

16th Annual Report
2010-2011

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 Sekhri Kanodia & Associates
Chartered Accountants
202, Shakti Sadan, B Wing,
Plot No. 14, Khernagar,
Opp. Provident Fund Office,
Bandra (E), Mumbai - 400 051.

Registered Office :

Plot No. 45,
Ganpati Bhavan, 1st Floor,
M. G. Road, Goregaon (West),
Mumbai 400 062.
Tele. 2874 8995/9001
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 Sixteenth Annual General Meeting of Universal Arts Limited will be held on Tuesday, 20th day of March, 2012 at Keshav Gore Smarak Trust Hall, "Smriti", Aarey Road, Goregaon (West), Mumbai 400062 at 11.00 a.m. to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the Balance Sheet as at 30th June, 2011 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. Satish Shidhaye, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint M/s. Sekhri Kanodia & Associates, 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: 6th February, 2012

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 Thursday, 15th March, 2012 to Tuesday, 20th March 2012 (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 Sixteenth Annual Report together with the Audited Accounts of the Company for the year ended on 30th June, 2011.

Financial Results

(Amount in Rs.)

	For year ended on 30th June, 2011	For year ended on 30th June, 2010
Gross Income	63,95,730	90,16,816
Expenditure	56,42,218	1,04,36,771
Profit before Taxation & Depreciation	7,53,512	(14,19,955)
Depreciation	1,93,804	1,93,804
Profit / (Loss) before tax	5,59,708	(16,13,759)
Provision for Taxation & Fringe Benefit Tax	2,750	0
Profit / (Loss) after tax	5,56,958	(16,13,759)
Profit / (Loss) brought forward from last year	(1,87,45,723)	(1,71,31,964)
Profit / (Loss) carried forward to Balance Sheet	(1,81,88,765)	(1,87,45,723)

Again due to existence of Big Corporate in the market, the Gross Income during the year under review was Rs. 63.95 lacs as against Rs. 90.17 lacs during the previous year and However due to economy in operation and cutting down the overhead, there was Profit of Rs. 5.60 lacs during the current year as against the loss of Rs. 16.14 lacs during the previous year.

(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. Satish Shidhaye 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 2011 and of the profit 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. Sekhri Kanodia & Associates., 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.

Disinvestment & its Proceeds:

In terms of the resolution duly passed at Extra-ordinary General Meeting held on 15th September, 2011 with regards to disinvestment of 23,500 equity shares of Private Limited Company, the Company had received suggestions from many shareholders to value the shares of the Private Limited Company. Accordingly the auditors of the Company M/s. Sekhri Kanodia & Associates, Chartered Accountants valued the shares of the Private Limited Company which works out at Rs. 777/-. But since in the resolution duly passed at the EGM it was mentioned that the disinvestment should be at the cost of acquisition or best realizable price whichever is higher, the Board of Directors has negotiated and finalized the sale of such share at Rs. 1,600/- per share. The Company has received the sale proceeds from the disinvestment and with this amount the Company expects to put a better performance in the coming years.

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, the artists and technicians associated with the Company's programmes, media 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: 6th February, 2012

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 2011 too. The total size of the industry at present is about Rs.500 billion and is expected to grow to Rs.600 billion by 2013. The size of Indian television market was Rs.250 billion in 2011.

The television software segment, which provides content to broadcaster, accounted for about 20 percent of the entertainment industry and about 30 per cent of the Indian television industry. The same is expected to grow at the rate of about 15% per year.

Cable and satellite (C&S) penetration reached about 75 million households while average number channels increased to about 240. 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. 120 billion in 2010 and is expected to reach at about Rs. 160 billion by 2012. 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.

Universal Arts limited

Segment-wise or Product-wise performance

Purchasing rights of films

The Company buys rights of films produced in Hindi, Marathi, Gujarati, Bengali and Assamese languages and sells them on a piecemeal basis to various media organizations for a period of 5 years at a time.

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.

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 will small corpus.

Even though it was a bad year the gross income reduced slightly from Rs. 90.17 lakhs in the previous year to Rs. 63.96 lakhs in the current year. In spite of a marginal reduction on gross income, the company has reported a profit of Rs. 5.57 lakhs in the current year as against a loss of Rs. 16.14 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

Disinvestment & its Proceeds:

In terms of the resolution duly passed at Extra-ordinary General Meeting held on 15th September, 2011 with regards to disinvestment of 23,500 equity shares of Private Limited Company, the Company had received suggestions from many shareholders to value the shares of the Private Limited Company. Accordingly the auditors of the Company M/s. Sekhri Kanodia & Associates, Chartered Accountants valued the shares of the Private Limited Company which works out at Rs. 777/-. But since in the resolution duly passed at the EGM it was mentioned that the disinvestment should be at the cost of acquisition or best realizable price whichever is higher, the Board of Directors has negotiated and finalized the sale of such share at Rs. 1,600/- per share. The Company has received the sale proceeds from the disinvestment and with this amount the Company expects to put a better performance in the coming years.

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 2011 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 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 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 five meetings. All investor complaints received during the year have been resolved.

