

ANNUAL REPORT 2009-2010

BABAARTS LIMITED

Board of Directors

Shri. Gordhan P. Tanwani
Chairman & Managing Director

Shri. Sanjiv Hinduja

Shri. Pravin Karia

Shri Santosh A Shah

Company Secretary

Shri. N.H.Mankad

Statutory Auditors

Prakkash Muni & Associates

Chartered Accountants

Banker

Bank of India

Registered Office and Studio

3A, Valecha Chambers,
New Link Road,
Andheri (West),
Mumbai 400 053.
Phone : (022) 2673 3131 Fax : (022) 2673 3375
Email.: babaartslimited@yahoo.com

Registrars & Share Transfer Agents

Mondkar Computers Private Limited,
21, Shakil Niwas, Mahakali Caves Road,
Andheri (East), Mumbai 400 093
Phone : (022) 2836 6620 Fax : (022) 2821 1996
Email.: mcplrt@bom7.net.in

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NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eleventh Annual General Meeting of Baba Arts Limited will be held on Tuesday the 21st September, 2010 at 11.30 a.m. at Juhu Vile Parle Gymkhana Club, Orchid Hall, Second Floor, Opp: Juhu Bus Depot, Juhu, Mumbai 400049 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account of the Company for the year ended on that date together with the Cash Flow Statement, Directors' Report and the Report of the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint Director in place of Shri Santosh A Shah, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. **To consider and, if thought fit, to pass the following Resolution, with or without modification, as an Ordinary Resolution:**

RESOLVED THAT subject to the approval of the Central Government to be obtained, if required, in accordance with the provisions of Sections 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, the Company hereby appoints Shri Gordhan P Tanwani as the Managing Director of the Company, for a period of Five Years from 1st June, 2010 to 31st May, 2015 on the following remuneration and other terms and conditions as contained in the draft agreement to be entered in to by the company with the Managing Director:

OVERALL REMUNERATION

Subject to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other provisions applicable of the Companies Act, 1956, if any, the remuneration payable to Shri Gordhan P Tanwani, Managing Director, in any financial year shall be in accordance with Section I of Part II of the Schedule XIII to the Companies Act, 1956. and shall not exceed 5% (five percent) of the net profits of the Company.

MINIMUM REMUNERATION

Where in any financial year during the currency of the tenure of Shri Gordhan P Tanwani, Managing Director, the company has no profits or its profits are inadequate, the remuneration payable to him, shall be according to the applicable provisions of Schedule XIII of the Act. Within the aforesaid ceiling, the remuneration payable to the Managing Director shall be as follows:

SALARY, PERQUISITES AND ALLOWANCES

Rs.300000/- p.m. (Rupees Three Lacs only) inclusive of all perquisites and allowances except those specifically excluded as per Schedule XIII of the Act. with authority to the Board of Directors to sanction increase in remuneration at such intervals as they may consider appropriate from time to time.

The Managing Director shall be entitled to reimbursement of expenses that may be incurred by him on behalf of the Company and for the purpose of business of the Company.

The Managing Director shall also be entitled to use of the Company's Car for official purposes.

The Managing Director shall be granted reimbursement of expenses towards use of One Telephone at his residence and One Mobile for official use.

The Managing Director shall not be liable to retire by rotation.

The Managing Director shall not be entitled to payment of sitting fees for attending meetings of the Board of Directors or any Committee of the Board.

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6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT :

- a) pursuant to Section 81 and other applicable provisions of the Companies Act, 1956, a sum of Rs. 5,16,00,000 out of the amount standing to the credit of General Reserves /Share Premium Account / Surplus in Profit & Loss Account of the Company as at 31st March, 2010 be and is hereby capitalised and that the said sum of Rs. 5,16,00,000 be applied on behalf of the persons whose names appear on the Register of Members of the Company on the record date to be fixed by the Board of Directors of the company (hereinafter referred to as the "Record Date") in payment in full of 5,16,00,000 unissued new equity shares of the face value of Rs.1/- each and that such new equity shares credited as fully paid up be accordingly allotted as bonus shares and distributed to and amongst such persons respectively in the proportion of One new equity share for every One equity share held by such persons respectively on the said "Record Date", and that the new equity shares so distributed shall be treated for all purposes as an increase in nominal amount of equity capital of the company, held by each such member and not as income.
- b) the new equity shares shall be allotted subject to the Memorandum and Articles of Association of the Company.
- c) the new equity shares shall rank pari passu with the existing equity shares of the Company in all respect.
- d) the members who are entitled to the new equity shares shall accept the same in full satisfaction of their respective rights, and interests in the said capitalised sum of Rs. 5,16,00,000.
- e) no letters of allotment shall be issued to the allottees of the new equity shares and that in respect of shareholders holding shares in the company in physical mode, the share certificates in respect of the new equity shares to be allotted as fully paid bonus shares as aforesaid shall be completed and be ready for delivery within three months from the respective date of allotment thereof and in respect of shareholders holding shares in the company in dematerialized mode, the new equity shares shall be credited to their demat account with the depository participants on or before 12th October, 2010.
- f) for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do and perform all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, desirable or appropriate to settle any question, difficulty or doubt that may arise in regard to the issue and distribution of new equity shares as they may think fit.

7. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 293 (1)(d) of the Companies Act, 1956 and such other provisions of the said Act as may be applicable, the consent of the company be and is hereby given to the Board of Directors to borrow monies for the purpose of the business of the company from Banks/ Financial Institutions and others, secured or unsecured even if such amount of borrowing together with the amounts already borrowed exceed the paid up capital and free reserves (i.e. reserves not kept aside for any specific purpose) of the company provided however that the maximum amount upto which the Board may borrow (other than the amount borrowed from the company's bankers in the ordinary course of business for working capital requirements of the company) shall not exceed the amount of Rs 500 Crores at any time.

8. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 293 (1)(a) of the Companies Act, 1956 and such other provisions of the said Act as may be applicable, the consent of the company be and is hereby accorded to the Board of Directors of the company for mortgaging and / or charging , on such terms and conditions and at such time or times and in such form and manner, as they may think fit, the whole or substantially the whole of the company's one or more of the undertakings or all the undertakings, including the present and / or future properties, whether moveable or immovable, comprised in any existing or new undertaking or undertakings of the company as the case may be, in favour of Banks/ Financial Institutions/ Mutual Funds/ Foreign Institutional Investors / Trustees for Debenture Holders or such other persons being lenders to the company to secure the loans raised or to be raised by the company from them upon the terms and conditions as may be decided by the Board of Directors of the company.

RESOLVED THAT the board of directors be and is hereby authorised to finalize and execute any and all agreements and documents, necessary for creating mortgages and / or charges as aforesaid and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto, or otherwise considered by the Board of Directors to be in the best interest of the company.

9. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 293 (1)(e) of the Companies Act, 1956 and such other provisions of the said Act as may be applicable, the consent of the company be and is hereby accorded to the Board of Directors of the company for giving donation upto Rs.1 Crore in a financial year for charitable and philanthropic purposes to Charitable Trusts, Schools, Colleges, Hospitals, Ashrams, Old Age Homes, NGO's, Government – Semi Govt. Authorities and needy persons on such terms and conditions and at such time or times and in such form and manner, as they may think fit and proper.

By Order of the Board
For Baba Arts Limited

N. H. Mankad
Company Secretary

Regd. Office:

3A, Valecha Chambers,
New Link Road,
Andheri (West)
Mumbai 400053.

Date: 13th August, 2010

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE, INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES TO BE VALID MUST BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. BLANK PROXY FORM IS ENCLOSED.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business set out under item 5 to 9 of the notice to be transacted at the meeting is annexed hereto and forms part of this notice.
3. The draft of the agreement to be entered in to with the Managing Director in respect of his appointment would be available for inspection of the members at the registered office of the company on all working days of the company between 11.00 a.m. and 2.00 p.m.
4. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday the 31st August, 2010 to Wednesday the 1st September, 2010 (both days inclusive).
5. Dividend on equity shares, if approved by the members in the 11th Annual General Meeting will be paid on or before 10th October, 2010 to those members whose names appear on the Register of Members or as beneficial owners with the depositories on 21st September, 2010.
6. Members are requested to:
 - a. Bring their copy of the annual report to the Annual General Meeting.
 - b. Bring the attendance slip sent herewith, duly filled in, for attending the meeting.
7. Brief profile of Director seeking appointment as per Clause 49 of the Listing Agreement with the stock exchange is given in the Report on Corporate Governance.
8. Beneficial Owners holding shares in electronic/demat form are requested to notify any change in their address, bank account, mandate, etc. to their respective Depository Participant. Members holding shares in physical form are requested to notify any change in their address, bank account etc. to the Registrar and Share Transfer Agents, **Mondkar Computers Pvt. Ltd.**
9. Members desirous of getting any information about the accounts and operations of the Company are requested to write their queries to the company at least seven days in advance of the meeting so that the information required can be made readily available at the meeting.
10. Pursuant to the provisions of Section 109A of the Companies Act, 1956, members are entitled to make a nomination in respect of the shares held by them. Members desirous of making nominations are requested to submit Form No. 2B (which may be obtained from the Company's Secretarial Department) duly filled in and signed by them to the company's Registrar & Share Transfer Agents in case of shares held in Physical Form and to the Depository Participants in case of

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shares held in electronic form. The nominee shall be a person in whom all rights of transfer and/ or amount payable in respect of the shares shall vest in the event of death of the member(s). A minor can be a nominee provided the name of the Guardian is given in the Nomination Form. The facility of nomination is not available to non individual members such as Societies, Trusts, Bodies Corporate, Kartas of HUF and holders of Power of Attorneys. For further details, please contact the Company's Secretarial Department.

By Order of the Board
For Baba Arts Limited

N. H. Mankad
Company Secretary

Regd. Office:

3A, Valecha Chambers,
New Link Road,
Andheri (West)
Mumbai 400053.

