

Independent Auditors' Report

To the Members of Mukta V N Films Limited

Report on the financial statements

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

Management's responsibility for the 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 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.

Independent Auditors' Report (*Continued*)

Mukta V N Films Limited

An audit involves performing procedures to obtain audit evidence about the amounts and 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2015 and its profit and its cash flows for the year ended on that date.

Other matter

The financial statements of the Company for the year ended 31 March 2014, were audited by another auditor whose report dated 28 May 2014 expressed an unmodified opinion on those statements.

Report on Other Legal and Regulatory Requirements

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

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

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the Balance sheet, the Statement of profit and loss, and the Cash flow statement dealt with by this Report are in agreement with the books of account;

Independent Auditors' Report (*Continued*)

Mukta V N Films Limited

- 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 at 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act; and
- f. with respect to other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Auditor 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 does not have any pending litigations which would impact its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Mumbai
27 May 2015

Rajesh Mehra
Partner
Membership No: 103145

Mukta V N Films Limited

Annexure to the Independent Auditors' Report – 31 March 2015

(Referred to in our report of even date)

- (i) The Company does not own any fixed assets. Accordingly paragraph 3(i) of the Order is not applicable to the Company.
- (ii) The Company is a service company primarily rendering services of distribution and exhibition of cinematograph films, feature films and such other program or content and, accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, *controls relating to customer contracting and tracking of amounts billable need to be strengthened*. The Company has not purchased fixed asset during the year. The activities of the Company do not involve purchase of inventory and sale of goods. We have not observed any other major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub-section 1 of Section 148 of the Act for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income-tax, Service tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities *except that pending registration, Profession tax has not been deposited*. As explained to us, the Company did not have any dues on account of Investor Education Protection fund, Employees' State Insurance, Provident fund, Sales tax, Value added tax, custom duty, excise duty and Wealth tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Service tax and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable *except for the cases stated below*:

Name of the Statute	Nature of dues	Amount (Rs.)	Period to which it relates	Due date
Maharashtra State Tax on Professions, Trades, Callings and Employments Act	Profession Tax	2,400	July 2014 to August 2014	August 2014 to September 2014

Mukta V N Films Limited

Annexure to the Independent Auditors' Report – 31 March 2015 (Continued)

- (b) According to the information and explanations given to us, there are no dues of Service tax and Income tax which have not been deposited with the appropriate authorities on account of any dispute.
- (c) According to the information and explanations given to us, there are no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.
- (viii) The Company was incorporated on 10 June 2013. As a period of five years has not elapsed since the date of incorporation at 31 March 2015, the provisions of paragraph 3 (viii) of the Order is not applicable to the Company.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or banks. The Company did not have any outstanding debentures during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Mumbai
27 May 2015

Rajesh Mehra
Partner
Membership No: 103145

Mukta V N Films Limited

Balance sheet

as at 31 March 2015

(Currency: Indian Rupees)

	<i>Note</i>	31 March 2015	31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1	60,000,000	500,000
Reserves and surplus	3.2	3,450,060	(34,277)
Money received against share warrants	3.1 (e)	6,000,000	-
		<u>69,450,060</u>	<u>465,723</u>
Non-current liabilities			
Other long term liabilities	3.3	500,000	-
Current liabilities			
Short-term borrowings	3.4	209,578,700	-
Trade payables	3.5	121,485,831	2,809
Other current liabilities	3.6	5,632,693	31,468
		<u>336,697,224</u>	<u>34,277</u>
TOTAL		<u><u>406,647,284</u></u>	<u><u>500,000</u></u>
ASSETS			
Non-current assets			
Long-term loans and advances	3.7	72,223	-
Current assets			
Trade receivables	3.8	362,096,332	-
Cash and bank balances	3.9	1,330,121	500,000
Short-term loans and advances	3.10	40,766,915	-
Other current assets	3.11	2,381,693	-
		<u>406,575,061</u>	<u>500,000</u>
TOTAL		<u><u>406,647,284</u></u>	<u><u>500,000</u></u>

Summary of significant accounting policies

2

The accompanying notes from 1 to 3.25 are an integral part of these financial statements.

As per our report of even date attached.