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 four 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 2010, 31st December 2010, 31st March 2011 and 30th June 2011 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) 24th December, 2010 12.00 noon	Keshav Gore Smarak Trust Hall Smriti, Aarey Road, Goregaon (W) Mumbai 400 062	No
b) 23rd December, 2009 12.00 noon	Keshav Gore Smarak Trust Hall Smriti, Aarey Road, Goregaon (W) Mumbai 400 062	No
c) 19th December, 2008 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, 2011, 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 no 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 assurances 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 M/s Sekhri Kanodia & Associates
Chartered Accountants
Ajay Sekhri
Partner

Place : Mumbai

Date : 6th February, 2012

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, 2011

Place : Mumbai

Date : 6th February, 2012

For UNIVERSAL ARTS LIMITED
Manish Shah
MANAGING DIRECTOR

Shareholders Information

Date, time and venue of 16th AGM	Tuesday, 20th March 2012 at 11.00 am at Keshav Gore Smarak Trust Hall, "Smriti", Aarey Road, Goregaon (West), Mumbai_400062.
Date of Book Closure	15th March 2012 to 20th March 2012 (both days inclusive)
Listing on Stock Exchanges	The Bombay Stock Exchange Limited The Hyderabad Stock Exchange Limited.
Listing Fees	Paid as per the Listing Agreements
Demat Arrangement	With NSDL and CDSL
ISIN No.	INE 464801018
BSE Stock Code	532378
Registered Office	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
Registrar & Share Transfer Agents	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
Compliance Officer	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, 2011:

Category	% of Shareholding	Nos. of shares held
Promoters	0.00100	100
Private Bodies Corporate	15.93751	1588954
Indian Public	80.83713	8059381
Non Resident Indians	3.22436	321465
Total	100.000000	9969900

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

Distribution of Shareholding as on 30th June, 2011:

No. of Equity Share	Shareholders		No. of Shares		
	Number	% of holders	Number	% of shares	
1	5000	2577	56.08	7232990	7.25
5001	10000	936	20.37	8562580	8.59
10001	20000	451	9.82	7530150	7.55
20001	30000	184	4.00	4888500	4.90
30001	40000	92	2.00	3425350	3.44
40001	50000	104	2.26	5033980	5.05
50001	100000	135	2.94	14927370	14.97
100001	and above	116	2.53	48098080	48.24
Total		4595	100.00	99699000	100.00

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

AUDITORS' REPORT

To,
The Members,
UNIVERSAL ARTS LTD

1. We have audited the attached Balance Sheet of UNIVERSAL ARTS LIMITED as at 30th June, 2011 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. 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.
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 the Balance Sheet comply with the Accounting Standard referred to in sub section (3C) of section 211 of the Companies Act 1956.
 - e) In our opinion and to the best of our information and explanations given to us in Significant Accounting Policies and Notes on Accounts, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2011 and;
 - (ii) In the case of the Profit and Loss account, of the Profit of the 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.
 - f) On the basis of the written representation received from directors and taken on record by the board of directors we report that none of the directors are disqualified as on 30th June, 2011, from being appointed as a director in term of clause (g) of sub-section (1) of section 274 of Companies Act, 1956.

FOR SEKHRI KANODIA & ASSOCIATES
CHARTERED ACCOUNTANTS

AJAY SEKHRI
(PARTNER)
MEMBERSHIP NO :- 032103
FIRM NO:- 109389W

Place : Mumbai.
Date : 6th February, 2012

ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph 3 of our report of even date)

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 and on the basis of such check as were considered appropriate and according to the information and explanation and representation given to us, we report:

1. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The management has physically verified most of the fixed assets at the year end. No material discrepancies were noticed on such verification.
- c) There is no disposal of fixed assets during the year.

2. The Company's inventory consists of intangible rights of movies and proper records of the same have been maintained by the management. Further, physical verification of said intangible rights is not possible.
3. The Company has taken loans from parties listed in register maintained u/s 301 of the Companies Act, 1956. The end balance of the loan taken from such parties was Rs 17.63 lakhs. The Company has granted loans to companies, firms or other parties as listed in the register maintained under section 301 of the companies Act, 1956. The year-end balance of loan given to such parties was Rs 142.60 lakhs.
4. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business, being buying and selling of film rights. To the best of our knowledge, no major weaknesses in internal control were either reported or noticed by us during the course of our audit.
5. 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.

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. The company has not accepted any deposit from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) rules 1975.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. We have been informed that the central government has not prescribed for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
9. According to the records of the company, the Company has been generally regular in depositing undisputed statutory due with the appropriate authorities. There were no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs duty and Excise duty, which were outstanding as at the balance sheet date for a period of more than six months from the date they became payable.

There are no disputed dues which have remained unpaid as on 30th June, 2011 in respect of sales tax, income tax, custom duty, wealth tax, excise duty, cess.

10. The Company has accumulated losses at the end of the financial year which does not exceed 50% of the its net worth. Also, the Company has not incurred cash losses during the financial year covered by our audit.
11. The Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. The Company has not granted any loans and advances on the basis of security during the year.
13. In our opinion, the provision of special statute applicable to Chit Fund, Nidhi or mutual benefit society is not applicable to the Company.
14. In our opinion, proper records have been maintained of the transactions and contracts relating to dealing in the shares and timely entries have been made therein.
15. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. During the year, company has not taken any term loans.
17. On the basis of overall examination of the balance sheet, we report that the funds raised on short-term basis have not been used for 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. The Company has not issued debentures during the year and hence, the question of creating securities in respect thereof does not arise.
20. The company has not raised any money by public issue during the year.
21. Based on the audit procedure performed and the representation obtained from the management, we report that in no case fraud on or by the company has been noticed or reported during the year under audit.

