Board committees and other disclosures as required under the provisions of SEBI (LODR) Regulations, 2015.

2. Subsidiary Companies

The Audit Committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies.

3. Means of Communication:

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

The quarterly/half-yearly and annual results along with the Segment Report 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 are generally published in The Business Standard and Mumbai Lakshdeep which are national and local dailies respectively. The Company's financial results are sent in time to Stock Exchanges so that they may be posted on the Stock Exchanges' website.

(ii) Company's Corporate Website

The Company's website is www.muktaarts.com. The said website serves to inform the shareholders, by giving complete financial details, corporate governance, Composition of Board, contact information, etc.

(iii) Release of official news

Your Company from time to time and as may be required, communicates with its shareholders through multiple channels of communications such as dissemination of information on the website of the Stock Exchanges, press releases, the Annual Reports and uploading relevant information on its websites also. Your company discloses to the stock exchanges, all the information required to be disclosed as per regulation 30 of the Listing Regulations including material information having a bearing on the performance/operations of the Company and other price sensitive information.

4. General Shareholders Information

A. Annual General Meeting

Date	: September 13, 2017
Time	: 4.00 p.m.
Venue	: Whistling Woods Institute's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (East), Mumbai- 400 065.

As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Directors seeking re-appointment at the forthcoming AGM are given in the Annexure to the Notice of the AGM to be held on September 13, 2017.

B. Financial Calendar

For the year ending 31st March, 2018 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, 2018

C. Date of Book Closure : Wednesday, 6th September, 2017 to Wednesday, the 13th September, 2017 (both days inclusive).

D. Listing : National Stock Exchange of India Limited (NSE)
Exchange Plaza, C-1, Block G
Bandra Kurla Complex, Bandra(East), Mumbai 400 051

BSE Limited (BSE)
25th Floor, P. J. Towers, Dalal Street
Mumbai 400 001

E. Corporate Identity Number : L92110MH1982PLC028180

F. ISIN NO. : INE374B01019



SCRIP CODE :
BSE : 532357
NSE : 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.

The Listing fees for the year 2016–17 have already been paid to all the Stock Exchanges where the Company's shares are listed except the Calcutta Stock Exchange Association Limited.

G. Market Price Data: high, low during each month in the last financial year.

i) Market Price Data and Performance in comparison to BSE SENSEX

Month	Company		No of equity shares Traded	BSE SENSEX	
	High	Low		High	Low
April 2016	73.00	59.10	806240	26100.54	24523.20
May 2016	68.65	57.25	366599	26837.20	25057.93
June 2016	78.30	56.20	868309	27105.41	25911.33
July 2016	76.30	62.20	452384	28240.20	27034.14
August 2016	82.15	61.35	797017	28532.25	27627.97
September 2016	118.00	72.15	2748321	29077.28	27716.78
October 2016	132.50	98.45	2202159	28477.65	27488.30
November 2016	126.50	78.00	627747	28029.80	25717.93
December 2016	97.70	82.00	334076	26803.76	25753.74
January 2017	105.15	88.60	453290	27980.39	26447.06
February 2017	100.05	86.00	172250	29065.31	27590.10
March 2017	108.60	83.30	508635	29824.62	28716.21

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

Month	Company		No of shares Traded	NSE NIFTY	
	High	Low		High	Low
April 2016	72.90	58.25	3341824	7992.00	7516.85
May 2016	68.50	56.80	1778735	8213.60	7678.35
June 2016	78.45	55.20	3916623	8308.15	7927.05
July 2016	76.40	62.30	1713870	8674.70	8287.55
August 2016	82.35	61.15	3892540	8819.20	8518.15
September 2016	118.15	72.50	9193878	8968.70	8555.20
October 2016	132.55	98.50	8621757	8806.95	8506.15
November 2016	126.85	76.50	3195553	8669.60	7916.40
December 2016	97.50	82.10	850957	8274.95	7893.80
January 2017	104.90	87.50	2270755	8672.70	8133.80
February 2017	99.90	85.50	824168	8982.15	8537.50
March 2017	108.45	83.05	2830091	9218.40	8860.10

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

Link Intime India Private Limited
 C 101, 247 Park
 L B S Marg, Vikhroli West
 Mumbai – 400 083.
 (PH- 22 49186000, Fax- 22 49186060)
 Email Id- Nayna Wakle [nayna.wakle@linkintime.co.in]

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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 30 days and certificates are dispatched to the transferees within 30 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 30 days.

J. (1) Distribution of Share Holding as on 31st March, 2017

DISTRIBUTION SCHEDULE AS ON 31/03/2017					
Sr. No	Shareholding of Nominal Shares	No. of Shareholders	% of Total Shareholders	Shares held	% of Share held
1	1 - 500	5914	85.70	732202	3.24
2	501 - 1000	442	6.40	369529	1.64
3	1001 - 2000	214	3.10	326582	1.45
4	2001 - 3000	80	1.15	208630	0.92
5	3001 - 4000	51	0.74	179772	0.80
6	4001 - 5000	48	0.70	221223	0.98
7	5001 - 10000	61	0.88	462773	2.05
8	10001 and above	90	1.32	20084489	88.93
	Total	6900	100.00	22585200	100.00

(2) Distribution of shareholding according to categories of shareholders as on 31st March, 2017

SHARE HOLDING PATTERN AS ON 31/03/2017				
Sr.no	Description	Number of Shareholders	Total number of shares	% of Total shares
1	Clearing Member	192	345615	1.53
2	Other Bodies Corporate	203	976979	4.33
3	Promoter & Promoter Group	8	15893290	70.37
4	Financial Institutions / Banks	2	13026	0.05
5	Hindu Undivided Family	208	224305	0.99
6	Non Resident Indians	81	150471	0.67
7	Public	6204	4956564	21.95
8	Trusts	2	24950	0.11
	Total:	6900	22585200	100

K. UNCLAIMED DIVIDEND

Pursuant to the provisions of the Companies Act, 2013 read with Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended (the 'Rules'), the shares pertaining to which dividend remains unclaimed/ unpaid for a period of seven years from the date of transfer to the unpaid dividend account is mandatorily required to be transferred to the Investor Education and Protection Fund ('IEPF') established by the Central Government.

Any person whose unclaimed dividend has been transferred to the IEPF Fund can claim their due amount from the IEPF Authority by making an electronic application in e-form IEPF-5. Upon submitting duly completed form, shareholders are required to take print of the same and send physical copy duly signed along with requisite documents as specified in the form to the attention of the Company Secretary (Nodal Officer), at the Registered Office. The e-form can be downloaded from our website at www.muktaarts.com and simultaneously from the website of Ministry of Corporate Affairs at www.iepf.gov.in.



Unclaimed Dividend YEAR (Date of Declaration)	Status	Whether it can be claimed	Can be claimed from	Action to be taken
2001 (30.04.2002)	Transferred to the IEPF of the Central Government	Yes	Submit e-form IEPF 5 to the Registered Office of the Company addressed to the Company Secretary (Nodal Officer) along with complete documents.	IEPF Authority to pay the claim amount to the shareholder based on the verification report submitted by the Company and the documents submitted by the investor.
2002 (31.07.2003)	Transferred to the IEPF of the Central Government	Yes	Submit e-form IEPF 5 to the Registered Office of the Company addressed to the Company Secretary (Nodal Officer) along with complete documents.	IEPF Authority to pay the claim amount to the shareholder based on the verification report submitted by the Company and the documents submitted by the investor.
2004 (29.07.2004)	Transferred to the IEPF of the Central Government	Yes	Submit e-form IEPF 5 to the Registered Office of the Company addressed to the Company Secretary (Nodal Officer) along with complete documents.	IEPF Authority to pay the claim amount to the shareholder based on the verification report submitted by the Company and the documents submitted by the investor.
2007 (14.03.2007)	Transferred to the IEPF of the Central Government	Yes	Submit e-form IEPF 5 to the Registered Office of the Company addressed to the Company Secretary (Nodal Officer) along with complete documents.	IEPF Authority to pay the claim amount to the shareholder based on the verification report submitted by the Company and the documents submitted by the investor.
2008 (14.04.2008)	Transferred to the IEPF of the Central Government	Yes	Submit e-form IEPF 5 to the Registered Office of the Company addressed to the Company Secretary (Nodal Officer) along with complete documents.	IEPF Authority to pay the claim amount to the shareholder based on the verification report submitted by the Company and the documents submitted by the investor.
2009 (20.01.2009)	Transferred to the IEPF of the Central Government	Yes	Submit e-form IEPF 5 to the Registered Office of the Company addressed to the Company Secretary (Nodal Officer) along with complete documents.	IEPF Authority to pay the claim amount to the shareholder based on the verification report submitted by the Company and the documents submitted by the investor.

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2011 (04.08.2011)	Amount lying in respective Unpaid Dividend Accounts	Yes	Mukta Arts Limited, Registrars and Transfer Agents	Letter on plain paper
2013 (21.09.2013)	Amount lying in respective Unpaid Dividend Accounts	Yes	Mukta Arts Limited, Registrars and Transfer Agents	Letter on plain paper

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

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

Shareholders are requested to get in touch with the Company or R & T Agents for encashing the unclaimed dividend, if any, standing to the credit of their account.

L. Details of Dematerialisation and its liquidity

Since the Company's shares are traded in dematerialised form, the Company has entered into agreement with both the depositories i.e., National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). Shareholders can open account with any of the depository participants registered with any of these depositories.

As on 31st March, 2017, 22561558 shares were held in dematerialized form, which is 99.91% of total paid up capital.

CONTROL REPORT AS ON 31/03/2017			
Sr. No	Name of Depository	No. of Shares	% of Total issued Capital
1	NSDL	21038586	93.17%
2	CDSL	1522972	6.74%
3	PHYSICAL	19642	0.09%
	Total:	22581200	100

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

N. 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: monika@muktaarts.com
Website: www.muktaarts.com

Premises Owned and Leased

Bait-Ush-Sharaf
29th Road, Bandra, Mumbai- 400 050

"Audeus"
Plot No. A – 18, Opp. Laxmi Industrial Estate,
Off Link Road, Andheri (West), 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.



O. Address for Correspondence:

Shareholders can address their correspondence to the Registered Office of the Company at Mumbai and/or to Company's Registrar and Transfer Agents:

	Company	Registrar and Transfer Agents
Contact Person	Ms. Monika Shah Mr. Parvez A. Farooqui	Ms. Nayna Wakle Link Intime India Private Limited
Address	Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon (East), Mumbai- 400065.	C 101, 247 Park L B S Marg, Vikhroli West Mumbai – 400 083.
Telephone No.	(022) 33649400	(022) 49186000
Fax No.	(022) 33649401	(022) 49186060
Email	monika@muktaarts.com	nayna.wakle@linkintime.co.in

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.)

P. Code of Conduct

The Company has laid down a code of conduct for all its Board Members and Senior Management Personnel of the Company which is posted on the Company's website <http://muktaarts.com/Aboutus/investorrelations.php>. All the Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct. Affirmation with compliance of the Code of Conduct is enclosed as **Annexure - A**.

Q. Prevention of Insider Trading

The Company has framed and implemented a Code on Prevention of Insider Trading in accordance with the Code prescribed by SEBI (Prohibition of Insider Trading) Regulations, 2015 and disclosed on the website of the Company viz. <http://muktaarts.com/Aboutus/investorrelations.php>.

R. 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.

S. CEO/CFO certification

The Certificate from CEO as required under Part D of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 containing declaration as to affirming compliance with the Code of Conduct, under SECC Regulations, 2012 for the financial year 2016-17 is attached as **Annexure - B** to this Report.

T. 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, Board's 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: 24th May, 2017

MUKTA ARTS LIMITED

Annexure A

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

I, Rahul Puri, Managing Director of Mukta Arts Limited hereby declare that all Board members and Senior Management personnel have confirmed compliance with Code of Conduct as laid down by the Company during Financial Year 2016-2017.

For and on behalf of
Mukta Arts Limited

Rahul Puri
Managing Director
DIN: 01925045

Place: Mumbai

Date: 24th May, 2017

Annexure B

CEO/CFO CERTIFICATION

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

- (a) I have reviewed the standalone and consolidated financial results and the cash flow statement of Mukta Arts Limited (the Company) for the year and that to the best of my knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year ended 31st March, 2017, 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: 24th May, 2017



Independent Auditors' Report

To the Members of,
Mukta Arts Limited
Mumbai

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **Mukta Arts Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Basis of Qualified Opinion

As explained in Note 3.40 to the accompanying Statement of Audited financial results, remuneration paid to the erstwhile managing director (including as film director fees) for earlier financial years from 2005-06 to 2014-15 (total remuneration paid aggregates to Rs. 13,19,06,897/-) is in excess of the limits prescribed under Schedule XIII to the Companies Act, 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 statements.

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 include Rs. 2,57,126,743/- recoverable from WWIL. As fully explained in Note 3.41 to the accompanying Audited financial statements, the Order of February 9, 2012 passed by the High Court of judicature at Bombay ('High Court'), had quashed the joint Venture Agreement ('JVA') between the company and Maharashtra Film Stage Cultural Development Corporation ('MFSCDCL'). Maharashtra Film Stage and Cultural Development Corporation ('MFSCDC') raised net demand of Rs. 59,19,66,210/- and asked WWIL to vacate the premises. WWIL's petition for special leave to appeal filed with the Supreme Court of India had also been dismissed. The Company and WWIL had filed application to review the said order with the High Court and an Interim stay was granted on July 30, 2014 which required deposit of Rs.10,00,38,000/- by January 2015 against payment of arrears of rent for the year 2000-01 to 2013-14 and payment of Rs.45,00,000/- per annum from Financial Year 2014-15 till the settlement of the case, to MFSCDCL. As per the terms of the said Order, the Company paid Rs. 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

MUKTA ARTS LIMITED

Independent Auditors' Report (Continued)

Basis of Qualified Opinion (Continued)

which was dismissed by the Supreme Court on September 22, 2014. The amount so paid / being paid by the Company have been treated as Deposit in the standalone financial statements to be adjusted on the settlement of the case.

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

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b. in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure B**, and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Notes No. 3.35 and 3.41 to the standalone financial statements.
 - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note No. 3.45 to the standalone financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund.
 - iv. The Company has provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 3.17 to the standalone financial statements;

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

CA. Prerak Agarwal
(Partner)
Membership No. 158844

Date: May 24, 2017

Place: Mumbai



Annexure A referred to in Report on Other Legal and Regulatory Requirements Paragraph of Independent Auditor's report of even date to the members of Mukta Arts Limited on the accounts for the year ended March 31, 2017

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed assets except that tagging of certain fixed assets is yet to be completed.
- (b) As explained by the Management, fixed assets have been physically verified by the management at regular intervals, which in our opinion is reasonable having regard to the size of the company and nature of its business. In our opinion, there were no material discrepancies between book records and physical fixed assets that were noticed during the period.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company, except the following:

Number of Cases	Gross Block (as at March 31, 2017)	Net Block (as at March 31, 2017)	Remarks
1.	75,00,000/-	67,51,669/-	Agreement yet to be registered.

- ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. The Company does not have any inventory as at the end of the Financial Year.
- iii) Based on the audit procedures applied by us and according to the information and explanations given to us, the company has not granted any loans secured or unsecured to the firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause (iii) (a), (b) and (c) are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- v) In our opinion and according to the information and explanation given to us the Company has not accepted any deposit from public within the provision of section 73 to 76 and other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi) As informed to us by management, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the food and beverage item sold/services rendered by the company.
- vii) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Sales tax, Service Tax, Value added Tax, Cess and any other statutory dues with the appropriate authorities except that there have been few delays in depositing Professional Tax, VAT, Provident Fund, Service Tax and Employees' State Insurance and significant delays in depositing dues pertaining to Income Tax. As explained to us, the company did not have any dues on account of Custom Duty, Excise Duty.

According to the information and explanations given to us, the following undisputed statutory dues are outstanding as on March 31, 2017 for a period of more than six months from the date they became payable.

Name of the statute	Nature of dues	Amount (Rs.)	Period to which it relates	Due Date
The Income Tax Act 1961	Tax Deducted at Source	24,89,419/-	July 2016 to August 2016	August 2016 to September 2016

Except for the above, there are no undisputed statutory dues payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax and other material statutory dues, which were in arrears as on March 31, 2017 for a period of more than 6 months from the date they became payable.