Date: 13th August, 2010

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

The Members of the Company in their 9th Annual General Meeting held on 4th September, 2008 had approved appointment of Shri Gordhan P. Tanwani as the Managing Director of the Company for a period of five years from 1st November, 2008 to 31st October, 2013 without payment of any remuneration. Shri Gordhan P. Tanwani has been providing his services as the Managing Director of the Company since August, 2003 and till date he has not drawn any remuneration for his services. Under his able leadership the Company has achieved tremendous growth both in terms of turnover and profitability. During the financial year ended on 31st March, 2010 the Company has achieved turnover of over Rs.150 Crore and profit before tax of over Rs. 8.00 Crore. He has been devoting his full time towards management of the day to day affairs of the Company. Initially, Shri Gordhan P. Tanwani, had agreed not to draw any remuneration in view of losses incurred by the company in its earlier years.

For the past five years the company has been earning reasonable profits and as such your board of directors reviewed the terms of appointment of Shri Gordhan P. Tanwani as Managing Director. As a part of this review the board of directors terminated the existing agreement with Shri Gordhan P. Tanwani, which was valid up to 31st October, 2013 and reappointed him as the Managing Director of the Company for a period of five years from 1st June, 2010 up to 31st May, 2015 and also decided to pay him remuneration in accordance with Section I of Part II of the Schedule XIII to the Companies Act, 1956. The details of remuneration to be paid to Shri Gordhan P. Tanwani and other terms and conditions of his appointment are set out in the draft resolution as set out under item no. 5 of the notice of this annual general meeting.

The draft of the agreement to be entered in to by the company with Shri Gordhan P. Tanwani would be available for inspection of the members at the registered office of the company on all working days of the company between 11.00 a.m. and 2.00 p.m. and at the venue of the annual general meeting till the conclusion of the meeting.

Your board of directors recommends the resolution as set out under item no. 5 of the notice of this annual general meeting for your approval as an ordinary resolution.

Shri Gordhan P. Tanwani, Director is interested and concerned in passing of the resolution since it concerns his own appointment. No other director of the company is in any way interested or concerned in passing of the said resolution.

This may also be treated as the extract of the terms of appointment of Shri Gordhan P. Tanwani as the Managing Director of the Company pursuant to Section 302 of the Act.

Item No. 6

The existing authorized share capital of the company is Rs.30,00,00,000 (Rupees Thirty Crore) divided into 30,00,00,000 (Thirty Crore) equity shares of Re.1/(Rupee One Only) each. The present issued, subscribed, called-up and paid up share capital of the company is Rs. 5,16,00,000 (Rupees Five Crore Sixteen Lac Only) divided into 5,16,00,000 (Five Crore Sixteen Lac) equity shares of Re.1/(Rupee One Only) each.

Your company's business has been growing at a fast pace over the past few years. During the year ended on 31st March, 2010 your company achieved turnover of over Rs. 150 Crore and the turnover during the current year ending on 31st March, 2011 is expected to increase substantially.

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ARTS LIMITED

The existing paid up capital of the company of Rs. 5,16,00,000 is very small in comparison to the turnover of the company and total capital employed in the business of the company. Keeping in view the existing turnover and future growth prospects of the company, your board of directors have thought it fit to increase the paid up capital of the company in order to bring it in sync with the total capital employed by the company in its business and size of business of the company, by issue of 5,16,00,000 bonus shares in the ratio of one bonus share for every existing share held by the members of the company on a record date to be fixed by the Board of Directors. Your company has a comfortable reserves position as on 31st March, 2010 and the bonus shares are proposed to be issued by capitalization of the amount of Rs. 5,16,00,000 standing to the credit of General Reserve / Surplus in Profit and Loss account / Share Premium Account as on 31st March, 2010 and utilizing the same towards issue of bonus shares.

Issue of Bonus Shares requires to be approved by the members of the company in their general meeting.

Your Board of Directors therefore recommends the resolution as set out under item no. 6 of the notice of the annual general meeting, for issue of bonus shares in the ratio of one bonus share for every existing equity share held by the shareholders on the record date to be fixed by the Board of Directors in consultation with the Bombay Stock Exchange Ltd. with whom the shares of the company are listed.

The Directors of the company may be considered to be concerned or interested in passing the resolution to the extent of shares held by them in the company and consequently bonus shares that may be allotted to them.

Item No. 7 & 8

In the course of the business of the company, it would be necessary for the company to borrow funds from Banks, Financial Institutions and others. Such borrowings may exceed the company's paid up share capital and its free reserves. Pursuant to the provisions of section 293 (1)(d) of the Companies Act, 1956 to enable the company to borrow funds in excess of its paid up capital and free reserves it is necessary to obtain approval of the members of the company by an ordinary resolution to be passed in their general meeting. It is therefore proposed to seek authority from the members in favour of the board of directors to borrow monies for the purpose of business of the company in excess of paid up capital and free reserve of the company subject to the condition that total borrowings of the company at any given time shall not exceed amount of Rs.500 Crore.

For securing the borrowings of the company it would be necessary for the company to create charge on the company's moveable and immovable properties present and future with a right to the lenders to enter and take possession of the part or whole of undertaking and properties of the company under certain circumstances which can amount to disposal of the undertaking of the company. Pursuant to Section 293 (1)(a) of the Companies Act, 1956 such creation of charge on the assets of the company in a manner which may amount to the disposal of the company's undertaking requires to be approved by the members of the company in their general meeting by an ordinary resolution.

Your board of directors therefore recommends the resolutions set out under item no. 7 & 8 for your approval as ordinary resolutions.

None of the directors of the company is in any way concerned or interested in passing the aforesaid resolutions.

Item No. 9

As a part of the Company's social responsibility and obligation towards society, the company would be giving donation for charitable and philanthropic purposes to Trusts, Schools, Colleges, Hospitals, Ashrams, Old Age Homes, NGO's, Government – Semi Govt. Authorities and needy persons. Pursuant to the provisions of section 293 (1)(e) of the Companies Act, 1956 to enable the company to give such donations, it is necessary to obtain approval of the members of the company by an ordinary resolution to be passed in their general meeting. It is therefore proposed to seek authority from the members in favour of the board of directors to give donation upto Rs.1 Crore in any Financial year.

Your board of directors therefore recommends the resolution set out under item no. 9 for your approval as an ordinary resolution.

None of the Directors of the company is in any way concerned or interested in passing the aforesaid resolution.

By Order of the Board
For Baba Arts Limited

N. H. Mankad
Company Secretary

Regd. Office:

3A, Valecha Chambers,
New Link Road,
Andheri (West)
Mumbai 400053.

Date: 13th August, 2010

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DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their Eleventh Annual Report together with the Audited Accounts for the year ended on 31st March, 2010.

FINANCIAL RESULTS

(Rs. Lacs.)

Particulars	March 31, 2010	March 31, 2009
Income from Operations	15772.81	7754.72
Other Income	51.36	12.36
Total Income	15824.17	7767.08
Total Expenditure	14939.15	7265.45
Profit /(Loss) before Finance Charges, Depreciation and Tax	884.92	501.63
Finance Charges	18.18	19.68
Profit /(Loss) after interest but before Depreciation	866.74	481.95
Depreciation	51.10	51.32
Profit /(Loss) before Tax	815.64	430.63
Provision for Tax		
- Current Tax	282.00	150.00
- Deferred Tax	(2.61)	1.20
- Fringe Benefit Tax	--	0.50
Net Profit /(Loss) for the Year	536.25	278.93
Prior period Income Tax Adjustments	(21.31)	0.00
Profit /(Loss) brought forward from previous year	629.89	531.89
Profit available for Appropriations	1144.84	810.82
Appropriations		
Transfer to General Reserve	54.00	30.00
Proposed Dividend/ (Interim Dividend)	129.00	129.00
Tax on Dividend / (Interim Dividend)	21.92	21.92
Balance Profit /(Loss) carried forward to Balance Sheet	939.92	629.89

DIVIDEND

Your Directors are pleased to recommend dividend of Rs. 0.25 per share on (25%) Equity Shares for the year ended on 31st March, 2010 involving a pay out of Rs. 129.00 Lacs plus dividend distribution tax of Rs. 21.92 Lacs.

SHARE CAPITAL

During the year, the Company has subdivided the equity shares of Rs.4/- each into the equity share of Rs.1/- each pursuant to Special Resolution passed at previous AGM held on 29th September, 2009 and accordingly the authorised share capital now comprises of 30,00,00,000 equity shares of Rs.1/- each and Paid up Capital of the Company comprises of 5,16,00,000 equity shares of Rs.1/- each.

REVIEW OF OPERATIONS

During the year under review, income from trading in IPR of Films increased substantially to Rs.15212.58 Lacs from Rs. 7096.13 Lacs in the previous year and Income from Post Production activity declined to Rs. 52.10 Lacs from Rs. 136.32 Lacs in the previous year. Your Company earned Net Profit of Rs.536.25 Lacs vis-à-vis Net Profit of Rs. 278.93 Lacs in the previous year, after providing for Depreciation of Rs. 51.10 Lacs, Current Tax of Rs. 282.00 Lacs and accounting deferred tax of Rs. 2.61 Lacs.

BONUS ISSUE

With a view to bring the paid up capital of the company in sync with the size of business of the company in terms of turnover and total capital employed, the board of directors of the company has decided to issue and allot bonus shares to the existing shareholders of the company in the ratio of one equity shares for every one share held by them by capitalizing an amount of Rs. 516.00 Lacs from the reserves and surplus available for capitalization. The issue and allotment of of bonus shares would be subject to the approval of shareholders in the annual general meeting. Necessary resolution is included in the notice of the 11th Annual General Meeting with a request to the members to approve the same.

DEPOSITS

Your Company has not invited / accepted any deposits from public within the meaning of Section 58A of the Companies Act, 1956.

CORPORATE GOVERNANCE

The Corporate Governance Report and Management's Discussion and Analysis form an integral part of this report and are set out as separate Annexure to this Report. The Certificate from Auditors of the company certifying compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is also annexed to the report on Corporate Governance.

DIRECTORS

Shri. Santosh A. Shah, Director retires by rotation and being eligible offers himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2001, the Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) the accounting policies have been consistently applied and reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the profit of the company for the year ended on 31st March, 2010 and the state of affairs of the company as at 31st March, 2010 as disclosed in the enclosed accounts;
- iii) proper and sufficient care has been taken for 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; and
- iv) the annual accounts have been prepared on a going concern basis.