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

Chartered Accountants

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

For and on behalf of the Board of Directors of

Mukta V N Films Limited

CIN: U74120MH2013PLC244220

Rajesh Mehra

Partner

Membership No: 103145

Subhash Ghai

Director

DIN: 00019803

Parvez A. Farooqui

Director

DIN: 00019853

Rajesh Mishra

Director

DIN: 00103157

Sushil Agarwal

Director

DIN: 00003163

Mumbai

Date: May 27, 2015

Mumbai

Date: May 27, 2015

Mukta V N Films Limited

Statement of profit and loss

for the year ended 31 March 2015

(Currency: Indian Rupees)

	<i>Note</i>	For the year ended 31 March 2015	For the period from 10 June 2013 to 31 March 2014
Revenue from operations			
Sale of services	3.12	60,703,637	-
Total revenue		60,703,637	-
Expenses			
Employee benefits expense	3.13	9,264,693	-
Finance costs	3.14	19,906,750	-
Other expenses	3.15	25,912,985	34,277
Total expenses		55,084,428	34,277
Profit / (loss) for the year/period before tax		5,619,209	(34,277)
Tax expenses:			
Current tax		2,134,872	-
Profit / (loss) for the year/period after tax		3,484,337	(34,277)
Earnings per share [Nominal value of share Rs 10 (2014: Rs 10)]	3.16		
Basic		8.88	(0.69)
Diluted		8.66	(0.69)

Summary of significant accounting policies

2

The accompanying notes from 1 to 3.25 are an integral part of these financial statements.

As per our report of even date attached.

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

Chartered Accountants

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Date: May 27, 2015

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Mukta V N Films Limited

Cash flow statement

for the year ended 31 March 2015

(Currency: Indian Rupees)

	For the year ended 31 March 2015	For the period from 10 June 2013 to 31 March 2014
A. Cash flows from operating activities		
Profit / (loss) for the year/period before tax	5,619,209	(34,277)
Adjustment for:		
Finance costs	19,906,750	-
Operating cash flow before working capital changes	<u>25,525,959</u>	<u>(34,277)</u>
Adjustment for working capital changes		
(Increase) in trade receivables	(362,096,332)	-
(Increase) in loans and advances and other current assets	(39,202,051)	-
Increase in trade payables, other long-term liabilities and other current liabilities	127,584,246	34,277
Cash (used in) operations	<u>(248,188,178)</u>	<u>-</u>
Income taxes paid	(6,153,651)	-
Net cash (used in) operating activities (A)	<u>(254,341,830)</u>	<u>-</u>
B. Cash flows from investing activities	-	-
C. Cash flows from financing activities		
Proceeds from issue of equity shares	59,500,000	500,000
Proceeds from money received against share warrant	6,000,000	-
Bank overdraft taken (net)	209,578,700	-
Unsecured loan taken	140,000,000	-
Unsecured loan repaid	(140,000,000)	-
Finance costs	(19,906,750)	-
Net cash generated from financing activities (C)	<u>255,171,950</u>	<u>500,000</u>
Net increase in cash and cash equivalents (A+B+C)	<u>830,121</u>	<u>500,000</u>
Cash and cash equivalents as at beginning of the year	500,000	-
Cash and cash equivalents as at end of the year/period (Refer note (b) below)	<u><u>1,330,121</u></u>	<u><u>500,000</u></u>

Mukta V N Films Limited

Cash flow statement (*Continued*)

for the year ended 31 March 2015

(Currency: Indian Rupees)

Notes:

(a) The cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 prescribed in the Companies (Accounting Standards) Rules, 2006, which continue to apply under section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules 2014.

	31 March 2015	31 March 2014
(b) Cash and cash equivalents at year-end comprises:		
Cash in hand	911	-
Balances with scheduled banks in		
-Current accounts	1,329,210	-
-Cheques in hand	-	500,000
	<u>1,330,121</u>	<u>500,000</u>

As per our report of even date attached.

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

Chartered Accountants

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

For and on behalf of the Board of Directors of

Mukta V N Films Limited

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Mumbai

Date: May 27, 2015

Mumbai

Date: May 27, 2015

Mukta V N Films Limited

Notes to the financial statements

for the year ended 31 March 2015

(Currency: Indian Rupees)

1 Company overview

Mukta V N Films Limited ('the Company') is a company incorporated on 10 June 2013 and is a subsidiary of Mukta Arts Limited ('MAL' or 'the holding company'). The Company is engaged in distribution and exhibition of cinematograph films, feature films and such other program or content and commenced operations in April 2014.

2 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. The financial statements are presented in Indian Rupees, except where mentioned otherwise.

