

**15th Annual Report  
2009-2010**

**Universal Arts Limited**

**Board of Directors:**

Mr. Manish Shah (Managing Director)  
Mrs. Ulka Shah  
Mr. Kunal Singh  
Mr. Satish Shidhaye  
Mr. Sandeep Poddar

**Auditors:**

M/s Sanjay Raja Jain & Co.  
Chartered Accountants  
G/2, Hanumant Bhavan,  
306, JSS Road, Thakurdwar,  
Mumbai 400 002.

**Registered Office:**

Plot No. 45,  
Ganpati Bhavan, 1st Floor,  
M. G. Road, Goregaon (West),  
Mumbai 400 062.  
Tele. 2874 8995/0001  
Fax 2876 7645  
Email: universalartslimited@hotmail.com

**Registrars & Transfer Agents:**

Bigshare Services Private Limited  
E/2, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Andheri (East),  
Mumbai 400 072  
Tele 2847 3474, 2847 0652/53  
Fax 2852 5207  
Email: bigshare@bom7.vsnl.net.in

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**Notice to the Members**

NOTICE is hereby given that the Fifteenth Annual General Meeting of Universal Arts Limited will be held on Friday, 24th day of December, 2010 at Keshav Gore Smarak Trust Hall, "Smriti", Aarey Road, Goregaon (West), Mumbai 400062 at 12.00 noon to transact the following business:

**Ordinary Business :**

1. To receive, consider and adopt the Balance Sheet as at 30th June, 2010 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sandeep Poddar, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To re-appoint M/s. Sanjay Raja Jain & Co., Chartered Accountants, the retiring Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be decided by the Board of Directors in consultation with the Auditors.

By Order of the Board

**Manish Shah**  
Managing Director

Place: Mumbai

Dated: 22nd November, 2010

**Notes:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY SHOULD, HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 20th December, 2010 to Friday, 24th December 2010 (both days inclusive).
3. Members seeking any information with regard to accounts of the Company are requested to send their queries so as to reach the registered office at least 10 days before the meeting to enable the management to keep the information ready.
4. As a measure of economy, copies of Annual Reports will not be distributed at the Annual General Meeting. Members are requested to bring their copies of Annual Report to the Meeting.

## Directors' Report

Your Directors have pleasure in presenting their Fifteenth Annual Report together with the Audited Accounts of the Company for the year ended on 30th June, 2010.

### Financial Results

(Amount in Rs.)

	For year ended on 30th June, 2010	For year ended on 30th June, 2009
Gross Income	90,16,816	29,79,500
Expenditure	1,04,36,771	48,11,845
Profit before Taxation & Depreciation	(14,19,955)	(18,32,345)
Depreciation	1,93,804	1,93,804
Profit / (Loss) before tax	(16,13,759)	(20,26,149)
Provision for Taxation & Fringe Benefit Tax	0	44,809
Profit / (Loss) after tax	(16,13,759)	(20,70,958)
Profit / (Loss) brought forward from last year	(1,71,31,964)	(1,50,61,006)
Profit / (Loss) carried forward to Balance Sheet	(1,87,45,723)	(1,71,31,964)

Even though it was a bad year the gross income has increased from Rs. 29.80 lakhs in the previous year to Rs. 90.17 lakhs in the current year, thereby registering an increase of 200% on annualized basis. The company has reported a loss of Rs. 16.14 lakhs in the current year as against Rs. 20.71 lacks during the previous year. The Company is trying to explore other areas of operation.

(A detailed analysis of financial results has been made in "Management Discussion & Analysis Report" which is annexed hereto.)

### Management Discussion and Analysis

In accordance with the Listing Agreement entered into with stock exchanges, the Management Discussion and Analysis Report is annexed hereto and forms part of this report.

### Fixed Deposits

The Company has not accepted any deposits from the Public within the meaning of Section 58A of the Companies Act, 1956 during the period under review.

### Directors

Mr. Sandeep Poddar will retire by rotation and being eligible, has offered himself for re-appointment at the ensuing Annual General Meeting. Your Directors recommend his re-appointment as Director.

### Directors Responsibility Statement

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) In the preparation of these annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The accounting policies have been consistently applied and reasonable and prudent judgments and estimates have been made, so as to give a true and fair view of the state of affairs of the Company for the year ended on 30th June 2010 and of the loss of the Company for that year;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) These annual accounts have been prepared on a going concern basis.

**Auditors**

M/s. Sanjay Raja Jain & Co., Chartered Accountants, the auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as the Auditors of the Company. A certificate from the Auditors has been received to the effect that their appointment, if made, would be within limits prescribed under Section 224(1B) of the Companies Act, 1956.

**Auditors Report**

The Auditors Report to the Shareholders does not contain any adverse qualifications.

**Internal Control System**

The Company maintains adequate internal control systems, which provide, among other things, reasonable assurance of recording the transaction of its operations in all material respects and of providing protection against significant misuse or loss of company's assets. The Company is now in the process of setting up Internal Audit System.

**Corporate Governance**

A report of the Corporate Governance is annexed hereto and forms part of this Report. A certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance is attached to this Report.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo**

The Company is not strictly engaged in the manufacturing activity; as such particulars relating to conservation of energy and technology absorption are not applicable. However, in the editing facilities, offices etc., adequate measures are being taken to conserve energy as far as possible.

As far as foreign exchange earning and outgo is concerned, the Company has neither earned nor used any foreign exchange during the period under review.

**Particulars of Employees**

There is no employee covered pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended. Hence, no particulars are given.

**Subsidiary Companies**

A statement pursuant to Section 212 of the Companies Act, 1956 relating to Company's subsidiaries is attached to the balance sheet.

**Consolidated Financial Statements**

Your Directors have pleasure in attaching the Consolidated Financial Statements prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

**Acknowledgments**

Your Directors wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the Bankers, shareholders, Registrar & Transfer Agents, and channels, whose continued support has been a source of strength to the Company. Your Directors also place on record their appreciation for the dedicated and sincere services rendered by the employees of the Company.

For and on behalf of the Board

**(Manish Shah)**  
*Chairman cum Managing Director*

Place: Mumbai  
Date: 22nd November, 2010

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## Management Discussion and Analysis Report

### Industry Structure and Development

The Indian Entertainment industry (consisting of television, cinema, music, radio and live entertainment) continued to grow during the year 2009 too. The total size of the industry at present is about Rs.440 billion and is expected to grow to Rs.600 billion by 2011. The size of Indian television market was Rs.210 billion in 2009.

The television software segment, which provides content to broadcaster, accounted for about 14 percent of the entertainment industry and about 26 per cent of the Indian television industry. The same is expected to grow at the rate of about 14% per year.

Cable and satellite (C&S) penetration reached about 75 million households while average number channels increased to about 220. C&S, which was initially an urban phenomenon, began to penetrate rural areas. This is because the rural market for colour television is progressing rapidly. Of 250 lakhs households that brought television sets in India during last three years, 190 lakhs (77%) are in rural areas.

The Government of India amended Cable Network (Regulation) Act, 1995 in January 2003 whereby it was mandatory to view pay channels only via set top box. However, the failures of the CAS scheme and the repeated delays in the rollout of DTH have affected the sentiments of the industry in general.

The Indian film industry was worth an estimated Rs. 90 billion in 2008 and is expected to reach at about Rs. 143 billion by 2010. The industry is going through a radical change with advent of multiplexes.

### Opportunities and Threats

#### Opportunities

The revenue for Hindi movies has increased ten folds in last five years.

Many new rights like Broadband, Internet Protocol Television, Ring tones etc has started generating revenues.

It is hoped that DTH and CAS becomes operational during next few years. These systems will end the monopoly of cable operators and shift the power to consumers.

Emergence of international audiences and NRI's as a strong and lucrative market for feature films

Television enjoys the highest reach across the people all over India. It has direct, day-to-day and continuous mass appeal when compared with newspapers, radio or cinema. There still exists a vast potential for reaching cable television.

The access of cable and satellite channels into television households is currently 21 percent compared to 43 per cent of all Indian households having television sets- a considerable room for growth within India's existing market.

The international markets represent a large untapped market for the Indian soap. India is in a position to capture the attention of a large Indian population across UK, UAE, South Africa and US.

#### Threats

However, we perceive certain threats as follows:

The economic / industrial recession which had affected most of the industries in the country still continues. The entertainment industry is the most affected one, since entertainment is the last priority for people in recession. Also with the world facing recession global sources of funds are drying up.

The possibility of a shake up in the Cable and Satellite Channels will result in stiff competition between the existing content providers. A delay in introduction of CAS and DTH had negative effects on the industry. The freeze on rates imposed through a TRAI notification may affect growth of broadcasters and cable operator's revenue. This may reduce the profitability and hence the growth rates in TV industry.

The media industry may feel a positive or negative impact in future due to the changes in the regulatory framework and tax laws as compared with the current scenario.