RELATED PARTY TRANSACTIONS

In accordance with the Accounting Standard 18 prescribed by the Institute of Chartered Accountants of India, transactions with related parties have been disclosed separately and form a part of this report.

AUDITORS

The company's Auditors M/s. Prakash Muni & Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting, and are eligible for reappointment. The company has received the certificate to this effect from the Auditors. Your Directors recommend their re-appointment.

SUBSIDIARY COMPANY

Mahadev Production Private Limited (MPPL) a subsidiary of the Company earned income of Rs. 17.50 Lacs from sale of Home Video Rights and exploitation of tertiary rights of the film "Vijay Bihari Mafia". The said income has been set off against the cost of production of the film and the balance cost of production is carried forward to be adjusted against future revenues expected from exploitation of other rights of the film.

The report and accounts of MPPL is annexed to this report along with the statement pursuant to Section 212 of the Companies Act, 1956.

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CONSOLIDATED FINANCIAL STATEMENTS AND CASH FLOW ANALYSIS

As stipulated by Clause 32 of the listing agreement with stock exchange, the consolidated financial statements have been prepared by the Company in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India. The audited consolidated financial statements together with Auditor's Report for in part of this Annual Report.

The consolidated net profit of the Company and its subsidiary amounted to Rs. 535.91 Lacs as against Rs. 536.25 Lacs for the Company on a stand alone basis. The consolidated Cash Flow statement for the year under review is annexed hereto.

PARTICULARS OF EMPLOYEES

There were no employees, covered under the purview of Section 217 (2A) of the Companies Act, 1956 and the Rules framed there under.

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

Conservation of Energy

Your Company's activities do not require substantial energy consumption. However, the company continues to lay emphasis on reducing energy consumption by constantly monitoring the consumption and taking steps to reduce wasteful use of energy.

Research & Development, Technology Absorption, Adoption and Innovation

The Company has not under taken any Research & Development Activity.

Foreign Exchange Earnings and Outgo

- | | | |
|------------------------------|---|------------------|
| a. Foreign Exchange Earnings | - | Rs. 750.00 Lacs |
| b. Foreign Exchange Outgo | - | Rs. 4450.00 Lacs |

ACKNOWLEDGEMENT

The Board wishes to thank all the company's customers, film producers, artists and technicians, satellite channels, company's bankers, who have extended their continued support to the Company.

Your Directors specially thank the shareholders of the Company for having reposed their confidence in the management of the Company and employees and technicians of the Company at all levels for their dedicated services to the Company and the contribution made by them towards the growth of the Company.

For and On behalf of the Board of Directors

Gordhan P. Tanwani
Chairman & Managing Director

Place : Mumbai
Date : 13th August, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Development

Indian Media & Entertainment Industry earned revenue of INR 587 billion in the year 2009 vis a vis INR 579 billion in the year 2008, in the process achieving a modest growth 1.4% compared to growth of 12% in the previous year. The economic slow down of the last two years, woke up the industry to the realities of business and forced it to adopt various means of cost cutting and to think of new strategies and innovative content formats to stay afloat.

The long term outlook for the Media & Entertainment Industry continues to remain bullish which is evident from the steady recovery witnessed in the early part of 2010. Over next five years the industry is expected to grow at CAGR of 13% as against CAGR of 10% achieved in the four year period of 2006 to 2009.

2. Outlook for Company

(i) Post Production

In line with the company's policy of gradually phasing out the post production activity, the company does not expect any increase in revenue from this business. The post production facilities of the company are more likely to be utilized for in house film production activity.

(ii) IPR of Films

(a) Trading

The company's policy of adopting a cautious approach in difficult times in the last two years has seen the company not only stay afloat, but achieve significant jump in revenues from the activity of trading in IPR of films. While the margins were low compared to the earlier years, higher volumes enabled the company to increase its profitability in absolute terms. As a part of adopting innovative strategies, the company pioneered the concept of syndicated deal for telecast of newly released films across various channels. The company successfully offered super hit films like "Guru", "No Entry" "Sarkar" "Khosla Ka Ghosla" and many other film under syndicated arrangement to reputed channels like "Sony" "Colours", "UTV" and "INOX".

The growth in number of TV Channels continues unabated coupled with expansion in genres across sectors like news, entertainment, kids, and lifestyle. The growth is not restricted only to the national language Hindi but has now spread to regional language channels also. Already there are about 500 TV channels and the number is expected to swell by another 100 channels to 600 in the next two years time. TV viewership is also evolving with penetration of TV through DTH, and IPTV.

The existing channels in all genres are hungry for film based content to fulfill the demand from their viewers and to gather the much needed TRPs. Your company being a leading player in the field of dealing in IPR of films, these factors will contribute to the future growth of the company.

(b) Film Distribution

During the year 2009-10, the Company made a foray in the field of film distribution and successfully distributed hit comedy film "De Dana Dan" in various theatres all over India. Encouraged by successful handling of the all India theatrical release of the said film, your company is looking forward to increase its exposure to the film distribution business. The Company has recently acquired world rights of the under production film " Dil Toh Bachha Hai" directed by reputed director **Madhur Bhandarkar** and having **Ajay Devgn** and **Imran Hashmi** in the lead role. The film is slated for release in January, 2011.

(c) Home Entertainment

During the year 2009-10 the Company earned income of Rs. 8.12 Lacs from sale of VCD / DVDs of the popular stand up comedy show "The Great Indian Laughter Challenge". The company holds VCD / DVD rights for the said show for one more year and as such the Company expects further revenue from sale of VCD / DVD of this very popular show of STAR TV in the current year also.

(iii) Film Production

The second composite animation film "My Friend Ganesha 3" produced by your company specifically for TV Channels and Home Video audience did a decent business and once again vindicated the benefits of cautious approach adopted by the company in otherwise high risk business of film production. The innovative strategy of making low budget films specifically for TV Channels and Home Video audience is really paying off and encouraged by the success of the **My Friend Ganesha Trilogy**, your company has now undertaken production of one more animation film "Taarzan the Wonder Car 2" expected to be released in summer of 2011.

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Apart from the composite animation film, there are two more projects for production of mainstream Hindi commercial cinema in the pipe line, which once crystallised would be ready for release towards end of 2011 early 2012.

3. Opportunities, Threats and Challenges

(i) Opportunities:

The recovery in Indian Economy in general and Media & Entertainment Industry in particular presents an excellent opportunity to the company to expand its business activity. The company's policy of adopting a cautious approach even at the cost of sacrificing some margin has kept the company insulated from element of high risk associated with the business of film production and distribution. Lack of good content particularly in "Filler" time slot has opened up new avenue for the company to acquire and market rights of regional language films for TV Channels. The company is also exploring possibilities of building its own library of content by acquiring either perpetual or long term rights of films that will ensure a steady stream of revenue from exploitation of such rights from various sources.

(ii) Threats and Challenges:

Low level of occupancy in theatres resulting in lower theatrical collections is a definite cause for concern, specifically in the light of the company's recent foray in the business of film distribution. The demand for good film based content from various channels is pushing up the cost of acquiring rights of films which will have impact on the profit margins of the IPR division of the company.

4. Internal Control System

The Company has adequate internal control system to ensure operational efficiency and compliance of laws and regulations. The internal control system is reviewed by the Audit Committee from time to time and its suggestions, if any, are implemented. The Company has appointed a qualified Chartered Accountant as Internal Auditor, who submits his report on a quarterly basis. Observations of Internal Auditor are noted and wherever necessary corrective steps are taken.

5. Financial Performance with respect to Operational Performance

(i) Sales

Income from Trading in IPR of Commercial Films increased substantially to Rs. 15212.58 Lacs from Rs.7096.13 Lacs in the previous year.

Income from post production activity declined to Rs.52.10 Lacs from Rs. 136.32 Lacs in the previous year.

Realization from Hindi Film was Rs. 500.01 Lacs and Income from sale of VCDs / DVDs was Rs. 8.12 Lacs.

(ii) Operating Profit, Finance Charges, Depreciation and Net Profit

The Company's Operating Profit during the year was higher at Rs. 884.92 Lacs against Operating Profit of Rs. 501.63 Lacs in the previous year. Finance Charges during the year were lower at Rs.18.18 Lacs (Previous Year Rs. 19.68 Lacs). After providing for Depreciation of Rs. 51.10 Lacs (Previous Year Rs. 51.32 Lacs), and after providing for current taxation of Rs. 282.00 Lacs, accounting for Deferred Tax asset of Rs. 2.61 Lacs there was a Net Profit of Rs. 536.25 Lacs as against Net Profit of Rs. 278.93 Lacs in the previous year.

(iii) Capital Investment

During the year ended on 31st March, 2010 Capital Investment of Rs. 1.62 Lacs was made out of internal accruals.

(iv) Working Capital

The company was enjoying working capital facilities of Rs. 1025 Lacs during the year ended on 31st March, 2010. The company had utilized limit of Rs.427.92 Lacs as on 31st March, 2010. The Company has recently been sanctioned enhancement in working capital limit upto Rs. 3000 Lacs.

6. Human Resources

The company has maintained peaceful and cordial relationship with the employees.

Cautionary Statement

Statements in this report on Management Discussion and Analysis describing the Company's objectives, estimates and expectations are "forward looking" statements. These statements are based on certain assumptions and expectations of future events. The actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting the Entertainment Industry, changes in Government Regulations, tax regimes, economic developments within India and outside the country and other factors such as litigations and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

The company is complying with all the mandatory procedures and practices prescribed by SEBI under its Code of Corporate Governance.

The management of the company is committed to good Corporate Governance and towards this direction its focus is to make Corporate Governance an integral part of the day to day working of the company with a view to achieve the objective of:

- Independence, Transparency, Accountability, Responsibility and Professionalism in management of affairs of the Company.
- Establishing a system of internal control and thereby to generate confidence amongst its stake holders.
- Maximizing value for its stake holders.

2. Board of Directors

(i) Composition and Size of the Board

The Board consists of Four (4) members which include One (1) Executive Chairman & Managing Director, One (1) Non Independent & Non Executive Director, and Two (2) Non Executive Independent Directors. The Company did not have any pecuniary relationship or transactions with Non-Executive Directors.

