

Whistling Woods International Limited

Financial statements
together with the Auditors' Report
for the year ended 31 March 2015

Whistling Woods International Limited

Financial statements together with the Auditors' Report *for the year ended 31 March 2015*

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Independent Auditors' Report

To the Members of Whistling Woods International Limited

Report on the financial statements

We were engaged to audit the accompanying financial statements of Whistling Woods International 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 for ensuring the accuracy and completeness of 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 conducting our audit in accordance with the Standards on Auditing under Section 143(10) of the Act.

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.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independent Auditors' Report (Continued)

Whistling Woods International Limited

Basis for Disclaimer of Opinion

1. As more fully explained in Note 24.1 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 Company, 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 30,000,000, had been cancelled and the Company had been ordered to return the land to MFSCDCL (of the total land admeasuring 20 acres, 14.5 acres vacant unused land had been handed over to MFSCDCL on 18 April 2012 and the balance was to be handed over on or before 31 July 2014). Pending discussion and/or agreement with MFSCDCL and/or clarifications to be sought from the concerned parties, no adjustments have been made to the share capital structure of the Company and the carrying value of the land rights in the books of account.

Further, MFSCDCL had demanded Rs 832,062,611 towards arrears of rent and interest thereon by letter dated 3 December 2012. Also, as per the High Court's Order which is under challenge from the Company, there is an option to set-off the arrears of rent and interest thereon against the value of the building with net excess or shortfall to be refunded to / claimed from Mukta Arts Limited, the holding company/ Company, as applicable. During the year 2012-13, the Public Works Department (PWD) Engineer had given his valuation report of Institute building (net book value at 31 March 2015 Rs 180,107,572 (31 March 2014: Rs 188,471,083)) based on the Balance sheet of the Company as at 31 March 2011. In the current year, MFSCDCL vide letter dated 14 July 2014, demanded Rs 591,966,210 towards arrears of rent and interest thereon, up to 31 July 2014, net of value of building determined as above.

Mukta Arts Limited, the holding company, and WWI had filed applications to review the said Order with the High Court and an interim stay was granted on 30 July 2014 which required deposit by Mukta Arts Limited of Rs 100,038,000 by January 2015 against payment of arrears of rent for the years 2000-01 to 2013-14 and payment of Rs 4,500,000 per annum from financial year 2014-15 till the settlement of the case to MFSCDCL. The State Government of Maharashtra and MFSCDCL challenged the Order of the High Court in the Supreme Court, which special leave petition was dismissed by the Supreme Court on 22 September 2014. The amounts so paid/ being paid by Mukta Arts Limited to MFSCDCL have not been accounted in these financial statements. Management informs that these will be accounted, if required, on the settlement of the case.

Additionally, without giving effect to the matter stated above, the Company's net worth stands fully eroded as at 31 March 2015 and it has incurred a net loss (after tax) of Rs 18,108,971 during the year ended 31 March 2015 (31 March 2014: net loss (after tax) Rs 54,901,237). Management 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.

Independent Auditors' Report (Continued)

Whistling Woods International Limited

Having regard to the circumstances explained above and pending final outcome of the matter under litigation, the impact on the financial statements and the results for the year is currently not ascertainable.

2. *As more fully explained Note 24.2 to the financial statements, the Company has disputed the demand from Income-tax authorities aggregating to Rs 5,060,974 (31 March 2014: Rs 5,060,974 (including interest Rs 1,902,995 (31 March 2014: Rs 1,902,995) and penalty Rs 413,148 (31 March 2014: Rs 413,148) for the financial years ended 31 March 2004 (assessment year 2004-05) and 31 March 2005 (assessment year 2005-06). No provision has been made in the financial statements in this regard. Had the Company accrued for this liability, the loss for the year and the deficit in Statement of profit and loss at year end would have been higher by Rs 5,060,974 (31 March 2014: Rs 5,060,974).*

Disclaimer of Opinion

Because of the significance of the uncertainty described in the Basis for Disclaimer of Opinion paragraph, we are unable to express, and we do not express, an opinion on the accompanying financial statements.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance sheet, the Statement of profit and loss and the Cash flow statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. *The matters described in the Basis for Disclaimer of Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.*
 - f. Consequent to the setting aside of the JVA agreement as explained in paragraph 1 of the Basis for Disclaimer of Opinion paragraph above, MFSCDCL has, vide letter dated 26 November 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 Section 164(2) of the Act has not been received from Mr. Shyam Tagade. On the basis of written representations received from the other directors as at 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act; and

Independent Auditors' Report (Continued)

Whistling Woods International Limited

- 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 Note 24 to the financial statements;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - refer Note 34 to the financial statements; and
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Mumbai
27 May 2015

Rajesh Mehra
Partner
Membership No: 103145

Whistling Woods International Limited

Annexure to the Independent Auditors' Report – 31 March 2015

(Referred to in our report of even date)

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for tagging and updation of quantities of certain assets which is yet to be completed.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, the Company has performed physical verification of certain fixed assets during the year. According to the information and explanations provided to us and records produced to us for our verification, discrepancies noticed on such verification have been properly dealt with in the books of account.
- ii) The Company is a service company, primarily rendering training related to films, television and media industry to students. 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, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to sale/ rendering of services. The activities of the Company do not involve purchase of inventories and sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- 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, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues deducted /accrued in the books of accounts including Provident Fund, Employees' State Insurance, Sales tax, Value added tax, Cess, Professional tax and other material statutory dues applicable to it, in respect of Income tax and Service tax, these have not been regularly deposited with the appropriate authorities and there have been serious delays in few cases. According to the information and explanations given to us, the Company did not have any dues on account of Customs duty, Excise duty and Wealth tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Sales Tax, Service tax, Cess 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.

Whistling Woods International 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 Sales tax, Value added tax, Service tax and Cess which have not been deposited with the appropriate authorities on account of any dispute. Amounts paid/refund due and adjusted against matters under dispute with income tax authorities for Assessment year 2004-05 and Assessment year 2005-06 aggregate to Rs 5,087,074.
- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- viii) The Company has accumulated losses at the end of the financial year exceeding 100% of its net worth. The Company has not incurred cash losses in the current financial year but has incurred cash losses in the immediately preceding financial year.
- ix) In our opinion and according to the information and explanations given to us, the Company, except for dues to a financial institution aggregating to Rs. 42,000 which became due on 1 April 2014 and was paid on 11 April 2014, has not defaulted in repayment of dues to any other financial institutions. The Company did not have any outstanding dues to any banks and debentureholders during the year.
- x) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- 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 BSR & Co LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Mumbai
27 May 2015

Rajesh Mehra
Partner
Membership No: 103145

Whistling Woods International Limited

Balance sheet

as at 31 March 2015

(Currency: Indian Rupees)

	Note	31 March 2015	31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	400,000,000	400,000,000
Reserves and surplus	4	(698,143,847)	(676,819,818)
Non-current liabilities			
Long-term borrowings	5	391,311,017	412,511,039
Other long-term liabilities	6	52,931,081	44,179,000
Long-term provisions	7	4,779,145	2,705,451
Current liabilities			
Trade payables	8	26,941,386	28,754,161
Other current liabilities	9	121,453,826	116,259,497
Short-term provisions	10	356,513	301,932
TOTAL		299,629,121	327,891,262
ASSETS			
Non-current assets			
Fixed assets			
(i) Tangible assets	11	254,402,225	283,973,429
(ii) Intangible assets	11	2,504,357	1,874,683
(iii) Intangible assets under development	11	1,936,054	1,069,154
Deferred tax assets (net)	12	-	-
Long-term loans and advances	13	14,033,151	21,232,978
Other non-current assets	14	373,010	369,342
Current assets			
Trade receivables	15	11,351,293	9,157,727
Cash and bank balances	16	816,389	782,595
Short-term loans and advances	17	7,676,803	8,439,345
Other current assets	18	6,535,839	992,009
TOTAL		299,629,121	327,891,262