With the entry of Big Corporate like UTV, Eros, TV18, Ashtavinayak, Sony Pictures, Reliance, Aditya Birla Group, the competition would increase and thereby increasing the cost of negative rights, satellite rights, video rights, etc.

With the entry of Corporate sector, the small producers will cease to exist and thereby the company may find it difficult to get good quality of negative for future business.

To save cost, most of the Channels still look for syndication of movies and re-run of movies from their library which may effect the market for new acquisition of films.

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**Segment-wise or Product-wise performance**

**Purchasing rights of films**

The Company sells the satellite rights to channels such as Star, Zee, Sony, Sahara, ETV etc. and video rights to video companies such as Time, Bombino etc. The Company offers movies to Doordarshan for one time single telecast.

The Company has acquired Doordarshan rights of some of the very big Hindi movies. They are All The Best starring Ajay Devgn, Sanjay Dutt, Bipasha Basu, Fardeen Khan and others, Alladin starring Amitabh Bachchan, Sanjay Dutt, Riteish Deshmukh, Jacqueline Fernandes, Blue starring Akshay Kumar, Sanjay Dutt, Zayed Khan, Katrina Kaif, Lara Dutta, Karthik Calling Karthik starring Farhan Akhtar, Deepika Padukone and others, Shortcut The Con Is On starring Sanjay Dutt, Anil Kapoor, Akshaye Khanna, Arshad Warsi, Amrita Rao, Anjaana starring Rajendra Kumar, Babita, Pran, Nirupa Roy, etc. The Company strives to pioneer itself to be the number 1 player in Doordarshan.

Out of the above films, the Company has been already successful in telecasting movies like Blue, Alladin, Ganwaar and All the Best on Doordarshan National Network.

The Company is also looking for other areas of operations.

**Future Outlook**

With the entry of Big Corporate like UTV, Eros, TV18, Ashtavinayak, Sony Pictures, Reliance, Aditya Birla Group, the competition has increased and thereby increasing the cost of negative rights, satellite rights, video rights, etc. This would result in requirement of huge amount of capital to survive in this business, With a small capital and negative reserves the going for the company appears to be tough.

**Internal Control System and their adequacy**

The Company maintains adequate internal control systems, which provide, among other things, reasonable assurance of recording the transaction of its operations in all material respects and of providing protection against significant misuse or loss of company's assets.

**Discussion on financial performance with respect to operational performance**

At the Last Annual General Meeting of the Company, the Board of Directors expected a bad year. Due to entry of big corporates like Astavinayak, Eros, TV 18, UTV, Reliance, Adlabs, Sony Pictures, the business in which your Company is into has become more capital intense. It has become difficult to operate in the said industry with small corpus.

Even though it was a bad year the gross income has increased from Rs. 29.80 lakhs in the previous year to Rs. 90.17 lakhs in the current year, thereby registering an increase of 200% on annualized basis. The company has reported a loss of Rs. 16.14 lakhs in the current year as against Rs. 20.71 lacs during the previous year. The Company is trying to explore other areas of operation.

It has always been the policy of the Company to control and reduce the expenditure to the extent possible. No director has claimed any sitting fees / out of pocket expenses for attending board/ committee meetings. As a cost cutting measure, the strength of employees was kept to the bare minimum.

The Company is exploring various options/means to come out of the intense and competitive arena where it finds itself.

**Material Development in Human/ Industrial Relations Front**

The Company believes that the manpower is the primary and most valuable resource to the growth of the organisation. Therefore, the Company is in the process of recruiting competent key managerial personnel in the field of editing, recording, production, post-production etc. The media industry is highly dependent on individual creative talent and the Company will make all the efforts to attract and retain the best and creative talent in the industry.

## Report on Corporate Governance

This report on Corporate Governance forms part of the Directors Report. This section besides being in compliance of the mandatory listing agreement requirement gives an insight into the process of functioning of the Company.

### Company's Philosophy on Code of Corporate Governance

- To adopt internal and external measures to increase the level of transparency and accountability.
- To demonstrate to stakeholders that the Company is following right governance practices.
- To lead the Company towards high growth path of higher profits and revenue.
- To respect the laws of the land and rights of stakeholders and to get respect from all concerned.
- To uphold at all times fundamental values of accountability, probity and transparency in all areas of its operations and business practices.

### Board of Directors

The Board of Company consists of eminent persons with considerable professional experience and expertise in the field of media, law, finance, accounts etc.

The strength of the Board of Directors of the Company as on 30th June 2010 is 5.

The Composition of Board of Directors is as follows:

Name of Directors	Designation	Category	Status
Mr. Manish Shah	Managing Director	Executive	Independent
Mrs. Ulka Shah	Director	Non-executive	Independent
Mr. Kunal Singh	Director	Non-executive	Independent
Mr. Satish Shidhaye	Director	Non-Executive	Independent
Mr. Sandeep Poddar	Director	Non-executive	Independent

During the year, Five Board meetings were held and the requisite quorum was present at all Board meetings. There is no gap of four months between any two meetings. None of the Directors is a member in more than 10 committees or acts as a Chairman in more than five committees across all companies in which he is a Director.

### Audit Committee

The composition, powers and functions of the Audit Committee were as stipulated under clause 49 of the Listing Agreement and under section 292A of the Companies Act, 1956.

Name of Directors	Designation	Category	Status
Mr. Satish Shidhaye	Chairperson of the Committee	Non-Executive	Independent
Mrs. Ulka Shah	Member of the Committee	Non-Executive	Independent
Mr. Sandeep Poddar	Member of the Committee	Non-executive	Independent

The Statutory Auditors are the permanent invitees to the Audit Committee Meeting. The Committee met five times during the year.

### Remuneration Policy and Details of Remuneration paid

No remuneration was paid to other Executive Directors and Non-executive Directors.

### Shareholders / Investors Grievance Committee

The main functions of Shareholders/ Investors Grievance Committee is taking care of shareholders' grievances and strengthening investors' relations.

The Composition of the Committee is as follows:

Name of Director	Designation	Category	Status
Mrs. Ulka Shah	Chairperson of the Committee	Non-executive	Independent
Mr. Satish Shidhaye	Member of the Committee	Non-executive	Independent
Mr. Manish Shah	Member of the Committee	Executive	Independent

During the year, the Committee held 5 meetings. All investor complaints received during the year have been resolved except 1 complaints, which is under process.

### Share Transfer Committee

The Share Transfer Committee consists of Mr. Manish Shah, the Managing Director and Mrs. Ulka Shah as its members. The Committee met 5 times during the year to approve the transfer of shares and other matters relating to transfer and registration of shares.



## Universal Arts limited

### Disclosure

There have been no transactions of material nature between the Company and its promoters, directors, management, their subsidiaries or relative etc. that may have potential conflict with the interests of the Company at large and which have not been disclosed to the Board.

The equity shares of the Company are listed on the Bombay Stock Exchange Limited and Hyderabad Stock Exchange Limited. The Company is complying with the regulations relating to capital markets and that no penalty or strictures have been imposed on the Company by the stock exchanges or SEBI or any statutory authority in respect thereof.

### Means of Communication

Un-audited quarterly results of the Company for the quarter ending 30th September 2009, 31st December 2009, 31st March 2010 and 30th June 2010 were published in newspapers as stipulated under the listing agreement.

### CEO / CFO Certification

A Certificate from the Managing Director on the financial statement of the Company was placed before the Board as required by clause 49(v) of the Listing Agreement.

### General Body Meeting

The location and time where last three Annual General Meeting were held are as under :

Date & Time	Venue	Special Resolution
a) 23rd December, 2009 12.00 noon	Keshav Gore Smarak Trust Hall Smriti, Aarey Road, Goregaon (W) Mumbai 400 062	No
b) 19th December, 2008 12.00 noon	Keshav Gore Smarak Trust Hall Smriti, Aarey Road, Goregaon (W) Mumbai 400 062	No
c) 29th December, 2007 11.30 a.m.	Keshav Gore Smarak Trust Hall Smriti, Aarey Road, Goregaon (W) Mumbai 400 062	Yes

### General Shareholders information

The required information is provided in "Shareholders information" Section.