(ii) & (iii) Attendance at Board Meetings/ AGM & other particulars

Membership and attendance of each Director at the Board of Directors meetings and the last Annual General Meeting and the number of companies in which he is a Director / Member of the Committee is tabulated below :

Sr. No.	Name of the Director	Category	Designation	No. of Board Meetings attended	Attendance at The last AGM	No. of Directorship in other Public Limited Companies
1.	Shri. Gordhan P. Tanwani	P-ED	Chairman & Mg. Director	4	Yes	—
2.	Shri Santosh A. Shah	I-NED	Director	5	Yes	—
3.	Shri. Pravin Karia	P-NED	Director	5	Yes	—
4.	Shri. Sanjiv Hinduja	I-NED	Director	5	Yes	—

P – Promoter, ED – Executive Director, I - Independent Director. NED –Non Executive Director,

None of the Directors is Committee Member in any other company.

(iv) Board Meetings held during the year

The Board meets at least once a quarter to review the quarterly performance and the financial results. The notice of the meeting is sent well in advance and detailed agenda alongwith other board papers are also sent to all the directors before the board meeting. The board meetings are generally held at the Registered Office of the Company at Mumbai.

During the year Five Board Meetings were held on 29th May, 2009, 30th June, 2009, 31st July, 2009, 31st October, 2009 and 29th January, 2010..

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(v) Details of Director being appointed at the AGM

A brief resume of the Director being appointed at the AGM is as follows:

Name	Shri Santosh A Shah
Date of Birth	15/06/1968
Date of Appointment	25/03/2008
Qualification	B.Com. F.C.A.
Experience in specific functional area	Accounts, Taxation and Audit
Directorships in other Companies	1
Chairman/ Member of the Committees of the Board of Directors of the Company	1. Chairman of the Audit Committee 2. Member of Investor Grievance / Share Transfer Committee
Chairman/ Member of the Committees of the Board of Directors of the other Companies in which he is a Director	None
No. of Shares of the Company held	Nil

3. Audit Committee

(i) Terms of Reference

The Board of Directors has constituted an Audit Committee of Directors to exercise powers and discharge functions as stipulated in Section 292A of the Companies Act, 1956 and Clause 49 of the listing agreement with the stock exchange and other relevant statutory / regulatory provisions.

(ii) Composition

The Audit Committee consists of, Shri. Santosh A. Shah, Independent Non Executive Director, as Chairman of the Committee, Shri. Sanjiv Hinduja Independent Non Executive Director and Shri. Pravin Karia, Non Independent & Non Executive Director as members.

(iii) Meetings & Attendance during the year

The Audit Committee met Four (4) times during the year. The date of the Audit Committee Meetings and attendance of the Committee Members at the said meetings is given in table below:

Name of the Members	Category	Meeting Held On			
		30/06/2009	28/07/2009	28/10/2009	29/01/2010
Shri. Santosh A Shah	Chairman	Yes	Yes	Yes	Yes
Shri. Pravin Karia	Member	Yes	Yes	Yes	Yes
Shri. Sanjiv Hinduja	Member	Yes	Yes	Yes	Yes

The Managing Director, Shri. Gordhan P. Tanwani is permanent invitee to the meetings of the Audit Committee. The meetings of the Audit Committee were also attended by the Statutory Auditors, Internal Auditors and senior management staff of the company whenever required to provide information and answer queries raised by the committee members. The Company Secretary acts as Secretary of the Audit Committee.

4. Remuneration Committee

(i) & (ii) The Company has not appointed remuneration committee.

(iii) Remuneration Policy

The decisions regarding remuneration of executive and non-executive directors is taken by the entire Board subject to statutory and regulatory compliances as may be necessary. The Company does not pay any remuneration to non-executive directors except sitting fees for attending Board / Committee meetings.

(iv) Details of Remuneration paid to the Directors

(a) Managing Director

Shri. Gordhan P. Tanwani the present Managing Director of the Company has not taken any remuneration during the year 2009-10.

(b) Non Executive Directors

The Non Executive Directors are not entitled to any remuneration except sitting fees for attending the meetings of the Board of Directors and Committees thereof. Total amount of sitting fees paid to the Non Executive Directors during the year was Rs. 210,000 /- only as per details given hereunder:

Shri Santosh A. Shah	Rs. 70,000/-
Shri. Pravin Karia	Rs. 70,000/-
Shri. Sanjiv Hinduja	Rs. 70,000/-

5. Investor Grievance Committee

(i) Composition

The Company has an Investor Grievance Committee to look into various issues relating shareholders' complaints and their redressal. The following are the present members of the Committee :

Shri. Gordhan P. Tanwani	Chairman
Shri. Santosh A. Shah	Member
Shri. Sanjiv Hinduja	Member

All the investor complaints that are not settled by the Registrar and Transfer Agents and / or the Compliance Officer are required to be forwarded to this committee for final settlement. However, no complaint has so far been received by this committee.

(ii) Compliance Officer

Shri. N.H. Mankad, Company Secretary has been designated as the Compliance Officer.

(iii) to (v) Details of complaints

Details of Investors' complaints received and resolved during the year is as under:

No. of complaints pending at the beginning of the year	NIL
No. of complaints received during the year	2
No. of complaints resolved to the satisfaction of the shareholders	2
No. of Complaints pending at the end of the year	NIL
No. of Share Transfers pending at the end of the year	NIL

6. Code of Conduct and Ethics for Board of Directors and Senior Management

The Company has formulated and adopted a comprehensive Code of Conduct and Ethics applicable to all the Directors and Senior Management personnel of the Company. The Code has been circulated to all the Board Members and Senior Management personnel of the Company. A copy of the Code has been posted on the Company's website www.studiogalaxy.com.

All the Board Members and Senior Management personnel have affirmed compliance of the Code of Conduct. A declaration signed by the Chairman & Managing Director in this regard is given below:

DECLARATION PURSUANT TO CLAUSE 49 (D) (ii) OF THE LISTING AGREEMENT

I hereby confirm that all the Board Members and Senior Management Personnel of the Company have affirmed to the Board of Directors, their compliance with the Code of Conduct of the Company pursuant to Clause 49 (D) (ii) of the Listing Agreement for the financial year 2009-10.

Gordhan P. Tanwani
Chairman & Managing Director

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7. Information on General Body Meetings

(i) The date, time and location where last Three (3) Annual General Meetings were held is as follows:

	Date	Time	Location
8th AGM	Thursday 27th September, 2007	11.30 a.m.	Juhu Vile Parle Gymkhana Club, Party Hall, 2nd Floor, Juhu, Mumbai 400049
9th AGM	Thursday 4th September, 2008	11.30 a.m.	Juhu Vile Parle Gymkhana Club, Party Hall, 2nd Floor, Juhu, Mumbai 400049
10th AGM	Tuesday 29th September, 2009	11.30 a.m.	Juhu Vile Parle Gymkhana Club, Old Squash Court, Ground Floor, Juhu, Mumbai 400049

(ii), (iii) & (iv) Special Resolution & Resolution by Postal Ballot

At the 10th Annual General Meeting, the Company passed a Special Resolution in respect of Stock split under section 16 & 94 of the Companies Act, 1956. The Company did not pass any resolution by Postal Ballot at the 10th Annual General Meeting.

(v) & (vi) At the 11th AGM it is not proposed to pass any Special Resolution. However, the Company has proposed to pass ordinary resolutions under special business at the 11th AGM as follows:

- for appointment of Shri Gordhan P. Tanwani as Managing Director.
- for issue and allotment of bonus shares
- for authorising the board of directors to borrow money upto Rs.500 crores under section 293(i)(d) of the Companies Act, 1956.
- for authorising the board of directors to create charge by way mortgage etc on the properties of the Company under section 293(i)(a) of the Companies Act, 1956.
- for authorising the board of directors to give donations upto Rs. 1 crore under section 293(i)(c) of the Companies Act, 1956.

8. Disclosures

(i) There are no material transactions with Directors or the Management or their subsidiaries and relatives that have potential conflict with the interest of the Company. The Register of Contracts detailing the transactions in which the Directors of the Company are interested is placed before the Board of Directors at its meetings pursuant to Section 301 of the Companies Act, 1956. All related party transactions have been disclosed in Note No.11(B) of Schedule 21 of the Annual Accounts.

During the last three years, there were no strictures or penalties imposed by SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

(ii) The Company has not adopted Whistle Blower Policy.

(iii) Compliance with Non-Mandatory requirements

The status of compliance in respect of non-mandatory requirements of Clause 49 of Listing Agreement is as follows:

- Maintenance of the Chairman's Office:** The Company has an Executive Chairman and the office provided to him is also used by him in his capacity as Chairman of the Board. No separate office is maintained for the Non - Executive Chairman of the Audit Committee but Secretarial and other assistance is provided to him, whenever needed, in performance of his duties.
- Tenure of Independent Directors:** No specific tenure has been specified for the Independent Directors.
- Shareholders rights:** Unaudited quarterly financial results were published in Free Press Journal & Navshakti, Mumbai. All the results were posted on website of the company www.studiogalaxy.com.
- Remuneration Committee:** The Company has not set up a separate Remuneration Committee.

- e) **Audit Qualification:** So far there have been no qualifications by the Auditors in their report on the Accounts of the Company. The Company shall endeavor to continue to have unqualified financial statements.
- f) **Training of Board of Directors:** The Directors of the Company are persons from Business and Profession with experience in corporate sector. They are being kept posted with various statutory and regulatory changes which are applicable to the Company.
- g) **Mechanism for Evaluating Non – Executive Board Members:** Non Executive Members of the Board are highly qualified and there is no need for their evaluation
- h) **Whistle Blower Policy:** The Company has so far not framed a formal whistle blower policy. However, the employees of the Company have free access to the Board of Directors, Audit Committee and Senior Management personnel to report their concerns about unethical behavior, fraud or violation of statutory requirements, with assurance from the management to protect the employees from victimization in case they report any such unethical or fraudulent behavior.