FOR SEKHRI KANODIA & ASSOCIATES
CHARTERED ACCOUNTANTS

AJAY SEKHRI
(PARTNER)
MEMBERSHIP NO :- 032103
FIRM NO:- 109389W

Place : Mumbai.
Date : 6th February, 2012

Universal Arts limited

Balance Sheet as on 30th June, 2011

	Schedule	As on 30-06-2011 (Rs.)	As on 30-06-2010 (Rs.)
SOURCES OF FUND :			
Shareholder's Fund			
Share Capital	A	99,872,030	99,872,030
Capital Reserve		4,325,720	4,325,720
Loan Funds			
Unsecured Loan	B	2,260,200	50,000
	Total	106,457,950	104,247,750
APPLICATION OF FUND :			
Fixed Assets	C		
Gross Block		5,459,419	5,459,419
Less : Depreciation		3,924,906	3,731,103
Net Block		1,534,513	1,728,316
Capital Work-in-progress		13,470,000	13,470,000
Investments	D	45,743,000	45,743,000
Current Assets, Loans & advances	E	38,828,774	28,979,468
Less : Current Liabilities & Provisions	F	11,307,102	4,418,757
NET CURRENT ASSETS		27,521,672	24,560,710
Profit & Loss a/c.		18,188,765	18,745,723
	Total	106,457,950	104,247,750

NOTES FORMING PART OF ACCOUNTS

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 Sekhri Kanodia & Associates

Chartered Accountants

FRN - 109389W

Membership No 032103

Ajay Sekhri

Partner

Place : Mumbai

Date : 6th February, 2012

Director

Director

Place : Mumbai

Date : 6th February, 2012

Profit and Loss account for the year ended 30th June, 2011

	Schedule	As on 30-06-2011 (Rs.)	As on 30-06-2010 (Rs.)
INCOME :			
Sales		5,437,500	8,940,500
Commission Received		805,000	-
Other Income	G	153,230	76,316
Closing Stock		8,626,420	7,786,420
	TOTAL	15,022,150	16,803,236
EXPENDITURE :			
Opening Stock		7,786,420	12,505,860
Purchase		3,370,000	2,700,000
Direct Expenses		192,890	123,000
Administrative Expenses	H	2,919,328	2,894,331
Depreciation		193,804	193,804
	TOTAL	14,462,442	18,416,995
Profit/(Loss) Before Tax		559,708	(1,613,759)
Less :- Income Tax		2,750	-
Profit/(Loss) After Tax		556,958	(1,613,759)
Profit/(Loss) brought forwards from last year		(18,745,723)	(17,131,964)
Profit/(Loss) carried to Balance Sheet		(18,188,765)	(18,745,723)

NOTES FORMING PART OF ACCOUNTS

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

As per our report of even date

For & on behalf of the Board of Directors

For Sekhri Kanodia & Associates

Chartered Accountants

FRN – 109389W

Membership No 032103

Ajay Sekhri

Partner

Place : Mumbai

Date : 6th February, 2012

Director

Director

Place : Mumbai

Date : 6th February, 2012

Universal Arts limited

Cash flow statement for the year ended 30th June 2011

(Rs. In '000)

Particulars	As at 30.06.2011	As at 30.06.2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax	557	(1,614)
Adjustment for		
Depreciation	194	194
Preliminary and issue expenses written off	-	-
Operating profit before working capital charges	<u>751</u>	<u>(1,420)</u>
Adjustment for		
(Increase)/Decrease in current Assets		
Trade and other receivable	(9,203)	(2,164)
Inventories	(840)	4,719
Increase/(Decrease) in current liabilities		
Trade payables	6,888	(143)
Net cash used in operating activities (A)	<u>(2,404)</u>	993
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Fixed Assets	-	-
Sale/(Purchase) of Investment	-	-
Net cash used in investing activities (B)	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Unsecured Loans	2,210	(75)
Net cash used in financing activities (C)	<u>2,210</u>	<u>(75)</u>
NET INFLOW (OUTFLOW) [A+B+C]	<u>(193)</u>	918
D NET INCREASES IN CASH & CASH EQUIVALENTS		
Cash & Cash equivalents opening balance	1,065	147
Cash & Cash equivalents closing balance	872	1,065
	<u>(193)</u>	<u>918</u>

As per our report of even date

For & on behalf of the Board of Directors

For Sekhri Kanodia & Associates
Chartered Accountants
FRN - 109389W
Membership No 032103

Ajay Sekhri
Partner
Place : Mumbai
Date : 6th February, 2012

Director
Place : Mumbai
Date : 6th February, 2012

Director
Place : Mumbai
Date : 6th February, 2012

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, 2011 and found the same to be drawn in accordance therewith.

For Sekhri Kanodia & Associates
Chartered Accountants
FRN - 109389W
Membership No 032103
Ajay Sekhri
Partner

Place : Mumbai
Date : 6th February, 2012

SCHEDULES FORMING PART OF ACCOUNTS

	30-06-2011 (Rs.)	30-06-2010 (Rs.)
SCHEDULE - A		
SHARE CAPITAL		
Authorised Capital		
1,10,00,000 Equity Shares of Rs. 10/- each	110,000,000	110,000,000
Issued and Subscribed Capital		
1,00,00,800 Equity Shares of Rs.10/- each	100,008,000	100,008,000
Paid-up Capital		
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
	99,872,030	99,872,030
SCHEDULE - B		
Unsecured Loan		
From company	2,260,200	50,000
	2,260,200	50,000