Significant accounting policies

2

The accompanying notes from 1 to 35 form 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
Whistling Woods International Limited
CIN:U92141MH2001PLC130394

Rajesh Mehra
Partner
Membership No: 103145

Subhash Ghai
Director
DIN: 00019803

Meghna Ghai Puri
Director
DIN: 00130085

Mumbai
27 May 2015

Mumbai
27 May 2015

Prabuddha Dasgupta
Chief Financial Officer

Akshatha Shetty
Company Secretary
Membership No: A28822

Whistling Woods International Limited

Statement of profit and loss for the year ended 31 March 2015

(Currency: Indian Rupees)

	Note	31 March 2015	31 March 2014
INCOME			
Revenue from operations			
Sale of services	19	208,775,927	169,115,229
Other operating revenue	19	5,840,568	9,543,120
		<u>214,616,495</u>	<u>178,658,349</u>
Other income	20	17,310,051	24,995,256
Total income		<u>231,926,546</u>	<u>203,653,605</u>
EXPENSES			
Employee benefits expenses	21	47,318,235	42,341,584
Finance costs	22	41,766,789	42,131,615
Depreciation and amortisation	11	33,107,946	28,260,957
Other expenses	23	127,842,547	145,523,142
Total expenses		<u>250,035,517</u>	<u>258,257,298</u>
Loss for the year before tax		<u>(18,108,971)</u>	<u>(54,603,693)</u>
Tax expenses:			
- Current tax		-	-
- Deferred tax		-	-
- Taxation relating to earlier years		-	297,545
Loss for the year after tax		<u>(18,108,971)</u>	<u>(54,901,238)</u>
Earning per equity share of face value Rs. 1,000 each-basic and diluted	32	<u>(90.54)</u>	<u>(274.51)</u>
Significant accounting policies	2		

The accompanying notes from 1 to 35 form 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
Whistling Woods International Limited
CIN: U92141MH2001PLC130394

Rajesh Mehra
Partner
Membership No: 103145

Subhash Ghai
Director
DIN: 00019803

Meghna Ghai Puri
Director
DIN: 00130085

Mumbai
27 May 2015

Mumbai
27 May 2015

Prabuddha Dasgupta
Chief Financial Officer

Alkshatha Shetty
Company Secretary
Membership No: A28822

Whistling Woods International Limited

Cash flow statement

for the year ended 31 March 2015

(Currency: Indian Rupees)

	31 March 2015	31 March 2014
Cash flows from operating activities		
Net loss before tax	(18,108,971)	(54,603,693)
<i>Adjustments:</i>		
Depreciation/ amortisation	33,107,946	28,260,957
Finance costs	41,766,789	42,131,615
Sundry balances written back, net	(1,177,896)	-
Provision for doubtful debts	499,494	1,163,817
(Profit) / Loss on sale / discarding of assets (net)	(620,902)	(11,593,053)
Interest income	(246,985)	(259,333)
Operating profit before working capital changes	55,219,475	5,100,310
Working capital changes		
(Increase) / decrease in trade receivables	(2,693,060)	2,791,534
(Increase) / decrease in loans and advances	747,742	(3,053,226)
(Increase) / decrease in other assets	(5,543,830)	1,675,045
Increase / (decrease) in current liabilities and trade payables	1,542,419	8,018,412
Increase in provisions	2,164,090	414,590
Increase in other long term liabilities	8,752,081	984,700
Cash generated from operations	60,188,917	15,931,365
Net taxes (paid)/ received	7,203,294	(3,953,823)
Net cash generated from operating activities (A)	67,392,211	11,977,542
Cash flows from investing activities		
Purchase of fixed assets	(9,265,419)	(8,175,729)
Interest income	243,317	264,782
Fixed deposits placed	-	(40,443)
Proceeds from sale of fixed assets	646,001	14,004,444
Net cash generated from/(used in) investing activities (B)	(8,376,101)	6,053,054
Cash flows from financing activities		
Term loans repaid	(588,975)	(676,870)
Unsecured loans received	38,300,000	56,250,001
Unsecured loans repaid	(59,061,507)	(6,477,477)
Working capital facility availed/ (repaid) (net)	-	(30,505,427)
Finance cost	(37,631,834)	(37,026,024)
Net cash (used in) financing activities (C)	(58,982,316)	(18,435,797)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	33,794	(405,201)
Cash and cash equivalents at the beginning of the year	782,595	1,187,796
Cash and cash equivalents at the end of the year	816,389	782,595

The Company follows indirect method as prescribed in AS-3 Cash Flow Statements.

Cash and cash equivalents at the year end comprises:

Cash on hand	217,655	212,527
Balances with scheduled banks	598,734	570,068
- in current accounts		
	816,389	782,595

As per our report of even date attached.

For BSR & Co. LLP

Chartered Accountants

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

For and on behalf of the Board of Directors of
Whistling Woods International Limited
CIN: U92141MH2001PLC130394

Rajesh Mehra

Partner

Membership No: 103145

Subhash Ghai Meghna Ghai Puri
Director Director
DIN: 00019803 DIN: 00130085

Prabuddha Dasgupta
Chief Financial Officer

Akshatha Shetty
Company Secretary
Membership No: A28822

Mumbai
27 May 2015

Mumbai
27 May 2015

Whistling Woods International Limited

Notes to the financial statements

for the year ended 31 March 2015

(Currency: Indian Rupees)

1. Background

Whistling Woods International Limited ('the Company') was incorporated in 2001 and is a subsidiary of Mukta Arts Limited ('MAL' or 'the holding company'). MAL holds 84.99% of the equity share capital of the Company. The Company is an education, research and training institute and imparts training in various skills related to films, television and media industry.

1.1 Going concern (refer note 24.1)

The Company has accumulated losses exceeding 100% of its equity as at 31 March 2015. Also, the Company is in litigation regarding use of current premises. However, these financial statements have been prepared on a going concern basis as the Company's management believes that, based on the projected operating plans and the operating and financial support from its holding company, Mukta Arts Limited, the Company will be able to operate as a going concern in the foreseeable future. These financial statements do not include any adjustments relating to the recoverability and classification of the carrying amounts of assets or to the amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

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 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013 ('the Act'), to the extent notified and applicable. The financial statements are presented in India Rupees.

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 generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities as of the date of the financial statements, and the reported amounts of income and expenses 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.

Whistling Woods International Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian Rupees)

2. Significant accounting policies (Continued)

2.3 Leases

Lease rentals in respect of assets acquired on operating leases are recognised in the Statement of profit and loss on a straight line basis over the lease term.

2.4 Fixed assets and depreciation /amortisation

Tangible assets

Fixed assets are stated at cost less accumulated depreciation / amortisation and impairment losses, if any. Cost comprises of purchase price and any attributable cost such as duties, freight, taxes (to the extent not recoverable from government authorities) and expenses incidental to acquisition/ construction of fixed assets upto the time the assets are ready for its intended use.

Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

Intangible assets and Intangibles assets under development

Intangible assets comprise of acquired computer software (which is not an integral part of the related hardware), intellectual property rights ('IPR') in course curriculum and library of books. An intangible asset is recognized if, and only if, it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise. IPR in course curriculum consists of expenses incurred on internal development of course curriculum. Cost incurred on creating course curriculum under development is recorded as intangible asset under development (net of provision for impairment). Such costs incurred are capitalised only if these can be measured reliably, the content is commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and use the asset. Other development expenditure is recognised in the Statement of profit and loss as incurred.

Depreciation /amortisation

Depreciation on tangible fixed assets is provided on the written down value method over the useful lives of assets estimated by the Management. Depreciation for assets purchased/ sold during the year is proportionately charged.

Intangible assets except computer and IT software are amortised over their respective individual estimated lives on a straight-line basis, commencing from the date the asset is available to the Company for its use as follows:

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

Whistling Woods International Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency: Indian Rupees)

2. Significant accounting policies (*Continued*)

2.4 Fixed assets and depreciation /amortisation (*Continued*)

The Management estimates the useful lives for the other fixed assets as follows:

Assets	Useful life (in years)
<i>Intangible assets</i>	
Computers and IT software	4 years
<i>Tangible assets</i>	
Buildings	60 years
Computers and IT equipment's ⁽¹⁾	10 years
Cinematography equipment ⁽¹⁾	6 years
Plant and machinery	15 years
Furniture and fixtures	10 years
Electrical installation and office equipment	10 years
Vehicles	8 years

1) For these classes of assets, the management estimates that the useful lives are based on internal assessment and independent technical evaluation carried out by external valuer. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II to the Act.

2.5 Impairment

In accordance with AS 28 on 'Impairment of Assets', where there is an indication of impairment of the Company's assets, the carrying amounts of the Company's assets are reviewed at each Balance sheet date to determine whether there is any impairment. The recoverable amount of the asset (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 exceeds its recoverable amount. Impairment loss is recognised in the Statement of profit and loss or against revaluation surplus, where applicable.

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 Employee benefits

(a) *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.

(b) *Defined benefit plans*

The Company's gratuity benefit scheme is a defined benefit plan. The Company's 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 service in the current and prior periods. Such benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

Whistling Woods International Limited

Notes to the financial statements *(Continued)*

for the year ended 31 March 2015

(Currency: Indian Rupees)

2. Significant accounting policies *(Continued)*

2.6 Employee benefits *(Continued)*

(b) Defined benefit plans (Continued)

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

When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognized immediately in the Statement of profit and loss.

(c) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of profit and loss of the year in which the related service is rendered.

(d) 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 recognized as a liability at the present value of the defined benefit obligation at the Balance sheet date using actuarial valuation. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance sheet date.

2.7 Revenue recognition

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.

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.

Whistling Woods International Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency: Indian Rupees)

2. Significant accounting policies (*Continued*)

2.7 Revenue recognition (*Continued*)

Revenue from consultancy fees is recognised when services are rendered as per contractual arrangement.

Revenue from hire of premises and equipment is recognized over the period of hire.

License fees from content usage is recognised as per the terms of the agreement.

Interest income is recognized on a time proportion basis.

Revenue from institutional affiliation is recognised over the period of the course as per the contractual agreement.

2.8 Foreign currency transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the period are recognised in the Statement of profit and loss for the period.

Monetary assets and liabilities in foreign currency which are outstanding as at the period-end are translated at the period-end at the closing exchange rate and the resultant exchange differences are recognised in the Statement of profit and loss.

2.9 TAXES ON INCOME

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

Current taxes

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

Deferred taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits/(losses) offered for income taxes and the profits/(losses) as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the Balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each Balance sheet date.

Whistling Woods International Limited

Notes to the financial statements *(Continued)*

for the year ended 31 March 2015

(Currency: Indian Rupees)

2. Significant accounting policies *(Continued)*

2.10 Provisions and contingencies

Provision is recognized in the Balance sheet when the Company has a present obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and reliable estimation can be made of the amount required to settle the obligation. Contingent liabilities arising from claims, litigation, assessment, fines, penalties etc. are disclosed when there is a possible obligation or a present obligation as a result of a past event where it is not probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reasonably estimated. 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.

2.11 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti dilutive.

Whistling Woods International Limited

Notes to the financial statements (Continued)

as at 31 March 2015

(Currency: Indian Rupees)

3 Share capital

	31 March 2015	31 March 2014
Authorised:		
200,000 (31 March 2014: 200,000) equity shares of Rs.1,000 each	200,000,000	200,000,000
200,000 (31 March 2014: 200,000) 8% redeemable cumulative preference shares of Rs.1,000 each	200,000,000	200,000,000
	<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid up:		
200,000 (31 March 2014: 200,000) equity shares of Rs.1,000 each, fully paid-up	200,000,000	200,000,000
200,000 (31 March 2014: 200,000) 8% redeemable cumulative preference shares of Rs.1,000 each, fully paid-up	200,000,000	200,000,000
	<u>400,000,000</u>	<u>400,000,000</u>

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

Particulars	31 March 2015		31 March 2014	
	Number	Amount	Number	Amount
Equity shares				
Balance as at the beginning of the year	200,000	200,000,000	200,000	200,000,000
Balance as at the end of the year	<u>200,000</u>	<u>200,000,000</u>	<u>200,000</u>	<u>200,000,000</u>
Preference shares				
Balance as at the beginning of the year	200,000	200,000,000	200,000	200,000,000
Balance as at the end of the year	<u>200,000</u>	<u>200,000,000</u>	<u>200,000</u>	<u>200,000,000</u>

b) Rights, preferences and restrictions attached to shares:

Equity shares: The Company has one class of equity shares having par value of Rs.1,000 each. Each holder of equity share is entitled to one vote per share held. Repayment of capital in the event of winding up of the Company will inter alia be subject to the provisions of the Articles of Association of the Company, as may be determined by the Company in General Meeting prior to such winding up and after distribution of preferential amounts, if any.

8% redeemable cumulative preference shares: 200,000, 8% redeemable cumulative preference shares having a par value of Rs.1,000 each are held by Mukta Arts Limited, the holding company. These shares were issued on 27 August 2007 and may be redeemed at par at any time on or after June 2012 and before 21 June 2027.

c) Shares held by holding company:

Name of the shareholders	31 March 2015		31 March 2014	
	Number	Amount	Number	Amount
Equity shares of Rs. 1,000 each fully paid-up held by				
Mukta Arts Limited (Holding company)	169,997	169,997,000	169,997	169,997,000
8% redeemable cumulative preference shares of Rs.1,000 each, fully paid-up held by				
Mukta Arts Limited (Holding company)	200,000	200,000,000	200,000	200,000,000

Whistling Woods International Limited

Notes to the financial statements (Continued)

as at 31 March 2015

(Currency: Indian Rupees)

3 Share capital (Continued)

d) Particulars of shareholders holding more than 5% of a class of shares

Name of the shareholders	31 March 2015		31 March 2014	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of Rs. 1,000 each fully paid-up held by Mukta Arts Limited (Holding company)	169,997	84.99%	169,997	84.99%
Maharashtra Film, Stage & Cultural Development Corporation - also refer Note 24.1	30,000	15.00%	30,000	15.00%
8% redeemable cumulative preference shares of Rs.1,000 each, fully paid-up held by Mukta Arts Limited (Holding company)	200,000	100%	200,000	100%