(vi) Shareholding of the Non – Executive Directors in the Company

Sr.No.	Name of the Non – Executive Director	No. of Shares Held
1.	Shri. Pravin Karia	4000
2.	Shri. Sanjiv Hinduja	4000

9. Means of Communication

1. Quarterly Results were published in The Free Press Journal & Nav Shakti, Mumbai. The same also include official Company Press Release. The quarterly results are also posted on the Company's website www.studiogalaxy.com.
2. The Company has not made any presentations to Analysts or Institutional Investors.
3. Management Discussion & Analysis is a part of this Annual Report.

10. General Shareholder Information

(i) to (vi) AGM & Other Related Information

11th AGM Date, Time and Venue	21 st September, 2010 at 11.30 a.m. at Juhu Vile Parle Gymkhana Club, Orchid Hall, Second Floor, Opp. Juhu Bus Depot, Juhu, Mumbai – 400049.
Financial Calendar	2010-11
Results for Quarter ending 30th June, 2010.	Second week of August, 2010
Results for Quarter ending 30th September, 2010	Second week of November, 2010
Results for Quarter ending 31st December, 2010	Second week of February, 2011
Results for Quarter ending 31st March, 2011	Second week of may, 2011
AGM for the year ending 31st March, 2011	Before 30th September, 2011
Book Closure	Tuesday, 31st August 2010 to Wednesday, 1st September, 2010 (both days inclusive)
Dividend Payment\	The Board of Directors has declared dividend @ Rs. 0.25 per share (25%) for the year 2009-10 which will be payable on or before 10 th October, 2010.
Listing on Stock Exchanges	Bombay Stock Exchange Limited, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 Stock Code: 532380
Payment of Listing Fees	Listing fee for the year 2010-11 has been paid to the Bombay Stock Exchange Limited, Mumbai.
Demat ISIN for NSDL & CDSL	INE893A01036

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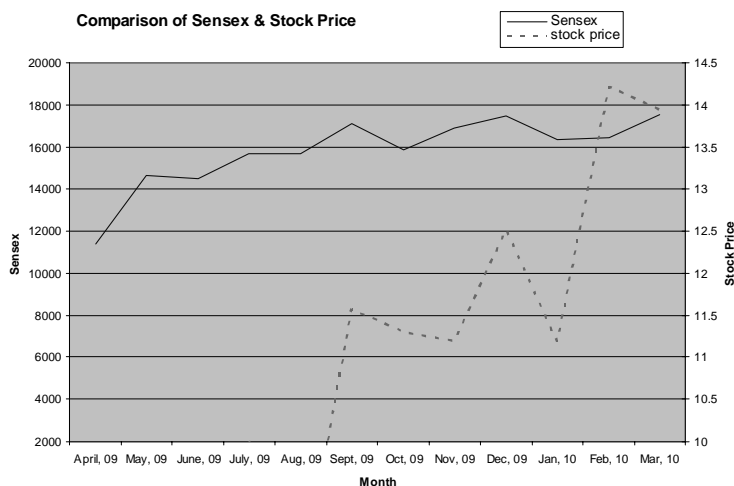
(vii) Market Information

Monthly high and low quotations of Company's equity shares traded on Bombay Stock Exchange Limited during the year 2009-10 are as follows:

Month	Share Price (Rs.)		BSE Sensex		
	High	Low	High	Low	Close
2009					
April	6.12	4.25	11492.10	9546.29	11403.25
May	7.09	4.85	14930.54	11621.30	14625.25
June	9.86	6.18	15600.30	14016.95	14493.84
July	10.25	5.74	15732.81	13219.99	15670.31
August	10.03	7.75	16002.46	14684.45	15666.64
September	12.25	8.00	17142.52	15356.72	17126.84
October	12.15	11.05	17493.17	15805.20	15896.28
November	15.40	9.95	17290.48	15330.56	16926.22
December	13.45	10.26	17530.94	16577.78	17464.81
2010					
January	13.20	11.00	17790.33	15982.08	16357.96
February	14.55	11.01	16669.25	15651.99	16429.55
March	14.50	13.50	17793.01	16438.45	17527.77

Note: The equity shares of Rs. 4/- each of the company were sub divided in to equity shares of Re. 1/- each w.e.f. 31st October, 2009. The High & Low prices of the shares for the months of April, 09 to October, 09 have therefore been adjusted to reflect the true movement of share price over the 12 month period from April, 09 to March, 10.

(viii) Performance of Company's Share Price in comparison with BSE Sensex



(ix) Name & Address of the Registrar and Share Transfer Agent

MONDKAR COMPUTERS PRIVATE LIMITED
 21, Shakil Niwas, Mahakali Caves Road,
 Andheri (East)
 Mumbai 400093
 Tel: (022) 2836 6620 Fax: (022) 2821 1996
 E-mail: mcplrt@bom7.net.in

(x) Share Transfer System

Share Transfer is normally effected within a maximum period of 15 Days from the date of receipt, if all the documents are complete in all respect. The Board of Directors have delegated the powers for approving Share Transfers to the Company Secretary up to 2500 Equity Share per Transfer and to the Managing Director for approving share transfers of more than 2500 Equity Shares per Transfer. Share Transfers are approved by The Company Secretary / The Managing Director on receipt of the report of the Registrar & Share Transfer Agent.

(xi) (1) Distribution of Shareholding as on 31st March, 2010

Range of Holding	No. of Share Holders	% to Total Share Holders	Shareholdings	Share Amount (Rs.)	% to Total Share Capital
1 – 5000	1823	86.03	1727491	1727491	3.35
5001 – 10000	93	4.39	697643	697643	1.35
10001 – 20000	80	3.78	1214513	1214513	2.35
20001 – 30000	18	0.85	434084	434084	0.84
30001 – 40000	22	1.03	807610	807610	1.57
40001 – 50000	12	0.57	536376	536376	1.04
50001– 100000	22	1.04	1533292	1533292	2.97
100001 and above	49	2.31	44648991	44648991	86.53
TOTAL	2119	100.00	51600000	51600000	100.00

(xi) (2) Categories of Shareholders as on 31st March, 2010

Sr. No.	Category of Members	No. of Shares Held	% to Total Capital
1.	Promoters **	26320000	51.01
2.	Independent Directors	943262	1.83
3.	Indian Public	19109138	37.03
4.	Private Corporate Bodies	4746425	9.20
5.	NRIs/OCBs	75910	0.15
6.	Others (Clearing Members)	405265	0.78
	TOTAL	51600000	100.00

** For the purpose of SEBI (Substantial Acquisition of Shares and Takeover) Regulation, 1997, the following persons are to be considered as Promoters/Persons Acting in Convert (PAC) with Promoters.

Sr. No.	Name of the Person	Category	Relationship with Promoter	Shareholding as on 31.03.2010
01	Bhagwati Holdings Pvt. Ltd.	PAC	Group Company	NII

(xii) Dematerialisation of Shares and Liquidity

The trading in Company's Shares is compulsory in Demat Segment only through the two Depositories NSDL and CDSL. The status of dematerialisation as on 31st March, 2010 was as under:

Particulars	No. of Shares	% to Capital	No. of Accounts / Folios
NSDL	41730092	80.87	1236
CDSL	9642984	18.69	693
Total Shares Under Demat	51373076	99.56	1929
Physical	226924	0.44	190
Total Capital	51600000	100.00	2119

All the demat requests have been approved within 21 Days.

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(xiii) Outstanding ADRs/ GDRs/Warrants or any Convertible Instruments

There are no instruments outstanding which are convertible in to equity shares of the Company.

(xiv) Plant Locations

The Company's Post Production Studio is located at:

3A, Valecha Chambers,
New Link Road,
Andheri (West),
Mumbai 400053

(xv) Address for Correspondence

Investors may address correspondence to:

Shri. N.H.Mankad
Company Secretary & Compliance Officer

Baba Arts Limited
3A, Valecha Chambers,
New Link Road,
Andheri (West)
Mumbai 400053
Phone: 022 2673 3131
Fax: 022 2673 3375
E-mail: babaartslimited@yahoo.com
E-mail: babafilms_bal@yahoo.com

Shri., Ravi Utekar
General Manager

Mondkar Computers Pvt. Ltd.
21, Shakil Niwas,
Mahakali Caves Road,
Andheri (East)
Mumbai 400093
Phone: 2836 6620
Fax: 28211996
E-mail: mcplrt@bom7.net.in

Risk Management

An analysis of the Company's risk profile has been made and presented to the Board of Directors of the Company. The Company will be undertaking regular review of the risk profile of the Company and keep the Board of Directors adequately informed about the risk profile and the measures identified to mitigate such risks.

Auditors' Certificate on Corporate Governance

Certificate regarding compliance of conditions of Corporate Governance, as stipulated in the listing agreement with the stock exchange, received from M/s. Prakash Muni & Associates, Statutory Auditors of the Company, is annexed to this report. The said certificate will also be sent to the stock exchange along with the annual return to be filed by the Company.

For Baba Arts Limited

Gordhan P Tanwani
Chairman & Mg. Director

BABA

ARTS LIMITED

Place: Mumbai

Date: 13th August, 2010

CERTIFICATE

TO THE MEMBERS OF BABA ARTS LIMITED

We have examined the compliance of the conditions of Corporate Governance by Baba Arts Limited for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing agreement of the said company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the 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 on the financial statements of the Company.

In our opinion and to the 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 above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that no investor grievance is pending against the Company as per records maintained by the Investor Grievance 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 Prakkash Muni & Associates

Chartered Accountants

Firm Registration No.: 111792W

Prakkash Muni

Proprietor

Membership No.:30544

Place : Mumbai

Date : 13th August , 2010

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AUDITOR'S REPORT

TO,
THE SHAREHOLDERS OF
BABA ARTS LIMITED.

1. I have audited the attached Balance Sheet of BABA ARTS LIMITED as at 31st March, 2010 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I have conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I 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 the Management, as well as evaluating the overall financial statement presentation. I believe that our audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
5. Further to my comments in the Annexure referred to in paragraph 3 above, I report that:
 - i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - ii) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In my opinion, the Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) In my opinion and to the best of my information and according to the explanations given to me, the said accounts read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For PRAKKASH MUNI & ASSOCIATES
Chartered Accountants
Firm Registration No.: 111792W

PRAKKASH R. MUNI.
Proprietor
Membership No.: 30544.