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

**Universal Arts Limited**

We have examined the Company's Compliance of conditions of Corporate Governance by UNIVERSAL ARTS LIMITED for the year ended 30th June, 2010, as stipulated in clause 49 of the Listing Agreement of the Said Company with Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our Examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company in our Opinion and to be best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that except one, no other investors' grievance is pending for a period exceeding one month against the Company as per records maintained by the Shareholders' / Investors' Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Sanjay Raja Jain & Co.**

*Chartered Accountants*

FRN-120132W

**Sanjay Raja Jain**

*Partner*

Place : Mumbai

Date : 22nd November, 2010

## CERTIFICATE OF COMPLIANCE WITH CODE OF CONDUCT POLICY

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, this is to confirm that all the Members of the Board have affirmed the compliance of the Code of conduct for the year ended 30th June, 2010

Place : Mumbai

Date : 22nd November, 2010

**For UNIVERSAL ARTS LIMITED**

**Manish Shah**

*MANAGING DIRECTOR*

### Shareholders Information

<b>Date, time and venue of 15th AGM</b>	Friday, 24th December 2010 at 12:00 noon at Keshav Gore Smarak Trust Hall, "Smriti", Aarey Road, Goregaon (West), Mumbai 400062.
<b>Date of Book Closure</b>	20th December 2010 to 24th December 2010 (both days inclusive)
<b>Listing on Stock Exchanges</b>	The Bombay Stock Exchange Limited The Hyderabad Stock Exchange Limited.
<b>Listing Fees</b>	Paid as per the Listing Agreements
<b>Demat Arrangement</b>	With NSDL and CDSL
<b>ISIN No.</b>	INE 464801018
<b>BSE Stock Code</b>	532378
<b>Registered Office</b>	Plot No. 45, Ganpati Bhavan, 1st Floor, M.G. Road, Goregaon (West), Mumbai 400 062 Tel No. 2874 8995, 2874 9001 Fax No. 2876 7645 Email: universalartslimited@hotmail.com
<b>Registrar &amp; Share Transfer Agents</b>	M/s Bigshare Services Private Limited E/2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072. Tele No. 2847 3474, 2847 0652/0653 Fax No. 2852 5207 Email: bigshare@bom7.vsnl.net.in
<b>Compliance Officer</b>	Mr. Manish Shah Managing Director Plot No. 45, Ganpati Bhavan, 1st Floor, M.G. Road, Goregaon (West), Mumbai 400 062 Tel No. 2874 8995, 2874 9001 Fax No. 2876 7645

#### Categories of Shareholders as on 30th June, 2010:

Category	% of Shareholding	Nos. of shares held
Promoters	0.00100	100
Private Bodies Corporate	14.97384	1492877
Indian Public	81.73819	8149216
Non Resident Indians	3.28697	327707
<b>Total</b>	<b>100.000000</b>	<b>9969900</b>

Total no. of shares forfeited but not re-issued(not included in above statement) = 30,900

#### Distribution of Shareholding as on 30th June, 2010:

No. of Equity Share	Shareholders		No. of Shares	
	Number	% of holders	Number	% of shares
1 - 5000	2560	54.86	731533	7.34
5001 - 10000	955	20.47	875293	8.78
10001 - 20000	473	10.14	794351	7.96
20001 - 30000	195	4.17	517755	5.19
30001 - 40000	99	2.12	368553	3.70
40001 - 50000	117	2.51	563637	5.65
50001 - 100000	139	2.98	1029017	10.32
100001 - and above	128	2.75	5089761	51.06
<b>Total</b>	<b>4666</b>	<b>100.00</b>	<b>9969900</b>	<b>100.00</b>

Total no. of shares forfeited but not re-issued (not included in above statement) = 30,900

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## AUDITORS' REPORT

To,  
The Members,  
**UNIVERSAL ARTS LTD**

We have audited the attached Balance Sheet of UNIVERSAL ARTS LTD, Mumbai as at 30th June, 2010 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in Annexure hereto a Statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that :
  - (a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as appears from our examination of those books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
  - (d) In our opinion, Balance Sheet and Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standard referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except for Accounting of taxes as per AS-22.
  - (e) In our opinion, and to the best of our information and explanations given to us none of the directors are disqualified as on 30th June, 2010 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India :
    - (i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 30th June, 2010.
    - (ii) In so far as it relates to the Profit and Loss Account, of the Loss of Company for the year ended on that date.
    - (iii) In so far as it relates to Cash Flow Statement, of the Cash Flow for the year ended on that date.

**For SANJAY RAJA JAIN & CO**  
**CHARTERED ACCOUNTANTS**  
FRN - 120132W  
**SANJAY RAJA JAIN**  
(PARTNER)

Place : Mumbai.  
Date : 22nd November, 2010.

### ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph 2 of our report of even date)

1.
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year.
2.
  - a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. The company has taken loans from parties listed in the register maintained U/s. 301 of the Companies Act, 1956. The year-end balance of loan taken from such parties was Rs. 0.50 lakhs.  
The Company has granted loans to Companies, Firms or other parties as listed in the register maintained under section 301 and / or to the Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956. The year-end balance of loan given to such parties was Rs. 142.07 lakhs.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.  
b) In our opinion and according to the information and explanations given to us, the transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding Rs. 5,00,000/- (Rupees Five Lacs only) in respect of any party during the year have been made at price, which are reasonable having regard to prevailing market price at the relevant time.
6. As explain to us the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. The company is not required to maintain cost record U/s. 209(1)(d) of the Companies Act, 1956.
9. a) According to the information and explanation given to us, and records being made available to us, the undisputed statutory dues including Income-tax, Sales Tax, Wealth Tax, and other statutory dues wherever applicable have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 30th June, 2010 for a period of more than six months from the date of becoming payable.  
b) In our opinion and according to the information and explanations given to us, there are no disputed statutory dues pending before any Authority.
10. The Company has accumulated losses of Rs.187.46 Lakhs as on 30.06.2010 and has incurred cash losses of Rs. 14.20 lakhs during the Financial Year covered by our audit.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The Company has maintained proper records of transaction and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the company in its own name.
15. According to information and explanation given to us and to the best of knowledge, the Company has not given guarantees for loans taken by others from banks or financial institutions.
16. In our opinion and according to information and explanation given to us, a company has not received any terms loan during the year.
17. According to the information and explanation given to us, and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not raised funds from Short Term sources and utilized the same towards Long Term investments and vice-versa.
18. During the year, the Company had not made any preferential allotment of shares to parties and companies covered in the register maintained U/s. 301 of the Companies Act, 1956.
19. According to information and explanation given to us, the Company has not issued any secured debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

For **SANJAY RAJA JAIN & CO,**  
CHARTERED ACCOUNTANTS  
FRN - 120132W

**SANJAY RAJA JAIN**  
(PARTNER)

Place : Mumbai.  
Date : 22nd November, 2010

Universal Arts limited

**Balance Sheet as on 30th June, 2010**

	Schedule	As on 30-06-2010 (Rs.)	As on 30-06-2009 (Rs.)
<b>SOURCES OF FUND :</b>			
<b>Shareholder's Fund</b>			
Share Capital	A	99,872,030	99,872,030
Capital Reserve		4,325,720	4,325,720
<b>Loan Funds</b>			
Unsecured Loan	B	50,000	125,000
	<b>Total</b>	<b>104,247,750</b>	<b>104,322,750</b>
<b>APPLICATION OF FUND :</b>			
<b>Fixed Assets</b>			
Gross Block	C	5,459,419	5,459,419
Less : Depreciation		3,731,103	3,537,299
Net Block		1,728,316	1,922,120
Capital Work-in-progress		13,470,000	13,470,000
<b>Investments</b>	D	45,743,000	45,743,000
<b>Current Assets, Loans &amp; advances</b>	E	28,979,468	30,617,116
<b>Less : Current Liabilities &amp; Provisions</b>	F	4,418,757	4,561,450
<b>NET CURRENT ASSETS</b>		<b>24,560,711</b>	<b>26,055,666</b>
<b>Profit &amp; Loss a/c.</b>		<b>18,745,723</b>	<b>17,131,964</b>
	<b>Total</b>	<b>104,247,750</b>	<b>104,322,750</b>

**NOTES FORMING PART OF ACCOUNTS**

I

Notes : Schedule A to F and notes on accounts thereon forming part of this Balance Sheet.

As per our report of even date

For & on behalf of the Board of Directors

**For Sanjay Raja Jain & Co.**

Chartered Accountants

FRN - 120132W

**Sanjay Raja Jain**

Partner

Place : Mumbai

Date : 22nd November, 2010

Director

Director

Place : Mumbai

Date : 22nd November, 2010

**Profit and Loss account for the year ended 30th June, 2010**

	Schedule	As on 30-06-2010 (Rs.)	As on 30-06-2009 (Rs.)
<b>INCOME :</b>			
Sales		8,940,500	2,979,500
Other Income	G	76,316	-
Closing Stock		7,786,420	12,505,860
	<b>TOTAL</b>	<b>16,803,236</b>	<b>15,485,360</b>
<b>EXPENDITURE :</b>			
Opening Stock		12,505,860	13,310,360
Purchase		2,700,000	702,350
Direct Expenses		123,000	-
Administrative Expenses	H	2,894,331	3,304,995
Depreciation		193,804	193,804
	<b>TOTAL</b>	<b>18,416,995</b>	<b>17,511,509</b>
Profit/(Loss) Before Tax		(1,613,759)	(2,026,149)
Less :- Fringe Benefit Tax		-	44,809
		(1,613,759)	(2,070,958)
Profit/(Loss) brought forwards from last year		(17,131,964)	(15,061,006)
<b>Profit/(Loss) carried to Balance Sheet</b>		<b>(18,745,723)</b>	<b>(17,131,964)</b>

**NOTES FORMING PART OF ACCOUNTS**

I

Note : Schedule G &amp; H and notes on accounts thereon forming part of this Profit &amp; Loss Account.