MUKTA ARTS LIMITED

- (b) According to the information and explanations given to us, there are no dues payable in respect of wealth tax, sales tax, Value Added Tax, customs duty and excise duty which have not been deposited on account of any disputes. The following dues of Service Tax & Income Tax have not been deposited by the company on account of dispute:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Chapter V of the Finance Act, 1994	Service Tax	8,75,000/-*	November 1996 – November 2001	Customs, Excise & Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	1,55,77,380/-	Asst year 2014-15	Commissioner of Income Tax (Appeals)
		88,08,700/-	Asst year 2013-14	
		15,08,440/-	Asst year 2012-13	
		5,24,938/-	Asst year 2011-12	
		82,97,120/-	Asst year 2010-11	Income Tax Appellate Tribunal (Appeals)
		11,74,100/-	Asst year 2009-10	

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

- viii) On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the Company has not defaulted in repayment of any loans from Financial Institutions or from the Bank and has not issued Debentures.
- ix) On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the company has utilized the money raised by way of Term loan for the purpose for which they were raised. The Company did not raise any moneys by way of public issue/ follow-on offer including debt instruments.
- x) Based upon the audit procedures performed and the information and explanations given to us, we report that no fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- xi) According to the information and explanations given to us and based on the examinations of the records of the company, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) The company is not a Nidhi Company. Accordingly, the provisions of clause (xii) of Para 3 of the order are not applicable to the company.
- xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial Statements as required by the accounting standards and Companies Act, 2013.
- xiv) On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.
- xv) In our opinion and according to the information and explanations given to us, the company has not entered into non-cash transactions with directors or persons connected with him.
- xvi) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

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

CA. Prerak Agarwal
(Partner)
Membership No. 158844

Date: May 24, 2017
Place: Mumbai



**Annexure B to the Independent Auditor's Report of even date on the Financial Statements of Mukta Arts Limited
Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act,
2013 ("the Companies Act")**

We have audited the internal financial controls over financial reporting of **Mukta Arts Limited** ("the Company") for the year ended on March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India and specified under sub-section 10 of Section 143 of the Companies Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

CA. Prerak Agarwal
(Partner)
Membership No. 158844

MUKTA ARTS LIMITED

BALANCE SHEET AS AT 31 MARCH 2017

(Currency: Indian Rupees)

	Note	31 March 2017	31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1	112,926,000	112,917,500
Reserves and surplus	3.2	978,448,284	986,951,510
		1,091,374,284	1,099,869,010
Non-current liabilities			
Long-term borrowings	3.3	405,590,140	447,988,582
Deferred tax liabilities (net)	3.4	8,052,841	1,517,182
Other long term liabilities	3.5	57,431,765	66,955,909
Long-term provisions	3.6	11,236,515	9,722,410
		482,311,261	526,184,083
Current liabilities			
Short-term borrowings	3.7	85,000,000	60,000,000
Trade payables	3.8	13,664,622	111,156,679
Other current liabilities	3.9	93,730,529	106,083,326
Short-term provisions	3.10	18,932,039	10,626,937
		211,327,190	287,866,942
TOTAL		1,785,012,735	1,913,920,035
ASSETS			
Non-current assets			
Fixed assets			
3.11			
Tangible assets		289,577,100	469,847,280
Intangible assets		43,668,993	45,881,950
Capital work-in-progress		1,287,210	82,260,041
Intangible assets under development		37,654,149	37,503,151
		372,187,452	635,492,422
Non-current investments	3.12	441,750,838	432,390,038
Long-term loans and advances	3.13	544,715,874	567,093,507
Other non-current assets	3.14	152,377,472	5,895,925
		1,511,031,636	1,640,871,892
Current assets			
Inventories	3.15	-	4,074,521
Trade receivables	3.16	57,393,960	79,800,936
Cash and bank balances	3.17	20,856,383	27,402,121
Short-term loans and advances	3.18	184,901,447	133,109,199
Other current assets	3.19	10,829,309	28,661,366
		273,981,099	273,048,143
TOTAL		1,785,012,735	1,913,920,035
Summary of significant accounting policies	2		
The accompanying notes from 1 to 3.47 are an integral part of these financial statements.			

As per our report of even date attached.

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

CA. Prerak Agarwal
Partner
Membership No. 158844

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

Subhash Ghai
Chairman Director
DIN: 00019803

Rahul Puri
Managing Director
DIN: 01925045

Parvez A. Farooqui
Executive Director
DIN: 00019853

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(Currency: Indian Rupees)

	Note	31 March 2017	31 March 2016
Revenue from operations			
Sale of products/ film rights	3.20	112,488,989	146,137,428
Distribution, Exhibition, Theatrical and Film Production Income		336,378,104	306,483,355
Other operating revenue		139,640,979	127,929,977
Total		588,508,072	580,550,760
Other income	3.21	92,514,426	37,853,418
Total revenue		681,022,498	618,404,178
Expenses			
Cost of production, distribution, exhibition and theatrical operations	3.22	141,253,071	168,717,801
Purchases of food and beverages		28,124,231	32,736,511
Changes in inventories of food and beverages	3.23	4,074,521	(1,713,612)
Employee benefits expense	3.24	111,963,199	94,136,488
Finance costs	3.25	63,524,673	58,654,085
Depreciation and amortisation expense	3.11	64,671,948	61,687,125
Other expenses	3.26	260,202,809	221,719,664
Total expenses		673,814,452	635,938,063
Profit/ (Loss) for the year before tax		7,208,046	(17,533,884)
Profit/ (Loss) from continuing operations before tax		15,782,756	(22,508,297)
Tax expenses			
- Current tax (including MAT credit entitlement recognised and utilised)		9,432,073	-
- Deferred tax (credit)/ charge		6,535,659	1,517,182
(Loss) from continuing operations after tax		(184,976)	(24,025,479)
Profit/ (Loss) from discontinuing operations before tax (note 3.44)		(8,574,710)	4,974,413
Tax expenses			
- Current tax (including MAT credit entitlement recognised and utilised)		-	-
- Deferred tax charge/ (credit)		-	-
Profit/ (Loss) from discontinuing operations after tax		(8,574,710)	4,974,413
(Loss) for the year after tax		(8,759,685)	(19,051,066)
Earnings per equity share ((nominal value of share Rs 5 (2016: Rs 5))	3.27		
Basic and diluted		(0.39)	(0.84)
Earnings per equity share from continuing operations ((nominal value of share Rs 5 (2016: Rs 5))			
Basic and diluted		(0.01)	(1.06)
Summary of significant accounting policies	2		
The accompanying notes from 1 to 3.47 are an integral part of these financial statements.			

As per our report of even date attached.

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

CA. Prerak Agarwal
Partner
Membership No. 158844

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

Subhash Ghai
Chairman Director
DIN: 00019803

Rahul Puri
Managing Director
DIN: 01925045

Parvez A. Farooqui
Executive Director
DIN: 00019853

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964

Place : Mumbai
Date : 24 May 2017

MUKTA ARTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(Currency: Indian Rupees)

	31 March 2017	31 March 2016
A. Cash flows from operating activities		
Profit/(Loss) for the year before tax	7,208,046	(17,533,884)
Adjustments for:		
Depreciation and amortisation expense	64,671,948	61,687,125
Bad debts/ advances/ intangible assets under development written-off	1,647,909	4,889,857
Finance costs	63,524,673	58,654,085
Interest income (Other than on income tax refund)	(34,118,268)	(32,157,555)
Interest on income tax refund	(9,324,327)	-
Profit on sale of assets, net	(330,522)	(619,500)
Operating cash flow before working capital changes	93,279,459	74,920,128
Adjustment for working capital changes		
Decrease in trade receivables	22,406,976	4,908,889
Decrease in loans and advances, other non-current assets and other current assets	(160,689,628)	54,679,134
(Increase) in inventories	4,074,521	(1,713,612)
(Decrease) in trade payables, provisions, other long-term liabilities and other current liabilities	(109,404,832)	(195,588,145)
Cash generated from operations	(150,333,504)	(62,793,605)
Income taxes refunded/(paid), net	3,615,391	6,005,955
Net cash flow generated from/ (used in) operating activities (A)	(146,718,113)	(56,787,650)
B. Cash flows from investing activities		
Interest income	34,118,268	32,157,555
Purchase of fixed assets (tangible and intangible)	198,633,022	(80,771,925)
Proceeds from sale of fixed assets	330,522	619,500
Proceeds from maturity/ (reinvestment) of fixed deposits, net	294,592	9,110,885
Investments in equity shares of subsidiaries (Refer note (c) below)	(9,360,800)	(6,000)
	224,015,604	(38,889,985)
Income taxes paid on interest income	(2,625,523)	(2,939,071)
Net cash flow generated from/ (used in) investing activities (B)	221,390,081	(41,829,056)
C. Cash flows from financing activities		
Secured loan (repaid)/taken , net	(42,398,442)	252,651,370
Unsecured loan (repaid)/taken , net	25,000,000	(92,200,000)
Interest (paid)	(63,524,673)	(58,654,085)
Net cash flow from financing activities (C)	(80,923,115)	101,797,285
Net Increase/ (decrease) in cash and cash equivalents (A+B+C)	(6,251,147)	3,180,579
Cash and cash equivalents as at beginning of the year	8,969,041	5,788,462
Cash and cash equivalents as at end of the year (Refer note (b) below)	2,717,895	8,969,041



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

	31 March 2017	31 March 2016
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	745,184	2,337,624
Balances with scheduled banks in		
- in current accounts	1,972,710	6,631,417
	2,717,894	8,969,041

As per our report of even date attached.

For **Uttam Abuwala & Co.**

Chartered Accountants

Firm's Registration No: 111184W

CA. Prerak Agarwal

Partner

Membership No. 158844

For and on behalf of the Board of Directors of

Mukta Arts Limited

CIN: L92110MH1982PLC028180

Subhash Ghai

Chairman Director

DIN: 00019803

Rahul Puri

Managing Director

DIN: 01925045

Parvez A. Farooqui

Executive Director

DIN: 00019853

Prabuddha Dasgupta

Chief Financial Officer

Monika Shah

Company Secretary

Membership No: FCS7964

Place : Mumbai

Date : 24 May 2017

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

(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 2017. The Company is primarily engaged in the business of film production, distribution and exhibition (wherein it provides film content to multiplexes and single screen theatres across India as well as managing/ operating theatres). The Company also provides production equipment to other production houses and independent producers. On 31 March 2017, the Company has transferred its division that was operating cinemas to a wholly owned subsidiary, Mukta A2 Cinemas Limited by way of slump sale. On 12 September 2016, the Company has through another wholly owned subsidiary Mukta A2 Multiplex SPC, opened a 6 screen multiplex theatre in Bahrain. On The Company is listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Kolkata Stock Exchange Association Limited.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 ('the Act') read with rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act, to the extent notified and applicable, and guidelines issued by the Securities and Exchange Board of India (SEBI). The financial statements are presented in India Rupees, except where mentioned otherwise. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

2.2 Use of estimates

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

2.3 Fixed assets

Tangible assets

Tangible fixed assets are stated at cost of acquisition less accumulated depreciation and any provision for impairment. Cost includes freight, duties, taxes (other than those recoverable from tax authorities) and other expenses directly attributable to the acquisition/ construction and installation of the fixed assets for bringing the asset to its working condition for its intended use. Cost incurred on fixed assets not ready for their intended use is disclosed under capital work-in-progress. Capital work-in-progress includes estimates of work completed, as certified by the management.

Intangible assets

Film rights comprising negative rights and distribution rights:

Negative film rights are generally exploited through media such as theatrical exhibition, television/ satellite, cable, etc. Negative film rights in respect of films produced are recorded at cost, which is determined on specific identification basis. Acquired negative rights are recorded at the purchase price paid to acquire the rights plus any additional cost incurred which is determined on specific identification basis. Cost incurred on films-in-progress is reported 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 2017 (CONTD.)

(Currency: Indian Rupees)

2.4 Depreciation/ amortisation

Tangible assets

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

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

Asset class	Useful life
Plant and equipment	10-14 years
Furniture and fixtures	5 years

Leasehold improvements/ premises are depreciated at the lower of the estimated useful lives of the assets and the lease term, on a straight-line basis.

Intangible assets

Film rights comprising negative rights and distribution rights:

Costs are amortised in the proportion that gross revenue realised 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 realisable value of a right is less than its unamortised cost, a loss is recognised for the excess of unamortised cost over the film rights' realisable 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 recognised 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 recognised as income is exclusive of value added tax, service tax and net of trade discounts. Unbilled revenue represents costs incurred and revenues recognised 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 recognised 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 recognised on assignment/ sale of the rights in the concerned motion picture from the date of their availability for exploitation.

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

Income from distribution and exhibition

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

Interest income:

Interest income is recognised on a time proportion basis.

2.7 Inventory

Inventories of food and beverages are valued at the lower of cost and net realisable value. Cost of inventories comprises all cost of purchases, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on First-In, First-Out ('FIFO') basis.

2.8 Investments

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

2.9 Employee benefits

(a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is charged to the Statement of profit and loss in the period in which such services are rendered.

(b) Post-employment benefits

Defined contribution plan:

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

Defined benefit plan:

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

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

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

(c) Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligations at the Balance sheet date based on an actuarial valuation by an independent actuary using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the Balance sheet date.

2.10 Foreign currency transactions

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

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

2.11 Earnings per share ('EPS')

The basic earnings per equity share is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

2.12 Taxation

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

Current tax:

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

Minimum Alternative Tax Credit entitlement:

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

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

Deferred tax:

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

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

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

2.13 Leases

Assets taken on operating lease:

The Company has various operating leases, principally for office space, with various renewal options. Rental expense in agreements with scheduled rent increases is recorded on a straight-line basis over the lease term.

In case of certain cinema properties, rent is accounted as a certain percentage of revenue generated from the cinema property or fixed minimum guarantee amount, whichever is higher, as provided for in the lease agreements.

Assets given on operating lease:

Lease rentals in respect of assets given on operating lease are recognised on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit received.

2.14 Borrowing costs

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

2.15 Provisions and contingencies

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

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

2.16 Discontinuing Operations

On 31 March 2017, the Company has transferred to a wholly owned subsidiary, Mukta A2 Cinemas Limited, its Mukta Cinemas Division, which had been operating and managing single screen and multiplex cinemas at various locations in India. The Board of Directors of the Company had passed a resolution at their meeting held on 10 November 2016, authorising the Company to execute this transfer by way of a slump sale for a consideration not less than the net worth of the Division. Further on 22 December 2016, the proposed transfer had been approved by the shareholders through postal ballot. A business transfer agreement is in the process of being executed between the Company and Mukta A2 Cinemas Limited confirming the transfer at a consideration of Rs.150,000,000/-.

The execution of the transfer shall be complete by 30 September 2017. Pending completion of certain formalities by the bankers, secured loan of Rs 87,516,667/- and an overdraft facility of Rs. 30,000,000/- shall also be transferred to Mukta A2 Cinemas Limited. These facilities have been recognised by Mukta A2 Cinemas Limited as liabilities on 31 March 2017.

Mukta A2 Cinemas Limited shall from 1 April 2017 operate the entire film exhibition business that was being operated by the Company.



NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017

(Currency: Indian Rupees)

3.1 Share capital

	31 March 2017	31 March 2016
Authorised		
24,000,000 (2016: 24,000,000) equity shares of Rs 5 each	120,000,000	120,000,000
Issued, subscribed and paid-up		
22,585,200 (2016: 22,581,200) equity shares of Rs 5 each, fully paid-up	112,926,000	112,906,000
Add :- Forfeited shares (Amount originally paid-up)	-	11,500
(No. of shares forfeited: Nil (2016: 4,000))		
	112,926,000	112,917,500

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

	31 March 2017		31 March 2016	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
Balance as at the beginning of the year	22,581,200	112,906,000	22,581,200	112,917,500
Add: Issued during the year	4,000	20,000	-	-
Less: Buyback/ forfeiture/ reduction during the year	-	-	-	-
Balance as at the end of the year	22,585,200	112,926,000	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 2017		31 March 2016	
	No. of shares	% holding	No. of shares	% holding
1. Mr. Subhash Ghai	12,421,990	55.00%	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 2017	31 March 2016
Securities premium account		
At the beginning of the period	973,360,000	973,360,000
Add :- Transfer during the year	244,960	-
Closing balance	973,604,960	973,360,000
General reserve		
At the commencement of the year	83,144,791	83,144,791
At the end of the year	83,144,791	83,144,791
Capital reserve		
At the commencement of the year	-	-
Add :- Transfer during the year	11,500	-
At the end of the year	11,500	-
(Deficit) /surplus in the Statement of profit and loss		
At the commencement of the year	(69,553,281)	(52,597,963)
Add : (Loss)/ profit for the year	(8,759,685)	(19,051,066)
At the end of the year	(78,312,967)	(69,553,281)
	978,448,284	986,951,510

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

3.3 Long-term borrowings

	31 March 2017	31 March 2016
a) Term loans		
Secured loans		
- From banks & others:		
Indiabulls Housing Finance Ltd*	394,599,527	399,025,939
(Repayable within a year Rs 8,555,107 (2016: Rs 4,052,083))		
- Motor vehicle finance loans**	26,163,803	18,329,389
(Repayable within a year Rs 6,618,083 (2016: Rs 6,314,663))		
- Yes Bank Ltd***	-	41,000,000
(Repayable within a year Rs Nil (2016: Rs Nil))		
Amount disclosed under other current liabilities (note 3.9)	<u>(15,173,190)</u>	<u>(10,366,746)</u>
	<u>405,590,140</u>	<u>447,988,582</u>

* Loan against property is secured against entire Commercial Property located at Sharyans Audeus, Survey No.41, Fun Republic Cinema, Off Veera Desai Road, Oshiwara Village, Andheri West, Mumbai 400053. EMI payable is Rs. 4,186,960 (Sep-2015 to Aug-2018), Rs. 4,443,901 (Sep-2018 to Aug-2021), Rs. 5,179,413 (Sep-2021 to Sep-2025) and Rs. 6,831,277 (Oct-2025 to Aug-2028)

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

Lendor	Repayment schedule and other terms
Reliance Capital Limited	Outstanding amount of loan Rs 4,313,000 will be repayable in 36 equated monthly installments of Rs 157,335 till March 2018 and then Rs. 152,670 till March 2019.
Axis Bank Ltd	Outstanding amount of loan Rs 8,078,750 will be repayable in 60 equated monthly installments of Rs 198,613 till October 2021.
Kotak Mahindra Prime Ltd	Outstanding amount of loan Rs 975,000 will be repayable in 36 equated monthly installments of Rs 31,458 till November 2019.
ICICI Bank Limited	Outstanding amount of loan Rs 16,374,000 will be repayable in 36 equated monthly installments of Rs 444,386 till August 2019.