Place : Mumbai
Date : 13th August, 2010.

ANNEXURE TO THE AUDITOR'S REPORT

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

1. In respect of its Fixed Assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. With consideration to significant additions from time to time such records are being updated periodically.
 - b) All the assets have not been physically verified by the management during the year but there is regular program of reconciliation which in my opinion is reasonable having regard to the size of the company and nature of its assets. According to the information and explanations given to me no material discrepancy were noticed on such verification.
 - c) During the year the Company has not disposed of any part of the plant and machinery, disposal of fixed assets does not constitute a substantial part of the company's fixed assets.
2. Since, the company is having only Intellectual property rights as its inventory therefore the Para 2 of the order relating to physical verification of inventories is not applicable.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:
 - a) The Company has given loans to its subsidiary. In respect of the said loans, the maximum amount outstanding at any time during the year is Rs. 55 Lakhs and the year-end balance is Rs. 55 Lakhs.
 - b) In my opinion and according to the information and explanations given to me, the rate of interest, where applicable and other terms and conditions, are not prima facie prejudicial to the interest of the Company.
 - c) The principal amounts are repayable on demand and there is no repayment schedule. The interest, where applicable, is payable on demand.
 - d) In respect of the said loans, the same are repayable on demand and therefore the question of overdue amounts does not arise. In respect of interest, where applicable, there are no overdue amounts.
 - e) The Company has taken unsecured loan from one party during the year covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - f) In respect of the said loan, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company.
 - g) The company has repaid the entire principal amount along with interest.
4. In my opinion and according to the information and explanations given to me, Company's internal control systems are commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the sale of goods and services. During the course of my audit, I have not observed any continuing failure to correct major weakness in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a) In my opinion and according to the information and explanations given to me, the transaction of unsecured loan that needs to be entered in the Register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) The company has not entered into any transaction except of unsecured loan and hence Para 5(b) of the order is not applicable.
6. In my opinion and according to the information and explanations given to me, the Company has not accepted any deposits from the public during the year covered by my audit report. Therefore, the provisions of clause (vi) of the paragraph 4 of the order are not applicable to the Company.
7. In my opinion and according to information and explanations given to me, the Company has an internal audit system commensurate with the size and nature of its business.

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8. To the best of my knowledge and according to the information and explanations given to me, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company.
9. In respect of Statutory dues:
 - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to me, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2010 for a period of more than six months from the date of becoming payable.
 - b) There is no disputed statutory dues payable by the company.
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by my audit and the preceding financial year.
11. Based on my audit procedures and according to the information and explanation given to me, the Company has not defaulted in the repayment of its dues to a Financial Institutions and Bank.
12. According to the information and explanations given to me, no loans and advances have been granted by the Company on the basis of security by way of shares, debentures and other securities.
13. In my opinion and according to the information and explanations given to me, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
14. According to the information and explanations given to me, the Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
15. The Company has not raised any term loan during the year and there is no outstanding term loan during the year.
16. According to the information and explanations given to me and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment purpose.
17. According to the information and explanations given to me, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
18. During the period covered by my audit report, the Company has not raised any money by public issues.
19. To the best of my knowledge and belief and according to the information and explanations given to me, no material fraud on or by the Company has been noticed or reported during the year.

For PRAKKASH MUNI & ASSOCIATES

Chartered Accountants

Firm Registration No.: 111792W

PRAKKASH R. MUNI.

Proprietor

Membership No.: 30544

Place : Mumbai

Date : 13th August, 2010.

BABA

ARTS LIMITED

BALANCE SHEET AS AT MARCH 31, 2010

Particulars	Schedule No.	As At March 31, 2010 Amount Rs.	As At March 31, 2009 Amount Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	51,600,000	51,600,000
Reserves & Surplus	2	228,434,846	192,032,821
Loan Funds			
Secured Loans	3	42,792,345	2,036,011
Deferred Tax Liability (Net)		1,762,994	48,246
TOTAL		324,590,185	245,717,078
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	104,942,408	104,892,728
Less : Depreciation		72,446,510	67,350,778
Net Block		32,495,898	37,541,950
Investments	5	53,500	53,500
Current Assets, Loans & Advances			
Inventories	6	311,555,333	106,998,044
Sundry Debtors	7	270,037,343	125,320,588
Cash & Bank Balances	8	44,176,172	3,844,213
Loans & Advances	9	110,386,042	78,112,931
Sub Total (A)		736,154,890	314,275,776
Less : Current Liabilities & Provisions			
Current liabilities	10	381,120,366	71,335,167
Provisions	11	62,993,737	34,818,981
Sub Total (B)		444,114,103	106,154,148
Net Current Assets (A) - (B)		292,040,787	208,121,628
Miscellaneous Expenses			
TOTAL		324,590,185	245,717,078
Accounting Policies and Notes to Accounts	21		

As per our report of even date attached
For Prakash Muni & Associates
Chartered Accountants
 Firm Registration No.: 111792W

Prakash Muni
Proprietor
 Membership No.: 30544

Place : Mumbai
 Date : 13th August, 2010

For and on behalf of the Board

Gordhan P. Tanwani
Chairman & Managing Director

Sanjiv Hinduja
Director

Pravin Karia
Director

Santosh A. Shah
Director

N.H.Mankad
Company Secretary

Place : Mumbai
 Date : 13th August, 2010

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule No.	Year Ended March 31, 2010 Amount Rs.	Year Ended March 31, 2009 Amount Rs.
INCOME			
Sales	12	1,577,280,911	775,471,592
Other Income	13	5,136,657	1,236,109
		1,582,417,568	776,707,701
EXPENDITURE			
Cost of IPR of Films	14	1,442,734,567	679,813,991
Operating Expenses	15	2,346,595	5,921,937
Cost of Production/ Distribution of Films	16	33,754,709	25,667,002
Staff Costs	17	1,291,360	2,339,229
Administration & Other Expenses	18	2,828,083	9,370,054
Selling Expenses	19	10,970,126	3,432,791
		1,493,925,440	726,545,004
Profit/ (Loss) before Interest, Depreciation and Tax		88,492,128	50,162,697
Finance Charges	20	1,818,312	1,968,012
Profit/ (Loss) before Depreciation and Tax Depreciation		86,673,817	48,194,685
		5,110,113	5,132,009
Profit/ (Loss) after Depreciation but before Tax		81,563,703	43,062,676
Provision for Tax		28,200,000	15,000,000
Fringe Benefit Tax		-	50,000
Deferred Tax		(261,276)	120,143
Profit/ (Loss) after Tax		53,624,979	27,892,533
Prior period income tax adjustments		(2,130,601)	-
Sub Total		51,494,378	27,892,533
Balance of Profit brought forward		62,989,553	53,189,375
Profit available for Appropriation		114,483,931	81,081,908
Transferred to General Reserve		5,400,000	3,000,000
Proposed Dividend		12,900,000	12,900,000
Tax on Dividend		2,192,355	2,192,355
Balance of Profit carried forward		93,991,576	62,989,553
Basic & Diluted Earning Per Share (See Note B 9 of Schedule 21)		1.04	0.57
Face Value of Re. 1/- per share (Pr Yr. Rs. 4/- per share)			
Accounting Policies and Notes to Accounts	21		

As per our report of even date attached
For Prakkash Muni & Associates
Chartered Accountants
 Firm Registration No.: 111792W

Prakkash Muni
Proprietor
 Membership No.: 30544

Place : Mumbai
 Date : 13th August, 2010

For and on behalf of the Board

Gordhan P. Tanwani
Chairman & Managing Director

Sanjiv Hinduja
Director

Pravin Karia
Director

Santosh A. Shah
Director

N.H.Mankad
Company Secretary

Place : Mumbai
 Date : 13th August, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	April 1, 2009 - March 31, 2010 Amount Rs.	April 1, 2008 - March 31, 2009 Amount Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) before Tax and Extraordinary items	81,563,704	43,062,676
Adjustment for :		
Depreciation	5,110,113	5,132,009
Interest Income	(4,930,618)	(491,644)
Dividend Income	(325)	(375)
Interest Paid	1,818,312	1,968,012
Profit/ (Loss) on Sale of Fixed Assets	53,271	(300,337)
	2,050,753	6,307,664
	83,614,457	49,370,341
Operating profit before working capital changes		
Adjustment for :		
Sundry Debtors	(144,716,755)	(31,737,746)
Inventories	(204,557,289)	(69,301,599)
Other loans & Advances	(1,668,986)	(548,018)
Current Liabilities & Provisions	311,474,703	20,219,339
	(39,468,327)	(81,368,024)
Cash generated from operations	44,146,130	(31,997,683)
Taxes paid	(32,473,449)	(31,575,718)
NET CASH FLOW OPERATING ACTIVITIES	11,672,681	(63,573,401)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(161,777)	(1,723,223)
Sales of Fixed Assets	44,445	405,000
Interest Received	4,930,618	491,644
Dividend Received	325	375
NET CASH FLOW FROM INVESTING ACTIVITIES	4,813,611	(826,204)

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	April 1, 2009 - March 31, 2010 Amount Rs.	April 1, 2008 - March 31, 2009 Amount Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Shares	-	8,998,120
Receipt of Securities Premium	-	89,981,200
Conversion of OFCW to Equity Share Capital	-	(9,897,932)
Repayment of Short term borrowings	-	(4,534,778)
Short Term Borrowings from bank	40,756,334	-
Unsecured Loan Paid	-	(14,154,173)
Interest Paid	(1,818,312)	(2,012,331)
Dividend Paid (Incl. of Tax)	(15,092,355)	(4,984,207)
 	<hr/>	<hr/>
NET CASH FLOW FROM FINANCING ACTIVITIES	23,845,667	63,395,899
 	<hr/>	<hr/>
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	40,331,959	(1,003,706)
Cash and Cash equivalents at beginning of the year	3,844,213	4,847,919
Cash and Cash equivalents at end of the year	44,176,172	3,844,213
 	<hr/>	<hr/>
Net Increase/ (Decrease)	40,331,959	(1,003,706)

Note:

- 1 The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.
2. Cash and cash equivalents consists of Cash on hand and Balance with banks.
- 3 Previous year's figures have been regrouped/rearranged wherever necessary.