SCHEDULE - C**FIXED ASSETS**

		GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As on 01/07/2010	Additions During the Year	Deductions During the Year	As on 30/06/2011	As on 01/07/2010	Provided for the Year	Deductions During the Year	As on 30/06/2011	As on 30/06/2011	As on 01/07/2010
Building	1.63%	750,000	-	-	750,000	100,856	12,225	-	113,081	636,919	649,144
Plant & Machinery	7.07%	2,057,400	-	-	2,057,400	1,334,635	145,458	-	1,480,093	577,307	722,765
Computers	16.21%	574,717	-	-	574,717	574,717	-	-	574,717	-	-
Office Equipment	4.75%	126,000	-	-	126,000	50,884	5,985	-	56,869	69,131	75,116
Portal & Content Right		1,475,230	-	-	1,475,230	1,475,230	-	-	1,475,230	-	-
Furnitures	6.33%	476,072	-	-	476,072	194,780	30,135	-	224,915	251,157	281,292
TOTAL		5,459,419	-	-	5,459,419	3,731,103	193,804	-	3,924,906	1,534,513	1,728,316
Previous year		5,459,419	-	-	5,459,419	3,537,299	193,804	-	3,731,103	1,728,317	

Universal Arts limited

		30-06-2011 (Rs.)	30-06-2010 (Rs.)
SCHEDULE - D			
INVESTMENTS (Non-trade, Long term at cost)			
	Qty.		
In Equity shares of Subsidiary Companies (Unquoted)			
Bama Infotech Pvt. Ltd. of Rs. 10/- each	10000	(10000)	100,000
In Debentures of Subsidiary Companies (Unquoted)			
Bama Infotech Pvt. Ltd. of Rs. 1000/- each	11193	(11193)	11,193,000
In Equity Shares of Companies (Unquoted)			
Goldmines Telefilms Pvt. Ltd	23500	(23500)	34,450,000
		45,743,000	45,743,000
SCHEDULE - E			
CURRENT ASSETS, LOANS & ADVANCES			
Cash & Bank balance			
Cash in hand		798,295	1,026,564
Balances with Scheduled Banks in Current accounts		73,534	38,567
Sundry Debtors (Unsecured considered good)			
More than six months		619,180	619,180
Other		12,147,500	2,000,000
Inventories			
Stock and Work-in-progress		8,626,420	7,786,420
Advance recoverable in cash or in kind or for value to be recd.	25,450,112		26,395,003
Less:- Provision for doubtful debt	8,886,266	16,563,846	(8,886,266)
		38,828,774	28,979,468
SCHEDULE - F			
CURRENT LIABILITIES & PROVISIONS			
Sundry Creditors for expenses		10,209,667	3,531,197
Outstanding expenses		928,805	559,418
Provision for fringe benefit tax		-	159,512
Provision for taxation		168,630	168,630
		11,307,102	4,418,757

	30-06-2011 (Rs.)	30-06-2010 (Rs.)
SCHEDULE - G		
OTHER INCOME		
Interest Income	153,230	75,563
Sundry Balance w/off	-	753
	<u>153,230</u>	<u>76,316</u>
SCHEDULE - H		
SALARY, ADMINISTRATIVE & OTHER EXPENSES :		
<u>Employees Remuneration & Benefits</u>		
-- Salary, Bonus & other benefits	911,170	976,001
-- Staff Welfare	104,347	110,704
Advertising Expenses	39,382	42,383
Audit Fees	28,000	28,000
AGM Expenses	17,577	33,177
Annual Charges	45,482	46,547
Bank Charges	8,837	23,362
Books and Periodicals	28,573	35,534
Business Promotion expenses.	136,597	138,695
Conveyance Expenses	268,397	250,125
Electricity charges	150,990	137,760
Legal & Professional expenses	203,000	67,500
Listing fees	19,341	16,544
Membership & Subscription	788	263
Miscellaneous expenses	138,551	132,656
Office expenses	139,466	133,804
Postage & Telegram	134,132	149,479
Printing & Stationery	155,463	157,447
Profession Tax	2,500	2,500
Rent, Rates & Taxes	26,490	19,000
Registrar fees	44,401	58,455
Repairs & Maintenance	104,069	109,108
Sundry Balances w/off	17,418	-
Telephone, Telex & Courier	139,035	151,201
Travelling Expenses	55,324	74,087
	<u>2,919,328</u>	<u>2,894,331</u>

SCHEDULE - I

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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 the Institute of Chartered Accountants of India.
- b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles.
- 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) Depreciation on fixed assets provided on straight-line method at the rates prescribed by Schedule XIV of the Companies Act, 1956.

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 and are valued at cost or net realizable value, whichever is lower. The inventory of film have been valued at cost.

6. Revenue Recognition.

- i) In the case of movies telecasted on Doordarshan, the revenue is recognized in the year in which Doordarshan sanctions the payment.
- ii) In case of sale of other rights, the Company recognizes the income when all the following criteria are met:
 - A license agreement is signed by both the parties;
 - The licensee is able to freely exploit the rights granted;
 - Effective date of grant of rights to the licensee has commenced as per the agreement or complete payment with respect to the rights has been received, whichever is earlier;
 - The Enterprise has no remaining performance obligations;
 - The arrangement is fixed and determinable;
 - Collection of the fee is reasonably assured;
 - All the essential deliverables to the licensee as per the agreement are completed.

Other streams of income

In all other cases, revenue is recognized when the Company has the undisputable right to receive the income.

Company has restated its accounting policies considering the nature of business. However such restatement does not affect the profit & loss account and balance sheet of the company.