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

3.4 Deferred tax liabilities

	31 March 2017	31 March 2016
Deferred tax liability		
<i>Arising on account of timing differences in:</i>		
Depreciation/ amortisation	15,754,878	8,524,872
Adjustment as per Rule 9A/9B of Income-tax Rules, 1962	-	-
	<u>15,754,878</u>	<u>8,524,872</u>
Deferred tax assets		
<i>Arising on account of timing differences in:</i>		
Provision for leave encashment and gratuity	3,981,704	3,508,144
Provision for doubtful debts and advances	1,222,051	1,222,051
Rent straightlining	2,498,282	2,277,495
Income tax loss and unabsorbed depreciation	-	-
	<u>7,702,037</u>	<u>7,007,690</u>
Net deferred tax (liability)	<u>8,052,841</u>	<u>1,517,182</u>



NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

3.5 Other long-term liabilities

	31 March 2017	31 March 2016
Security deposits received	48,399,238	56,523,299
Rent straight lining	9,032,527	10,432,610
	57,431,765	66,955,909

3.6 Long-term provisions

	31 March 2017	31 March 2016
Provisions for employee benefits		
Provision for gratuity (note 3.28)	6,317,129	5,874,592
Provision for leave salary (note 3.28)	4,919,386	3,847,818
	11,236,515	9,722,410

3.7 Short-term borrowings

	31 March 2017	31 March 2016
Unsecured :		
Inter corporate deposits *	85,000,000	60,000,000
	85,000,000	60,000,000

*Deposit of Rs. 10,000,000 accepted at interest rate of 24% p.a. repayable on demand. Deposit of Rs. 75,000,000 accepted at interest rate of 4% p.a. repayable on demand.

3.8 Trade payables

	31 March 2017	31 March 2016
Dues to micro and small suppliers (also refer note 3.36)	-	-
Others	13,664,622	111,156,679
	13,664,622	111,156,679

3.9 Other current liabilities

	31 March 2017	31 March 2016
Current maturities of term loans (note 3.3)	15,173,190	10,366,746
Dues to venturer (including interest accrued and due Rs 1,369,180 [31 March 2016: Rs 1,369,180])	6,369,180	7,907,980
Interest accrued but not due on borrowings	3,419,419	1,553,392
Advances received for films and other services	30,458,137	43,297,009
Employee benefits expense payable	8,113,783	11,132,460
Creditors for fixed assets	-	4,977,056
Temporary book overdraft	4,125,764	3,880,660
Unclaimed dividends	38,564	38,564
Statutory dues payable*	18,382,492	22,779,459
Security deposits received	7,650,000	150,000
	93,730,529	106,083,326

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

	31 March 2017	31 March 2016
*Statutory dues payable includes		
- Provident fund	698,165	562,607
- ESIC	185,014	282,523
- CST/VAT	-	-
- Service tax	-	-
- TDS payable	15,677,043	18,264,006
- Profession tax	33,601	31,637
- ET/INR/Show tax	1,788,670	3,638,686

3.10 Short-term provisions

	31 March 2017	31 March 2016
Provisions for employee benefits		
Provision for leave salary (note 3.28)	1,649,259	1,630,806
Provision for gratuity (note 3.28)	-	-
Provision for taxation	17,282,780	8,996,131
(Net of advance tax and tax deducted at source Rs 72,045,874 [2016: Rs 76,077,848])		
	18,932,039	10,626,937



NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (CONTD.)

3.11 Fixed assets

(Currency: Indian Rupees)

	Intangible assets				Total	Tangible assets						Total
	Distribution rights	Negative rights	Exhibition rights	Computer software		Plant and machinery	Leasehold premises	Ownership premises	Motor vehicles	Furniture fixtures and office equipment	Computers	
Gross block												
As at 1 April 2015	240,000,320	754,388,513	2,500,000	11,829,654	1,008,718,487	249,587,294	284,426,663	233,190,272	49,157,510	57,623,824	23,843,691	897,829,254
Additions	-	-	-	553,230	553,230	2,274,609	10,574,888	7,850,000	5,391,880	1,767,016	3,173,849	31,032,241
Disposals	-	-	-	-	-	-	-	5,000,000	3,778,840	-	-	8,778,840
Other adjustment	-	(2,626,908)	-	442,822	(2,184,086)	(15,765,480)	2,663,524	-	13,723,959	(592,810)	39,675	68,868
As at 31 March 2016	240,000,320	751,761,605	2,500,000	12,825,706	1,007,087,631	236,096,423	297,665,075	236,040,272	64,494,509	58,798,030	27,057,215	920,151,523
Additions	-	1,869,450	-	73,200	1,942,650	13,385,797	79,327,794	-	9,136,317	41,459,878	7,487,529	150,797,315
Disposals	-	-	-	8,407,969	8,407,969	52,068,788	249,226,116	-	3,565,897	68,054,661	26,447,293	399,362,756
Other adjustment	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2017	240,000,320	753,631,055	2,500,000	4,490,937	1,000,622,312	197,413,432	127,766,752	236,040,272	70,064,929	32,203,247	8,097,451	671,586,082
Accumulated Depreciation/Amortisation												
As at 1 April 2015	240,000,320	709,962,062	2,500,000	4,664,589	957,126,971	179,983,464	60,274,576	56,196,245	46,358,148	36,316,628	16,402,444	395,531,505
Charge for the year	-	-	-	3,860,492	3,860,492	11,652,605	23,913,080	5,899,595	6,910,483	5,504,742	3,946,129	57,826,634
Deduction	-	-	-	-	-	-	-	386,779	2,874,895	-	-	3,261,674
Other adjustment	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2016	240,000,320	709,962,062	2,500,000	8,525,082	960,987,464	191,636,069	84,187,656	61,709,062	50,393,736	41,821,370	20,348,573	450,096,464
Charge for the year (refer note 5)	-	-	-	1,971,946	1,971,946	11,295,556	29,296,861	5,454,286	4,750,146	6,886,746	5,234,038	62,877,032
Deduction	-	-	-	6,468,786	6,468,786	24,032,885	65,650,153	-	3,336,850	19,003,589	18,278,341	130,301,819
Other adjustment	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2017	240,000,320	709,962,062	2,500,000	4,026,242	969,428,195	178,858,740	47,834,364	67,163,347	51,807,031	29,503,926	7,304,269	382,471,678
Net block												
As at 31 March 2016	-	41,799,543	-	4,300,624	46,100,167	44,460,354	213,477,419	174,331,210	14,100,773	16,976,660	6,708,642	470,055,059
As at 31 March 2017	-	43,668,993	-	462,695	31,194,117	18,554,692	79,932,388	168,876,925	18,257,898	2,699,320	793,182	289,114,405
Fixed assets (Continued)												
Capital Work-in-progress												
Balance as at 1 April 2015												
Additions (net)												
As at 31 March 2016												
Balance as at 1 April 2016												
Additions (net)												
As at 31 March 2017												
Intangible assets under development												
Balance as at 1 April 2015		7,345,151										7,345,151
Additions (net)		30,158,000										30,158,000
As at 31 March 2016		37,503,151										37,503,151
Balance as at 1 April 2016		37,503,151										37,503,151
Additions (net)		151,000										151,000
As at 31 March 2017		37,654,151										37,654,151

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 2014-15 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 27,966,195 (31 March 2016: Rs 19,587,722). The gross value of the assets leased out is Rs 1,72,280,521 (31 March 2016: Rs 1,72,280,521). Accumulated depreciation of the asset leased out is Rs 37,530,081 (31 March 2016: Rs 33,209,738). The depreciation recognised in the Statement of Profit and Loss for the assets leased out during the year is Rs 4,320,343 (31 March 2016: Rs 4,708,033).

3 Ownership premises costing Rs 7,500,000 (31 March 2016: Rs 7,500,000) purchased by the Company during the previous year is not yet registered in the name of the Company.

4 **Tangible/Intangible assets given as security**

a) 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).

b) The overdraft facility availed by Mukta V N Films Limited, a subsidiary company, as at 31 March 2017 is Rs 120,000,000 (31 March 2016: Rs 120,000,000) and this facility is secured by exclusive charge by way of mortgage of immovable property of the Company (WVD as on 31 March 2017: Rs. 4,098,219 (31 March 2016: Rs 4,172,273))

5 Charge for the year for negative rights includes assets written off aggregating to Rs. Nil (2016: Rs Nil)

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

3.12 Non - current investments

Trade investments (valued at cost unless stated otherwise)

Name of the corporate bodies

Investments in equity share of subsidiaries (un-quoted)

	31 March 2017		31 March 2016	
	% of holding	Amount	% of holding	Amount
(a) Connect 1 Limited 600 (2016: 600) equity shares of Rs 1,000 each, fully paid-up. (6 shares are jointly held with individuals)	100%	600,000	100%	600,000
(b) Whistling Woods International Limited 169,997 (2016: 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 (2016: 4,996) equity shares of Rs 100 each, fully paid-up.	99.92%	499,600	99.92%	499,600
(d) Coruscant Tec Private Limited 750,000 (2016: 750,000) equity shares of Rs 10 each, fully paid-up.	100%	9,900,000	100%	9,900,000
(e) Mukta VN Films Limited 27,500 (2016: 27,500) equity shares of Rs 10 each, fully paid-up.	55%	33,000,000	55%	33,000,000
(f) Mukta A2 Multiplex SPC 500 (2016: Nil) equity shares of BHD 100 each, fully paid-up.	100%	8,860,800	-	-
(g) Mukta A2 Cinemas Ltd 50,000 (2016: Nil) equity shares of Rs 10 each, fully paid-up.	100%	500,000	-	-
		<u>223,357,400</u>		<u>213,996,600</u>

Investment in preference shares of subsidiary (un-quoted)

(a) 200,000 (2016: 200,000) 8% Redeemable cumulative preference shares of Whistling Woods International Limited of Rs 1,000 each, fully paid-up (note 3.41). These preference shares were issued on 27 August 2007 and are redeemable at par at any time on or after 21 June 2012 and before 21 June 2027.	100%	200,000,000	100%	200,000,000
		<u>200,000,000</u>		<u>200,000,000</u>

Investment in equity instruments-others (un-quoted)

(a) Maya Digital Studios Private Limited 3,065,219 (2016: 3,065,219) equity shares of Rs 10 each, fully paid-up As per the terms of the Shareholders agreement, additional shares, not exceeding 1,000,000 may be allotted to the Company.		18,392,188		18,392,188
(b) Bashiron Co. Op. Housing Society Limited 10 Shares (2016: 10) of Rs 50 each *		500		500
(c) Bait-Ush-Sharaf Co. Op. Housing Society Limited 15 Shares (2016: 15) of Rs 50 each *		750		750
* pledged as security against borrowings (refer Note 3.3 and 3.7)		<u>18,393,438</u>		<u>18,393,438</u>

		<u>441,750,838</u>		<u>432,390,038</u>
Aggregate value of unquoted investments		<u>441,750,838</u>		<u>432,390,038</u>



NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

3.13 Long-term loans and advances

	31 March 2017	31 March 2016
To parties other than related parties <i>(Unsecured, considered good)</i>		
Capital advances		
- Tangible assets	-	25,084,687
- Intangible assets under development	-	-
	-	25,084,687
Security deposits	45,407,058	60,886,455
Advance tax (including tax deducted at source) (net of provision for tax Rs 112,187,214; 2016: Rs 114,302,519)	89,835,983	81,627,400
Other advances	150,522,833	133,544,965
Service tax credit receivable	800,000	800,000
To related parties <i>(Unsecured, considered good)</i>		
Security deposits include deposit to subsidiaries		
- Whistling Woods International Limited (note 3.41)	30,000,000	30,000,000
- Connect1 Limited	1,950,000	1,950,000
Security deposits include deposit to Proprietary concern of the Managing Director of the Company		
- Mukta Arts	300,000	300,000
Advances to related party includes to subsidiaries		
- Whistling Woods International Limited (note 3.41)	225,900,000	232,900,000
	544,715,874	567,093,507

3.14 Other non-current assets

	31 March 2017	31 March 2016
<i>Unsecured, considered good unless stated otherwise</i>		
Other bank balances (note 3.17)	1,430,000	4,891,465
Rent straight lining	947,472	1,004,460
Receivable from Related parties		
Mukta A2 Cinemas Ltd (note 3.44)	150,000,000	-
	152,377,472	5,895,925

3.15 Inventories

	31 March 2017	31 March 2016
(valued at lower of cost and net realisable values)		
Food and beverages	-	4,074,521
	-	4,074,521

3.16 Trade receivables

	31 March 2017	31 March 2016
Receivables outstanding for a period exceeding six months from the date they became due for payment		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	21,236,187	31,686,990
(c) Doubtful	1,791,088	1,791,088
Less: Provision for doubtful receivables	1,791,088	1,791,088
	21,236,187	31,686,990
Other receivables		
(a) Secured, considered good		
(b) Unsecured, considered good	36,157,773	48,113,946
(c) Doubtful	-	-
Less: Provision for doubtful receivables	-	-
	36,157,773	48,113,946
	57,393,960	79,800,936

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

3.17 Cash and bank balances

	31 March 2017	31 March 2016
Cash and cash equivalents		
Cash in hand	745,184	2,337,624
Balance with banks		
-in current accounts	1,972,710	6,631,417
-in deposits with original maturity of less than three months	-	-
	2,717,894	8,969,041
Other bank balances		
Balance in dividend account	38,564	38,564
Deposits with original maturity of more than three months but less than twelve months	-	-
Deposits with original maturity of more than twelve months	-	-
Deposits under lien		
- Deposits with original maturity of less than three months	-	-
- Deposit with original maturity of more than three months but less than twelve months	18,099,925	18,394,517
- Deposit with original maturity of more than twelve months	1,430,000	4,891,465
	19,568,489	23,324,546
Less : Deposits with original maturity of more than twelve months from the Balance sheet date disclosed under non-current assets (note 3.14)	(1,430,000)	(4,891,465)
	20,856,383	27,402,121

Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, as provided in the table below:

Particulars	SBN*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	2,314,850	1,069,752	3,384,602
(+) Permitted receipts	-	41,887,373	41,887,373
(-) Permitted payments	-	4,206,731	4,206,731
(-) Amount deposited in banks	2,314,850	35,506,393	37,821,243
Closing cash in hand as on 30 December 2016	-	3,244,001	3,244,001

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

(Currency: Indian Rupees)

3.18 Short-term loans and advances

To parties other than related parties

(Unsecured, considered good unless otherwise stated)

Sundry advance to distributor, producer, employees, etc.