As per our report of even date

For &amp; on behalf of the Board of Directors

**For Sanjay Raja Jain & Co.**  
Chartered Accountants  
FRN – 120132W

**Sanjay Raja Jain**  
Partner

Director

Director

Place : Mumbai  
Date : 22nd November, 2010

Place : Mumbai  
Date : 22nd November, 2010

**Cash flow statement for the year ended 30th June 2010**

(Rs. In '000)

<b>Particulars</b>	<b>As at 30.06.2010</b>	<b>As at 30.06.2009</b>
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before Tax	(1,614)	(2,071)
Adjustment for		
Depreciation	194	194
Preliminary and issue expenses written off	-	-
	<u>(1,420)</u>	<u>(1,877)</u>
Operating profit before working capital charges		
Adjustment for		
(Increase)/Decrease in current Assets		
Trade and other receivable	(2,164)	1,356
Inventories	4,719	805
Increase/(Decrease) in current liabilities		
Trade payables	(143)	(137)
	<u>993</u>	<u>146</u>
Net cash used in operating activities	(A)	146
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale/(Purchase) of Fixed Assets	-	-
Sale/(Purchase) of Investment	-	-
	<u>-</u>	<u>-</u>
Net cash used in investing activities	(B)	-
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Unsecured Loans	(75)	(350)
	<u>(75)</u>	<u>(350)</u>
Net cash used in financing activities	(C)	(350)
NET INFLOW / ( OUTFLOW ) [A+B+C]	<u>918</u>	<u>(204)</u>
<b>D NET INCREASES IN CASH &amp; CASH EQUIVALENTS</b>		
Cash & Cash equivalents opening balance	147	351
Cash & Cash equivalents closing balance	<u>1,065</u>	<u>147</u>
	<u>918</u>	<u>(204)</u>

As per our report of even date

**For Sanjay Raja Jain & Co.**

Chartered Accountants

FRN – 120132W

**Sanjay Raja Jain**

Partner

Place : Mumbai

Date : 22nd November, 2010

For & on behalf of the Board of Directors

Director

Place : Mumbai

Date : 22nd November, 2010

**AUDITOR'S REPORT**

We have examined the above cash flow statement of Universal Arts Ltd. derived from the Audited financial statements for the year ended on 30th June, 2010 and found the same to be drawn in accordance therewith.

**For Sanjay Raja Jain & Co.**

Chartered Accountants

FRN – 120132W

**Sanjay Raja Jain**

Partner

Place : Mumbai

Date : 22nd November, 2010

**SCHEDULES FORMING PART OF ACCOUNTS**

	30-06-2010 (Rs.)	30-06-2009 (Rs.)
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
1,10,00,000 Equity Shares of Rs. 10/- each	110,000,000	110,000,000
<b>Issued and Subscribed Capital</b>		
1,00,00,800 Equity Shares of Rs.10/- each	100,008,000	100,008,000
<b>Paid-up Capital</b>		
99,69,900 Equity shares of Rs. 10/- each fully paid up	99,699,000	99,699,000
Add : forfeited shares (Amounts originally paid on 30900 shares)	173,030	173,030
	<b>99,872,030</b>	<b>99,872,030</b>
<b>SCHEDULE - B</b>		
<b>Unsecured Loan</b>		
From company	50,000	125,000
	<b>50,000</b>	<b>125,000</b>

**SCHEDULE - C****FIXED ASSETS**

		GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As on 01/07/2009	Additions During the Year	Deductions During the Year	As on 30/06/2010	As on 01/07/2009	Provided for the Year	Deductions During the Year	As on 30/06/2010	As on 30/06/2010	As on 01/07/2009
Building	1.63%	750,000	-	-	750,000	88,631	12,225	-	100,856	649,144	661,369
Plant & Machinery	7.07%	2,057,400	-	-	2,057,400	1,189,177	145,458	-	1,334,635	722,765	868,223
Computers	16.21%	574,717	-	-	574,717	574,717	-	-	574,717	-	-
Office Equipment	4.75%	126,000	-	-	126,000	44,899	5,985	-	50,884	75,116	81,101
Portal & Content Right	-	1,475,230	-	-	1,475,230	1,475,230	-	-	1,475,230	-	-
Furnitures	6.33%	476,072	-	-	476,072	164,644	30,135	-	194,780	281,292	311,428
<b>TOTAL</b>		<b>5,459,419</b>	<b>-</b>	<b>-</b>	<b>5,459,419</b>	<b>3,537,299</b>	<b>193,804</b>	<b>-</b>	<b>3,731,103</b>	<b>1,728,317</b>	<b>1,922,120</b>
<b>Previous year</b>		<b>5,459,419</b>	<b>-</b>	<b>-</b>	<b>5,459,419</b>	<b>3,343,495</b>	<b>193,804</b>	<b>-</b>	<b>3,537,299</b>	<b>1,922,120</b>	



# Universal Arts limited

			30-06-2010 (Rs.)	30-06-2009 (Rs.)
<b>SCHEDULE - D</b>				
<b>INVESTMENTS (Non-trade, Long term at cost)</b>				
	Qty.			
<b>In Equity shares of Subsidiary Companies (Unquoted)</b>				
Bama Infotech Pvt. Ltd. of Rs. 10/- each	10000	(10000)	100,000	100,000
<b>In Debentures of Subsidiary Companies (Unquoted)</b>				
Bama Infotech Pvt. Ltd. of Rs. 1000/- each	11193	(11193)	11,193,000	11,193,000
<b>In Equity Shares of Companies (Unquoted)</b>				
Goldmines Telefilms Pvt. Ltd	23500	(23500)	34,450,000	34,450,000
			<b>45,743,000</b>	<b>45,743,000</b>
<b>SCHEDULE - E</b>				
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b><u>Cash &amp; Bank balance</u></b>				
Cash in hand			1,026,564	77,811
Balances with Scheduled Banks in Current accounts			38,567	69,178
<b>Sundry Debtors (Unsecured considered good)</b>				
More than six months			619,180	670,510
Other			2,000,000	1,251,500
<b><u>Inventories</u></b>				
Stock and Work-in-progress			7,786,420	12,505,860
Advance recoverable in cash or in kind or for value to be recd.	26,395,003			24,928,524
<b><u>Less:- Provision for doubtful debt</u></b>	<b>8,886,266</b>		<b>17,508,737</b>	<b>(8,886,266)</b>
			<b>28,979,468</b>	<b>30,617,116</b>
<b>SCHEDULE - F</b>				
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
Sundry Creditors for expenses			3,531,197	3,513,811
Outstanding expenses			559,418	268,540
Provision for fringe benefit tax			159,512	221,804
Provision for taxation			168,630	557,295
			<b>4,418,757</b>	<b>4,561,450</b>

	30-06-2010 (Rs.)	30-06-2009 (Rs.)
<b>SCHEDULE - G</b>		
<b>OTHER INCOME</b>		
Interest Income	75,563	-
Sundry Balance w/back	753	-
	<u>76,316</u>	<u>-</u>
<b>SCHEDULE - H</b>		
<b>SALARY, ADMINISTRATIVE &amp; OTHER EXPENSES :</b>		
<u>Employees Remuneration &amp; Benefits</u>		
-- Salary, Bonus & other benefits	976,001	811,170
-- Staff Welfare	110,704	109,584
Advertising Expenses	42,383	52,673
Audit Fees	28,000	28,000
AGM Expenses	33,177	32,974
Annual Charges	46,547	34,367
Bank Charges	23,362	12,069
Brokerage	-	22,500
Books and Periodicals	35,534	43,951
Business Promotion expenses	138,695	225,649
Conveyance Expenses	250,125	258,999
Electricity charges	137,760	252,700
Interest	-	520
Legal & Professional expenses	67,500	141,500
Listing fees	16,544	13,511
Membership & Subscription	263	1,113
Miscellaneous expenses	132,656	162,057
Motor Car Expenses	-	47,651
Office expenses	133,804	143,965
Postage & Telegram	149,479	146,736
Printing & Stationery	157,447	151,879
Profession Tax	2,500	3,125
Rent, Rates & Taxes	19,000	48,438
Registrar fees	58,455	56,025
Repairs & Maintenance	109,108	113,481
Sundry Balances w/off	-	275
Telephone, Telex & Courier	151,201	171,547
Travelling Expenses	74,087	218,538
	<u>2,894,331</u>	<u>3,304,995</u>

**SCHEDULE - I**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 30th JUNE, 2010**

**A) SIGNIFICANT ACCOUNTING POLICIES:**

**1. Basis of preparation of Financial Statements**

- a) The financial statements have been prepared under historical cost convention, in accordance with the generally accepted accounting principles and the provision of the Companies Act, 1956 and the applicable accounting standards issued by Institute of Chartered Accountants of India.
- b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.
- c) The preparation of financial statements requires estimates and assumption to be made that effect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. The Difference between the actual and estimate are recognized in the period in which results are known/materialized.