7. Purchase of Movie rights.

The Enterprise recognizes purchase of movie rights when the all the below mentioned criteria are met:

- A license agreement is signed by both the parties;
- The Enterprise is able to freely exploit the rights granted;
- Effective date of grant of rights to the Enterprise has commenced as per the agreement or complete payment for the same has been made, whichever is earlier;
- The Seller has no remaining performance obligations;
- The arrangement is fixed and determinable;
- All essential deliverables to the Enterprise as per the agreement are completed.

8. 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 2011 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.

Universal Arts limited

11. Related Party Disclosures

Name	Relationship	Nature of Transaction	Amount in Rs.
Goldmines Telefilms Pvt. Ltd.	Enterprises over which key management personnel are exercise significant influence	Commission received Purchase of films.	4,80,000/- 4,70,000/-
Mima Cinevision Pvt. Ltd.	Enterprises over which key management personnel are exercise significant influence	Sale of Films. Commission received.	7,00,000/- 3,25,000/-

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	5,56,958	(16,13,759)
No. Of Shares Paid up	99,69,900	99,69,900
Basic & Diluted EPS	0.06	(0.16)

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

SIGNATURES TO SCHEDULE A TO I

AS PER OUR REPORT OF EVEN DATE
FOR SEKHRI KANODIA & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR & ON BEHALF OF BOARD

AJAY SEKHRI

Partner

Membership No: - 032103

Firm No: - 109389 W

Director

Director

Place : Mumbai

Date : 6th February, 2012

Place : Mumbai

Date : 6th February, 2012

Balance Sheet Abstract and Company's General Business Profile
I. Registration Details

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

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	106,457,950	Total Assets	106,457,950
Sources of Funds			
Paid up Capital	99,872,030	Share Application Money	NIL
Reserves & Surplus	4,325,720	Unsecured Loan	2,260,200
Application of Funds			
Net Fixed Assets	15,004,513	Investments	45,743,000
Net Current Assets	27,521,672	Misc.Expenditure	NIL
Accumulated Losses	18,188,765		

IV. Performance of Company

Total Income	15,022,150	Total Expenditure	14,462,442
Profit/(Loss) before tax	559,708	Profit/(Loss) after tax	556,958
Earning per Share	0.06	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 Sekhri Kanodla & Associates
Chartered Accountants
FRN – 109389W
Membership No 032103

For & on behalf of the Board of Directors

Ajay Sekhri
Partner
Place : Mumbai
Date : 6th February, 2012

Director Director
Place : Mumbai
Date : 6th February, 2012

Universal Arts limited

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956 RELATING TO SUBSIDIARY COMPANIES

Name of Subsidiary	Bama Infotech Pvt. Ltd.	
1 Financial year of the Subsidiary	31st March 2011	31st March 2010
2 Shares of Subsidiary held by Universal Arts Ltd. on the date		
a) No. of equity shares and face value	10000 shares of Rs. 10/- each	10000 shares of Rs. 10/- each
b) Extent of Holding	100%	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 2011	Nil	Nil
b) Not dealt with in the account of Universal Arts Ltd. for the year ended 31st March 2011	(178,369)	(174,834)
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 2011	N. A.	N. A.
b) Not dealt with in the account of Universal Arts Ltd. for the year ended 31st March 2011	N. A.	N. A.

For & on behalf of the Board of Directors

Director

Director

Place : Mumbai
Date : 6th February, 2012

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, 2011

FINANCIAL RESULTS :

	31.03.11	31.03.10
Total Income	-	2,192
Total Expenditure	1,88,555	1,77,026
PROFIT / (LOSS) BEFORE TAX	(1,88,555)	(1,74,834)
Less : Fringe Benefit & Income Tax	-	-
PROFIT / (LOSS) AFTER TAX	(1,88,555)	(1,74,834)
Profit / (Loss) brought forward from earlier years	(79,15,473)	(77,40,639)
PROFIT / (LOSS) CARRIED TO BALANCE SHEET	(81,04,028)	(79,15,473)

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, 2011 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 : 26th May 2011

DIRECTOR

DIRECTOR

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, 2011 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011, 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, 2011 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 : 26th May, 2011.

Balance Sheet as on 31st March, 2011

	Schedule	As on 31-03-2011 (Rs.)	As on 31-03-2010 (Rs.)
SOURCES OF FUND:			
Shareholder's Fund			
Share Capital	A	100,000	100,000
Borrowed Fund			
Unsecured Loans	B	11,353,500	11,193,000
Total		11,453,500	11,293,000
APPLICATIONS OF FUND:			
Investments	C	1,783,521	1,783,521
Current Assets, Loans & Advances	D	1,921,026	1,961,450
Less : Current Liabilities	E	355,075	367,444
Net Current Assets		1,565,951	1,594,006
Profit & Loss Account		8,104,028	7,915,473
Total		11,453,500	11,293,000

NOTES FORMING PART OF ACCOUNTS

G

Note : Schedule A to E 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 Piyush Nagawat & Associates