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 non-current classification of assets and liabilities.

2.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of income and expense during the reported period. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Revenue recognition

Revenue is recognised to the extent that economic benefits are probable to flow to the Company, revenue can be reliably measured and recoverability is reasonably certain. The amount recognised as income is exclusive of service tax and net of discounts. Unbilled revenue represents costs incurred and revenues recognised on contracts to be billed in subsequent period as per the terms of the contract.

Brokerage and Commission from exhibition/ distribution 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.

2.4 Trade receivables and payables

Trade receivable balance includes the share of the principal invoiced to the customer as per the terms and conditions of the agreements with the principal. The amount payable to the principal as per the agreement is separately disclosed under trade payables.

2.5 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 plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity/fund and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards Provident Fund. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which employee renders the related service – also refer note 3.17 to the financial statements

Mukta V N Films Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency: Indian Rupees)

2 Significant accounting policies (*Continued*)

2.6 Taxation

Income tax comprises of current tax expense.

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.

Deferred tax

The deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

2.7 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.

2.8 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.

2.9 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.

Mukta V N Films Limited

Notes to the financial statements (Continued)

as at 31 March 2015

(Currency: Indian Rupees)

3.1 Share capital

	31 March 2015	31 March 2014
Authorised		
7,000,000 (2014: 50,000) equity shares of Rs 10 each	<u>70,000,000</u>	<u>500,000</u>
Issued, subscribed and paid-up		
6,000,000 (2014: 50,000) equity shares of Rs 10 each, fully paid-up	<u>60,000,000</u>	<u>500,000</u>
	<u>60,000,000</u>	<u>500,000</u>

a) The reconciliation of the number of shares outstanding as at the beginning and at the end of the reporting year/period:

	31 March 2015		31 March 2014	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares				
Balance as at the beginning of the year/ period	50,000	500,000	50,000	500,000
Add: Issued during the year/ period	5,950,000	59,500,000	-	-
Balance as at the end of the year/ period	<u>6,000,000</u>	<u>60,000,000</u>	50,000	500,000

b) Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of Rs 10 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) Shares held by the holding company:

Particulars	31 March 2015		31 March 2014	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares of Rs 10 each				
Mukta Arts Limited	3,300,000	33,000,000	27,500	275,000
	<u>3,300,000</u>	<u>33,000,000</u>	27,500	275,000

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

	31 March 2015		31 March 2014	
	Number of Shares	% holding	Number of Shares	% holding
Mukta Arts Limited	3,300,000	55.00%	27,500	55.00%
VN Films Private Limited	2,699,950	44.99%	22,450	44.90%

e) Shares reserved for issue against share warrants

Particulars	31 March 2015		31 March 2014	
	Number of shares	Amount	Number of shares	Amount
Share warrants of Rs 10 each	600,000	6,000,000	-	-

The Company has issued 600,000 share warrants of Rs 10 each to VN Films Private Limited on 26 March 2015. The bearer of such warrants shall be entitled to exercise the option to convert one share warrant into one equity share of Rs 10 on occurrence any of the following events, whichever is earlier:

- At the time of initial public offering by the Company
- At the time of raising any third party external equity funding which shall be a minimum of 15% of the issued equity share capital of the Company
- At the end of five years from the date of allotment of warrants

Mukta V N Films Limited

Notes to the financial statements (Continued)

as at 31 March 2015

(Currency: Indian Rupees)

3.2 Reserves and surplus

	31 March 2015	31 March 2014
Surplus/(deficit) in the statement of profit and loss		
At the commencement of the year/ period	(34,277)	-
Add : Profit / (loss) for the year/ period	3,484,337	(34,277)
	<u>3,450,060</u>	<u>(34,277)</u>

3.3 Other long term liabilities

	31 March 2015	31 March 2014
Security deposit received	500,000	-
	<u>500,000</u>	<u>-</u>

3.4 Short term borrowings

	31 March 2015	31 March 2014
Loan repayable on demand:		
Bank overdraft from Yes Bank * (Secured)	209,578,700	-
	<u>209,578,700</u>	<u>-</u>

* The Company 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 the Company and against four residential flats at Bandra owned by Mukta Arts Limited, the holding company. Also, this loan facility is secured by corporate guarantee by Mukta Arts Limited and UFO Moviez India Limited (Holding company of V N Films Private Limited)