**2. Fixed Assets and Depreciation**

- a) Fixed assets stated at cost less accumulated depreciation.
- b) Portal & content rights has been capitalized and has been amortized over the estimated economical life of the content.
- c) Depreciation on fixed assets provided on straight-line method at the rates prescribed by Schedule XIV of the Companies Act, 1956.
- d) Portal & contents rights are amortized over the period of three years.

**3. Foreign Exchange Transaction**

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Outstanding balances are valued at the rate prevailing on the Balance Sheet date.

**4. Investments**

The Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

**5. Inventories**

The inventories include Raw stock (Taps and cassettes etc.) TV programmers/ Episodes of TV serials under production are valued at cost or net realizable value, whichever is lower. The inventory of film have been valued at cost.

**6. Revenue**

Revenue/ Income are accounted as and when the relevant episode of the program is or film is delivered to the channel. Cost/Expenditure are generally accounted for on accrual basis as they are incurred.

**7. Employees Retirement and other benefits**

The company does not fulfill the criteria of minimum number of Employee employed and therefore no provision is required to be made for Gratuity and provident fund.

**8. Contingent Liabilities**

Contingent liabilities are not provided for and are disclosed by way of notes.

**9. Provisions for Current and Deferred Tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Company has not provided deferred tax in the books.

**10. Impairment of Assets**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment

loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

## B) NOTES ON ACCOUNTS

1. Contingent Liabilities is Rs. Nil (P.Y. Rs. Nil)
2. The balance confirmations in respect of debtors, creditors, advances, loans and deposits as at 30th June 2010 have been called for and are subject to confirmation & reconciliation as the necessary communication in this respect is not received from them. The management has scrutinized the accounts and the balances appearing in the Balance Sheet are correct.
3. In the opinion of the management, no item of current assets, loans and advances has a value on realization in the ordinary course of business, which is less than the amount of value at which it is stated in the Balance Sheet, unless otherwise specified.
4. There is no due from small scale Industries.
5. Managerial Remuneration Nil (P.Y. Nil).
6. Payment to Auditors Rs. 28,000/- (P.Y. Rs.28,000/-)
7. Information pursuant to Para 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 are not required to be furnished considering the nature of business activity of the company.
8. Income & Expenditure in Foreign Currency is Nil (P.Y. Nil).
9. Segment Reporting: In the opinion of the management the company is mainly engaged in the sale of Film, TV serial, Film. All other activities of the Company revolve around the main business, and as such, there are no separate reportable segments.
10. Deferred Tax on losses and depreciation are not provided in the books.

### 11. Related Party Disclosures

Name	Relationship	Nature of Transaction	Amount in Rs.
Goldmines Telefilms	Enterprises over which key management personnel are exercise significant influence	sales	29,00,000/-
Mima Cinevision	Enterprises over which key management personnel are exercise significant influence	sales	28,16,000/-

### 12. Earning Per Share:

Earning per share computed in accordance with AS-20: 'Earning Per Share' Basic & Diluted:	Current Year	Previous Year
	Rs.	Rs.
Profit after Tax as per Accounts is	(1613759)	(2026149)
No. Of Shares Paid up	9969900	9969900
Basic & Diluted EPS	(0.16)	(0.20)

13. Figures of Previous are regrouped and reclassified wherever necessary.

### SIGNATURES TO SCHEDULE A TO I

AS PER OUR REPORT OF EVEN DATE

**For SANJAY RAJA JAIN & CO.**  
 CHARTERED ACCOUNTANTS  
 FRN - 120132W

**SANJAY RAJA JAIN**  
 Partner

Place : Mumbai

Date : 22nd November, 2010

FOR & ON BEHALF OF BOARD

Director Director

Place : Mumbai

Date : 22nd November, 2010

**Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details**

Registration No.	91082	State Code	11
Balance Sheet Date	30-Jun-10		

**II. Capital Raised during the year**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**III. Position of Mobilisation and Deployment of Funds**

Total Liabilities	104,247,750	Total Assets	104,247,750
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**Sources of Funds**

Paid up Capital	99,872,030	Share Application Money	NIL
Reserves & Surplus	4,325,720	Unsecured Loan	50,000

**Application of Funds**

Net Fixed Assets	15,198,316	Investments	45,743,000
Net Current Assets	24,560,711	Misc. Expenditure	NIL
Accumulated Losses	18,745,723		

**IV. Performance of Company**

Total Income	16,803,236	Total Expenditure	18,416,995
Profit/(Loss) before tax	(1,613,759)	Profit/(Loss) after tax	(1,613,759)
Earning per Share	NIL	Dividend	NIL

**V. General Names of three principal Products/Service of the Company (As per Monetary terms)**

Item Code no.	-
Product Description	MEDIA ENTERTAINMENT

As per our report of even date

**For Sanjay Raja Jain & Co.**  
Chartered Accountants  
FRN – 120132W

**Sanjay Raja Jain**  
Partner

Place : Mumbai  
Date : 22nd November,2010

For & on behalf of the Board of Directors

**Manish Shah**                      **Ulka Shah**  
Director                                  Director

Place : Mumbai  
Date : 22nd November,2010

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES****Name of Subsidiary****Bama Infotech Pvt. Ltd.**

	<b>31st March 2010</b>	<b>31st March 2009</b>
1 Financial year of the Subsidiary		
2 Shares of Subsidiary held by Universal Arts Ltd. on the date		
a) No. of equity shares and face value	<b>10000 shares of Rs. 10/- each</b>	10000 shares of Rs. 10/- each
b) Extent of Holding	<b>100%</b>	100%
3 Net aggregate amount of Profit/(loss) of the Subsidiary so far as they concern the member of Universal Arts Ltd.		
a) Dealt with in the account of Universal Arts Ltd. for the year ended 31st March 2010	<b>Nil</b>	Nil
b) Not dealt with in the account of Universal Arts Ltd. for the year ended 31st March 2010	<b>(174,834)</b>	(240,077)
4 Net aggregate amount of Profit / (Loss) for previous financial years of the Subsidiary since it became Subsidiary so far as they concern member of Universal Arts Ltd.		
a) Dealt with in the account of Universal Arts Ltd. for the year ended 31st March 2010	<b>N. A.</b>	N. A.
b) Not dealt with in the account of Universal Arts Ltd. for the year ended 31st March 2010	<b>N. A.</b>	N. A.

For &amp; on behalf of the Board of Directors

*Director**Director*Place : Mumbai  
Date : 22nd November, 2010

**DIRECTORS' REPORT**

To,  
The Members of  
**BAMA INFOTECH PRIVATE LIMITED**

Yours Directors have pleasures in presenting the Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010

**FINANCIAL RESULTS :**

	31.03.10	31.03.09
Total Income	2,192	-
Total Expenditure	1,77,026	2,33,579
PROFIT / (LOSS) BEFORE TAX	(1,74,834)	(2,33,579)
Less : Fringe Benefit & Income Tax	-	6,498
PROFIT / (LOSS) AFTER TAX	(1,74,834)	(2,40,077)
Profit / (Loss) brought forward from earlier years	(77,40,639)	(75,00,562)
PROFIT / (LOSS) CARRIED TO BALANCE SHEET	(78,15,473)	(77,40,639)

**DIVIDEND :**

In view of the Losses during the year, your Directors do not recommend any dividend for the year.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors confirm that :

1. In preparation of Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to the material departures, if any.
2. The Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year ended 31st March, 2010 and of the Loss of the Company for that year.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:
4. The Directors have prepared the annual accounts on a going concern basis.

**PUBLIC DEPOSITS :**

The Company has not accepted the deposits from the public.

**AUDITORS:**

The present Statutory Auditors M/s Piyush Nagawat & Associates, Chartered Accountants of the Company retires at ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**AUDITORS' REPORT :**

The Observation made in the Auditors' Report are self explanatory and therefore do not call for any further comments on the Auditors Report under section 217 of the Companies Act, 1956.

**STATUTORY INFORMATION ABOUT EMPLOYEES, CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO:**

The Company had no employees covered under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Since the Company is not having any manufacturing activities, Directors have nothing to report on conservation of Energy, Research & Development and Technology Absorption.

During the year, Foreign Exchange earning was Nil and outgo was Nil.

**ACKNOWLEDGEMENT:**

Yours Directors would like to thank its Bankers and shareholders of the Company for the unstined support from them during the year.

Yours Directors would like to place on record their appreciation for the dedicated efforts and services put in by the employees of the Company.