Chartered Accountants

Piyush Nagawat

Proprietor

Director

Director

Place : Mumbai

Date : 26th May 2011

Place : Mumbai

Date : 26th May 2011

Profit and loss account for the year ended 31st March, 2011

	Schedule	As on 31-03-2011 (Rs.)	As on 31-03-2010 (Rs.)
INCOME:			
Interest on Income tax refund		-	2,192
Total		-	2,192
EXPENDITURE:			
(Increase)/Decrease in Stock		-	-
Salary, Administrative & other expenses	F	1,88,555	177,026
Total		1,88,555	177,026
Profit /(Loss) before tax		(1,88,555)	(174,834)
Less : Income Tax		-	-
Profit /(Loss) after tax		(1,88,555)	(174,834)
Profit/(Loss) brought forward from last year		(7,915,473)	(7,740,639)
Profit/ (Loss) carried to Balance Sheet		(8,104,028)	(7,915,473)

NOTES FORMING PART OF ACCOUNTS

G

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

As per our report of even date

For & on behalf of the Board of Directors

For Piyush Nagawat & Associates

Chartered Accountants

Piyush Nagawat

Proprietor

Director

Director

Place : Mumbai

Date : 26th May 2011

Place : Mumbai

Date : 26th May 2011

Bama Infotech Private Limited

SCHEDULES FORMING PART OF ACCOUNTS

	31-03-2011 (Rs.)	31-03-2010 (Rs.)
SCHEDULE - A		
SHARE CAPITAL		
Authorised Capital		
10,000 Equity Shares of Rs. 10/- each	100,000	100,000
Issued, Subscribed and Paidup Capital		
10,000 Equity Shares of Rs. 10/- each fully paid-up	100,000	100,000
SCHEDULE - B		
Unsecured Loan		
11193 (11193) Zero percent fully Convertible Debentures of Rs. 1000/- each	11,193,000	11,193,000
From Others	160,500	-
	11,353,500	11,193,000

SCHEDULE - C

INVESTMENTS : (at Cost)

Long Term Investments :	QTY			
Cadila Healthcare Ltd	330	(330)	82,500	82,500
Arms Paper Ltd	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
Virgo Golbal Media Ltd	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.	10150	(10,150)	101,500	101,500
Equity Shares Unquoted and fully paid-up				
Shilpam Inorganics Ltd	8000	(8,000)	400,000	400,000
(Market Value as on 31.03.2011 - Rs.9,61,441/- Previous Year Rs. 7,38,479/-)				
(Figures in bracket indicates previous year quantity)				
			1,783,521	1,783,521

	31-03-2011 (Rs.)	31-03-2010 (Rs.)
SCHEDULE - D		
CURRENT ASSETS, LOANS & ADVANCES		
<u>Cash & Bank balance</u>		
Cash in Hand	16,480	189
Balances with Schedule Bank Current Account	1,021,538	1,084
Sundry Debtors (Unsecured, considered Good)		
More than Six Months	689,641	689,641
Less than Six Months	-	-
Stock in Hand	35,000	35,000
Loans & Advances	158,367	1,235,536
	1,921,026	1,961,450
SCHEDULE - E		
CURRENT LIABILITIES		
Sundry Creditors for expenses	355,075	358,075
Provision for FBT	-	9,369
	355,075	367,444
SCHEDULE - F		
SALARY, ADMINISTRATIVE & OTHER EXPENSES :		
Audit Fees	2,800	2,800
Bank Charges	4,219	2,868
Books & Periodicals	6,174	12,184
Conveyance & Travelling	6,147	16,413
Demat Charges	827	552
Fees, Rates & Taxes	800	1,600
Franking, Notary and Stamp Charges	5,500	-
Professional Fees	-	5,000
Processing Charges	60,000	-
Postage & Telegram	6,565	14,453
Printing & Stationery	6,495	15,075
Salary, Bonus & Exgratia	70,000	64,500
Staff Welfare	6,415	12,941
Sundry Expenses	6,268	14,023
Telephone, Telex & Fax Expenses	6,345	14,617
	188,555	177,026

SCHEDULE - G

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011.

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 : -

	2010-2011	2009-2010
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 : 26th May, 2011.

FOR & ON BEHALF OF BOARD

Director *Director*

Place : Mumbai
Date : 26th May, 2011.

Balance Sheet Abstract and Company's General Business Profile
I. Registration Details

Registration No.	123495	State Code	11
Balance Sheet Date	31-Mar-11		

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	11,453,500	Total Assets	11,453,500
Sources of Funds			
Paid up Capital	100,000	Reserves & Surplus	NIL
Secured Loan	NIL	Unsecured Loan	11,353,500
Application of Funds			
Net Fixed Assets	NIL	Investments	1,783,521
Net Current Assets	1,565,951	Misc. Expenditure	NIL
Accumulated Losses	8,104,028		

IV. Performance of Company

Total Income		Total Expenditure	188,555
Profit/(Loss) before tax	(188,555)	Profit/(Loss) after tax	(188,555)
Earning per Share			

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

Item Code no.	-
Product Description	-

As per our report of even date

For Piyush Nagawat & Associates
Chartered Accountants

For & on behalf of the Board of Directors

Piyush Nagawat*Proprietor*Place : Mumbai
Date : 26th May 2011*Director**Director*Place : Mumbai
Date : 26th May 2011

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, 2011 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 the information required by the Companies Act, 1956, in the manner so required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of Consolidated Balance Sheet, of the state of affairs of Universal Arts Ltd. and its subsidiary as at 30th June, 2011 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 SEKHRI KANODIA & ASSOCIATES
CHARTERED ACCOUNTANTS