As per our report of even date attached
For Prakkash Muni & Associates
Chartered Accountants
 Firm Registration No.: 111792W

For and on behalf of the Board

Gordhan P. Tanwani
Chairman & Managing Director

Prakkash Muni
Proprietor
 Membership No.: 30544

Sanjiv Hinduja
Director

Pravin Karia
Director

Santosh A. Shah
Director

N.H.Mankad
Company Secretary

Place : Mumbai
 Date : 13th August, 2010

Place : Mumbai
 Date : 13th August, 2010

SCHEDULES TO BALANCE SHEET

	As At March 31, 2010 Amount Rs.	As At March 31, 2009 Amount Rs.
SCHEDULE : 1		
SHARE CAPITAL		
Authorised		
30,00,00,000 Equity Shares of Re. 1/- each (Previous year 7,50,00,000 Equity Shares of Rs. 4/- each)	300,000,000	300,000,000
Issued, Subscribed & Paid Up Capital		
5,16,00,000 (previous year 1,29,00,000) Equity Shares of Re. 1/- (previous year Rs. 4/- each) each fully paid up.	51,600,000	51,600,000
<p>Note : The equity shares of Rs. 4/- each were subdivided into equity shares of Re. 1/- pursuant to Special Resolution passed at AGM held on 29th September,2009.</p> <p>Note : The paid up value per share was reduced from Rs. 10/- to Rs. 4/- pursuant to Reduction of Capital approved by the members in their EGM held on 9th November 2004 and confirmed by the Bombay High Court vide its order dated 11th February, 2005</p>		
	51,600,000	51,600,000
SCHEDULE : 2		
	As at 31.03.09	As at 31.03.10
RESERVES & SURPLUS		
Capital Reserves	9,462,068	9,462,068
Securities Premium Account	113,981,200	113,981,200
General Reserve	5,600,000	11,000,000
Profit & Loss Account	62,989,553	93,991,578
	192,032,821	228,434,846
SCHEDULE : 3		
SECURED LOANS		
From a Scheduled Bank		
- Cash Credit Account (Refer note 1 below)	42,792,345	2,036,011
	42,792,345	2,036,011

Note 1 : The Cash Credit facility is secured by hypothecation of book debts in respect of studio operations and sale of IPR of films , equitable mortgage of company's office premises, & Personal Guarantee of Managing Director.

SCHEDULES TO BALANCE SHEET

SCHEDULE 4 - FIXED ASSETS

(Amount Rs.)

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.09	Additions during the Year	Deductions during the Year	As at 31.03.10	Up to 31.03.2009	For the Year	Deductions during the Year	Total Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
OFFICE PREMISES	21,010,971	-	-	21,010,971	2,910,599	342,480	-	3,253,079	17,757,892	18,100,372
PLANT & MACHINERY	74,019,758	-	-	74,019,758	59,864,929	4,186,189	-	64,051,118	9,968,640	14,154,829
FURNITURE & FIXTURES	7,086,031	-	22,449	7,063,581	3,622,227	447,479	3,706	4,066,000	2,997,581	3,463,803
OFFICE EQUIPMENTS:	2,775,968	161,777	89,648	2,848,097	953,023	133,965	10,675	1,076,313	1,771,784	1,822,942
TOTAL	104,892,729	161,777	112,097	104,942,408	67,350,778	5,110,113	14,381	72,446,510	32,495,898	37,541,947
Previous Year	125,202,667	1,723,222	22,033,162	104,892,727	84,147,268	5,132,011	21,928,499	67,350,780	37,541,947	41,055,399

SCHEDULES TO BALANCE SHEET

	As At March 31, 2010 Amount Rs.	As At March 31, 2009 Amount Rs.
SCHEDULE : 5		
INVESTMENTS		
Unquoted - Long Term (Non Trade) at cost :		
Punjab & Maharashtra Co - Op Bank Ltd.		
100 Shares (Previous Year 100 Shares) @ Rs. 25/- fully paid up	2,500	2,500
Investments in Subsidiary company-		
Mahadev Production Pvt Ltd		
5100 Shares (Previous Year 5100 Shares) @ Rs. 10/- fully paid up	51,000	51,000
	53,500	53,500
SCHEDULE : 6		
INVENTORIES		
(Valued at cost or net realisable value whichever is low)		
Intellectual Property Rights of Films	311,258,333	97,900,338
Under Production Films	297,000	9,097,706
	311,555,333	106,998,044
SCHEDULE : 7		
SUNDRY DEBTORS - Unsecured		
Debts outstanding for a period exceeding six months :		
- considered good	44,629,437	52,594,209
	44,629,437	52,594,209
Others debts :		
- considered good	225,407,906	72,726,380
	270,037,343	125,320,588
SCHEDULE : 8		
CASH & BANK BALANCES		
Cash on hand	50,202	121,217
Balances with Scheduled banks -		
- In Current Account	44,125,970	1,222,996
(Includes Rs. 119,579/- (Pr. Yr. Rs. 238,509/-) in Unpaid Dividend Account)		
- In Fixed Deposit (Margin against Bank Guarantee)	-	2,500,000
	44,176,172	3,844,213

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SCHEDULES TO BALANCE SHEET

	As At March 31, 2010 Amount Rs.	As At March 31, 2009 Amount Rs.
SCHEDULE : 9		
LOANS AND ADVANCES - Unsecured, Considered Good		
Advance to Subsidiary	5,500,000	5,000,000
Advance recoverable in cash or kind or for value to be received	5,424,585	4,554,195
Deposits with Government & Semi Government Bodies	13,441,428	13,161,536
Prepaid Expenses	27,141	8,435
Advance Tax & TDS	85,992,888	55,388,765
	110,386,042	78,112,931
SCHEDULE : 10		
CURRENT LIABILITIES		
Sundry Creditors	323,042,038	64,378,806
Outstanding Expenses	251,790	537,752
Statutory Liability	51,724,760	502,116
Advance from Customers	5,982,199	5,677,984
Unpaid Dividend	119,579	238,509
	381,120,366	71,335,167
SCHEDULE : 11		
PROVISIONS		
For Gratuity	170,382	195,626
For Fringe Benefit Tax	206,000	206,000
Proposed Dividend	12,900,000	12,900,000
Tax on Dividend	2,192,355	2,192,355
For Income Tax	47,525,000	19,325,000
	62,993,737	34,818,981

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	April 1, 2009 to March 31, 2010 Amount Rs.	April 1, 2008 to March 31, 2009 Amount Rs.
SCHEDULE : 12		
SALES		
Post Production Activities	5,210,102	13,631,602
Realisation from Film	50,001,076	50,017,699
Sale of IPR Local	1,430,569,734	266,622,291
Sale of IPR Export	91,500,000	445,200,000
	1,577,280,911	775,471,592

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ARTS LIMITED

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	April 1, 2009 to March 31, 2010 Amount Rs.	April 1, 2008 to March 31, 2009 Amount Rs.
SCHEDULE : 13		
OTHER INCOME		
Profit on Sale of Fixed Assets	-	400,000
Misc Income	31,833	160,274
Credit Balance Written Back	173,880	-
Dividend Income	325	375
Interest Received (TDS Rs.765,991/- Pr. Yr. Rs. 93,090/-)	4,930,618	675,460
	<u>5,136,656</u>	<u>1,236,109</u>
SCHEDULE : 14		
COST OF IPR OF FILMS		
Opening Stock	97,900,338	28,418,806
Add : Purchases	1,656,092,562	749,295,523
	<u>1,753,992,900</u>	<u>777,714,329</u>
Less :Closing Stock (As taken, valued & certified by Management)	311,258,333	97,900,338
	<u>1,442,734,567</u>	<u>679,813,991</u>
SCHEDULE : 15		
OPERATING EXPENSES		
Electricity Expenses	807,340	1,195,884
Professional/ Technical Fees	1,176,709	2,477,135
Transfer Charges	49,046	133,820
Post Production Studio Operating Expenses	313,500	653,142
Censor Charges	-	55,300
VCD /DVD Production Expenses	-	1,406,656
	<u>2,346,595</u>	<u>5,921,937</u>
SCHEDULE : 16		
COST OF PRODUCTION/ DISTRIBUTION OF FILMS		
Artists	2,721,800	2,023,800
Technicians	4,174,712	3,011,500
Production & Post Production Expenses	17,886,530	15,737,749
Advertising, Print & Publicity	8,971,667	4,893,953
Less: Closing Stock	-	-
	<u>33,754,709</u>	<u>25,667,002</u>
SCHEDULE : 17		
STAFF COSTS		
Salaries & Wages	967,405	1,867,059
Staff Welfare	323,955	472,170
	<u>1,291,360</u>	<u>2,339,229</u>

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SCHEDULES TO PROFIT AND LOSS ACCOUNT

	April 1, 2009 to March 31, 2010 Amount Rs.	April 1, 2008 to March 31, 2009 Amount Rs.
SCHEDULE : 18		
ADMINISTRATION AND OTHER EXPENSES		
Administration Expenses		
Communication Expenses	113,754	239,177
Books & Periodicals	2,598	-
Business Promotion	-	81,415
Consultancy Charges	19,305	-
Insurance Expenses	11,701	16,440
Office Expenses	546,296	1,373,547
Membership & Subscription	30,075	-
Postage & Telegram	54,868	59,543
Printing & Stationery	89,621	135,077
Interest on Tax	171,922	-
Rent	-	541,090
Security Charges	130,000	-
Advance Payment Written Off	-	4,998,148
Auditors' Remuneration -		
Statutory Audit Fees	66,180	67,416
Tax Audit Fees	<u>22,060</u>	<u>22,472</u>
Legal & Professional Fees	88,240	89,888
Other Expenses	162,867	401,726
Loss on sale of Fixed Asset	411,734	-
Rates & Taxes	53,271	99,663
Repairs & Maintenance	2,500	10,625
- Building	642,168	698,320
- Plant & Machinery	33,576	112,894
- Others	230,104	225,373
Travelling & Conveyance	33,484	287,127
	2,828,083	9,370,054
SCHEDULE : 19		
Selling Expenses		
Advertisement	191,968	159,029
Commission on Sales	-	1,930,468
Donation	-	15,000
Other Selling Expenses	-	29,844
Bad Debts & Sundry Balance Written Off	10,774,472	1,030,020
IPR Selling Expenses	3,686	268,240
Discount Allowed	-	190
	10,970,126	3,432,791
SCHEDULE : 20		
FINANCE CHARGES		
Interest On Other Loans	106,849	1,089,370
[Inclues Rs. 1,06,849/- (Pr. Year Rs. 1,089,370/-) paid to companies in which the Managing Director is interested]		
Bank Charges	505,075	361,073
Interest On CC	1,206,388	517,569
	1,818,312	1,968,012