3.5 Trade payables

	31 March 2015	31 March 2014
For goods and services received		
Dues to micro and small enterprises (refer note 3.22)	-	-
Others	121,485,831	2,809
	<u>121,485,831</u>	<u>2,809</u>

3.6 Other current liabilities

	31 March 2015	31 March 2014
Security deposit received	5,000,000	-
Advances received	-	31,468
Provident fund dues payable (refer note 3.17)	178,920	-
Statutory dues payable*	453,773	-
	<u>5,632,693</u>	<u>31,468</u>
*Statutory dues payable includes		
-TDS payable	243,750	-
- Profession tax	15,750	-
-Service tax payable	194,273	-

Mukta V N Films Limited

Notes to the financial statements (Continued)

as at 31 March 2015

(Currency: Indian Rupees)

3.7 Long-term loans and advances

	31 March 2015	31 March 2014
LIC group gratuity fund	72,223	-
	<u>72,223</u>	<u>-</u>

3.8 Trade receivables

	31 March 2015	31 March 2014
Receivables outstanding for a period exceeding six months from the date they became due for payment		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	14,541,312	-
(c) Doubtful	-	-
Less: Provision for doubtful receivables	-	-
(A)	<u>14,541,312</u>	<u>-</u>
Other receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	347,555,020	-
(c) Doubtful	-	-
Less: Provision for doubtful receivables	-	-
	<u>347,555,020</u>	<u>-</u>
	<u>362,096,332</u>	<u>-</u>

3.9 Cash and bank balances

	31 March 2015	31 March 2014
Cash and cash equivalents		
Cash in hand	911	-
Balance with banks		
-Current account	1,329,210	-
-Cheques in hand	-	500,000
	<u>1,330,121</u>	<u>500,000</u>

Mukta V N Films Limited

Notes to the financial statements (Continued)

as at 31 March 2015

(Currency: Indian Rupees)

3.10 Short-term loans and advances

	31 March 2015	31 March 2014
<i>To parties other than related parties</i>		
<i>Unsecured, considered good unless otherwise stated</i>		
Sundry advances to distributors		
Considered good	36,748,135	-
Advance tax [net of provision for tax: Rs 2,134,872; (2014: Rs Nil)]	4,018,779	-
	<u>40,766,915</u>	<u>-</u>

3.11 Other current assets

	31 March 2015	31 March 2014
Unbilled revenue	2,381,693	-
	<u>2,381,693</u>	<u>-</u>

Mukta V N Films Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian Rupees)

3.12 Sale of services

	31 March 2015	For the period from 10 June 2013 to 31 March 2014
Brokerage and commission	60,703,637	-
	<u>60,703,637</u>	<u>-</u>

3.13 Employee benefits expense

	31 March 2015	For the period from 10 June 2013 to 31 March 2014
Salaries and other benefits	9,158,078	-
Contribution to provident and other funds (refer note 3.17)	89,460	-
Staff welfare	17,155	-
	<u>9,264,693</u>	<u>-</u>

3.14 Finance costs

	31 March 2015	For the period from 10 June 2013 to 31 March 2014
a) Interest cost on		
- Short term loan from shareholders	14,404,662	-
- Bank overdraft	3,302,088	-
b) Processing cost and other charges	2,200,000	-
	<u>19,906,750</u>	<u>-</u>

3.15 Other expenses

	31 March 2015	For the period from 10 June 2013 to 31 March 2014
Legal and professional fees	10,322,779	-
Business support service charges	12,702,290	-
Donation	925,000	-
Payment to auditor (refer Note below)	800,000	2,809
Rates and taxes	855,880	7,871
General expenses	125,809	-
Computer expenses	79,142	-
Printing and stationery	67,235	-
Bank charges	18,982	-
Conveyance	15,868	-
Miscellaneous expenses	-	23,597
	<u>25,912,985</u>	<u>34,277</u>

Payment to auditor (excluding service tax)

As auditor:		
Audit fees	800,000	2,809
	<u>800,000</u>	<u>2,809</u>

Mukta V N Films Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency: Indian Rupees)

3.16 Earning per equity share:

	31 March 2015	For the period from 10 June 2013 to 31 March 2014
a) Net profit/(loss) after tax	3,484,337	(34,277)
b) Weighted average number of equity shares outstanding during the year for basic EPS	392,329	50,000
c) Weighted average number of equity shares outstanding during the year for diluted EPS	402,192	50,000
d) Basic EPS	8.88	(0.69)
e) Dilutive EPS	8.66	(0.69)
f) Nominal value per share	10	10

3.17 The provisions of the Employee Provident Funds and Miscellaneous Provision Act, 1952 is not applicable to the Company as the Company has less than twenty employees. However, the employees and the Company voluntarily have made monthly deductions for provident fund equal to a specified percentage of the employee's salary. The same is not deposited during the year with the appropriate authorities due to pending registration as at 31 March 2015.