	31 March 2017	31 March 2016
Considered good	-	11,087,919
Considered doubtful	-	2,163,770
	-	13,251,689
Less : Provision for doubtful advances	-	2,163,770
	-	11,087,919
Prepaid expenses	16,492,856	22,636,765
Service tax credit receivable	17,039,048	13,930,527
VAT credit receivable	18,331,110	15,727,247
Inter-corporate deposit	57,666,962	50,114,241

To related parties

- Mukta Tele Media Limited, subsidiary of the Company
- Connect.1 Limited, subsidiary of the Company
- Whistling Woods International Limited, subsidiary of the Company
- Mukta A2 Cinemas Ltd, subsidiary of the Company
- Mukta A2 Multiplex SPC, subsidiary of the Company

13,322,733	12,405,000
11,782,859	7,207,500
1,932,818	-
5,874,145	-
42,458,915	-

184,901,447	133,109,199
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3.19 Other current assets

- Interest accrued on Investments#
- Interest accrued on Fixed deposits

	31 March 2017	31 March 2016
Interest accrued on Investments#	8,593,997	26,954,339
Interest accrued on Fixed deposits	2,235,312	1,707,027
	10,829,309	28,661,366

Interest accrued on Investments on advances to related party includes to subsidiaries

- Whistling Woods International Limited (note no. 3.41)

1,226,743	24,578,014
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MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

3.20 Revenue from operations

	31 March 2017		31 March 2016	
(a) Sale of products/ film rights				
Own Film/ Content production	847,151		44,925,729	
Food and beverages	111,641,838	112,488,989	101,211,699	146,137,428
(b) Distribution, Exhibition, Theatrical and Film Production Income				
Distribution and exhibition	1,969,713		506,931	
Equipment hire income	3,459,900		3,606,850	
Box office collection				
Sale of tickets	412,177,152		373,179,653	
Less: Entertainment tax	(81,228,660)	336,378,104	(70,810,079)	306,483,355
(c) Other operating revenue				
Rent and amenities charges	86,642,830		76,320,505	
Sundry balances written back	4,692,918		4,369,596	
Business support services	18,600,000		19,200,000	
Other income from theatrical operations	29,705,232	139,640,979	28,039,876	127,929,977
		588,508,073		580,550,760

3.21 Other income

	31 March 2017	31 March 2016
Interest income on bank deposits (Tax deducted at source Rs 223,531 (2016: Rs 233,152))	2,235,312	2,339,038
Interest income on others (Tax deducted at source Rs 2,625,523 (2016: Rs 2,767,421))	31,882,956	29,818,517
Other non-operating income		
Interest on income tax refund	9,324,327	-
Profit on sale of division	47,160,363	-
Profit on sale of assets, (net)	330,522	619,500
Miscellaneous income (net)	1,580,946	5,076,363
	92,514,426	37,853,418

3.22 Cost of production, distribution, exhibition and theatrical operations

	31 March 2017	31 March 2016
Own production - publicity, print, dubbing etc.	331,000	6,582,839
Distributor and producers share	148,763,597	136,655,086
Operator's share in theatrical operations	(8,420,253)	24,930,453
Other direct cost of theatrical operations	578,727	549,423
	141,253,071	168,717,801

3.23 Changes in inventories of food and beverages

	31 March 2017	31 March 2016
Inventories at the end of the year		
Food and beverages	-	4,074,521
	-	4,074,521
Inventories at the beginning of the year		
Food and beverages	4,074,521	2,360,909
	4,074,521	2,360,909
	4,074,521	(1,713,612)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

3.24 Employee benefits expense

	31 March 2017	31 March 2016
Salaries and other benefits (notes 3.30 and 3.40)	99,425,517	85,833,135
Staff welfare	2,377,974	884,223
Gratuity and leave encashment (note 3.28)	2,701,913	2,275,275
Contribution to provident and other funds (note 3.28)	7,457,795	5,143,855
	111,963,199	94,136,488

3.25 Finance costs

	31 March 2017	31 March 2016
a) Interest cost on		
- Term loan	48,234,331	30,883,171
- Cash credit \ demand loan facilities	1,851,053	5,439,981
- Car loan	3,433,385	2,711,097
- Inter corporate deposits	5,641,141	16,037,678
- Others	2,900,558	2,780,627
b) Processing cost and other charges	1,464,204	801,531
	63,524,673	58,654,085

3.26 Other expenses

	31 March 2017	31 March 2016
Rent	64,555,422	56,401,203
Legal and professional fees	23,507,627	22,193,055
Electricity charges	57,492,728	48,607,926
Bad debts/ advances/ intangibles under development written-off	1,647,909	4,889,857
Repairs and maintenance	24,346,128	10,099,625
Security charges	14,442,778	10,172,788
Rates and taxes	18,280,733	15,649,791
Housekeeping Charges	10,391,259	8,642,912
Digital Equipment Hire Charges	8,688,018	6,197,283
Business promotion	5,632,005	5,435,761
Motor vehicle expenses	1,405,773	1,960,270
Printing and stationery	1,566,709	1,481,394
Communication	2,876,191	2,502,932
Insurance	2,217,737	2,587,082
Bank charges	1,760,415	204,451
Brokerage and commission	325,000	1,471,875
Travelling expenses	3,218,939	2,668,053
Payment to auditor (Refer details below)	1,518,768	1,532,190
Miscellaneous expenses	16,328,669	19,021,216
	260,202,809	221,719,664
Payment to auditor (excluding service tax)		
As auditor:		
Audit fee	1,500,000	1,500,000
Reimbursement of expenses	18,768	32,190
	1,518,768	1,532,190

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

3.27 Earnings per equity share:

	31 March 2017		31 March 2016	
	Total	Continuing operations	Total	Continuing operations
a) Net (loss)/ profit after tax attributable to shareholders	(8,759,685)	(184,976)	(19,051,066)	(24,025,479)
b) Weighted average number of equity shares outstanding during the year for basic EPS	22,581,200	22,581,200	22,581,200	22,581,200
c) Weighted average number of equity shares outstanding during the year for dilutive EPS	22,581,200	22,581,200	22,581,200	22,581,200
d) Basic EPS	(0.39)	(0.01)	(0.84)	(1.06)
e) Dilutive EPS	(0.39)	(0.01)	(0.84)	(1.06)
f) Nominal value per share	5	5	5	5

3.28 Gratuity and other post employment benefit plans

(i) Defined contribution plans

Contribution to provident fund - amount of Rs 6,088,955 (2016: Rs 3,652,315) and ESIC - amount of Rs 1,668,840 (2016: Rs 1,491,540) 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 1,584,376 (2016: Rs 865,884) is recognized as an expense in the Statement of profit and loss.

Actuarial assumptions

	31 March 2017	31 March 2016
Discount rate (p.a)	7.45%	7.70%
Salary escalation rate (p.a)	8.00%	8.00%

(b) Gratuity (Defined benefit plan)

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

	31 March 2017	31 March 2016
A) Change in defined benefit obligation		
Opening defined benefit obligation	10,720,317	11,111,357
Current service cost	1,348,006	1,142,984
Interest cost	762,009	733,075
Actuarial (gain) / loss	(715,061)	(110,221)
Benefits paid	(469,154)	(2,156,878)
Closing defined benefit obligation	11,646,117	10,720,317
B) Change in fair value of plan assets		
Opening fair value of plan assets	4,845,725	5,971,156
Expected return on plan assets	388,021	407,842
Actuarial gain on plan assets	(81,306)	(16,748)
Contributions by employer	645,702	640,353
Benefits paid	(469,154)	(2,156,878)
Closing fair value of plan assets	5,328,988	4,845,725



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

	31 March 2017	31 March 2016
C) Expenses recognised in the Statement of profit and loss		
Current service cost	1,348,006	1,142,984
Interest on defined benefit obligation	762,009	733,073
Expected return on plan assets	(388,021)	(407,842)
Net actuarial (gain)/ loss recognized	(633,755)	(93,473)
Total expense recognized	1,088,239	1,374,744
D) Amount recognised in Balance sheet		
Present value of funded obligations	(11,646,117)	(10,720,317)
Fair value of plan assets	5,328,988	4,845,725
Net liability	(6,317,129)	(5,874,592)
E) Actuarial assumptions		
Discount rate (p.a)	7.45%	7.70%
Expected rate of return on assets (p.a)	7.50%	7.50%
Salary escalation rate (p.a)	8%	8%
E) Experience adjustments		
On plan assets	(81,306)	(16,748)
On plan liabilities	(931,372)	(279,024)
F) Details of plan assets		
LIC managed funds	5,328,988	4,845,725
G) Experience adjustments		

	31 March 2017	31 March 2016	31 March 2015
Present value of the defined benefit obligation	11,646,117	10,720,317	11,111,357
Fair value of the plan assets	5,328,988	4,845,725	5,971,156
Deficit	(6,317,129)	(5,874,592)	(5,140,201)
Experience adjustment on defined benefit obligation	(931,372)	(279,024)	49,347
Experience adjustment on plan assets	(81,306)	(16,748)	63,719

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

The Company expects Rs 1,000,000 in contribution to be paid to its defined benefit plan in the next year (2016: Rs 3,000,000)

3.29 Lease disclosure under AS 19 – 'Leases'

Operating lease : Company as lessee

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

Lease rent expenses of Rs 64,555,422 (2016: Rs 56,401,203) have been included under 'Rent' in the Statement of profit and loss.

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

	31 March 2017	31 March 2016
Amounts due within one year	5,135,866	4,938,787
Amounts due after one year but not later than five years	22,936,918	21,918,451
Amounts due later than five years	39,387,282	45,541,615
	67,460,066	72,398,853

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

Operating lease : Company as lessor

The Company has given office premises on lease which is renewable thereafter as per the terms of the respective agreement

Lease rent income of Rs 27,966,195 (2016: Rs 19,587,722) has been included under 'Rent and amenities charges' in the Statement of profit and loss.

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

	31 March 2017	31 March 2016
Amounts due within one year	7,856,421	9,951,424
Amounts due after one year but not later than five years	20,541,842	25,597,861
	28,398,263	35,549,285

Operating lease : Company as lessor (Continued)

The carrying amount of assets is as follows :

	Ownership premises	
	31 March 2017	31 March 2016
Gross block	172,280,521	172,280,521
Accumulated depreciation	37,530,081	33,209,738
Net block	134,750,440	139,070,783
Depreciation for the year	4,320,343	4,708,033

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 26,505,048 (2016: Rs 23,651,114) has been included under 'Rent and amenities charges' in the Statement of profit and loss.

The carrying amount of assets is as follows :

	31 March 2017	31 March 2016
Gross block	85,535,753	85,535,753
Accumulated depreciation	36,495,647	29,527,574
Net block	49,040,106	56,008,179
Depreciation for the year	6,968,073	6,968,073

3.30 Capitalisation of expenditure

During the year, the Company has capitalised the salaries, wages and bonus amounting to Rs 9,271,239 (2016: Rs 5,330,611) to the cost of Fixed asset/ Capital work in progress (CWIP). Consequently, expenses disclosed under note 3.24 are net of amount capitalised by the Company.

3.31 Segment information

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

3.32 Related party disclosures

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2017 are summarized below:

A Parties where control exists

(i) Shareholders holding more than 20%

- Subhash Ghai

(ii) Subsidiary companies

- Whistling Woods International Limited
- Connect.1 Limited
- Mukta Tele Media Limited
- Coruscant Tec Private Limited
- Mukta VN Films Limited
- Mukta A2 Cinemas Limited
- Mukta A2 Multiplex SPC

(iii) Step Down Subsidiary Company

- Whistling Woods International Education Foundation

(iv) 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)

(v) 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 2017 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	
	2017	2016	2017	2016	2017	2016
Rendering of services - Sale of products						
Mukta VN Films Limited	3,120,891	2,912,852	-	-	-	-
Receiving of services						
Ashok Ghai - Professional fees paid	-	-	3,000,000	2,844,456	-	-
Connect. 1 Limited - Rent	240,000	240,000	-	-	-	-
Mukta Tele Media Ltd	300,000	300,000	-	-	-	-
Mukta Arts - Rent	-	-	-	-	60,000	60,000
Whistling Woods International Ltd - Rent & Maintenance Charges	2,018,001	-	-	-	-	-
Slump Sale of division						
Mukta A2 Cinemas Ltd	150,000,000	-	-	-	-	-

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

Transactions	Subsidiary companies		Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	2017	2016	2017	2016	2017	2016
Interest income						
Whistling Woods International Limited	23,132,879	27,308,904	-	-	-	-
Mukta Tele Media Limited	1,214,148	-	-	-	-	-
Connect.1 Limited	892,066	-	-	-	-	-
Mukta A2 Multiplex SPC	1,089,213	-	-	-	-	-
Mukta A2 Cinemas Ltd	66,130	-	-	-	-	-
Salaries and other benefit						
Siraj Farooqui	-	-	3,296,000	2,531,500	-	-
Sameer Farooqui	-	-	808,100	777,480	-	-
Sajid Farooqui	-	-	795,744	723,294	-	-
Managerial remuneration						
Subhash Ghai	-	-	3,932,400	3,337,400	-	-
Parvez A. Farooqui	-	-	3,790,400	3,503,426	-	-
Rahul Puri	-	-	3,757,400	3,554,340	-	-
Reimbursement of expenses received by the Company						
Whistling Woods International Limited	505,621	1,182,704	-	-	-	-
Mukta VN Films Limited	18,600,000	19,200,000	-	-	-	-
Reimbursement of expenses paid by the Company						
Whistling Woods International Limited	301,600	1,182,704	-	-	-	-
Loan given during the year						
Mukta A2 Multiplex SPC	41,369,702	-	-	-	-	-
Issue of equity shares						
Mukta A2 Multiplex SPC	8,860,800	-	-	-	-	-
Mukta A2 Cinemas Limited	500,000	-	-	-	-	-
Loan repaid during the year						
Whistling Woods International Limited	7,000,000	94,100,000	-	-	-	-
Advances given during the year						
Coruscant Tec Private Limited	24,000	21,400	-	-	-	-
Mukta Tele Media Ltd	1,487,733	12,016	-	-	-	-
Connect.1 Ltd	5,498,422	7,727,000	-	-	-	-
Mukta A2 Cinemas Limited	5,874,145	-	-	-	-	-
Advances repaid during the year						
Coruscant Tec Private Limited	24,000	21,400	-	-	-	-
Mukta Tele Media Ltd	570,000	270,000	-	-	-	-
Connect.1 Ltd	923,063	519,500	-	-	-	-
Loan receivable						
Whistling Woods International Limited	225,900,000	232,900,000	-	-	-	-
Mukta A2 Multiplex SPC	42,458,915	-	-	-	-	-
Amount receivable						
Whistling Woods International Limited	1,931,218	-	-	-	-	-
Interest receivable						
Whistling Woods International Limited	1,226,743	24,578,014	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

Transactions	Subsidiary companies		Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	2017	2016	2017	2016	2017	2016
Payables						
Siraj Farooqui	-	-	771,300	358,814	-	-
Sameer Farooqui	-	-	58,720	44,320	-	-
Sajid Farooqui	-	-	52,612	58,175	-	-
Subhash Ghai	-	-	200,000	364,000	-	-
Parvez A. Farooqui	-	-	857,800	402,500	-	-
Rahul Puri	-	-	765,100	352,700	-	-
Advances receivable						
Mukta Tele Media Ltd	13,322,733	12,405,000	-	-	-	-
Connect.1 Limited	11,782,859	7,207,500	-	-	-	-
Mukta VN Films Limited	86,023,956	61,327,413	-	-	-	-
Mukta A2 Cinemas Limited	5,874,145	-	-	-	-	-
Deposit receivable						
Whistling Woods International Limited (pursuant to mutual sharing arrangement)	30,000,000	30,000,000	-	-	-	-
Connect. 1 Limited	1,950,000	1,950,000	-	-	-	-
Mukta Arts	-	-	-	-	300,000	300,000
Security given towards loan (Mortgage of immovable property)						
Mukta VN Films Limited	120,000,000	120,000,000	-	-	-	-
Letter of support to Whistling Woods International Limited						

3.33 Disclosure as per Clause 32 of the Listing agreement

Name of the Company	Balance as at		Maximum outstanding during the year	
	2017	2016	2017	2016
(a) Particulars in respect of loans and advances in the nature of loans to subsidiary/ associate companies				
- Whistling Woods International Limited	227,126,743	257,478,014	232,900,000	327,000,000
- Mukta Tele Media Ltd	13,322,733	12,405,000	13,322,733	12,405,000
- Mukta A2 Multiplex SPC	42,458,915	-	42,458,915	-
(b) Particulars of Loans and advances to Companies in which director (s) is a Director or member:				
None	-	-	-	-
(c) Particulars in respect of loans and deposits to subsidiary companies where there is no repayment schedule				
- Whistling Woods International Limited	227,126,743	257,478,014	232,900,000	327,000,000
- Mukta Tele Media Limited	13,322,733	12,405,000	13,322,733	12,405,000
- Mukta A2 Multiplex SPC	42,458,915	-	42,458,915	-

3.34 Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for aggregate to Rs Nil (31 March 2016: Rs Nil).

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

3.35 Contingent liabilities

	31 March 2017	31 March 2016
a) Service tax liability in appeal (note 1)	1,675,000	1,675,000
b) Corporate guarantee given by the Company on behalf of its subsidiary	120,000,000	120,000,000
c) Support letter provided to Whistling Woods International Limited, a subsidiary of the Company.		

Notes

- 1) Unless specified, the amounts are excluding penalty and interest, if any, that would be levied at the time of final conclusion.
- 2) The Company is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the financial conditions, results of operations or cash flows.
- 3) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.
- 4) The Company has availed the benefit of payment of customs duty and other duties at a concessional rate on import of capital goods, under the Export Promotion Capital Goods ('EPCG') Scheme, against fulfillment of export commitment over eight years from the date of issue of the license. The Company's bankers have provided guarantees amounting to Rs 18,859,028 (31 March 2016: Rs 17,727,661) to the Customs and other statutory authorities, on behalf of the Company, towards fulfilment of these commitments. The Company believes that the export commitment obligations will be fulfilled and accordingly does not expect any custom and other duties, penalty or interest to be levied with respect to non-fulfillment of the terms and conditions of the EPCG scheme.

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 2017	31 March 2016
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	-	-
- Interest	-	-
The amount of interest paid by the Company as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

3.37 Foreign currency exposures not covered by forward contracts

The Company has foreign currency exposures relating to any receivable / payable balance as at 31 March 2017 Rs. 6.18 Crs (31 March 2016: Rs Nil).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

3.38 Expenditure in foreign currency (on accrual basis)

	31 March 2017	31 March 2016
Travelling expenses	17,580	333,462
Pre-incorporation Expenses	-	7,496,893

3.39 Earnings in foreign exchange (on accrual basis)

Earnings in foreign currency for the year ended 31 March 2017 is Rs. Nil (31 March 2016: Rs 4,11,876).