4 Reserves and surplus

Particulars	31 March 2015	31 March 2014
(Deficit) in the statement of profit and loss		
Balance as at the beginning of the year	(676,819,818)	(621,918,581)
Add: Loss for the year	(18,108,971)	(54,901,237)
Add: Adjustment for depreciation (net of deferred tax Rs. Nil) (refer note 11)	(3,215,058)	-
Balance as at the end of the year	<u>(698,143,847)</u>	<u>(676,819,818)</u>

5 Long-term borrowings

Particulars	31 March 2015	31 March 2014		
i) Term loans (Secured)				
From financial institution				
Kotak Mahindra Prime Ltd, (motor vehicle finance loan)	438,515	1,027,490		
(Repayable within a year Rs. 438,515 (31 March 2014: 588,975))				
Amount disclosed under other current liabilities (refer note 9)	(438,515)	(588,975)		
		438,515		
Particulars	Principal amount	EMI amount	Start date	Maturity date
Repayable in 35 equal monthly instalments	1,263,900	42,000	08-Apr-13	01-Feb-16
ii) Loans and advances from related parties (Unsecured)				
Borrowings from Mukta Arts Limited- holding company			327,000,000	380,000,000
(No terms of repayment have been specified. Interest is charged at 10% p.a)				
Inter corporate deposit from Mukta Tele Arts Private Limited.			26,811,017	32,072,524
(No terms of repayment have been specified. Interest is charged at 13.5% p.a)				
			<u>353,811,017</u>	<u>412,072,524</u>
iii) Other loans and advances (Unsecured)				
Inter corporate deposit from Serene Securities Private Limited.			37,500,000	-
(No terms of repayment have been specified. Interest is charged at 10% p.a)				
			<u>391,311,017</u>	<u>412,511,039</u>

Whistling Woods International Limited

Notes to the financial statements (Continued) as at 31 March 2015

(Currency: Indian Rupees)

6 Other long - term liabilities

Particulars	31 March 2015	31 March 2014
Others	22,931,081	14,179,000
Security deposits from students and others	30,000,000	30,000,000
Deposit from Mukta Arts Limited		
	<u>52,931,081</u>	<u>44,179,000</u>

7 Long - term provisions

Particulars	31 March 2015	31 March 2014
Provision for employee benefits	1,515,258	1,233,865
Gratuity (refer note 28)	2,201,883	1,409,552
Leave encashment		
Others	62,034	62,034
Provision for fringe benefits tax (net of advance tax Rs. 1,733,688 (31 March 2014: Rs. 1,733,688))		
	<u>4,779,145</u>	<u>2,705,451</u>

8 Trade payables

Particulars	31 March 2015	31 March 2014
Due to micro and small suppliers		
Others	26,941,386	28,754,161
	<u>26,941,386</u>	<u>28,754,161</u>

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 dues to Micro and Small Enterprises (MSE). On the basis of the information and records available with the Management, none of the Company's suppliers are covered.

	31 March 2015	31 March 2014
Principal amount and the interest due thereon remaining unpaid to any supplier as at the year end	-	-
Amount of interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year.	-	-
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 the MSMED	-	-
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 disallowances as a deductible expenditure under the MSMED Act, 2006	-	-

Whistling Woods International Limited

Notes to the financial statements (Continued) as at 31 March 2015

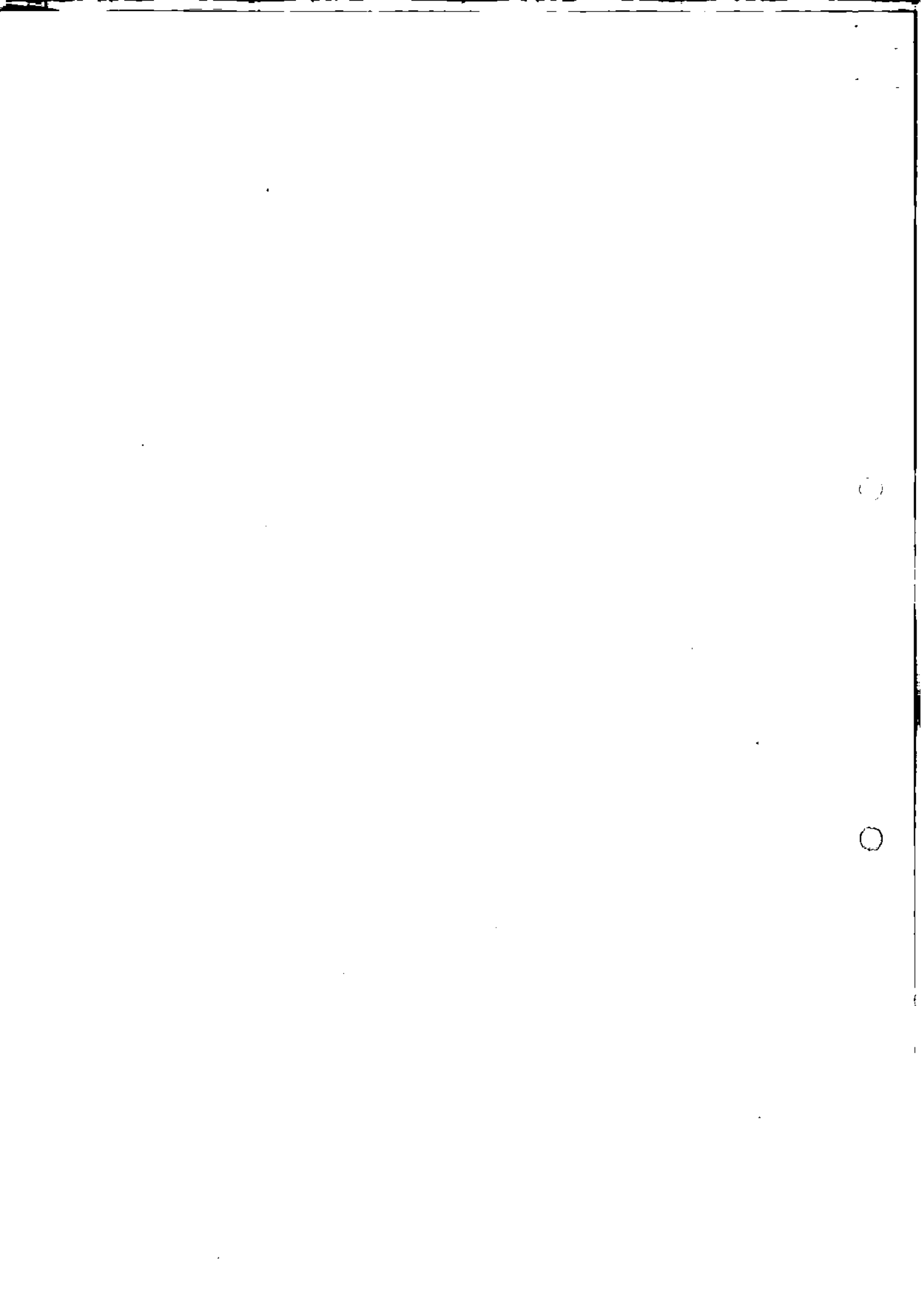
(Currency: Indian Rupees)