For and on behalf of the Board of Directors

Place : Mumbai

Date : 4th September, 2010

*DIRECTOR*

*DIRECTOR*

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## AUDITORS' REPORT

To,  
Members of  
**BAMA INFOTECH PRIVATE LTD.**

1. We have audited the attached Balance Sheet of BAMA INFOTECH PRIVATE LIMITED as at 31st March, 2010 and the Profit & Loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of Sub-section (4A) of section 227 of the Companies Act, 1956 are not applicable to the company.
4. Further, we report that:
  - a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts of the Company.
  - d) In our opinion the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except for accounting for deferred taxation as per Accounting Standard-22.
  - e) On the basis of the written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010, from being appointed as director in terms of section 274(1)(g) of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanation given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 and
    - ii) In the case of Profit & Loss Account, of the loss incurred for the year ended as on that date.

**For PIYUSH NAGAWAT & ASSOCIATES**  
*CHARTERED ACCOUNTANTS*

**PIYUSH NAGAWAT**  
*Proprietor*

Place : Mumbai  
Date : 4th September, 2010



# Bama Infotech Private Limited

## Balance Sheet as on 31st March, 2010

	Schedule	As on 31-03-2010 (Rs.)	As on 31-03-2009 (Rs.)
<b>SOURCES OF FUND :</b>			
<b>Shareholder's Fund</b>			
Share Capital	A	100,000	100,000
<b>Borrowed Fund</b>			
Unsecured Loans	B	11,193,000	11,193,000
<b>Total</b>		<b>11,293,000</b>	<b>11,293,000</b>
<b>APPLICATIONS OF FUND :</b>			
Investments	C	1,783,521	1,783,521
Current Assets, Loans & Advances	D	1,961,450	2,161,929
Less : Current Liabilities	E	367,444	393,089
<b>Net Current Assets</b>		<b>1,594,006</b>	<b>1,768,840</b>
<b>Profit &amp; Loss Account</b>		<b>7,915,473</b>	<b>7,740,639</b>
<b>Total</b>		<b>11,293,000</b>	<b>11,293,000</b>

### NOTES FORMING PART OF ACCOUNTS

Note : Schedule A to E and notes on accounts thereon forming part of this Balance Sheet

As per our report of even date  
For Piyush Nagawat & Associates  
Chartered Accountants

For & on behalf of the Board of Directors

Piyush Nagawat  
Proprietor

Director

Director

Place : Mumbai  
Date : 4th September 2010

Place : Mumbai  
Date : 4th September 2010

## Profit and loss account for the year ended 31st March, 2010

	Schedule	As on 31-03-2010 (Rs.)	As on 31-03-2009 (Rs.)
<b>INCOME :</b>			
Interest on Income tax refund		2,192	-
<b>Total</b>		<b>2,192</b>	<b>-</b>
<b>EXPENDITURE :</b>			
(Increase)/Decrease in Stock		-	-
Salary, Administrative & other expenses	F	177,026	233,579
<b>Total</b>		<b>177,026</b>	<b>233,579</b>
Profit /(Loss) before tax		(174,834)	(233,579)
Less : Fringe Benefit Tax		-	4,198
Less : Income Tax		-	2,300
Profit /(Loss) after tax		(174,834)	(240,077)
Profit/(Loss) brought forward from last year		(7,740,639)	(7,500,562)
Profit/ (Loss) carried to Balance Sheet		(7,915,473)	(7,740,639)

### NOTES FORMING PART OF ACCOUNTS

Note : Schedule F and notes on accounts thereon forming part of this Profit & Loss A/c

As per our report of even date  
For Piyush Nagawat & Associates  
Chartered Accountants

For & on behalf of the Board of Directors

Piyush Nagawat  
Proprietor

Director

Director

Place : Mumbai  
Date : 4th September 2010

Place : Mumbai  
Date : 4th September 2010

**SCHEDULES FORMING PART OF ACCOUNTS**

	31-03-2010 (Rs.)	31-03-2009 (Rs.)
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
10,000 Equity Shares of Rs. 10/- each	100,000	100,000
<b>Issued and Subscribed Capital</b>		
10,000 Equity Shares of Rs. 10/- each fully paid-up	100,000	100,000
<b>SCHEDULE - B</b>		
<b>Unsecured Loan</b>		
11193 (11193) Zero percent fully Convertible Debentures of Rs. 1000/- each	11,193,000	11,193,000
From Others	-	-
	<u>11,193,000</u>	<u>11,193,000</u>

**SCHEDULE - C****INVESTMENTS : (at Cost)**

Long Term Investments :	QTY			
Cadila Healthcare Ltd	330	(330)	82,500	82,500
Contech Software	1200	(1,200)	7,200	7,200
Cyberwave Internet Solutions Ltd	825	(825)	8,250	8,250
GDR Media	10	(10)	323	323
Infobahn Technologies Ltd	9000	(9,000)	225,000	225,000
Intertech Software Solutions Ltd.	7200	(7,200)	720,000	720,000
Kirlosker Multimedia	100	(100)	190	190
Krisn Informations Technologies Ltd	7189	(7,189)	71,890	71,890
Online Media System	100	(100)	305	305
S. Kumar Online Ltd.	1000	(1,000)	66,400	66,400
Sibar Media Entertainment Ltd.	9900	(9,900)	99,000	99,000
Sibar Software Ltd	200	(200)	400	400
Top Telemedia Ltd. (FV Rs. 10/-)	10	(10)	85	85
Top Media Ltd	100	(100)	140	140
Vision Technology Ltd	50	(50)	338	338
Weal Infotech Ltd.	10,150	(10,150)	101,500	101,500
<b>Equity Shares Unquoted and fully paid-up</b>				
Shilpam Inorganics Ltd	8000	(8,000)	400,000	400,000
(Market Value as on 31.03.2010 - Rs.7,38,479/- Previous Year Rs. 5,55,242/-)				
(Figures in bracket indicates previous year quantity)			<u>1,783,521</u>	<u>1,783,521</u>

## Bama Infotech Private Limited

	30-06-2010 (Rs.)	30-06-2009 (Rs.)
<b>SCHEDULE - D</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b><u>Cash &amp; Bank balance</u></b>		
Cash in Hand	189	57,838
Balances with Schedule Bank Current Account	1,084	169,194
<b>Sundry Debtors ( Unsecured, considered Good)</b>		
More than Six Months	689,641	689,641
Less than Six Months	-	-
Stock in Hand	35,000	35,000
Loans & Advances	1,235,536	1,210,256
	<u>1,961,450</u>	<u>2,161,929</u>
<b>SCHEDULE - E</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors for expenses	358,075	358,735
Provision for Income Tax	-	16,958
Provision for FBT	9,369	17,396
	<u>367,444</u>	<u>393,089</u>
<b>SCHEDULE - F</b>		
<b>SALARY, ADMINISTRATIVE &amp; OTHER EXPENSES :</b>		
Audit Fees	2,800	2,800
Bank Charges	2,868	3,106
Books & Periodicals	12,184	16,329
Conveyance & Travelling	16,413	29,489
Demat Charges	552	-
Fees, Rates & Taxes	1,600	4,900
Professional Fees	5,000	10,000
Postage & Telegram	14,453	17,427
Printing & Stationery	15,075	20,836
Salary, Bonus & Exgratia	64,500	77,300
Staff Welfare	12,941	15,954
Sundry Expenses	14,023	17,195
Telephone, Telex & Fax Expenses	14,617	18,243
	<u>177,026</u>	<u>233,579</u>

**SCHEDULE - G****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010.****A. SIGNIFICANT ACCOUNTING POLICIES:**

- a. The Accounts of the Company have been prepared under the historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956 and the applicable accounting standards issued by Institute of Chartered Accountants of India.
- b. Investments have been valued at cost and are physically verified by the management.
- c. The Current assets, loans and advances are stated at the value, which will be raised in the ordinary course of the Company's business.
- d. Revenue/Income and cost/expenditure are generally accounted for on accrual basis as they are earned or incurred.
- e. Previous year figures are regrouped and rearranged wherever necessary.

**B. NOTES ON ACCOUNTS**

- a. Due to loss incurred during the year there will not be any assessable income for the period and hence provision for the taxation is not provided for.
- b. There were no dues to Small Scale Industrial Units.
- c. There were no earnings in foreign currency or expenditure in foreign currency in respect of acquisition of Fixed Assets, stores or raw materials.
- d. During the year, there has been no employee entitled for a remuneration of Rs. 2,00,000/- or more per month or Rs. 24,00,000/- per annum.
- e. Investments have been valued at cost and provision has not been made in the books for the depreciation in value of investments.
- f. Provision and/or payment in respect of Auditor's remuneration for the current period and previous year is as follows :-

	2009-2010	2008-2009
Audit Fees	2,800	2,800

- g. No provision for gratuity has been made since no employee has put in qualifying period of service.
- h. Other information required under Schedule VI Part - II are either NIL or not applicable to the Company.

**SIGNATURES TO SCHEDULE A TO G.**

AS PER OUR REPORT OF EVEN DATE

**For PIYUSH NAGAWAT & ASSOCIATES**  
*CHARTERED ACCOUNTANTS*

**PIYUSH NAGAWAT**  
*Proprietor*

Place : Mumbai

Date : 4th September, 2010.