AJAY SEKHRI
Partner

MEMBERSHIP NO :- 032103

FIRM NO:- 109389W

Place : Mumbai

Date : 6th February, 2012

Consolidated Balance Sheet as on 30th June, 2011

	Schedule	As on 30-06-2011 (Rs.)	As on 30-06-2010 (Rs.)
SOURCES OF FUND :			
Shareholder's Fund			
Share Capital	A	99,872,030	99,872,030
Capital Reserve		4,325,720	4,325,720
Loan Funds			
Unsecured Loan	B	1,923,500	-
Total		106,121,250	104,197,750
APPLICATION OF FUND :			
Fixed Assets			
Gross Block	C	5,459,419	5,459,419
Less : Depreciation		3,924,906	3,731,103
Net Block		1,534,513	1,728,316
Capital Work-in-progress		13,470,000	13,470,000
Investments	D	36,233,521	36,233,521
Current Assets, Loans & advances	E	40,228,185	30,852,767
Less : Current Liabilities & Provisions	F	11,663,427	4,783,901
NET CURRENT ASSETS		28,564,758	26,068,866
Profit & Loss a/c.		26,318,458	26,697,047
Total		106,121,250	104,197,750

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 Sekhri Kanodia & Associates
Chartered Accountants
FRN – 109389W
Membership No 032103

For & on behalf of the Board of Directors

Ajay Sekhri
Partner

Director

Director

Place : Mumbai
Date : 6th February, 2012

Place : Mumbai
Date : 6th February, 2012

Universal Arts limited

Consolidated Profit and Loss account for the year ended 30th June, 2011

	Schedule	As on 30-06-2011 (Rs.)	As on 30-06-2010 (Rs.)
INCOME :			
Sales		5,437,500	8,940,500
Commission Received		805,000	-
Other Income	G	153,230	78,508
	TOTAL	6,395,730	9,019,008
EXPENDITURE :			
Decrease/(Increase) in Stock		(840,000)	4,719,440
Purchase		3,370,000	2,700,000
Direct Expenses		192,890	123,000
Administrative Expenses	H	3,097,698	3,061,670
Depreciation		193,804	193,804
	TOTAL	6,014,391	10,797,914
Profit/(Loss) Before Tax		381,339	(1,778,906)
Less:- Income tax		2,750	-
Profit/(Loss) After Tax		378,589	(1,778,906)
Profit/(Loss) brought forwards from last year		(26,697,047)	(24,918,140)
Profit/(Loss) carried to Balance Sheet		(26,318,458)	(26,697,047)

NOTES FORMING PART OF ACCOUNTS

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

As per our report of even date

For Sekhri Kanodia & Associates
Chartered Accountants
FRN – 109389W
Membership No 032103

For & on behalf of the Board of Directors

Ajay Sekhri
Partner

Director Director

Place : Mumbai
Date : 6th February, 2012

Place : Mumbai
Date : 6th February, 2012

SCHEDULES FORMING PART OF ACCOUNTS

	30-06-2011 (Rs.)	30-06-2010 (Rs.)
SCHEDULE - A		
SHARE CAPITAL		
Authorised Capital		
1,10,00,000 Equity Shares of Rs. 10/- each	110,000,000	110,000,000
Issued and Subscribed Capital		
1,00,00,800 Equity Shares of Rs.10/- each	100,008,000	100,008,000
Paid-up Capital		
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
	99,872,030	99,872,030

SCHEDULE - B**Unsecured Loan**

From company	1,923,500	-
	1,923,500	-

SCHEDULE - C**FIXED ASSETS**

		GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As on 01/07/2010	Additions During the Year	Deductions During the Year	As on 30/06/2011	As on 01/07/2010	Provided for the Year	Deductions During the Year	As on 30/06/2011	As on 30/06/2011	As on 01/07/2010
Building	1.63%	750,000	-	-	750,000	100,856	12,225	-	113,081	636,919	649,144
Plant & Machinery	7.07%	2,057,400	-	-	2,057,400	1,334,635	145,458	-	1,480,093	577,307	722,765
Computers	16.21%	574,717	-	-	574,717	574,717	-	-	574,717	-	-
Office Equipment	4.75%	126,000	-	-	126,000	50,884	5,985	-	56,869	69,131	75,116
Portal & Content Right		1,475,230	-	-	1,475,230	1,475,230	-	-	1,475,230	-	-
Furnitures	6.33%	476,072	-	-	476,072	194,780	30,135	-	224,915	251,157	281,292
TOTAL		5,459,419	-	-	5,459,419	3,731,103	193,804	-	3,924,906	1,534,513	1,728,316
Previous year		5,459,419	-	-	5,459,419	3,537,299	193,804	-	3,731,103	1,728,316	

Universal Arts limited

			30-06-2011	30-06-2010
			(Rs.)	(Rs.)
SCHEDULE - D				
INVESTMENTS (Non-trade, Long term at cost)				
	Qty.			
<u>In Equity Shares (Quoted & 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 & 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 30.06.2011 Rs 7,98,386/-"				
Previous Year Rs 8,97,198/-)"				
(Figures in bracket indicates previous year quantity)				
			36,233,521	36,233,521
SCHEDULE - E				
CURRENT ASSETS, LOANS & ADVANCES				
<u>Cash & Bank balance</u>				
Cash in hand			811,407	1,028,601
Balances with Scheduled Banks in Current accounts			94,024	39,651
<u>Sundry Debtors (Unsecured considered good)</u>				
More than six months			1,228,736	1,228,736
Other			12,147,500	2,000,000
<u>Inventories</u>				
Stock and Work-in-progress			8,661,420	7,821,420
<u>Advance recoverable in cash or in kind or for value to be recd.</u>	26,171,364			27,620,624
<u>Less:- Provision for doubtful debt</u>		8,886,266	17,285,098	(8,886,266)
			40,228,185	30,852,767