9 Other current liabilities

Particulars	31 March 2015	31 March 2014
Current maturities of long-term borrowings (refer note 5)	438,515	588,975
Interest accrued but not due on borrowings		
Loan taken from Mukta Arts Limited	37,188,264	35,377,246
Inter corporate deposit from Mukta Tele Arts Private Limited.	3,608,132	1,523,222
Inter corporate deposit from Serene Securities Private Limited.	241,027	-
Deposits from students and others	19,397,193	24,917,872
Temporary bank overdraft	692,059	1,570,011
Other payables:		
Advance fees received from students	51,118,967	40,763,664
Creditors for fixed assets	2,543,895	3,511,359
Employee benefits payable	3,827,885	3,922,358
Other liabilities		
Statutory dues payable*	2,350,825	3,909,115
Others	47,064	173,675
	<u>121,453,826</u>	<u>116,259,497</u>
*Statutory dues payable includes:		
Withholding taxes payable	1,595,729	3,045,291
Service tax payable	546,556	725,330
ESIC payable	10,627	11,228
Provident fund payable	173,763	106,141
Others payable	44,150	21,123

10 Short - term provisions

Particulars	31 March 2015	31 March 2014
Provision for employee benefits:		
Leave encashment	263,747	193,044
Compensated absence	83,534	63,841
Provision for income tax (net of advance tax Rs 198,671; (31 March 2014: Rs 162,856))	9,232	45,047
	<u>356,513</u>	<u>301,932</u>



Whistling Woods International Limited

Notes to the financial statements (Continued) as at 31 March 2015

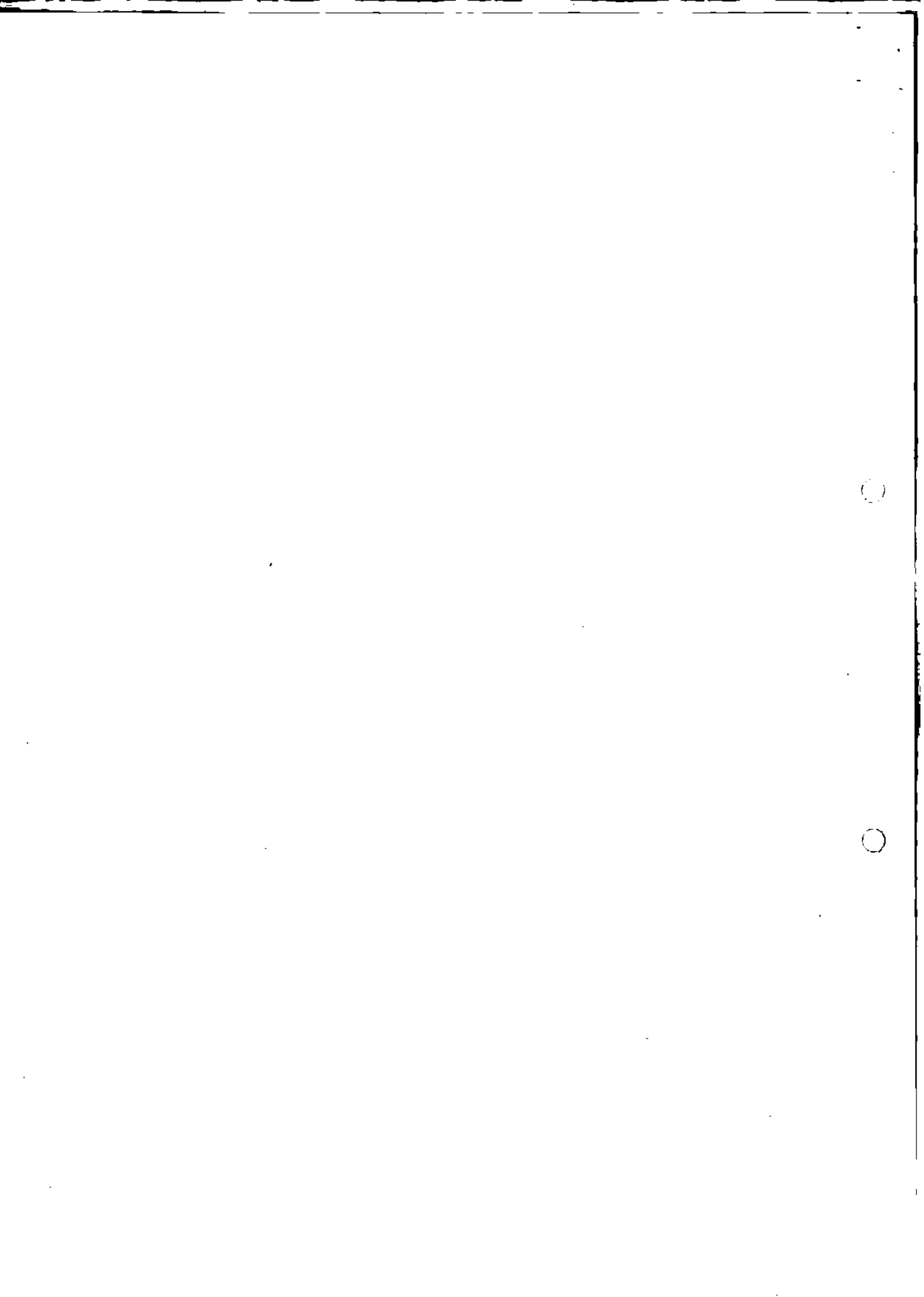
(Currency : Indian Rupees)

11 Fixed assets

	Land rights #	Tangible assets								Intangible assets				Total	Intangible assets under development	Grand total	
		Institute building	Temporary building	Plant and machinery	Motor vehicles	Furniture and fixtures	Office equipment	Electrical installation	Chemotography equipment	Computers and IT equipment	Total	Computer software	Intellectual property rights				Library of books
Gross block																	
As at 1 April 2013	30,000,000	278,718,006	666,964	48,742,375	5,346,028	32,049,061	3,939,525	27,431,936	109,572,737	126,553,837	665,022,468	16,423,916	6,184,839	8,510,385	31,439,560	694,441,828	
Additions during the year	-	-	-	985,105	30,600	814,761	11,990	-	1,220,185	2,190,121	4,252,762	722,829	650,540	-	1,373,369	7,692,385	
Deductions during the year	-	-	-	-	-	-	-	-	-	84,835	84,835	-	-	-	1,069,154	34,835	
As at 31 March 2014	30,000,000	278,718,006	666,964	49,727,480	5,376,628	32,863,822	3,951,515	27,431,936	110,792,922	128,661,123	668,190,395	17,146,745	6,184,839	9,461,125	33,792,729	702,032,778	
Additions during the year	-	789,177	-	-	590,626	-	32,765	-	570,002	3,007,097	4,579,667	2,015,257	25,000	396,649	2,436,906	8,273,473	
Deductions during the year	-	-	-	-	2,463,119	-	-	-	228,890	-	2,691,999	-	-	-	-	2,691,999	
As at 31 March 2015	30,000,000	279,507,183	666,964	49,727,480	3,913,509	33,444,448	3,984,280	27,431,936	111,131,044	131,668,220	674,478,063	19,162,002	6,209,839	9,827,774	35,279,635	797,657,692	
Accumulated depreciation / amortisation																	
As at 1 April 2013	-	80,355,995	666,964	30,339,400	2,560,106	27,782,553	2,560,004	16,253,748	80,726,668	115,574,650	357,320,188	14,949,684	6,112,579	8,574,390	29,636,665	386,956,853	
Depreciation / amortisation for the year	-	9,890,928	-	2,654,684	727,079	1,236,142	192,955	1,485,336	5,914,488	4,877,942	25,979,554	670,476	14,456	596,471	1,281,403	28,260,955	
Accumulated depreciation on disposals	-	-	-	-	-	-	-	-	-	82,775	82,775	-	-	-	-	82,775	
As at 31 March 2014	-	90,246,923	666,964	32,994,084	3,287,185	29,018,695	2,753,359	18,239,084	86,641,056	120,369,817	364,216,967	15,620,160	6,127,035	9,170,851	30,918,064	415,135,015	
Depreciation / amortisation for the year	-	9,155,088	-	3,717,941	732,314	1,097,675	720,591	4,776,953	9,128,375	2,453,765	34,790,292	754,261	15,001	557,592	1,327,654	33,187,946	
Other adjustments (refer Note 4)	-	-	-	-	99,651	1,894	25,818	-	203,781	-	2,618,117	469,578	-	-	469,578	3,215,958	
Accumulated depreciation on disposals	-	-	-	-	2,463,119	-	-	-	-	-	2,466,990	-	-	-	-	2,466,990	
As at 31 March 2015	-	99,399,611	666,964	36,713,025	1,656,031	30,318,464	3,499,758	23,016,037	95,565,650	125,441,699	406,815,839	16,843,999	6,142,836	9,728,443	32,745,278	448,791,317	
Net block																	
As at 31 March 2014	30,000,000	188,471,083	-	16,732,396	2,089,443	3,844,327	1,198,156	9,192,652	24,151,866	8,291,306	283,973,439	1,526,583	57,824	290,274	1,874,683	286,917,566	
As at 31 March 2015	30,000,000	189,167,572	-	13,015,455	1,257,478	3,376,384	484,523	4,415,899	15,568,394	6,236,521	254,407,225	2,318,003	67,003	179,331	2,581,357	289,022,656	