3.40 Managerial remuneration

Total remuneration paid to the erstwhile managing director (including as film director fees) for earlier financial years from 2005-06 to 2014-2015 aggregating to Rs 131,906,897 exceeds the limits prescribed under Schedule XIII to the Companies Act, 1956. During the year 2011-2012, the Company had received approval for part of the excess remuneration paid (approval was received for remuneration aggregating to Rs 25,200,000 for the financial years 2005-2006, 2006-2007 and 2007-2008) 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 2008-2009 to 2011-2012. The Company has requested the authorities to reconsider their Orders in respect of the above and also for his recognition as a professionally qualified person under the Act. Pending conclusion of this matter, no adjustment has been made in these financial statements.

3.41 Public Interest Litigations ('PIL') had been filed alleging that the Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDCL') had not followed proper procedure while entering into a Joint Venture Agreement ('JVA') with the Company and in the subsequent allotment of 20 acres of land to the said joint venture, Whistling Woods International Limited ('WWI'), a subsidiary of the Company. During the year 2011-2012, pursuant to the Order of the Hon'ble High Court of Judicature at Bombay ('High Court') dated 9 February 2012, inter-alia, the JVA with MFSCDCL was quashed / rendered cancelled, WWI was ordered to return the land to MFSCDCL and pay rent (and interest on arrears) retrospectively on the entire land since the date of the JVA. Of the total land admeasuring 20 acres, 14.5 acres vacant unused land was handed over to MFSCDCL on 18 April 2012 and the balance was to be handed over on or before 31 July 2014. Pending discussion and / or agreement with MFSCDCL and / or clarifications to be sought from the concerned parties, no adjustments have been made to the Share Capital structure of WWI and the carrying value of the land rights in its books of account. However, in terms of the Order of the High Court, the said amount together with future rent till the date of vacation of the premises is adjustable against the market price of the Institute building of WWI on the said land. The valuation is to be carried out by an expert valuer to be appointed by the Government. During the year 2013-2014, 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 file appeal with the Supreme Court of India was dismissed. However, the Company and WWI filed review petitions with the High Court. In terms of Order dated 9 February 2012 passed by the High Court, MFSCDC raised net demand of Rs. 591,966,210 and asked WWI to vacate the premises. The Company's and WWI's Review Petitions were heard by High Court and a stay was granted on 30 July 2014. The High Court ordered the Company / WWI to pay arrears of rent for the years 2000-2001 to 2013-2014 aggregating to Rs 100,038,000 by January 2015 and to pay rent of Rs 4,500,000 per annum from the financial year 2014-2015. As per the terms of the said Order, the Company has paid Rs 113,538,000 by 31 March 2017. The State Government of Maharashtra and MFSCDCL challenged the Order of the Bombay High Court in the Supreme Court which was dismissed by the court on 22nd September 2014 with recourse to the State Government of Maharashtra to make an application to the High Court. Pending final disposal of the review petitions and valuation of the building, and in view of the future plans for WWI which are being evaluated, management believes that the Company's investments in WWI aggregating Rs 369,997,000 and amounts due therefrom aggregating Rs 257,126,743 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.

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (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 2017	31 March 2016
Bottled beverages	521,462	330,936
Non bottled beverages	405,016	627,987
Non packaged food items	1,985,164	849,889
Packing material	1,162,879	552,097
Others	-	-
Total	4,074,521	2,360,909

Information with regards to the sale of food and beverage items

Particulars

	Sales	
	31 March 2017	31 March 2016
Bottled beverages	8,498,523	8,264,414
Non bottled beverages	22,998,461	18,296,716
Non packaged food items	4,218,696	70,067,553
Packaged food items	58,994,519	4,583,016
Others	30,098,610	-
Total	124,808,809	101,211,699

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

Particulars

	Closing stock	
	31 March 2017	31 March 2016
Bottled beverages	-	521,462
Non bottled beverages	-	405,016
Non packaged food items	-	1,985,164
Packing material	-	1,162,879
Others	-	-
Total	-	4,074,521

Value of food and beverage items

Particulars

	Consumption	
	31 March 2017	31 March 2016
Imported	-	-
Indigenous	128,883,330	30,981,356
Total	128,883,330	30,981,356

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 loan given @10% for the purpose of financial support to subsidiary which is repayable on mutual consent
Connect. Ltd, subsidiary of the Company	Unsecured loan given @10% for the purpose of financial support to subsidiary which is repayable on mutual consent
Mukta A2 Multiplex SPC, subsidiary of the Company	Unsecured loan given @6% for the purpose of financial support to subsidiary which is repayable on mutual consent.
Mukta A2 Cinemas Limited, subsidiary of the Company	Unsecured loan given @10% for the purpose of financial support to subsidiary which is repayable on mutual consent
Neelmudra Entertainment Limited	Unsecured loan given @10% for the purpose of production of a film which will be repayable on demand.
Om Films Private Limited	Unsecured loan given @10% for the purpose of financial assistance in connection with the release of a feature film which is repayable on demand.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

Movement of loan during the financial years ended 31 March 2017 and 31 March 2016 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 2017	232,900,000	-	7,000,000	225,900,000
	Year ended 31 March 2016	327,000,000	-	94,100,000	232,900,000
Mukta Tele Media Ltd	Year ended 31 March 2017	12,405,000	-	175,000	12,230,000
	Year ended 31 March 2016	12,662,984	-	257,984	12,405,000
Mukta A2 Cinemas Ltd, subsidiary of the Company	Year ended 31 March 2017	-	5,874,145	-	5,874,145
	Year ended 31 March 2016	-	-	-	-
Mukta A2 Multiplex SPC, subsidiary of the Company	Year ended 31 March 2017	-	41,369,702	-	41,369,702
	Year ended 31 March 2016	-	-	-	-
Neelmudra Entertainment Limited	Year ended 31 March 2017	12,838,015	-	-	12,838,015
	Year ended 31 March 2016	12,838,015	-	-	12,838,015
Om Films Private Limited	Year ended 31 March 2017	17,600,000	-	-	17,600,000
	Year ended 31 March 2016	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 2017: Rs 1,586,976) for the overdraft facility availed by Mukta V N Films Limited, a subsidiary company, as at 31 March 2017. The overdraft limit as per the arrangement is Rs 60,000,000 (31 March 2016: Rs 120,000,000). The subsidiary has accounted for book overdraft amounting to Rs 61,454,301 as on 31 March 2017 . The overdraft facility is being utilised by the subsidiary for its business.

c) Details of investments made:

- i) The Company has invested in 500 equity shares of BHD 100 each, fully paid up in Mukta A2 Multiplex SPC, a subsidiary of the Company during the year.
- ii) The Company has invested in 50,000 equity shares of Rs 10 each, fully paid up in Mukta A2 Cinemas Ltd, a subsidiary of the Company during the year.

3.44 Discontinuing operations

Pursuant to the approval by way of postal ballot received from the shareholders of the Company on 22 December 2016, the Cinema Exhibition business has been transferred by way of a slump sale to a wholly owned subsidiary, Mukta A2 Cinemas Limited on 31 March 2017. The revenue from this business formed part of the "Theatrical exhibition division" segment. A business transfer agreement is being executed between the two entities confirming the transfer for a consideration of Rs 150,000,000.

By way of this slump sale, the Company has transferred all the assets and liabilities of the Cinema exhibition division. The liabilities so transferred and recorded in the books of the transferee company as on 31 March 2017 include Term loan and overdraft facilities 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. After completion of the said documentation, the records of the bank shall show the loans as granted in favour of the transferee company. The assets so transferred include current assets, movable assets and leasehold rights of the Cinema exhibition business which are hypothecated against the said loan facilities.

MUKTA ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

- (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 2017	31 March 2016
Liabilities		
Non-current liabilities		
Long-term borrowings	87,516,667	41,000,000
Long-term provisions	-	-
Current liabilities		
Short-term borrowings	30,815,117	-
Trade payables	146,233,922	102,247,413
Other current liabilities	172,568,538	15,220,108
Short-term provisions	-	-
Total liabilities	437,134,244	158,467,521
Assets		
Tangible assets	264,229,458	168,586,981
Intangible assets	6,093,555	4,082,407
Capital work-in-progress	1,784,952	-
Current assets		
Inventories	5,083,324	4,074,521
Trade receivables	36,022,044	27,688,159
Cash and bank balances	11,996,957	1,915,636
Short-term loans and advances	36,344,720	10,492,627
Other current assets	28,418,872	17,886,945
Total assets	389,973,882	234,727,276

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

	31 March 2017	31 March 2016
Income		
Revenue from operation	472,883,465	431,621,149
Expenses		
Cost of operations	181,437,309	165,395,600
Employee benefit expense	59,741,086	44,862,996
Finance cost	8,330,954	1,003,022
Other expenses	231,948,826	215,385,119
Total expenses	481,458,175	426,646,736
Profit before tax	(8,574,710)	4,974,413
Provision for taxation	-	-
(Loss)/Profit after tax	(8,574,710)	4,974,413



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (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 2017	31 March 2016
Cash flows from operating activities		
Profit for the year before tax	(8,574,710)	4,974,413
Adjustments for:		
(Increase) in trade receivables	(8,574,710)	4,974,413
(Increase) in loans and advances and other non-current assets	-	-
Increase in trade payables, provisions, other long-term and other current liabilities	-	-
Cash generated from operations	-	-
Income taxes paid	-	-
Net cash generated from operating activities (A)	-	-
Cash flows from investing activities (B)	-	-
Cash flows from financing activities		
Repayment of borrowings	(8,574,710)	4,974,413
(Increase)/ Decrease in balance with Corporate and other business units	-	-
Cash flows from financing activities (C)	(8,574,710)	4,974,413

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

3.46 Other information

Information with regard to other matters specified in Schedule III to the Act is either nil or not applicable to the Company for the year/period.

3.47 Prior period comparatives

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

As per our report of even date attached.

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

CA. Prerak Agarwal
Partner
Membership No. 158844

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

Subhash Ghai
Chairman Director
DIN: 00019803

Rahul Puri
Managing Director
DIN: 01925045

Parvez A. Farooqui
Executive Director
DIN: 00019853

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964

Place : Mumbai
Date : 24 May 2017

MUKTA ARTS LIMITED

INDEPENDENT AUDITORS' REPORT

To the Members of **MUKTA ARTS LIMITED**

Mumbai

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Mukta Arts Limited** (the Holding Company) and its subsidiaries (the Holding Company and its subsidiaries are collectively referred to as 'the Group'), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein referred to as the 'consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

(i) As explained in Note 3.37 to the accompanying consolidated financial statements, remuneration paid to the erstwhile managing director of the Holding Company (including as film director fees) for earlier financial years from 2005-06 to 2014-15 (total remuneration paid aggregates to Rs. 1,31,906,897/- is in excess of the limits prescribed under Schedule XIII to the Companies Act, 2013. During the year 2011-12, the Holding Company had received approval for part of excess remuneration paid (approval received for remuneration aggregating to Rs. 2,52,00,000/- for the financial years 2005-06, 2006-07, 2007-08) and made applications to the authorities requesting consideration/approval for the balance excess remuneration and for recognition of the erstwhile managing director as professionally qualified person under the Companies Act, 1956. Through its various communications, the Ministry of Corporate Affairs has directed the Holding Company to recover the excess



Independent Auditors' Report (Continued)

remuneration paid during the financial years 2008-09 to 2011-12. The Holding Company has requested the authorities to reconsider their Orders in respect of the above and also for his recognition as a professionally qualified person under this Act. Pending conclusion of this matter, no adjustment has been made in these financial results.

(ii) As more fully explained Note 25.2 to the standalone financial statements, Whistling Woods International Limited (WWIL), a subsidiary Company has disputed the demand from Income-tax authorities aggregating to Rs 50,96,587 (31 March 2016: Rs 5,060,974 (including interest Rs 19,02,995 (31 March 2016: Rs 1,902,995) 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 standalone financial statements in this regard. Had the Company accrued for this liability, the profit for the year and the deficit in Statement of profit and loss at year end would have been lower by Rs 50,96,587 (31 March 2016: Rs 50,60,974).

(iii) As at March 31, 2017, the Holding Company's investment in its subsidiary, Whistling Woods International Limited (WWIL) a joint venture between the company and Maharashtra Film, Stage and Cultural Development Corporation Limited (MFSCDCL), aggregates to Rs.36,99,97,000/- and loans and advances, Accrued interest, deposits and rent receivable include Rs. 2,57,126,743/- recoverable from WWIL. As more fully explained in Note 3.38 to the financial statements, through its Order of 9 February 2012, the Hon'ble High Court of Judicature at Bombay ('High Court') had quashed the Joint Venture Agreement ('JVA') between the Company's shareholders and had passed consequential orders. The petition for Special Leave to Appeal had been dismissed by the Supreme Court of India in April 2012.

Pursuant to the High Court's aforesaid Order, the allotment of land to the WWIL, pursuant to the JVA (in lieu of which equity shares of corresponding value were issued to Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDCL')), recorded in the books of the Company as land rights at a cost of Rs 3,00,00,000, had been cancelled and WWIL had been ordered to return the land to MFSCDCL (of the total land admeasuring 20 acres, 14.5 acres vacant unused land had been handed over to MFSCDCL on April 18, 2012 and the balance was to be handed over on or before July 31, 2014). Pending discussion and/ or agreement with MFSCDCL and/or clarifications to be sought from the concerned parties, no adjustments have been made to the share capital structure of the WWIL and the carrying value of the land rights in the books of account.

Further, MFSCDCL had demanded Rs 83,20,62,611/- towards arrears of rent and interest thereon by letter dated December 3, 2012. Also, as per the High Court's Order which is under challenge from the Holding Company and WWIL, there is an option to set-off the arrears of rent and interest thereon against the value of the building with net excess or shortfall to be refunded to / claimed from the holding company/ WWIL, as applicable. During the year 2012-13, the Public Works Department (PWD) Engineer had given his valuation report of Institute building (net book value at March 31, 2017: Rs 16,42,16,905/- (March 31, 2016: Rs 17,17,57,505/-) based on the Balance sheet of the Company as at March 31, 2011. MFSCDCL vide letter dated July 14, 2014, demanded Rs 59,19,66,210/- towards arrears of rent and interest thereon, up to July 31, 2014, net of value of building determined as above.

The holding company, and WWIL had filed applications to review the said Order with the High Court and an interim stay was granted on July 30, 2014 which required deposit by Mukta Arts Limited of Rs 10,00,38,000 by January 2015 against payment of arrears of rent for the years 2000-01 to 2013-14 and payment of Rs 45,00,000 per annum from financial year 2014-15 till the settlement of the case to MFSCDCL. The State Government of Maharashtra and MFSCDCL challenged the Order of the High Court in the Supreme Court, which special leave petition was dismissed by the Supreme Court on September 22, 2014. The amounts so paid/ being paid by Mukta Arts Limited to MFSCDCL have not been accounted in these financial statements. Management of WWIL informs that these will be accounted, if required, on the settlement of the case.

Additionally, without giving effect to the matter stated above, the WWIL's net worth stands fully eroded as at March 31, 2017 and it has reported a net profit (after tax) of Rs 1,75,01,721 /- during the year ended March 31, 2017 (March 31, 2016: net loss (after tax) Rs 62,91,208/-). Management of WWIL believes that it is appropriate to prepare the financial statements on a going-concern basis based on its assessment of the merits of the case, plans for the future and support provided by its holding company.

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

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter relating to the litigation with MFSCDCL referred to in paragraph (iii) of the Basis for Qualified Opinion paragraph above, the outcome and consequent adjustments to the consolidated financial statements of which cannot be presently determined, and of the matter relating to the remuneration to the erstwhile managing director referred to in

MUKTA ARTS LIMITED

Independent Auditors' Report (Continued)

paragraph (i) of the Basis for Qualified Opinion paragraph above, and for the effects of the matter related to disputed income tax dues referred to in paragraph (ii) of the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- a. in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2017;
- b. in the case of the Consolidated Profit and Loss Account, of the Loss for the year ended on that date; and
- c. in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of six out of total seven subsidiaries, whose financial statements reflect total assets of Rs. 68,53,93,367/- as at March 31, 2017 and total revenues of Rs. 47,12,03,115/- and net cash outflows amounting to Rs. 62,16,972/- for the year then ended, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) The matters described relating to the litigation with MFSCDCL referred to in paragraph (iii) in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;
- (f) On the basis of the written representations received from the directors of the Holding Company as at March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies incorporated in India, none of the other directors of the Group's companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act. Also, in one of the subsidiary companies, consequent to the setting aside of the JVA agreement as explained in paragraph (iii) of the Basis for Qualified Opinion, MFSCDCL has, vide letter dated November 26, 2011, written to the Company stating that in its view Mr. Shyam Tagade, Nominee Director of MFSCDCL on the Board of Directors of the Company, ceases to be on the Board. Accordingly, written representation as required in terms of sub section 2 of Section 164 of the Act has not been received from Mr. Shyam Tagade;
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and



- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 3.34 and 3.38 to the consolidated financial statements.
 - ii. The Holding Company and its subsidiary companies did not have any long term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 3.42 to the consolidated financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.
 - iv. The Company has provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by the Company – Refer Note 3.17 to the consolidated financial statements;

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

CA. Prerak Agarwal
Partner
Membership No.: 158844

Date: May 24, 2017
Place: Mumbai

MUKTA ARTS LIMITED

Annexure A to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Mukta Arts Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Companies Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Mukta Arts Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and audit evidence obtained by other auditors in terms of their report referred to in the Other Matters Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



Annexure to the Independent Auditors' Report on the consolidated financial statements - 31 March 2017 (Contd.)