	30-06-2011 (Rs.)	30-06-2010 (Rs.)
SCHEDULE - F		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors for expenses	10,565,992	3,886,972
Outstanding expenses	928,805	559,418
Provision for Fringe Benefit Tax	-	168,881
Provision for Taxation	168,630	168,630
	<u>11,663,427</u>	<u>4,783,901</u>
SCHEDULE - G		
OTHER INCOME		
Interest on Income Tax refund	-	2,192
Interest Income	153,230	75,563
Sundry Balance w/off	-	753
	<u>153,230</u>	<u>78,508</u>
SCHEDULE - H		
SALARY, ADMINISTRATIVE & OTHER EXPENSES :		
<u>Employees Remuneration & Benefits</u>		
Salary, Bonus & other benefits	981,170	1,039,001
Staff Welfare	109,219	122,968
Advertising	39,382	42,383
Audit Fees	31,350	30,800
AGM Expenses	17,577	33,177
Annual Charges	45,482	46,547
Bank Charges	14,104	26,230
Books and Periodicals	33,538	47,095
Business Promotion expenses	136,597	138,695
Conveyance Expenses	273,278	264,648
Demat charges	827	-
Electricity charges	150,990	137,760
Legal & Professional expenses	203,000	72,500
Listing fees	19,341	16,544
Membership and Subscription	788	263
Miscellaneous expenses	143,492	145,200
Office expenses	139,466	133,804
Processing Charges	60,000	-
Postage & Telegram	138,885	162,759
Printing & Stationery	160,125	170,738
Profession Tax	2,500	2,500
Rent, Rates & Taxes	31,290	22,100
Registrar fees	44,401	58,455
Repairs & Maintenance	104,069	109,108
Sundry Balances W/off	17,418	-
Telephone, Telex & Courier	144,085	164,310
Travelling Expenses	55,324	74,087
	<u>3,097,698</u>	<u>3,061,670</u>

SCHEDULE - I

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
PRINCIPLES OF CONSOLIDATION:**

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

Name of the Company	% of holding
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 Recognition.

- i) In the case of movies telecasted on Doordarshan, the revenue is recognized in the year in which Doordarshan sanctions the payment.
- ii) In case of sale of other rights, the Company recognizes the income when all the following criteria are met:
 - A license agreement is signed by both the parties;
 - The licensee is able to freely exploit the rights granted;
 - Effective date of grant of rights to the licensee has commenced as per the agreement or complete payment with respect to the rights has been received, whichever is earlier;
 - The Enterprise has no remaining performance obligations;
 - The arrangement is fixed and determinable;
 - Collection of the fee is reasonably assured;
 - All the essential deliverables to the licensee as per the agreement are completed.

Other streams of income

In all other cases, revenue is recognized when the Company has the undisputable right to receive the income.

7. Purchase of Movie rights.

The Enterprise recognizes purchase of movie rights when the all the below mentioned criteria are met:

- A license agreement is signed by both the parties;
- The Enterprise is able to freely exploit the rights granted;
- Effective date of grant of rights to the Enterprise has commenced as per the agreement or complete payment for the same has been made, whichever is earlier;
- The Seller has no remaining performance obligations;
- The arrangement is fixed and determinable;

All essential deliverables to the Enterprise as per the agreement are completed.

8. 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.

9. Contingent Liabilities

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

10. 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.

11. 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 2011 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. 31,350/- (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.

Universal Arts limited

11. Related Party Disclosures

Name	Relationship	Nature of Transaction	Amount in Rs.
Goldmines Telefilms Pvt. Ltd.	Enterprises over which key management personnel are exercise significant influence	Commission received Purchase of films. Sale of Films.	4,80,000/- 4,70,000/- 7,00,000/-
Mima Cinevision Pvt. Ltd.	Enterprises over which key management personnel are exercise significant influence	sales	3,25,000/-

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	3,78,589	(17,78,907)
No. Of Shares Paid up	99,69,900	99,69,900
Basic & Diluted EPS	0.04	(0.18)

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

SIGNATURES TO SCHEDULE A TO I

AS PER OUR REPORT OF EVEN DATE

For SEKHRI KANODIA & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR & ON BEHALF OF BOARD

AJAY SEKHRI

Partner

Director

Director

Membership No: - 032103

Firm No: - 109389 W

Place : Mumbai

Date : 6th February, 2012

Place : Mumbai

Date : 6th February, 2012

Universal Arts Limited

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

PROXY FORM

Reg. Folio No.

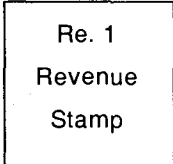
I/We of

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 Sixteenth Annual General Meeting of the Company to be held on Tuesday, 20th March 2012 at 11.00 a.m. at Keshav Gore Smarak Trust Hall, "Smriti", Aaarey Road, Goregaon (West), Mumbai 400062 and at any adjournment (s) thereof.

Signed this day of 2012 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.

Universal Arts Limited

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

ATTENDANCE SLIP

Sixteenth Annual General Meeting - 20th March, 2012

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 Sixteenth Annual General Meeting of the Company held on Tuesday, 20th March, 2012 at 11.00 a.m. at Keshav Gore Smarak Trust Hall, "Smriti", Aaarey Road, Goregaon (West), Mumbai 400062.

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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.

Universal Arts Limited

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