Notes:
Pursuant to notification of Schedule II of the Companies Act, 2013 with effect from 01 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. 3,215,058 (net of deferred tax Rs. Nil) has been adjusted against retained earnings for the assets which had no residual life as at 01 April 2014 (refer Note 4).

As the Company had perpetual right to use the land, the same was not amortised. (Also refer Note 24.1)



Whistling Woods International Limited

Notes to the financial statements (Continued) as at 31 March 2015

(Currency: Indian Rupees)

12 Deferred tax assets (net)

Particulars	31 March 2015	31 March 2014
Deferred tax liabilities		
Arising on account of timing difference in:		
- Depreciation/ amortisation	(13,629,321)	(16,073,398)
	A	(16,073,398)
Deferred tax assets		
Arising on account of timing difference in:		
Retirement benefits	1,539,085	876,466
Provision for doubtful debts and advances	154,344	379,025
Section 43B disallowances	246,119	402,425
Unabsorbed business loss as per Income tax Act, 1961	83,519,837	204,171,267
	B	205,829,183
Net deferred tax asset restricted to *	(A-B)	-

* In the absence of virtual certainty, no deferred tax assets have been recognised.

13 Long - term loans and advances (Unsecured, considered good)

Particulars	31 March 2015	31 March 2014
To parties other than related parties	611,282	586,800
Capital advance	3,949,060	3,934,260
Security deposits		
Other loans and advances	9,472,809	16,711,918
- Advance income tax and tax deducted at source (net of provisions Rs Nil; 31 March 2014: Rs Nil)		
	14,033,151	21,232,978

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

Particulars	31 March 2015	31 March 2014
Other bank balances (refer note 16)	40,443	40,443
Interest accrued and not due on fixed deposit	5,142	1,474
Other receivables	327,425	327,425
	373,010	369,342

Whistling Woods International Limited

Notes to the financial statements (Continued) as at 31 March 2015

(Currency: Indian Rupees)

15 Trade receivables (Unsecured)

Particulars	31 March 2015	31 March 2014
Receivables outstanding for a period exceeding six months from the date they became due for payment		
Considered good	2,663,015	874,972
Considered doubtful	499,494	1,226,617
Less: Provision for doubtful receivables	(499,494)	(1,226,617)
	(A) <u>2,663,015</u>	<u>874,972</u>
Other receivables		
Considered good	8,688,278	8,282,755
	(B) <u>8,688,278</u>	<u>8,282,755</u>
Total (A+B)	<u>11,351,293</u>	<u>9,157,727</u>

16 Cash and bank balances

Particulars	31 March 2015	31 March 2014
Cash and cash equivalents		
Cash on hand	217,655	212,527
Bank balances		
- In current accounts	598,734	570,068
Other bank balances		
Deposit with original maturity of more than twelve months	40,443	40,443
Less: Deposits with maturity of more than twelve months from the balance sheet date disclosed under non current assets (refer note 14)	(40,443)	(40,443)
	<u>816,389</u>	<u>782,595</u>

17 Short - term loans and advances (Unsecured, considered good)

Particulars	31 March 2015	31 March 2014
Other short-term loans and advances		
To parties other than related parties		
Security deposits	36,000	36,000
Advance to staff	2,010,042	1,645,509
Input service tax credit	512,651	653,648
Prepaid expenses	971,734	1,094,017
Advance to students	1,277,539	935,235
Loan against salary	358,305	121,125
Advance to suppliers	2,384,369	3,827,648
Rental deposits	126,163	126,163
	<u>7,676,803</u>	<u>8,439,345</u>

18 Other current assets (Unsecured, considered good)

Particulars	31 March 2015	31 March 2014
Unsecured, considered good		
Unbilled revenue	6,511,069	969,500
Other receivables	24,770	22,509
	<u>6,535,839</u>	<u>992,009</u>

Whistling Woods International Limited

Notes to the financial statements (Continued) for the year ended 31 March 2015

(Currency: Indian Rupees)

19 Revenue from operations

Particulars	31 March 2015	31 March 2014
Sale of services		
Acceptance fees	33,178,343	24,018,250
Tuition fees	60,967,604	88,748,068
Infrastructure fees	108,072,500	54,713,700
Income from institutional affiliations	6,557,480	1,635,211
	<u>208,775,927</u>	<u>169,115,229</u>
Other operating revenue:		
License fees (content use)	1,069,326	-
Consultancy fees	497,365	6,809,960
Sale of prospectus/application forms	1,097,713	853,397
Facilitation charges recovered from students	759,522	725,214
Re-examination fees	561,160	357,250
Other income	1,855,482	797,299
	<u>5,840,568</u>	<u>9,543,120</u>

20 Other income

Particulars	31 March 2015	31 March 2014
Interest income (Tax deducted at source Rs.23,592 (31 March 2014:Rs 25,650))	246,985	259,333
Interest on income tax refund	427,383	967,238
Other non-operating income:		
Discount received	138,655	235,822
Hire charges	6,970,010	11,491,643
Fine and penalty	938,324	448,147
Sundry balances written back	1,177,896	-
Sponsorship Received	420,000	-
Refund of property tax	6,469,896	-
Profit on sale of asset (Net)	620,902	11,593,053
	<u>17,310,051</u>	<u>24,995,256</u>

21 Employee benefits expenses

Particulars	31 March 2015	31 March 2014
Salaries, wages and bonus	41,492,775	37,702,579
Staff welfare expenses	2,716,061	2,851,740
Contribution to provident and other funds	3,109,399	1,787,265
	<u>47,318,235</u>	<u>42,341,584</u>

Whistling Woods International Limited

Notes to the financial statements (Continued) for the year ended 31 March 2015

(Currency: Indian Rupees)

22 Finance costs

Particulars	31 March 2015	31 March 2014
Interest expenses		
Interest on working capital facility	-	2,722,105
Interest on car loan	77,205	151,490
Interest on unsecured loan /intercorporate deposits	41,689,584	39,258,020
	<u>41,766,789</u>	<u>42,131,615</u>