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies, which are companies incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to six of the seven subsidiary companies, which are companies incorporated in India, is based on the corresponding report of the auditors of such company.

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

CA. Prerak Agarwal
Partner
Membership No.: 158844

Date: May 24, 2017
Place: Mumbai

MUKTA ARTS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017

(Currency: Indian Rupees)

	Note	31 March 2017	31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1	112,926,000	112,917,500
Reserves and surplus	3.2	212,441,967	288,207,531
		325,367,967	401,125,031
Minority interest	3.2 (a)	36,653,025	34,272,711
Non-current liabilities			
Long-term borrowings	3.3	667,734,340	598,679,282
Deferred tax liabilities (net)	3.4	6,928,043	434,182
Other long term liabilities	3.5	103,222,065	99,864,019
Long-term provisions	3.6	20,406,777	16,118,843
		798,291,225	715,096,326
Current liabilities			
Short-term borrowings	3.7	179,066,655	217,836,368
Trade payables	3.8	459,712,070	323,971,440
Other current liabilities	3.9	267,926,160	225,111,228
Short-term provisions	3.10	19,945,225	11,132,550
		926,650,110	778,051,586
TOTAL		2,086,962,327	1,928,545,654
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	3.11	984,682,768	728,756,000
Intangible fixed assets		63,988,822	52,091,112
Capital work-in-progress		3,072,162	82,260,041
Intangible fixed assets under development		40,455,543	40,587,105
		1,092,199,295	903,694,258
Non-current investments	3.12	18,438,938	18,393,938
Long-term loans and advances	3.13	355,261,286	332,274,048
Other non-current assets	3.14	11,745,780	7,246,777
		1,477,645,299	1,261,609,021
Current assets			
Inventories	3.15	8,267,860	4,074,521
Trade receivables	3.16	361,076,156	421,251,701
Cash and bank balances	3.17	35,859,316	39,085,841
Short-term loans and advances	3.18	185,391,690	197,482,694
Other current assets	3.19	18,722,006	5,041,876
		609,317,028	666,936,633
TOTAL		2,086,962,327	1,928,545,654
Summary of significant accounting policies	2		

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

As per our report of even date attached.

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

CA. Prerak Agarwal
Partner
Membership No. 158844

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

Subhash Ghai
Chairman Director
DIN: 00019803

Rahul Puri
Managing Director
DIN: 01925045

Parvez A. Farooqui
Executive Director
DIN: 00019853

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(Currency: Indian Rupees)

	Note	31 March 2017	31 March 2016
Income			
Revenue from operations	3.20	1,029,840,391	884,013,074
Other income	3.21	75,282,650	21,832,202
Total income		1,105,123,041	905,845,276
Expenses			
Cost of services rendered	3.22	197,937,498	167,840,825
Purchases of food and beverages		36,392,091	32,736,511
Changes in inventories of food and beverages	3.23	(4,193,340)	(1,713,612)
Employee benefits expense	3.24	210,180,044	157,830,745
Finance costs	3.25	95,069,923	89,989,550
Depreciation and amortisation	3.11	112,145,272	94,301,659
Other expenses	3.26	517,444,411	394,674,463
Total expenses		1,164,975,900	935,660,141
(Loss) before tax		(59,852,859)	(29,814,865)
Tax expenses:			
- Current tax (including MAT credit entitlement recognised and utilised)		10,022,167	804,943
- Deferred tax (credit)		6,493,862	458,109
- Prior Period Tax		-	41,292
(Loss) for the year after tax and before minority interest		(76,368,887)	(31,119,209)
Less: Minority interest		2,625,521	-
(Loss) for the year after tax		(78,994,408)	(31,119,209)
Earnings per equity share ([nominal value of share Rs 5 31 March 2016 : Rs 5])	3.27		
Basic and diluted		(3.50)	(1.38)
Summary of significant accounting policies	2		

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

As per our report of even date attached.

For **Uttam Abuwala & Co.**

Chartered Accountants

Firm's Registration No: 111184W

CA. Prerak Agarwal

Partner

Membership No. 158844

For and on behalf of the Board of Directors of

Mukta Arts Limited

CIN: L92110MH1982PLC028180

Subhash Ghai

Chairman Director

DIN: 00019803

Rahul Puri

Managing Director

DIN: 01925045

Parvez A. Farooqui

Executive Director

DIN: 00019853

Prabuddha Dasgupta

Chief Financial Officer

Monika Shah

Company Secretary

Membership No: FCS7964

Place : Mumbai

Date : 24 May 2017

MUKTA ARTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(Currency: Indian Rupees)

	31 March 2017	31 March 2016
A. Cash flows from operating activities		
Profit/(Loss) for the year before tax	(59,852,859)	(29,814,865)
Adjustments for:		
Depreciation and amortisation expense	112,145,272	94,301,659
Provision for doubtful debts/ advances	(6,888,853)	(3,584,867)
Bad debts/ advances/ intangible assets under development written-off	2,659,823	4,905,922
Finance costs	95,069,923	89,989,550
Interest income (Other than on income tax refund)	(8,759,724)	(5,185,366)
Interest on income tax refund	(9,731,242)	(270,498)
(Profit) on sale of assets, net	(413,782)	(619,500)
Operating cash flow before working capital changes	124,228,559	149,722,035
Adjustment for working capital changes		
Decrease/ (increase) in trade receivables	60,175,544	(2,854,904)
Decrease/ (increase) in loans and advances, other non-current assets and other current assets	(214,467,055)	(82,308,147)
(Increase) in inventories	(4,193,340)	(1,713,612)
(Decrease) in trade payables and other liabilities	89,357,617	(232,436,804)
Cash generated from operations	55,101,325	(169,591,431)
Income taxes refunded/(paid), net	(11,615,391)	(29,658,187)
Net cash flow generated from/ (used in) operating activities (A)	43,485,934	(199,249,618)
B. Cash flows from investing activities		
Interest income	18,490,966	5,455,864
Purchase of fixed assets (tangible and intangible)	(436,700,999)	(73,241,855)
Proceeds from sale of fixed assets	377,382,030	13,922,885
Proceeds from maturity/ (reinvestment) of fixed deposits, net	-	-
	(40,828,004)	(53,863,106)
Income taxes paid on interest income	(3,198,892)	(1,208,954)
Net cash flow generated from/ (used in) investing activities (B)	(44,026,896)	(55,072,060)
C. Cash flows from financing activities		
Secured loan taken, net	69,055,058	445,639,289
Unsecured loan taken/(repaid), net	25,000,000	(92,200,000)
Proceeds from issue of equity shares to minority shareholder	-	-
Proceeds from issue of share warrants to minority shareholder	-	-
Interest paid	(95,069,923)	(89,989,550)
Net cash flow from financing activities (C)	(1,014,865)	263,449,739
Net Increase/ (decrease) in cash and cash equivalents (A+B+C)	(1,555,826)	9,128,061
Cash and cash equivalents as at beginning of the year	17,176,653	8,048,592
Cash and cash equivalents as at end of the year (Refer note (b) below)	15,620,827	17,176,653
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:		
	31 March 2017	31 March 2016
Cash in hand	6,516,715	2,442,259
Balances with scheduled banks in		
- in current accounts	9,104,112	14,734,394
	15,620,827	17,176,653

As per our report of even date attached.

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

CA. Prerak Agarwal
Partner
Membership No. 158844

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

Subhash Ghai
Chairman Director
DIN: 00019803

Rahul Puri
Managing Director
DIN: 01925045

Parvez A. Farooqui
Executive Director
DIN: 00019853

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

(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 2017. 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 seven 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), Mukta V N Films Limited (which is involved in the business of distribution and exhibition of films), Mukta A2 Cinemas Limited (which is involved in business of exhibition of films) and Mukta A2 Multiplex SPC (which is involved in business of 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 2017. 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.

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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:

Sr. No.	Name of the subsidiary	Country of incorporation	% of shareholding in 2017	% of shareholding in 2016
1	Whistling Woods International Limited	India	84.99%	84.99%
2	Connect 1 Limited	India	100.00%	100.00%
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%
6	Mukta A2 Cinemas Limited	India	100%	0%
7	Mukta A2 Multiplex SPC	Bahrain	100%	0%

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.



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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.

Asset class	Useful life
Plant and equipment	10-14 years
Furniture and fixtures	5-10 years
Computers and IT equipment	3-10 years
Cinematography equipment	6 years

Leasehold improvements/ premises are depreciated at the lower of the estimated useful lives of the assets and the lease term, on a straight-line basis.

Intangible assets

Film rights comprising negative rights and distribution rights:

Costs are amortised in the proportion that gross revenue realized bears to management's estimate of total gross revenue expected to be received. If estimates of the total revenue and other events or changes in circumstances indicate that the realizable value of a right is less than its unamortized cost, a loss is recognized for the excess of unamortized cost over the film right's realizable value.

Software:

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

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

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

2.5 Impairment

In accordance with AS 28 - 'Impairment of Assets', where there is an indication of impairment of assets, the carrying amount of the assets are reviewed at each Balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount. Impairment loss is recognised in the Statement of profit and loss or against revaluation surplus, where applicable.

If at the Balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

2.6 Revenue recognition

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

Film/ content production and related income

Revenue from sale of content/ motion pictures is recognized on assignment/ sale of the rights in the concerned content/ motion picture from the date of their availability for exploitation or on the date of release of the content/ movie, as applicable.

Revenue from other rights in motion pictures such as satellite rights, overseas rights, music rights, video rights, etc., is recognized on assignment/ sale of the rights in the concerned motion picture from the date of their availability for exploitation.

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Income from distribution and exhibition

Revenue comprising proceeds from sales of tickets, net of taxes and exhibitor's share is recognized on the date of release/ exhibition based on Daily collection report. As the Company is the primary obligor, the share of producers, joint venture investors (other than those in jointly controlled assets) and sub-agents/ sub distributors are included in revenues from distribution and exhibition (theatrical exploitation) and are correspondingly disclosed as direct cost.

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

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

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.



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(b) Post-employment benefits

Defined contribution plan:

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

Defined benefit plan:

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

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

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

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

(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.

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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 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.



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3.1 Share capital

	31 March 2017	31 March 2016
Authorised		
24,000,000 (31 March 2016: 24,000,000) equity shares of Rs 5 each	120,000,000	120,000,000
Issued, subscribed and paid-up		
22,585,200 (31 March 2016: 22,581,200) equity shares of Rs 5 each, fully paid-up	112,926,000	112,906,000
Add :- Forfeited shares (Amount originally paid-up) (No. of shares forfeited: Nil (31 March 2016: 4,000))	-	11,500
	112,926,000	112,917,500

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

	31 March 2017		31 March 2016	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
Balance as at the beginning of the year	22,581,200	112,906,000	22,581,200	112,917,500
Issued during the year	4,000	20,000	-	-
Buyback/ forfeiture/ reduction during the year	-	-	-	-
Balance as at the end of the year	22,585,200	112,926,000	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 2017		31 March 2016	
	No. of shares	% holding	No. of shares	% holding
1. Mr. Subhash Ghai	12,421,990	55.00%	12,417,990	54.98%
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 2017	31 March 2016
Securities premium	973,604,960	973,360,000
General reserve		
At the commencement and end of the year	83,144,791	83,144,790
Capital reserve		
At the commencement of the year	-	-
Add :- Transfer during the year	11,500	-
At the end of the year	11,500	-
Foreign Exchange Reserve	772,297	-
(Deficit) in the consolidated Statement of profit and loss		
At the commencement of the year	(768,297,259)	(737,178,050)
Add : (Loss) for the year	(78,994,408)	(31,119,209)
Less : Minority Interest	(2,625,521)	-
Less : Dividend and tax	(425,435)	-
Add: Other adjustment	-	-
Net deficit in the consolidated Statement of profit and loss	(845,091,581)	(768,297,259)
Total reserve and surplus	212,441,967	288,207,531

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3.2 (a) Minority interest reconciliation during the year includes profit attributable to minority interest amounting to Rs. 2,625,521 (2016: Rs Nil); money received from minority shareholder amounting to Rs. Nil (2016: Rs Nil) for additional stake in a subsidiary and Rs. Nil (2016: Rs Nil) for share warrants issued to minority shareholder of a subsidiary

3.3 Long-term borrowings

	31 March 2017	31 March 2016
a) Term loans		
- From banks (Secured)		
- Indiabulls Housing Finance Ltd *	394,599,527	399,025,939
(Repayable within a year Rs 8,555,107 (2016: Rs 4,052,083))		
- Hero FinCorp Limited **	-	32,146,368
(Repayable within a year Rs Nil (2016: Rs 7,055,668))		
- Yes Bank Ltd***	138,360,175	41,000,000
(Repayable within a year Rs 15,845,373 (2016: Rs Nil))		
- Motor vehicle finance loans ****	28,024,560	18,329,389
(Repayable within a year Rs 6,618,083 (2016: Rs 6,314,663))		
b) Inter-corporate deposits		
-From Subhash Ghai (unsecured)	121,800,000	125,600,000
-From others (unsecured)	15,968,641	-
Amount disclosed under the head - other current liabilities (note 3.9)	(31,018,563)	(17,422,414)
	667,734,340	598,679,282

* Loan against property is secured against entire Commercial Property located at Sharyans Audeus, Survey No.41, Fun Republic Cinema, Off Veera Desai Road, Oshiwara Village, Andheri West, Mumbai 400053. EMI payable is Rs. 4,186,960 (Sep-2015 to Aug-2018), Rs. 4,443,901 (Sep-2018 to Aug-2021), Rs. 5,179,413 (Sep-2021 to Sep-2025) and Rs. 6,831,277 (Oct-2025 to Aug-2028)

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

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

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

Lendor	Repayment schedule and other terms
Reliance Capital Limited	Outstanding amount of loan Rs 4,313,000 will be repayable in 36 equated monthly installments of Rs 157,335 till March 2018 and then Rs. 152,670 till March 2019.
Axis Bank Ltd	Outstanding amount of loan Rs 8,078,750 will be repayable in 60 equated monthly installments of Rs 198,613 till October 2021.
Kotak Mahindra Prime Ltd	Outstanding amount of loan Rs 975,000 will be repayable in 36 equated monthly installments of Rs 31,458 till November 2019.
ICICI Bank Limited	Outstanding amount of loan Rs 16,374,000 will be repayable in 36 equated monthly installments of Rs 444,386 till August 2019.



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3.4 Deferred tax liability, (net)

	31 March 2017	31 March 2016
Deferred tax liability		
<i>Arising on account of timing differences in:</i>		
Depreciation/ amortisation	15,791,542	8,524,872
Adjustments as per Rule 9A/9B of Income-tax Rules, 1962	-	-
	15,791,542	8,524,872
Deferred tax assets		
<i>Arising on account of timing differences in:</i>		
Provision for employee benefits	4,103,344	3,590,596
Provision for doubtful debts and advances	2,261,873	2,222,599
Rent straightlining	2,498,282	2,277,495
Income tax loss and unabsorbed depreciation	-	-
	8,863,499	8,090,690
Net deferred tax (assets)/liabilities	6,928,043	434,182

3.5 Other long-term liabilities

	31 March 2017	31 March 2016
Security deposits received	94,189,538	89,193,563
Trade payable	-	237,846
Rent straight lining	9,032,527	10,432,610
	103,222,065	99,864,019

3.6 Long-term provisions

	31 March 2017	31 March 2016
Provisions for employee benefits		
Provision for gratuity (note 3.28)	11,498,496	9,426,052
Provision for compensated absences (note 3.28)	8,846,247	6,630,757
Provision for taxation		
Provision for Fringe benefits tax (net of advance tax Rs 1,733,688 (31 March 2016: Rs 1,733,688))	62,034	62,034
	20,406,777	16,118,843

3.7 Short-term borrowings

	31 March 2017	31 March 2016
Loans repayable on demand from banks		
Bank overdraft (secured)*	94,066,655	157,836,368
Inter corporate deposits		
-From other than related parties (unsecured)**	85,000,000	60,000,000
	179,066,655	217,836,368

* 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.

**Deposit of Rs. 10,000,000 accepted at interest rate of 24% p.a. repayable on demand. Deposit of Rs. 75,000,000 accepted at interest rate of 4% p.a. repayable on demand.