Mukta V N Films Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian Rupees)

3.18 Related party disclosures:

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

A List of related parties and their relationship

(a) Name of parties where control exists:

Holding company - Mukta Arts Limited

(b) Parties exercising significant influence

VN Films Private Limited, participation in 44.99% of voting power of the Company
UFO Moviez India Limited, Holding Company of V N Films Limited

(c) Key management personnel (KMP) *

Sushil Agarwal - Director
Subhash Ghai - Director
Parvez Farooqui - Director
Rajesh Mishra - Director
Sunil Patil - Director
Rahul Puri - Director

* The KMP do not draw any remuneration from the Company.

B Transactions with related parties for the year ended 31 March 2015 are as follows:-

Transactions	2015		2014
	Holding company	Parties exercising significant influence	Holding company
Rendering of services -Commission			
Mukta Arts Limited	1,974,120	-	-
VN Films Private Limited	-	3,880,736	-
Interest paid during the year			
Mukta Arts Limited	6,106,881	-	-
VN Films Private Limited	-	8,297,781	-
Reimbursement of expenses paid by the Company			
Mukta Arts Limited	17,175,520	-	-
Loan received during the year			
Mukta Arts Limited	65,500,000	-	-
VN Films Private Limited	-	74,500,000	-
Loan repaid during the year			
Mukta Arts Limited	65,500,000	-	-
VN Films Private Limited	-	74,500,000	-
Issue of equity shares			
Mukta Arts Limited	32,725,000	-	-
VN Films Private Limited	-	26,775,000	-
Money received against share warrants			
VN Films Private Limited	-	6,000,000	-
Corporate guarantee obtained			
UFO Moviez India Limited	-	70,000,000	-
Security received towards loan backed by corporate guarantee (Mortgage of immovable property)			
Mukta Arts Limited	120,000,000	-	-
Amount receivable / (payable)			
Mukta Arts Limited	39,615,653	-	(31,468)
VN Films Private Limited	-	56,662,340	-

Mukta V N Films Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency: Indian Rupees)

3.19 Segment reporting

The Company has only one reportable business segment which is distribution and exhibition of cinematograph films, feature films and such other program or content and only one geographical segment, which is India. Accordingly, the segment information as required by AS 17 on Segment reporting has not been separately disclosed.

3.20 Contingent liabilities and commitments

(a) The Company does not have any contingent liabilities as at 31 March 2015 (31 March 2014: Rs Nil).

(b) The Company does not have any long term contract for which there are any material foreseeable losses.

(c) The Company does not have any capital commitment as at 31 March 2015 (31 March 2014: Rs Nil).

3.21 The financial statements of the Company have not been authenticated by a company secretary as required by Section 134 (1) of the Act as no whole time Company Secretary has been appointed under Section 203 (1) of the Act.

3.22 Dues to micro and small suppliers

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 02 October 2006, certain disclosures are required to be made relating to dues to micro and small enterprises. On the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the Micro and Small Enterprises:

	31 March 2015	31 March 2014
The amounts remaining unpaid to micro and small suppliers as at the end of the year/period		
-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/period	-	-
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/period) 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/period	-	-
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.	-	-

3.23 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.

Mukta V N Films Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency: Indian Rupees)

3.24 Prior period comparatives

Up to the previous year, Rs 2,809 was classified under 'Other current liabilities', this has now been shown under 'Trade payables'.

3.25 Previous period figures have been audited by a firm of chartered accountants other than B S R & Co LLP.

As per our report of even date attached.

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

Chartered Accountants

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

For and on behalf of the Board of Directors of

Mukta V N Films Limited

CIN: U74120MH2013PLC244220

Rajesh Mehra

Partner

Membership No: 103145

Subhash Ghai

Director

DIN: 00019803

Parvez A. Farooqui

Director

DIN: 00019853

Rajesh Mishra

Director

DIN: 00103157

Sushil Agarwal

Director

DIN: 00003163

Mumbai

Date: May 27, 2015

Mumbai

Date: May 27, 2015