23 Other expenses

Particulars	31 March 2015	31 March 2014
Professional fees	43,537,775	41,008,327
Advertisement and publicity expenses	21,323,390	30,728,361
Electricity expenses	16,873,078	15,516,503
Sets/ student practicals	11,238,900	17,172,275
Office maintenance	9,068,159	9,257,197
Security charges	5,410,863	4,778,031
Travelling and conveyance	5,322,810	5,809,964
Printing and stationery	3,220,976	3,983,643
Rates and taxes	1,880,282	2,428,850
Communication expense	1,918,378	1,910,331
Scholarships awards	1,657,686	3,624,928
Miscellaneous expenses	2,098,801	3,816,518
Motor car expenses	1,390,635	1,061,072
Insurance	1,329,421	1,286,493
Rent (net of recoveries)	541,999	523,627
Payment to auditor*	530,000	530,000
Provision for doubtful debts	499,494	1,163,817
Bad debts written-off (net of provisions for doubtful debts utilised Rs. 1,226,617 (31 March 2014:Rs Nil))	-	-
Sundry balances written-off	-	923,184
	<u>127,842,547</u>	<u>145,523,142</u>

*Payment to auditor	31 March 2015 (Excluding service tax)	31 March 2014 (Including service tax)
As auditor:		
- Statutory audit fees	500,000	500,000
- Reimbursement of expenses	30,000	30,000
	<u>530,000</u>	<u>530,000</u>

Whistling Woods International Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency: Indian Rupees)

24. Contingent liabilities

24.1 Litigation

Public Interest Litigation ('PIL') had been filed by Mr. Abdul Hamid Patel and Others alleging that the Maharashtra Film Stage and Cultural Development Corporation Limited (MFSCDCL) has not followed proper procedure while allotting the 20 acre land to the Company. Pursuant to the Order of the Hon'ble High Court of Judicature at Bombay of February 2012, the Joint Venture Agreement ('JVA') with MFSCDCL was quashed/ rendered cancelled, the Company was ordered to return the land to MFSCDCL and pay rent (including interest on arrears) retrospectively on the entire land since the date of the JVA. Further, the Company was directed not to accept admission for courses which extend beyond July 2014. Of the total land admeasuring 20 acres, 14.5 acres vacant unused land was repossessed by MFSCDCL on 18 April 2012 and the balance was to be repossessed on or before 31 July 2014. Pending discussion and/ or agreement with MFSCDCL and/ or clarifications to be sought from the concerned parties, no adjustments have been made to the share capital structure of the Company and the carrying value of the Land rights in the books of account. Further, MFSCDCL demanded Rs 832,062,611 towards rent and interest arrears thereon by letter dated 3 December 2012 for the period up to 30 November 2012. Also, as per the High Court Order which is under challenge from the Company, 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 Company/Mukta Arts Limited. During the year 2012-13, the Public Works Department (PWD) Engineer had given his valuation report of Instituto building (net book value at 31 March 2015 Rs 180,107,572 (31 March 2014: Rs 188,471,083)) based on the Balance sheet of the Company as at 31 March 2011. In the current year, MFSCDCL vide letter dated 14 July 2014, demanded Rs 591,966,210 towards arrears of rent and interest thereon, up to 31 July 2014, net of value of building determined as above.

Further, Mukta Arts Limited has made an application to the Government of Maharashtra in February 2013 to appoint expert valuer to determine the market price which in its view is the price to be determined by reading the directions of the High Court in their proper perspective. Also, Mukta Arts Limited and WWI had filed applications to review the said Order with the High Court and an interim stay was granted on 30 July 2014 which required deposit by Mukta Arts Limited of Rs 100,038,000 by January 2015 against payment of arrears of rent for the years 2000-01 to 2013-14 and payment of Rs 4,500,000 per annum from financial year 2014-15 till the settlement of the case to MFSCDCL. The State Government of Maharashtra and MFSCDCL challenged the Order of the High Court in the Supreme Court, which special

leave petition was dismissed by the Supreme Court on 22 September 2014. The amounts so paid/ being paid by Mukta Arts Limited to MFSCDCL have not been accounted in these financial statements. Management informs that these will be accounted, if required, on the settlement of the case.

Pending final outcome of the matter under litigation, no adjustment has been made in these financial statements 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.

Whistling Woods International Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency: Indian Rupees)

24. Contingent liabilities (*Continued*)

24.1 Litigation (*Continued*)

24.2 Income tax matters under dispute

Assessment year 2004-05

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

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

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

Assessment year 2005-06

There are certain additions/ disallowances made in the assessment and the Department had raised a demand of Rs 524,063 (including interest Rs 106,950) and the Company deposited the outstanding amount. Aggrieved by the assessment Order, the Company had filed an appeal with the C.I.T (Appeals) who confirmed the additions/ disallowances. The Company subsequently filed an appeal with the Income Tax Appellate Tribunal which set aside the Order and referred it back to the C.I.T Appeals who by Order dated 4 February 2013 upheld the Order of Assessing officer. The Company has filed an appeal against the said order before Hon. Tribunal on 23 April 2013. The Company has not accrued for the liability as it is contesting these matters and management believes that its position will be upheld. The Assessing officer has also levied penalty u/s 271(1)(c) of Rs 413,148 which was contested by the Company and the same has been appealed on 22 April 2014.

24.3 Arrears of dividend on RCPS (Redeemable Cumulative Preference Shares) excluding dividend distribution tax not provided Rs 127,123,287 (31 March 2014: Rs 111,123,287).

Whistling Woods International Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian Rupees)

24.4 Claims against the Company not acknowledged as debts pertaining to local levies Rs. 23,478,300 (31 March 2014: Rs 22,865,198).

24.5 The Company's pending litigations comprise of claims against the Company pertaining to proceedings pending with Income Tax and other authorities. The Company has reviewed all its pending litigations and proceedings and based on its assessment, either provided for where provisions are required or disclosed as contingent liabilities where applicable, in the financial statements.

25 Related party disclosures

(A) Related parties and their relationship:

Sr. No	Category of related parties	Names
	Related parties where control exists	
I	Holding company	Mukta Arts Limited
II	Individual holding more than 50% of voting power in the Holding company	Subhash Ghai
III	Enterprise in which a director has significant influence	Mukta Tele Arts Private Limited.
IV	Key managerial personnel	Mrs. Meghna Ghai Puri (Whole time director)
V	Enterprise in which a director is common	Mukta Tele Media Limited

(B) Transactions with related parties

Particulars	Holding company	Enterprise in which a director has significant influence	Key managerial personnel	Total
Loan received/Intercompany deposits	- (21,750,000)	800,000 (34,500,001)	- (-)	800,000 (56,250,001)
Repayment of loan	53,000,000 (4,050,000)	6,061,507 (2,427,477)	- (-)	5,9061,507 (6,477,477)
Reimbursement of expenses recovered	1,217,187 (179,544)	- (-)	- (-)	773,946 (179,544)
Reimbursement of expenses paid	723,846 (673,587)	- (-)	- (-)	773,946 (673,587)
Interest on loan/intercompany deposits	37,412,740 (37,563,329)	4,009,036 (1,694,691)	- (-)	41,421,776 (39,258,020)
Remuneration to Meghna Ghai Puri	- (-)	- (-)	2,482,057 (2,489,304)	2,482,057 (2,489,304)

The Company has received rent free premises from Mukta Tele Media Limited and Mukta Arts Limited to undertake its business related activities.