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3.8 Trade payables

	31 March 2017	31 March 2016
Dues to micro and small suppliers (also refer note 3.35)	-	-
Others	459,712,070	323,971,440
	<u>459,712,070</u>	<u>323,971,440</u>

3.9 Other current liabilities

	31 March 2017	31 March 2016
Current maturities of term loans (note 3.3)	48,818,563	17,422,414
Dues to venturer	6,369,180	7,907,980
Interest accrued but not due on borrowings	3,939,209	2,925,087
Advances received for film and other services	122,941,655	109,637,144
Employee benefits expense payable	10,959,893	16,197,783
Creditors for fixed assets	2,040,445	6,678,598
Temporary book overdraft	6,370,011	6,266,359
Unclaimed dividends	38,564	38,564
Statutory dues payable*	24,825,513	29,490,439
Security deposits received	36,938,701	27,773,079
Rent straight lining liability	2,068,462	-
Others	2,615,963	773,781
	<u>267,926,160</u>	<u>225,111,228</u>

*Statutory dues payable includes:

	31 March 2017	31 March 2016
- Provident fund	936,255	761,668
- ESIC	242,519	292,353
- Service tax payable	2,489,722	2,071,363
- TDS payable	17,845,342	22,667,857
- Profession tax	45,675	35,637
- ET/ INR/ Show tax payable	3,266,000	3,661,561

3.10 Short-term provisions

	31 March 2017	31 March 2016
Provisions for employee benefits		
Provision for compensated absences (note 3.28)	2,085,706	2,091,372
Provision for taxation	17,434,084	9,041,178
(Net of advance tax and tax deducted at source Rs 72,045,874 (2016: Rs 76,077,848))		
Provision for dividend and tax	425,435	-
	<u>19,945,225</u>	<u>11,132,550</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (CONTD.)

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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 2015	240,000,320	754,388,513	2,500,000	6,209,859	9,847,772	30,991,666	1,043,938,120	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	1,578,054,946
Additions	-	-	-	7,442,175	324,584	4,459,725	12,226,464	-	7,850,000	-	365,875	10,574,888	2,527,419	5,391,880	14,447,658	18,647,732	59,825,452
Disposals	-	-	-	-	-	-	-	-	5,000,000	-	-	-	3,778,840	3,778,840	144,045	-	8,922,885
Other adjustment	-	(2,626,908)	-	-	-	442,922	(2,184,086)	-	-	-	-	2,663,524	(15,765,480)	13,723,959	(592,810)	39,675	68,888
As at 31 March 2016	240,000,320	751,761,605	2,500,000	13,652,034	10,172,336	35,894,203	1,053,960,498	30,000,000	244,232,035	666,964	279,893,058	297,665,074	423,128,019	67,412,844	110,754,395	175,273,992	1,629,026,381
Additions	-	1,869,450	-	7,017,403	168,511	9,461,327	18,516,691	-	-	-	815,330	346,531,087	64,286,348	16,348,567	99,635,573	35,584,343	562,203,249
Disposals	-	-	-	2,352,329	105,825	8,407,969	10,866,123	-	-	-	-	187,268,760	52,068,788	3,565,897	70,724,400	52,898,061	366,515,907
Other adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2017	240,000,320	753,631,055	2,500,000	18,317,108	10,235,022	36,947,561	1,061,831,066	30,000,000	244,232,035	666,964	280,708,388	455,937,400	435,347,579	80,195,514	139,665,568	157,960,275	1,824,713,723
Accumulated Depreciation/ Amortisation																	
As at 1 April 2015	240,000,320	709,962,062	2,500,000	6,142,835	9,728,441	21,508,589	989,842,247	-	60,066,663	666,964	99,399,611	60,274,576	320,498,601	48,001,813	85,121,334	142,884,266	816,913,828
Charge for the year	-	-	-	17,947	219,788	6,381,361	6,619,076	-	6,260,710	-	8,735,942	23,913,080	14,576,014	7,318,776	17,400,843	9,475,218	87,682,583
Deduction	-	-	-	-	-	-	-	-	386,779	-	-	-	-	2,874,895	-	-	3,261,674
Other adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	125,584	-	125,584
Other adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2016	240,000,320	709,962,062	2,500,000	6,160,782	9,948,209	27,889,950	996,461,323	65,940,594	66,940,594	666,964	108,135,553	84,187,656	335,076,615	52,445,694	102,647,761	152,359,484	901,460,321
Charge for the year (refer note 5)	-	-	-	2,586,787	276,175	4,776,745	7,649,707	-	5,785,224	-	8,355,930	30,346,709	21,964,558	6,118,198	9,861,064	15,667,101	98,098,785
Deduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	6,468,786	6,468,786	-	-	-	-	65,650,153	26,702,624	3,336,850	19,109,414	44,729,109	159,528,151
Other adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2017	240,000,320	709,962,062	2,500,000	8,757,569	10,224,384	26,197,909	997,642,244	71,725,818	71,725,818	666,964	116,491,483	48,884,212	330,338,549	55,227,043	93,399,411	123,297,476	840,030,955
Net block																	
As at 31 March 2016	-	41,799,543	(0)	7,491,252	224,127	8,004,253	57,519,175	30,000,000	178,291,441	-	171,757,505	213,477,418	88,051,404	14,987,150	8,106,634	22,914,508	727,566,080
As at 31 March 2017	-	43,668,993	0	9,559,539	10,638	10,749,662	63,988,822	30,000,000	172,506,217	-	164,216,905	407,053,188	105,009,030	24,988,472	46,266,157	34,662,799	984,682,768

Capital Work-in-progress	
Balance as at 1 April 2015	55,173,206
Additions (net)	27,086,835
As at 31 March 2016	82,260,041
Balance as at 1 April 2016	82,260,041
Additions (net)	(73,187,879)
As at 31 March 2017	3,072,162

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 2014-15 is higher by Rs 16,286,477.

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 27,966,195 (31 March 2016: Rs 19,587,722). The gross value of the assets leased out is Rs 172,280,521 (31 March 2016: Rs 172,280,521). Accumulated depreciation of the asset leased out is Rs 37,530,081 (31 March 2016: Rs 33,209,738). The depreciation recognised in the Statement of profit and loss for the assets leased out during the year is Rs 4,320,343 (31 March 2016: Rs 4,708,033).

3 Ownership premises costing Rs 7,500,000 (31 March 2016: Rs 7,500,000) purchased by the Company during the previous year is not yet registered in the name of the Company.

4 **Tangible/Intangible assets given as security**

5 Charge for the year for negative rights includes assets written off aggregating to Rs. Nil (2016: Rs Nil)



MUKTA ARTS LIMITED

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3.12 Non-current investments

(Valued at cost unless stated otherwise)

	31 March 2017	31 March 2016
Other non-current investments		
Investment in equity instruments-others (un-quoted)		
(a) Maya Digital Studios Private Limited 3,065,219 (31 March 2016: 3,065,219) equity shares of Rs 10 each, fully paid-up. {Refer note 3.39(b)}	18,392,188	18,392,188
(b) Bashiron Co. Op. Housing Society Limited 10 equity shares (31 March 2016 : 10) of Rs 50 each *	500	500
(c) Bait-Ush-Sharaf Co. Op. Housing Society Limited 25 equity shares (31 March 2016 : 25) of Rs 50 each *	1,250	1,250
(d) Investments in partnership firms		
Asian Mukta A2 Cinemas LLP	45,000	-
* pledged as security against borrowings (refer note 3.3 and 3.7)		
	18,438,938	18,393,938
Aggregate value of unquoted investments	18,438,938	18,393,938

3.13 Long-term loans and advances

	31 March 2017	31 March 2016
To parties other than related parties		
<i>(Unsecured, considered good)</i>		
Capital advances		
- Tangible assets	2,814,730	26,395,910
- Intangible assets under development	-	-
	2,814,730	26,395,910
Security deposits	94,487,174	74,774,315
Advance tax (including tax deducted at source) (net of provision for tax Rs 112,187,214; 2016: Rs 114,302,519)	106,336,548	96,458,857
Payments to Maharashtra Film, Stage and Cultural Development Corp Limited (note 3.38)	113,538,000	109,038,000
Other loans and advances	36,984,833	24,506,965
Service tax credit receivable	800,000	800,000
	354,961,286	331,974,048
To related parties		
<i>(Unsecured, considered good)</i>		
Security deposits to proprietary concern of the chairman of the Company	300,000	300,000
- Mukta Arts	300,000	300,000
	355,261,286	332,274,048

'Security deposit' under loans and advances to related parties include Rs 300,000 (31 March 2016 : 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

3.14 Other non-current assets (Unsecured, considered good)

	31 March 2017	31 March 2016
Other bank balance (note 3.17)	2,609,033	4,891,465
Interest accrued on fixed deposits	1,457	-
Rent straightlining	947,472	1,004,460
Trade receivable	-	890,835
Prepaid expenses	-	132,592
Other receivable	8,187,817	327,425
	11,745,778	7,246,777

3.15 Inventories (valued at lower of cost and net realisable value)

	31 March 2017	31 March 2016
Foods and beverages	8,267,860	4,074,521
	8,267,860	4,074,521

3.16 Trade receivables

	31 March 2017	31 March 2016
Receivables outstanding for a period exceeding six months from the date they became due for payment		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	55,271,982	49,699,710
(c) Doubtful	7,837,122	4,484,036
Less: Provision for doubtful receivables	(7,837,122)	(4,484,036)
	55,271,982	49,699,710
Other receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	305,804,174	371,551,991
(c) Doubtful	-	891,919
Less: Provision for doubtful receivables	-	(891,919)
	305,804,174	371,551,991
	361,076,156	421,251,701

3.17 Cash and bank balances

	31 March 2017	31 March 2016
Cash and cash equivalents		
Cash in hand	6,516,715	2,442,259
Balance with banks		
- in current accounts	9,104,112	14,734,394
- Cheques on hand	-	1,935,663
- in deposit with original maturity of more than 3 months	2,100,000	1,500,000
- in deposit with original maturity of more than 12 months	1,179,033	40,443
	18,899,859	20,652,760
Other bank balances		
Balance in dividend account	38,564	38,564
Deposits under lien		
- Bank deposits due to mature within twelve months of the reporting date	18,099,925	18,394,517
- Bank deposits due to mature after twelve months of the reporting date	1,430,000	4,891,465
	19,568,489	23,324,546
Less : Bank deposits due to mature after twelve months of the reporting date have been disclosed under non-current assets (note 3.14)	(2,609,033)	(4,891,465)
	35,859,316	39,085,841

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, as provided in the table below:

Particulars	SBN*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	3,614,850	1,159,753	4,774,603
(+) Permitted receipts	806,000	42,759,156	43,565,156
(-) Permitted payments	125,000	5,225,842	5,350,842
(-) Amount deposited in banks	4,295,850	35,104,478	39,400,328
Closing cash in hand as on 30 December 2016	-	3,588,589	3,588,589

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

3.18 Short-term loans and advances

(Unsecured, considered good unless otherwise stated)

	31 March 2017	31 March 2016
To parties other than related parties		
Sundry advances to distributor, producer, employee etc.		
Considered good	57,992,018	88,067,612
Considered doubtful	842,819	2,163,770
	58,834,837	90,231,382
Less: Provision for doubtful advances	842,819	2,163,770
	57,992,018	88,067,612
Prepaid expenses	18,759,150	24,451,777
Service tax credit receivable	18,884,848	14,261,624
VAT credit receivable	18,806,688	15,727,247
Inter-corporate deposit	70,133,976	50,114,241
Advance tax (including tax deducted at source)	815,010	4,860,194
	185,391,690	197,482,694

3.19 Other current assets

(Unsecured, considered good)

	31 March 2017	31 March 2016
Rent straight lining	-	-
Interest accrued on advances	7,367,254	2,376,325
Interest accrued on fixed deposits	2,262,963	1,722,816
Unbilled revenue	8,808,650	734,298
Other receivables	247,481	115,884
Prepaid expenses	35,658	92,553
	18,722,006	5,041,876



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

3.20 Revenue from operations

	31 March 2017		31 March 2016	
(a) Sale of products/ film rights				
Own film/ Content production	847,151		44,925,729	
Food and beverages	125,762,721	126,609,872	101,211,699	146,137,428
(b) Sale of services				
Distribution and exhibition	39,414,302		51,524,124	
Equipment hire income	3,459,900		3,606,850	
Infrastructure services	188,315,099		143,653,481	
Income from institutional affiliations	1,175,956		4,192,311	
Fees from students	129,469,447		114,489,368	
	361,834,704		317,466,134	
Box office collection				
Sale of tickets	473,249,515		349,349,942	
Less: Entertainment tax	(82,488,369)		(46,980,368)	
	390,761,146	752,595,850	302,369,574	619,835,708
(c) Other operating revenue				
Rent and amenities charges	84,624,829		76,320,505	
Other income from theatrical operations	36,679,235		28,039,876	
Income from downloads	954,646		1,434,448	
Consultancy fees	7,043,329		-	
Other income from institutional affiliations	3,974,490		4,048,819	
Sundry balances written back	13,508,134		4,369,596	
Sale of prospectus/application forms /re-examination fees	2,729,828		2,158,352	
Facilitation charges recovered from students	810,177		881,002	
Re-examination fees	310,000	150,634,668	787,340	118,039,938
		1,029,840,391		884,013,074

3.21 Other income

	31 March 2017	31 March 2016
Interest income on bank deposits	2,235,312	2,339,038
Interest income on others	6,524,412	2,846,328
Interest on income tax refund	9,731,242	270,498
Other non-operating income		
Profit on sale of division	47,160,363	-
Profit on sale of assets, (net)	413,782	619,500
Hire charges	6,230,602	6,531,516
Sundry balance written back	395,992	2,484,529
Miscellaneous income	2,590,946	6,732,193
Discount received	-	8,600
	75,282,650	21,832,202

MUKTA ARTS LIMITED

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(Currency: Indian Rupees)

3.22 Cost of services rendered

	31 March 2017	31 March 2016
Own production - publicity, print, dubbing etc.	431,290	8,618,715
Distributor and producers share	205,330,139	133,742,234
Other direct cost of theatrical operations	596,323	549,423
Operator's share in profit/(loss) in theatrical operations	(8,420,253)	24,930,453
	197,937,498	167,840,825

3.23 Changes in inventories of food and beverages

	31 March 2017	31 March 2016
Inventories at the end of the year		
Foods and beverages	8,267,860	4,074,521
	8,267,860	4,074,521
Inventories at the beginning of the year		
Foods and beverages	4,074,521	2,360,909
	4,074,521	2,360,909
(Increase) in inventories	(4,193,340)	(1,713,612)

3.24 Employee benefits expense

	31 March 2017	31 March 2016
Salaries and other benefits (notes 3.30 and 3.37)	188,596,824	141,859,481
Contribution to provident and other funds (note 3.28)	11,981,377	8,716,930
Compensated absences (note 3.28)	2,895,644	2,542,111
Staff welfare	6,706,199	4,712,223
	210,180,044	157,830,745

3.25 Finance costs

	31 March 2017	31 March 2016
a) Interest cost on		
- Term loan	57,867,541	32,397,374
- Cash credit facilities	11,010,480	20,655,434
- Car loan	3,552,157	2,734,103
- Unsecured loan	16,967,462	28,130,595
- Others	2,900,557	2,788,387
b) Processing cost and other charges	2,771,726	3,283,657
	95,069,923	89,989,550



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3.26 Other expenses

	31 March 2017	31 March 2016
Legal and professional fees	97,900,777	81,269,401
Business promotion	44,331,594	33,447,975
Rent (Note 3.29)	65,593,204	55,952,921
Electricity charges	76,926,899	68,255,207
Repairs & maintenance	40,534,595	21,481,351
Bad debts/ advances/ intangibles under development written-off	2,659,823	4,905,922
Sets/ student practicals	9,314,024	15,570,981
Provision for doubtful debts and advances	6,888,853	3,584,867
Rates and taxes	19,930,380	17,766,087
Travelling expenses	10,419,405	9,446,359
Printing and stationery	4,503,345	4,666,453
Motor vehicle expenses	3,064,760	3,460,036
Communication	6,495,673	5,235,378
Scholarships awards	5,162,000	2,012,500
Insurance	4,912,394	4,297,475
Bank charges	1,871,123	244,405
Brokerage and commission	1,674,000	4,147,875
Payment to auditors	3,434,305	3,222,300
Housekeeping Charges	10,560,468	8,642,912
Digital Equipments Hire Charges	8,738,018	6,197,283
Miscellaneous expenses	92,528,772	40,866,776
	517,444,411	394,674,463

3.27 Earnings per equity share:

	31 March 2017	31 March 2016
a) Consolidated net (loss) after tax	(78,994,408)	(31,119,209)
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	(3.50)	(1.38)
e) Dilutive EPS	(3.50)	(1.38)
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 8,563,591 (31 March 2016 : Rs 5,538,619) and ESIC - amount of Rs 1,874,382 (31 March 2016: Rs 3,018,364) 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 2,086,923 (31 March 2016: 1,659,367) is recognized as an expense in the Statement of profit and loss.