FOR &amp; ON BEHALF OF BOARD

*Director**Director*

Place : Mumbai

Date : 4th September, 2010.



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**AUDITORS' REPORT**

To,  
Members of  
**UNIVERSAL ARTS LIMITED,**

1. We have audited the attached Consolidated Balance Sheet of UNIVERSAL ARTS LIMITED and its subsidiary as at 30th June, 2010 and the Profit & Loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Further, we report that:
  - a) In our opinion the Consolidated Profit & Loss Account and Balance Sheet comply with the Accounting Standards (AS) 21, Consolidated Financial Statements, issued by The Institute of Chartered Accountants of India.
  - b) In our opinion and to the best of our information and according to the explanation given to us, the accounts read with the notes thereon, give:
    - i) In the case of Consolidated Balance Sheet, of the state of affairs of Universal Arts Ltd. and its subsidiary as at 30th June, 2010 and
    - ii) In the case of Consolidated Profit & Loss Account, of the consolidated results of Universal Arts Ltd. and its subsidiaries for the year ended as on that date.

**For SANJAY RAJA JAIN & CO.**  
**CHARTERED ACCOUNTANTS**  
FRN - 120132W

**SANJAY RAJA JAIN**  
*Partner*

Place : Mumbai  
Date : 22nd November, 2010.

Universal Arts limited

**Consolidated Balance Sheet as on 30th June, 2010**

	Schedule	As on 30-06-2010 (Rs.)	As on 30-06-2009 (Rs.)
<b><u>SOURCES OF FUND :</u></b>			
<b>Shareholder's Fund</b>			
Share Capital	A	99,872,030	99,872,030
Capital Reserve		4,325,720	4,325,720
	<b>Total</b>	<b>104,197,750</b>	<b>104,197,750</b>
<b><u>APPLICATION OF FUND :</u></b>			
<b>Fixed Assets</b>			
Gross Block	B	5,459,419	5,459,419
Less : Depreciation		3,731,103	3,537,299
Net Block		1,728,316	1,922,120
Capital Work-in-progress		13,470,000	13,470,000
<b>Investments</b>	C	<b>36,233,521</b>	<b>36,233,521</b>
<b>Current Assets, Loans &amp; advances</b>	D	<b>30,852,767</b>	<b>32,608,668</b>
<b>Less : Current Liabilities &amp; Provisions</b>	E	<b>4,783,901</b>	<b>4,954,699</b>
<b>NET CURRENT ASSETS</b>		<b>26,068,866</b>	<b>27,653,969</b>
<b>Profit &amp; Loss a/c.</b>		<b>26,697,047</b>	<b>24,918,140</b>
	<b>Total</b>	<b>104,197,750</b>	<b>104,197,750</b>

**NOTES FORMING PART OF ACCOUNTS**

H

Notes : Schedule A to E and notes on accounts thereon forming part of this Balance Sheet.

As per our report of even date

**For Sanjay Raja Jain & Co.**  
Chartered Accountants  
FRN – 120132W

For & on behalf of the Board of Directors

**Sanjay Raja Jain**  
Partner

Director

Director

Place : Mumbai  
Date : 22nd November, 2010

Place : Mumbai  
Date : 22nd November, 2010

**Consolidated Profit and Loss account for the year ended 30th June, 2010**

	Schedule	As on 30-06-2010 (Rs.)	As on 30-06-2009 (Rs.)
<b>INCOME :</b>			
INCOME :			
Sales		8,940,500	2,979,500
Other Income	F	78,508	-
	<b>TOTAL</b>	<b>9,019,008</b>	<b>2,979,500</b>
<b>EXPENDITURE :</b>			
Decrease/(Increase) in Stock		4,719,440	804,500
Purchase		2,700,000	702,350
Direct Expenses		123,000	-
Administrative Expenses	G	3,061,671	3,508,094
Depreciation		193,804	193,804
	<b>TOTAL</b>	<b>10,797,915</b>	<b>5,208,748</b>
Profit/(Loss) Before Tax		(1,778,907)	(2,229,248)
Less :- Fringe Benefit Tax		-	47,559
Less:- Income tax		-	2,300
Profit/(Loss) After Tax		(1,778,907)	(2,279,107)
Profit/(Loss) brought forwards from last year		(24,918,140)	(22,639,032)
Profit/(Loss) carried to Balance Sheet		(26,697,047)	(24,918,140)

**NOTES FORMING PART OF ACCOUNTS**

H

Note : Schedule F &amp; G and notes on accounts thereon forming part of this Profit &amp; Loss Account.

As per our report of even date

**For Sanjay Raja Jain & Co.**  
Chartered Accountants  
FRN – 120132W

For &amp; on behalf of the Board of Directors

**Sanjay Raja Jain**  
Partner

Director

Director

Place : Mumbai  
Date : 22nd November, 2010

Place : Mumbai  
Date : 22nd November, 2010



**SCHEDULES FORMING PART OF ACCOUNTS**

	30-06-2010 (Rs.)	30-06-2009 (Rs.)
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
1,10,00,000 Equity Shares of Rs. 10/- each	<b>110,000,000</b>	110,000,000
<b>Issued and Subscribed Capital</b>		
1,00,00,800 Equity Shares of Rs.10/- each	<b>100,008,000</b>	100,008,000
<b>Paid-up Capital</b>		
99,69,900 Equity shares of Rs. 10/- each fully paid up	<b>99,699,000</b>	99,699,000
Add : forfeited shares (Amounts originally paid on 30900 shares)	<b>173,030</b>	173,030
	<b>99,872,030</b>	99,872,030

**SCHEDULE - B**

**FIXED ASSETS**

		GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As on 01/07/2009	Additions During the Year	Deductions During the Year	As on 30/06/2010	As on 01/07/2009	Provided for the Year	Deductions During the Year	As on 30/06/2010	As on 30/06/2010	As on 01/07/2009
Building	1.63%	750,000	-	-	750,000	88,631	12,225	-	100,856	649,144	661,369
Plant & Machinery	7.07%	2,057,400	-	-	2,057,400	1,189,177	145,458	-	1,334,635	722,765	868,223
Computers	16.21%	574,717	-	-	574,717	574,717	-	-	574,717	-	-
Office Equipment	4.75%	126,000	-	-	126,000	44,899	5,985	-	50,884	75,116	81,101
Portal & Content Right	-	1,475,230	-	-	1,475,230	1,475,230	-	-	1,475,230	-	-
Furnitures	6.33%	476,072	-	-	476,072	164,644	30,135	-	194,780	281,292	311,428
<b>TOTAL</b>		<b>5,459,419</b>	<b>-</b>	<b>-</b>	<b>5,459,419</b>	<b>3,537,299</b>	<b>193,804</b>	<b>-</b>	<b>3,731,103</b>	<b>1,728,317</b>	<b>1,922,120</b>
Previous year		5,459,419	-	-	5,459,419	3,343,495	193,804	-	3,537,299	1,922,120	

			30-06-2010 (Rs.)	30-06-2009 (Rs.)
<b>SCHEDULE - C</b>				
<b>INVESTMENTS (Non-trade, Long term at cost)</b>				
	<b>Qty.</b>			
<u>In Equity Shares of Companies (Quoted &amp; fully paid up)</u>				
Arms Paper Limited	1,200	(1,200)	7,200	7,200
Cadila Healthcare Ltd.	330	(330)	82,500	82,500
Cyberwave Internet Solutions Ltd.	825	(825)	8,250	8,250
GDR Media	10	(10)	323	323
Infobahn Technologies Ltd.	9,000	(9,000)	225,000	225,000
Intertec Software Solutions Ltd.	7,200	(7,200)	720,000	720,000
Kirloskar Multimedia	100	(100)	190	190
Krisn Informations Technologies Ltd.	7,189	(7,189)	71,890	71,890
Online Media System	100	(100)	305	305
S. Kumar . Com Ltd.	1,000	(1,000)	66,400	66,400
Sibar Media Entertainment Ltd.	9,900	(9,900)	99,000	99,000
Sibar Software Ltd.	200	(200)	400	400
Top Telemedia (FV Rs. 10/- )	10	(10)	85	85
Top Media Ltd.	100	(100)	140	140
Vision Technology Ltd.	50	(50)	338	338
Weal Infotech Ltd.	10,150	(10,150)	101,500	101,500
<u>In Equity Shares of Companies (Unquoted &amp; fully paid up)</u>				
Shilpam Inorganics Ltd.	8,000	(8,000)	400,000	400,000
Goldmines Telefilms Pvt. Ltd	23,500	(23,500)	34,450,000	34,450,000
(Market Value as on 30/6/2010 - Rs. 8,97,198/- )				
(Figures in bracket indicates previous year quantity)				
			<b>36,233,521</b>	<b>36,233,521</b>
<b>SCHEDULE - D</b>				
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b><u>Cash &amp; Bank balance</u></b>				
Cash in hand			1,028,601	100,364
Balances with Scheduled Banks in Current accounts			39,651	103,280
<b><u>Sundry Debtors (Unsecured considered good)</u></b>				
More than six months			1,228,736	1,280,066
Other			2,000,000	1,251,500
<b><u>Inventories</u></b>				
Stock and Work-in-progress			7,821,420	12,540,860
<b><u>Advance recoverable in cash or in kind or for value to be recd.</u></b>	27,620,624			26,218,865
<b><u>Less:- Provision for doubtful debt</u></b>	8,886,266		18,734,358	(8,886,266)
			<b>30,852,767</b>	<b>32,608,668</b>