Whistling Woods International Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian Rupees)

25 Related party disclosures (Continued)

(C) Balances with related parties:

Particulars	Holding company	Enterprise in which a director has significant influence	Key managerial personnel	Total
Balance as at year end:				
Unsecured loan/Intercompany deposits	327,000,000 (380,000,000)	26,811,017 (32,072,524)	- (-)	353,811,017 (412,072,524)
Interest accrued but not due on borrowings	37,188,264 (35,377,246)	3,608,132 (1,525,222)	- (-)	40,796,396 (36,902,468)
Trade payable	- (493,341)	- (-)	- (-)	- (493,341)
Deposit received (pursuant to mutual sharing arrangement)	30,000,000 (30,000,000)	- (-)	- (-)	30,000,000 (30,000,000)
Outstanding redeemable cumulative preference shares	200,000,000 (200,000,000)	- (-)	- (-)	200,000,000 (200,000,000)

Refer Note 1.1 on Going concern

Note: - Previous year figures are given within brackets.

26 The Company is engaged primarily in imparting training in various skills related to films, television and media field which is the primary business segment. The Company does not have any exports and revenues from other services are not significant. Accordingly, the Company has only one reportable business segment, which is imparting training in various skills related to films, television and media and only one reportable geographical segment, which is India. Accordingly, the segment information as required by the Accounting Standard 17 on Segment Reporting has not been separately disclosed.

27 The Company does not have non-cancellable leases.

28 Employee benefits

Defined benefit plan

a) Gratuity plan

The following table sets out the status of the gratuity plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and fair value of plan assets:

Particulars	31 March 2015	31 March 2014
Change in present value of obligations		
Obligations at beginning of the year	2,195,795	1,853,676
Service cost	436,208	374,275
Interest cost	240,323	175,887
Actuarial (gain)/loss	636,728	(64,380)
Past service cost	-	-
Liabilities assumed on acquisition / (Settled on Divestiture)	-	-
Benefits paid	(102,338)	(143,663)

Whistling Woods International Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian Rupees)

Obligations at the end of the year	3,406,716	2,195,795
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28 Employee benefits (Continued)

Defined benefit plan (Continued)

a) Gratuity plan (Continued)

Particulars	31 March 2015	31 March 2014
Change in plan assets		
Fair value of plans assets at beginning of the year	961,930	980,666
Expected return on plan assets	105,017	89,073
Actuarial gain/(loss)	(73,151)	(3,972)
Contribution by employer	-	39,826
Assets acquired on acquisition / (Distributed on Divestiture)	-	-
Benefits paid	(102,338)	(143,663)
Fair value of plans assets at end of the period	891,458	961,930
Actual return on plan assets		
Expected return on plan assets	105,017	89,073
Actuarial gain / (loss) on plan assets	(73,151)	(3,972)
Actual return on plan assets	31,866	85,101
Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of the defined benefit obligations at the end of the year	3,406,716	2,195,795
Fair value of plan assets at the end of year	(891,458)	(961,930)
Present value of unfunded obligation	-	-
Funded status being amount of liability/(asset) recognized in the Balance sheet	2,515,258	1,233,865
Gratuity cost for the year		
Service cost	436,208	374,275
Interest cost	240,323	175,887
Expected return on plan assets	(105,017)	(89,073)
Actuarial (gain)/loss	709,879	(60,408)
Past service cost	-	-
Net gratuity cost	1,281,393	400,681

Other disclosures – gratuity

	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2012	Year ended 31 March 2011
Present value of defined benefit obligation	3,406,716	2,195,795	1,853,676	1,554,727	1,312,969
Fair value of plan assets	891,458	961,930	980,666	1,115,504	1,053,333
(Deficit) / surplus of the plan	(2,515,258)	(1,233,865)	(873,010)	(439,223)	(259,636)
Experience adjustments on defined benefit obligation [loss / (gain)]	37,719	524,492	(96,391)	(135,166)	(177,986)
Experience adjustments on fair value of plan assets [(loss) / gain]	(73,151)	(3,972)	(6,631)	3,623	5,053

Whistling Woods International Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian Rupees)

28 Employee benefits (Continued)

Actuarial assumptions

	31 March 2015		31 March 2014	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Discount rate (per annum)	7.90%	7.90%	9.35%	9.35%
Expected rate of return on plan assets (per annum)	7.50%	-	7.50%	-
Rate of escalation in salary (per annum)	6.00%	6.00%	6.00%	6.00%

a) Gratuity plan

Gratuity is payable to all eligible employees of the Company on superannuation or death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand 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 (31 March 2014: Rs 1,000,000).

Compensated absences liability

The expense towards compensated absences for the year ended 31 March 2015 based on actuarial valuation using the projected unit credit method amounting to Rs 900,074 (31 March 2014: Rs.198,207) has been recognised in the Statement of profit and loss.

Contribution to defined contribution plan

- b) The total charge during the year towards contribution to provident fund and ESIC amounts to Rs 1,828,006 (31 March 2014: Rs. 1,382,284) and is included under "Employee benefits expenses" in Statement of profit and loss.

29 Expenditure in foreign currency

Particulars	31 March 2015	31 March 2014
Repairs and maintenance	64,723	-
Advertisement expenses	323,446	417,701
Miscellaneous expenses	201,622	240,888

30 Earnings in foreign exchange

Particulars	31 March 2015	31 March 2014
Tuition fees	1,999,267	2,742,095
Application fees	8,799	2,286
Consultancy fees	497,365	2,895,535
Income from institutional affiliation	4,980,630	-

Whistling Woods International Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian Rupees)

31 Foreign currency exposures

- A. The year-end foreign currency exposures that have not been hedged by derivative instrument or otherwise are as follows:

Particulars	Currency	31 March 2015		31 March 2014	
		Amount in Foreign currency	Amount in Rs.	Amount in Foreign currency	Amount in Rs.
Cash on hand	USD	1,950	122,051	1,000	59,758
	THB	-	-	120	220
Capital advance	USD	2,000	128,866	-	-

- B. The Company has no foreign currency exposures relating to any receivable / payable balance as at 31 March 2015 (31 March 2014: Rs Nil).

32 Earnings per share ('EPS')

Particulars	31 March 2015	31 March 2014
Net loss *	(18,108,971)	(54,901,238)
Weighted average number of equity shares outstanding during the year	200,000	200,000
Basic and diluted earnings per equity share of Rs 1,000 each	(90.54)	(274.51)

* Before adjusting 8% preference dividend on redeemable cumulative preference shares amounting to Rs 16,000,000 since it is anti dilutive.

33 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.

34. 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.

Whistling Woods International Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian Rupees)

35 Prior period comparatives

Previous year's figures have been regrouped / reclassified as follows:

Regrouped from	To	Amount in Rupees
Other current assets	Other non-current assets	327,425
Short term loans and advances	Long term loans and advances	586,800
Trade payables	Other current liabilities	961,270
Other long term liabilities	Other current liabilities	100,000

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
Whistling Woods International Limited
CIN:U92141MH2001PLC130394

Rajesh Mehra
Partner
Membership No: 103145

Subhash Ghai
Director
DIN: 00019803

Meghna Ghai Puri
Director
DIN: 00130085

Mumbai
27 May 2015

Mumbai
27 May 2015

Prabhuddha Dasgupta
Chief Financial Officer

Akshatha Shetty
Company Secretary
Membership No: A28822