Actuarial assumptions

	31 March 2017	31 March 2016
Discount rate (p.a)	7.35% to 7.70%	7.70% to 7.90%
Salary escalation rate (p.a)	6% to 8%	6% to 8%

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(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 2017	31 March 2016
A) Change in defined benefit obligation		
Opening defined benefit obligation	15,011,369	14,518,073
Current service cost	2,005,519	1,768,514
Interest cost	1,145,975	1,045,149
Actuarial (gain)/ loss	(93,783)	21,016
Benefits paid	(517,506)	(2,341,383)
Closing defined benefit	17,551,574	15,011,369
B) Change in fair value of plan assets		
Opening fair value of plan assets	5,619,536	6,862,614
Expected return on plan assets	476,939	506,055
Actuarial (loss)/gain on plan assets	(159,857)	(48,103)
Contributions by employer	688,185	640,353
Benefits paid	(517,506)	(2,341,383)
Closing fair value of plan assets	6,107,297	5,619,536
C) Expenses recognised in the Statement of profit and loss		
Current service cost	2,005,519	1,768,514
Interest on defined benefit obligation	1,145,975	1,045,147
Expected return on plan assets	(476,939)	(506,055)
Net actuarial (gain)/ loss recognized	66,074	69,119
Total expense recognized	2,740,629	2,376,725
D) Amount recognised in Balance sheet		
Present value of funded obligations	(17,551,574)	(15,011,369)
Fair value of plan assets	6,107,297	5,619,536
Net liability	(11,444,277)	(9,391,833)
E) Actual return on plan assets		
Expected return on plan assets	88,918	500,457
Actuarial gain/(loss) on plan assets	(78,551)	(31,355)
Actual return on plan assets	10,367	469,102
F) Actuarial assumptions		
Discount rate (p.a)	7.35% to 7.70%	7.70% to 7.90%
Expected rate of return on assets (p.a)	7.50%	7.50%
Salary escalation rate (p.a)	6% to 8%	6% to 8%
G) Experience adjustments		
On plan assets	(81,306)	81,465
On plan liabilities	(931,372)	(310,379)
H) Details of plan assets		
LIC managed funds	5,328,988	8,362,966



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G) Experience adjustments	2017	2016	2015	2014	2013
Present value of the defined benefit obligation	17,551,574	15,011,369	14,518,073	12,115,346	10,602,668
Fair value of the plan assets	6,107,297	5,619,536	6,862,614	6,739,671	5,704,198
Deficit	(11,444,277)	(9,391,833)	(7,655,459)	(5,375,675)	(4,898,470)
Experience adjustment on defined benefit obligation	(931,372)	(310,379)	87,066	989,967	(206,230)
Experience adjustment on plan assets	(81,306)	81,465	(9,432)	169,234	115,270

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 2,000,000 in contribution is expected to be paid to the defined benefit plan in the next year (31 March 2016: Rs 4,000,000)

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

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 64,555,422 (2016: Rs 56,401,203) 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 2017	31 March 2016
Amounts due within one year	5,135,866	4,938,787
Amounts due after one year but not later than five years	22,936,918	21,918,451
Amounts due later than five years	39,387,282	45,541,615
	67,460,066	72,398,853

(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 27,966,195 (2016: Rs 19,587,722) 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 2017	31 March 2016
Amounts due within one year	7,856,421	9,951,424
Amounts due after one year but not later than five years	20,541,842	25,597,861
	28,398,263	35,549,285

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

	31 March 2017	31 March 2016
Gross block	172,280,521	172,280,521
Accumulated depreciation	37,530,081	33,209,738
Net block	134,750,440	139,070,783
Depreciation for the year	4,320,343	4,708,033

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

(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 26,505,048 (2016: Rs 23,651,114) has been included under 'Rent and amenities charges' in the Statement of profit and loss.

The carrying amount of assets is as follows :

	31 March 2017	31 March 2016
Gross block	85,535,753	85,535,753
Accumulated depreciation	36,495,647	29,527,574
Net block	49,040,106	56,008,179
Depreciation for the year	6,968,073	6,968,073

3.30 Capitalisation of expenditure

During the year, the Company has capitalised salaries, wages and bonus amounting to Rs 9,271,239 (2016: Rs 5,330,611) and other expenses amounting to Rs 320,346 (2016: Rs 334,216) 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 2017	31 March 2016
Segment revenue		
Software division	54,813,136	102,252,897
Equipment division	3,459,900	3,606,850
Education	553,203,103	431,621,149
Theatrical exhibition	333,739,424	270,210,673
Others	84,624,829	76,321,505
Total	1,029,840,391	884,013,074
Less : Inter segment revenue	-	-
Net sales/ Income from operations	1,029,840,391	884,013,074
Segment results		
(Loss)/ profit before tax, interest and exceptional items from each segment		
Software division	(53,535,118)	(11,379,000)
Equipment division	(1,971,964)	(2,272,655)
Education	(88,045,542)	4,974,413
Theatrical exhibition	17,501,721	(6,291,209)
Others	74,819,084	77,637,765
Total	(51,231,818)	62,669,315
Less: Finance costs	95,069,923	89,989,550
Unallocated expenses, net of unallocable income	(86,448,880)	2,493,533
Total (loss) before tax	(59,852,861)	(29,813,769)
Capital expenditure		
Software division	8,156,254	33,254,178
Education	7,854,685	6,953,147
Theatrical exhibition	186,541,254	59,124,712
Others	215,478	354,781
Unallocable	10,895,642	11,932,702



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

Particulars	31 March 2017	31 March 2016
Depreciation and amortization		
Software division	5,226,017	7,667,528
Equipment division	3,312,123	4,009,308
Education	36,081,978	31,003,446
Theatrical exhibition	53,201,981	35,826,564
Others	8,152,783	8,368,717
Unallocable	6,170,392	7,426,096
Capital employed		
(Segment assets - Segment liabilities)		
Software division	217,771,779	276,221,201
Equipment division	24,724,646	24,524,282
Education	1,266,727,746	194,604,209
Theatrical exhibition division	973,902,010	79,523,000
Others	298,836,809	155,467,175
Unallocable (includes minority interest)	1,755,251,611	(242,398,900)

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.

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (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 2016 are summarized below:

A Parties where control exists

- (i) **Shareholders holding more than 50%**
 - Subhash Ghai
- (ii) **Key management personnel and relatives of such personnel**
 - Subhash Ghai - Chairman (and shareholder)
 - Parvez Farooqui - Executive Director (and shareholder)
 - Rahul Puri - Managing Director
 - Mukta Ghai - Wife of Subhash Ghai (and shareholder)
 - Ashok Ghai - Brother of Subhash Ghai
 - Siraj Farooqui - Brother of Parvez Farooqui
 - Sameer Farooqui - Brother of Parvez Farooqui
 - Sajid Farooqui - Brother of Parvez Farooqui
 - Meghna Ghai Puri - Daughter of Subhash Ghai, wife of Rahul Puri (and shareholder)
- (iii) **Enterprise over which key management personnel have control/ substantial interest/ significant influence**
 - Mukta Arts – Proprietary concern of Subhash Ghai
 - Mukta Tele Arts Private Limited – Enterprise in which Subhash Ghai exercises significant influence

B Transactions with related parties for the year ended 31 March 2017 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 2017	31 March 2016	31 March 2017	31 March 2016
Receiving of services				
Ashok Ghai - Professional fees	3,000,000	2,844,456	-	-
Mukta Arts - Rent	-	-	60,000	60,000
Employee benefits expense				
Siraj Farooqui	3,296,000	2,531,500	-	-
Sameer Farooqui	808,100	777,480	-	-
Sajid Farooqui	795,744	723,294	-	-
Managerial remuneration				
Subhash Ghai	3,932,400	3,337,400	-	-
Parvez A. Farooqui	3,790,400	3,503,426	-	-
Rahul Puri	3,757,400	3,554,340	-	-
Remuneration to director of subsidiary company				
Meghna Ghai Puri	3,504,420	2,992,484	-	-
Rahul Puri	2,002,500	900,000	-	-
Loan received during the year				
Mukta Tele Arts Private Limited	-	-	-	800,000
Subhash Ghai	500,000	12,860,000	-	-
Loan repaid during the year				
Mukta Tele Arts Private Limited	-	-	-	28,574,929
Subhash Ghai	4,300,000	3,000,000	-	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

(Currency: Indian Rupees)

Transactions	Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Loan given & recovered during the year				
Mukta Tele Arts Private Limited	-	-	-	1,763,912
Interest on loan during the year				
Mukta Tele Arts Private Limited	-	-	-	2,806,342
Subhash Ghai	12,415,534	7,138,630		
Deposit receivable				
Mukta Arts	-	-	300,000	300,000
Personal guarantee given jointly by Mr. Subhash Ghai and Mrs. Mukta Ghai for secured loans taken from Yes Bank Ltd				

3.33 Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for aggregate to Rs Nil (31 March 2016: Rs Nil).

3.34 Contingent liabilities

	31 March 2017	31 March 2016
Claims not acknowledged as debt		
- Service tax matters (note 1)	1,675,000	1,675,000
- Local levies	24,711,104	24,094,702

* 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 18,859,028 (31 March 2016: Rs 17,727,661) 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, the Company had filed an appeal with the C.I.T (Appeals) who confirmed the additions/ disallowances. The Company subsequently filed an appeal with the Income Tax Appellate Tribunal which was also dismissed and the Company deposited the outstanding amount. The Assessing officer had passed an order u/s 143(3) /250 of the Income tax Act, 1961 giving the effect of the appeal against which the Company preferred an appeal before C.I.T (Appeals) who, by Order dated 4 February 2013, upheld the order of Assessing officer. The Company has filed an appeal against the said Order before Hon. Tribunal on 23 April 2013. The order has been partially allowed.

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTD.)

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

The Company has not accrued for the liability as taxes paid will be refunded partially.

Assessment year 2005-06

There are certain additions/ disallowances made in the assessment and the Department had raised a demand of Rs 559,676 (including interest Rs 106,950) and the Company deposited the outstanding amount. Aggrieved by the assessment Order, the Company had filed an appeal with the C.I.T (Appeals), who confirmed the additions/ disallowances. The Company subsequently filed an appeal with the Income Tax Appellate Tribunal which set aside the Order and referred it back to the C.I.T Appeals who by Order dated 4 February 2013 upheld the Order of Assessing officer. The Company has filed an appeal against the said order before Hon. Tribunal on 23 April 2013 which is partially allowed.

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 2017	31 March 2016
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 2017		31 March 2016	
		Amount in Foreign currency	Amount in Rs.	Amount in Foreign currency	Amount in Rs.
Cash on hand	USD	922	59,697	-	-
	AED	235	4,142	235	4,231
Trade Receivable	GBP	-	-	22,266	2,117,234

3.37 Managerial remuneration

Total remuneration paid to the erstwhile managing director (including as film director fees) for earlier financial years from 2005-06 to 2014-2015 aggregating to Rs 131,906,897 exceeds the limits prescribed under Schedule XIII to the Companies Act, 1956. During the year 2011-2012, the Company had received approval for part of the excess remuneration paid (approval was received for remuneration aggregating to Rs 25,200,000 for the financial years 2005-2006, 2006-2007 and 2007-2008) 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 2008-2009 to 2011-2012. 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.



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3.38 Public Interest Litigations ('PIL') had been filed alleging that the Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDCL') had not followed proper procedure while entering into a Joint Venture Agreement ('JVA') with the Company and in the subsequent allotment of 20 acres of land to the said joint venture, Whistling Woods International Limited ('WWI'), a subsidiary of the Company. During the year 2011-2012, pursuant to the Order of the Hon'ble High Court of Judicature at Bombay ('High Court') dated 9 February 2012, inter-alia, the JVA with MFSCDCL was quashed / rendered cancelled, WWI was ordered to return the land to MFSCDCL and pay rent (and interest on arrears) retrospectively on the entire land since the date of the JVA. Of the total land admeasuring 20 acres, 14.5 acres vacant unused land was handed over to MFSCDCL on 18 April 2012 and the balance was to be handed over on or before 31 July 2014. Pending discussion and / or agreement with MFSCDCL and / or clarifications to be sought from the concerned parties, no adjustments have been made to the Share Capital structure of WWI and the carrying value of the land rights in its books of account. However, in terms of the Order of the High Court, the said amount together with future rent till the date of vacation of the premises is adjustable against the market price of the Institute building of WWI on the said land. The valuation is to be carried out by an expert valuer to be appointed by the Government. During the year 2013-2014, 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 file appeal with the Supreme Court of India was dismissed. However, the Company and WWI filed review petitions with the High Court. In terms of Order dated 9 February 2012 passed by the High Court, MFSCDC raised net demand of Rs. 591,966,210 and asked WWI to vacate the premises. The Company's and WWI's Review Petitions were heard by High Court and a stay was granted on 30 July 2014. The High Court ordered the Company / WWI to pay arrears of rent for the years 2000-2001 to 2013-2014 aggregating to Rs 100,038,000 by January 2015 and to pay rent of Rs 4,500,000 per annum from the financial year 2014-2015. As per the terms of the said Order, the Company has paid Rs 113,538,000 by 31 March 2017. The State Government of Maharashtra and MFSCDCL challenged the Order of the Bombay High Court in the Supreme Court which was dismissed by the court on 22nd September 2014 with recourse to the State Government of Maharashtra to make an application to the High Court. Pending final disposal of the review petitions and valuation of the building, and in view of the future plans for WWI which are being evaluated, management believes that the Company's investments in WWI aggregating Rs 369,997,000 and amounts due therefrom aggregating Rs 257,126,743 are good and recoverable as management is hopeful of reliefs based on the issues involved and on merits of the case, as also of a high valuation of the building. The amounts so paid/ being paid by the Company have been treated as Deposits in the standalone financial statements to be adjusted on the settlement of the case.

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

a) Details of loan given:

Name of the the entity and relation with the Company, if applicable	Terms and conditions of the loan and purpose for which it will be utilised
Neelmudra Entertainment Limited	Unsecured loan given @10% for the purpose of production of a film which will be repayable on demand.
Om Films Private Limited	Unsecured loan given @10% for the purpose of financial assistance in connection with the release of a feature film which is repayable on demand.

Movement of loan during the financial years ended 31 March 2017 and 31 March 2016 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 2017	12,838,015	-	-	12,838,015
	Year ended 31 March 2016	12,838,015	-	-	12,838,015
Om Films Private Limited	Year ended 31 March 2017	17,600,000	-	-	17,600,000
	Year ended 31 March 2016	17,600,000	-	-	17,600,000

MUKTA ARTS LIMITED

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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 2017		31 March 2016	
Parent				
Mukta Arts Limited	23.82%	246,489,773	44.74%	467,942,726
Subsidiaries				
Whistling woods International Limited	38.39%	397,277,107	36.36%	380,348,862
Connect 1 Limited	0.55%	5,733,727	0.54%	5,656,944
Mukta Tele Media Limited	0.38%	3,884,012	0.34%	3,575,399
Mukta V N Films Limited	23.59%	244,163,864	17.71%	185,268,512
Coruscant Tele Private Limited	-0.22%	(2,231,198)	0.30%	3,159,444
Mukta A2 Cinemas Limited	15.10%	156,286,141	0.00%	-
Mukta A2 Multiplex SPC	-1.62%	(16,784,507)	0.00%	-
Consolidated net assets/ loss after tax	100.00%	1,034,818,918	100.00%	1,045,951,886

Note

The above figures are after eliminating intra group transactions and intra group balances as at 31 March 2017.

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

3.43 Prior period comparatives

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

As per our report of even date attached.

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

CA. Prerak Agarwal
Partner
Membership No. 158844

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

Subhash Ghai
Chairman Director
DIN: 00019803

Rahul Puri
Managing Director
DIN: 01925045

Parvez A. Farooqui
Executive Director
DIN: 00019853

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964

Place : Mumbai
Date : 24 May 2017



MUKTA ARTS LIMITED

PROXY FORM

CIN: L92110MH1982PLC028180

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

Tel. +91 22 33649400 Fax: 91 22 33649401 Website: www.muktaarts.com

Form No. MGT-11

PROXY FORM

Proxy form [Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):
Registered address:
E-mail Id:
Folio / DP ID-Client ID No.

I/We, being the member (s) of shares of the above named company, hereby appoint:

- (1) Name _____
 Address _____
 E-mail Id: _____ Signature _____ or failing him
- (2) Name _____
 Address _____
 E-mail Id: _____ Signature _____ or failing him
- (3) Name _____
 Address _____
 E-mail Id: _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35th Annual General Meeting of the company, to be held on Wednesday the 13th day of September, 2017 at 4:00 p.m. at Whistling Woods Institute's Auditorium, Dada Saheb Phalke Chitra Nagar, Goregaon (East), Mumbai- 400 065 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	OPTIONAL*	
ORDINARY BUSINESS		For	Against
1.	To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated financial statement) of the Company for the financial year ended March 31, 2017, together with the Reports of the Board of Directors and the Auditors thereon;		
2.	To re-appoint Mr. Parvez Farooqui (DIN 00019853), Non-Executive Director who retires by rotation and being eligible, offers himself for re-appointment;		
3.	To ratify the appointment of M/s Uttam Abuwala & Co., Chartered Accountants (Firm Registration Number: 111184W) as Statutory Auditors to hold office until the conclusion of the Thirty Sixth Annual General Meeting of the Company to be held in the year 2018 and approve their remuneration.		
SPECIAL BUSINESS			
4.	To approve change in designation of Mr. Parvez Farooqui from Executive to Non-Executive Director.		

Signed this..... Day of..... 2017

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.



Anuradha Bhatia, Sabyasachi Bose, Binithesh Baruri, Sangeeta Shankar, Ashwini Kaul, Somnath Sen, Rabiya Nazki, Laili Dutta, Yusuf Mehta, Anjum Rajabali, Shatrughan Sinha, Subhash Ghai, S. Parasuraman, Ravi Gupta, Meghna Ghai-Puri, Rahul Puri, Salim Arif, Rakesh Ranjan, Krishnamurthy, Arvind Pandey, Chaitanya Chinchlikar



July 18, 2017





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