Universal Arts limited

	30-06-2010 (Rs.)	30-06-2009 (Rs.)
<b>SCHEDULE - E</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors for expenses	3,886,972	3,869,586
Outstanding expenses	559,418	271,660
Provision for Fringe Benefit Tax	168,881	239,200
Provision for Taxation	168,630	574,253
	4,783,901	4,954,699
<b>SCHEDULE - F</b>		
<b>OTHER INCOME</b>		
Interest on Income Tax refund	2,192	-
Interest Income	75,563	-
Sundry Balance w/back	753	-
	78,508	-
<b>SCHEDULE - G</b>		
<b>SALARY, ADMINISTRATIVE &amp; OTHER EXPENSES :</b>		
<u>Employees Remuneration &amp; Benefits</u>		
Salary, Bonus & other benefits	1,039,001	882,470
Staff Welfare	122,968	124,502
Advertising	42,383	52,673
Audit Fees	30,800	30,800
AGM Expenses	33,177	32,974
Annual Charges	46,547	34,367
Bank Charges	26,230	14,344
Brokerage	-	22,500
Books and Periodicals	47,095	58,432
Business Promotion expenses	138,695	225,649
Conveyance Expenses	264,648	275,723
Demat charges	-	552
Electricity charges	137,760	252,700
Interest	-	520
Legal & Professional expenses	72,500	151,500
Listing fees	16,544	13,511
Membership and Subscription	263	1,113
Miscellaneous expenses	145,200	178,387
Motor Car Expenses	-	47,651
Office expenses	133,804	143,965
Postage & Telegram	162,759	162,829
Printing & Stationery	170,738	171,160
Profession Tax	2,500	3,125
Rent, Rates & Taxes	22,100	50,838
Registrar fees	58,455	56,025
Repairs & Maintenance	109,108	113,481
Sundry Balances W/off	-	269
Telephone, Telex & Courier	164,310	187,499
Travelling Expenses	74,087	218,538
	3,061,670	3,508,094

**SCHEDULE - H****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED ON 30TH JUNE, 2010****PRINCIPLES OF CONSOLIDATION:**

The accompanying consolidated financial statements include the accounts of Universal Arts Ltd. (Formerly known as Goldmines Media Ltd.) and its following subsidiary:-

<b>Name of the Company</b>	<b>% of holding</b>
Bama Infotech Pvt. Ltd.	100

The financial statement of the parent company and its subsidiaries have been consolidated on a line by line basis by adding together the book value of the items of assets, liabilities, income and expenses after fully eliminating inter group balances and inter group transactions.

**A) SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of preparation of Financial Statements**

- a) The financial statements have been prepared under historical cost convention, in accordance with the generally accepted accounting principles and the provision of the Companies Act, 1956 and the applicable accounting standards issued by Institute of Chartered Accountants of India.
- b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.
- c) The preparation of financial statements requires estimates and assumption to be made that effect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. The Difference between the actual and estimate are recognized in the period in which results are known/materialized.

**2. Fixed Assets and Depreciation**

- a) Fixed assets stated at cost less accumulated depreciation.
- b) Portal & content rights has been capitalized and has been amortized over the estimated economical life of the content.
- c) Depreciation on fixed assets provided on straight-line method at the rates prescribed by Schedule XIV of the Companies Act, 1956.
- d) Portal & contents rights are amortized over the period of three years.

**3. Foreign Exchange Transaction**

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Outstanding balances are valued at the rate prevailing on the Balance Sheet date.

**4. Investments**

The Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

**5. Inventories**

The inventories include Raw stock (Taps and cassettes etc.) TV programmers/ Episodes of TV serials under production are valued at cost or net realizable value, whichever is lower. The inventory of film have been valued at cost.

**6. Revenue**

Revenue/ Income are accounted as and when the relevant episode of the program is or film is delivered to the channel. Cost/Expenditure are generally accounted for on accrual basis as they are incurred.

**7. Employees Retirement and other benefits**

The company does not fulfill the criteria of minimum number of Employee employed and therefore no provision is required to be made for Gratuity and provident fund.

**8. Contingent Liabilities**

Contingent liabilities are not provided for and are disclosed by way of notes.

**9. Provisions for Current and Deferred Tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Company has not provided deferred tax in the books.

**10. Impairment of Assets**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**B) NOTES ON ACCOUNTS**

1. Contingent Liabilities is Rs. Nil (P.Y. Rs. Nil)
2. The balance confirmations in respect of debtors, creditors, advances, loans and deposits as at 30th June 2010 have been called for and are subject to confirmation & reconciliation as the necessary communication in this respect is not received from them. The management has scrutinized the accounts and the balances appearing in the Balance Sheet are correct.
3. In the opinion of the management, no item of current assets, loans and advances has a value on realization in the ordinary course of business, which is less than the amount of value at which it is stated in the Balance Sheet, unless otherwise specified.
4. There is no due from small scale Industries.
5. Managerial Remuneration Nil (P.Y. Nil).
6. Payment to Auditors Rs. 30,800/- (P.Y. Rs.30,800/-)
7. Information pursuant to Para 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 are not required to be furnished considering the nature of business activity of the company.
8. Income & Expenditure in Foreign Currency is Nil (P.Y. Nil).
9. Segment Reporting: In the opinion of the management the company is mainly engaged in the sale of Film, TV serial, Film. All other activities of the Company revolve around the main business, and as such, there are no separate reportable segments.
10. Deferred Tax on losses and depreciation are not provided in the books.

**11. Related Party Disclosures**

Name	Relationship	Nature of Transaction	Amount in Rs.
Goldmines Telefilms	Enterprises over which key management personnel are exercise significant influence	sales	29,00,000/-
Mima Cinevision	Enterprises over which key management personnel are exercise significant influence	sales	28,16,000/-

**12. Earning Per Share:**

Earning per share computed in accordance with AS-20: 'Earning Per Share'

Basic & Diluted:	Current Year	Previous Year
	Rs.	Rs.
Profit after Tax as per Accounts is	(1,778,907)	(2,229,248)
No. Of Shares Paid up	9,969,900	9,969,900
Basic & Diluted EPS	(0.18)	(0.22)

13. Figures of Previous are regrouped and reclassified wherever necessary.

SIGNATURES TO SCHEDULE A TO I

AS PER OUR REPORT OF EVEN DATE

**For SANJAY RAJA JAIN & CO.**

CHARTERED ACCOUNTANTS

FRN - 120132W

**SANJAY RAJA JAIN**

Partner

Place : Mumbai

Date : 22nd November, 2010

FOR & ON BEHALF OF BOARD

Director

Director

Place : Mumbai

Date : 22nd November, 2010

# Universal Arts Limited

**Registered Office :** Plot No. 45, Ganpati Bhavan, 1<sup>st</sup> Floor, M. G. Road, Goregaon (West), Mumbai 400 062.

## PROXY FORM

Reg. Folio No. ....

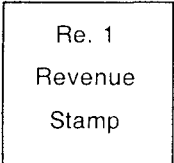
I/We ..... of .....

being a member/ members of Universal Arts Limited hereby appoint .....

of ..... or failing him/ her .....

as my /our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held on Friday, 24th December 2010 at 12.00 noon at Keshav Gore Smarak Trust Hall, "Smriti", Aarey Road, Goregaon (West), Mumbai 400062 and at any adjournment (s) thereof.

Signed this ..... day of ..... 2010 Signature .....



**Note :** This form, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

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# Universal Arts Limited

**Registered Office :** Plot No. 45, Ganpati Bhavan, 1<sup>st</sup> Floor, M. G. Road, Goregaon (West), Mumbai 400 062.

## ATTENDANCE SLIP

**Fifteenth Annual General Meeting - 24th December, 2010**

Regd. Folio No.....

Nos. of Shares held .....

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the Fifteenth Annual General Meeting of the Company held on Friday, 24th December, 2010 at 12.00 noon at Keshav Gore Smarak Trust Hall, "Smriti", Aarey Road, Goregaon (West), Mumbai 400062.

.....

.....

Member's /Proxy's Name in Block Letters

Signature of Member/Proxy

Note : Please fill up the Attendance Slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report at the meeting.

**Book-Post**

*If undelivered please return to :*

**Universal Arts Limited**

Plot No. 45, Ganpati Bhavan, 1st Floor, M. G. Road,  
Goregaon (West), Mumbai 400 062.