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE: 21

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. (a) Basis of Accounting

The Financial statements are prepared under historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, on going concern basis, and in line with accounting standards issued by the Institute of Chartered Accountants of India, as applicable, and the provisions of the Companies Act, 1956

- (b) The Preparation of financial statements in conformity with GAAP (Generally Accepted Accounting Policies) requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the assumptions relating to contingent liabilities as on the date of financial statements. Examples of such estimates include the useful life of tangible and intangible fixed assets, provision for doubtful debts / advances, future obligation in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

2. Revenue Recognition

- a. Revenue from Post Production activities is based on machine hours spent and is net of service tax.
- b. Revenue from trading in satellite rights is recognized on its sales or on exploitation contract.
- c. Revenue is recognized to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.
- d. The Company deals in Intellectual Property Rights (IPR) of films, in case of sale of IPR of films, receipts/ income (including interest on advance payments made) to the company are subject to certain conditions, eventualities and uncertainties.
- e. The receipts/ income (including interest on advance payments made) are deemed to accrue as and when events take place or conditions are fulfilled or uncertainties are removed. Accordingly such income (including interest on advance payment made) is accounted only after the events take place or conditions are fulfilled or uncertainties are removed. This is in accordance with Accounting Standard in respect of recognition of revenue and prudential norms.
- f. In respect of cinematic content produced / acquired, income is recognised on the following basis :
 - i. In respect of cinematic content, which is not complete i.e. under production, no income is recognised.
 - ii. In respect of cinematic content, which is complete but not released, income is recognised as – so much of the estimated income on release as bears to the whole of the estimated income the same proportion as the actual recoveries / realisations / confirmed contracts bears to the total expected realisation.
 - iii. In respect of cinematic content completed and released during the year, income is recognised on release/ delivery of release prints except income, if any, already recognised as per clause f (ii).
 - iv. In respect of cinematic content, which is complete but not released, income from streams other than theatrical release is recognised on the basis of contracts / deal memo and delivery of Digi Betas.

3. Fixed Assets

Fixed assets are stated at cost less Depreciation. Cost comprises of purchase price, allocated pre – operative costs and any attributable cost of bringing the asset to its working condition for its intended use.

4. Depreciation

- a. Depreciation on fixed assets is provided on Straight Line Method at the rate prescribed in Schedule XIV of the Companies Act, 1956 over the estimated useful life as estimated by the Management.

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- b. Depreciation is charged on a pro – rata basis for assets purchased/ sold during the year (from the date on which it is 'Put to Use').
- c. Depreciation on impaired assets is provided by adjusting the depreciation charge in the remaining periods so as to allocate the revised carrying amount of the asset over its remaining useful life. The recoverable amount is measured at the higher of the net selling price and value in use; determined by present value of estimated cash flows.

5. Inventories

a. Consumables

Consumables are valued at lower of cost and market value.

b. Intellectual Property Rights (Copy Rights)

IPR of films are valued at lower of cost or net realizable value as certified by the Management.

c. Under Production Films

Cost of films are valued at actual cost incurred/ accrued which includes amount paid, bills settled and advance paid for which the bills are awaited.

In case of films which are released during the year, the realization from the sale of rights are reduced from the cost of production and the balance cost if any, is carried forward till the time the negative rights of the films are not exploited. The excess or deficit of the cost of production after exploitation of "negative" rights will be treated as profit or loss in the profit & loss a/c as the case may be.

6. Taxation

- a. Current tax : Provision for current tax for the year has been made after considering deduction/ allowances/ claims admissible to the company under the Income Tax Act, 1961.
- b. Deferred Tax : Deferred tax is recognized on timing differences, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- c. It is measured using relevant enacted tax rates.
- d. Deferred tax assets arising from temporary timing differences are recognized to the extent there is reasonable certainty that the assets can be realized in future.
- e. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

7. Foreign Currency Transactions

- a. Transactions in Foreign Currency are recorded at the rate prevailing on the date when the amount is received or remitted.
- b. Foreign currency assets and liabilities are converted into rupee at the exchange rate prevailing on the balance sheet date; gains/ losses are reflected in the profit and loss account.
- c. Exchange difference on account of acquisition of fixed assets is adjusted to carrying cost of fixed assets.

8. Investments

Investments are considered as Long Term and are accordingly stated at cost less provision, if any, for permanent diminution in value of such investments.

9. Miscellaneous Expenditure

The share issue expenses and expenses in connection with the formation of the company were treated as preliminary expenses, amortized over a period of five years.

10. Employee Benefits

Contributions to Provident Fund and Family Pension Fund are provided on accrual basis and charged to revenue. The Company has provided for Gratuity Liability based on actuarial valuation.

B. NOTES TO ACCOUNTS

1. Contingent Liability – Rs. Nil

2. Remuneration to Chairman, Managing Director & Executive Director:

No remuneration was paid during the year ended 31st March,2010 (Rs. Nil paid during FY 2008-09).

3. Additional Information

Information under Para 4 D of part II to Schedule VI of the Companies Act, 1956.

	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.
Earning in Foreign Currency		
- For Services	Nil	Nil
- For IPR of Films	7,50,00,000	44,52,00,000
Expenditure in Foreign Currency	44,50,00,000	Nil

4. The deferred tax liability comprise of the following :

	As at March 31, 2010 (Rs.)
a. Deferred Tax Liability Related to fixed assets	17,62,994
b. Deferred Tax Assets Disallowances under the Income Tax Act,1961	NIL
Total	17,62,994

5. The Company has sent memorandum to suppliers covered under The Micro, Small and Medium Enterprises Development Act,2006, no replies have been received from them till date.

6. In the opinion of the Board and to the best of their knowledge and belief, the value on realization of the Current Assets, Loans & Advances in the ordinary course of the business will not be less than the value stated in the Balance Sheet and provision for all known liabilities are adequate and not in excess of the amount reasonably required to be provided.

7. Balances in respect of the Debtors, Creditors, Advances and Deposits are subject to confirmation.

7a. Loans & Advances includes loans to Subsidiary Company as per details given below

Sr. No.	Name of the Subsidiary	Amount	Rate of Intrest	Repayment Shchedule
1.	Mahadev Production Pvt. Ltd.	Rs. 5,500,000	Interest Free	Not Provided

8. Other requirements of Para 3 & 4 of Part II of Schedule VI to the Companies Act, 1956 are not applicable to the Company.

9. The company does not have policy of leave encashment. The provision for gratuity has been made on the basis of acturial report received.

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10. Earning Per Share

Earning Per Share		Year Ended 31st March, 2010	Year Ended 31st March, 2009
Basic & Diluted EPS :			
Net Profit (Loss) after Tax for the year (Rs.)	A	53,624,980	. 27,892,533
Weighted Average No. of Shares	B	51600000	48756916
Basic & Diluted Earnings Per Share of Face Value of Re 1 Per Share.	C (A/B)	1.04	0.57

11 Related Party Disclosure as per Accounting Standard (AS) 18

A. List of related parties.

- a. Key Management Personnel
 - (i) Shri. Gordhan P. Tanwani – Chairman & Managing Director.
- b. Subsidiary Companies :
 - (i) Mahadev Production Pvt. Ltd.
- c. Other related parties (companies in which director or their relatives have significant influence)
 - (i) Bhagwati Media Pvt. Ltd. (Formerly – Baba Entertainments Pvt. Ltd.)
 - (ii) Larry's Electronics Pvt Ltd.
 - (iii) Silgate Solutions Ltd.
 - (iv) Bhagwati Holdings Pvt. Ltd.
 - (v) M/s. Baba Developers
 - (vi) M/s. Super Plast
 - (vii) M/s. Baba Digital
 - (viii) M/s. Om Enterprises

B. Details of transaction with related parties

Sr. No.	Nature of Transaction	Amount			Outstanding as on 31.03.2010
		Key Management Personnel	Subsidiary	Other Related Parties	
1.	Interest Paid/ Provided (Gross)	-	-	1,06,849	-
2.	Loans or Advances Given				
	Opening Balance	-	50,00,000	-	-
	(-) Repaid during the year	-	-	-	-
	(+) Given during the year	-	5,00,000	-	-
	Closing Balance	-	55,00,000	-	55,00,000
3.	Inter-corporate Loan/ Deposit Recd				
	Opening Balance	-	-	-	-
	(+) Received during the year	-	-	25,00,000	-
	(-) Paid during the year	-	-	25,00,000	-
	Closing Balance	-	-	-	-

12. Segment Information

The Company is at present engaged in main business segments of Post Production, Trading in IPR of Films & Film Production.

These Business Segments have been identified in line with Accounting Standard (AS) – 17 “Segment Reporting”

Segment revenue results include amounts identifiable to each segment. Other unallocable expenditure includes revenues and expenditure, which are not directly identifiable to the individual segment as well as expenses, which relate to the Company as a whole.

(Rs. In Lacs)

Sr.No.	Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
1.	Segment Revenue (Net Sales)		
	a) Production/ Post Production Activities	52.10	136.32
	b) IPR of Films	15220.70	7118.22
	c) Production of Hindi Films	500.01	500.18
	Total Net Income From Operations	15772.81	7754.72
2.	Segment Results – Profit before tax & Interest		
	a) Production/ Post Production Activities	(14.21)	34.58
	b) IPR of Films	812.59	254.54
	c) Production of Films	53.81	185.93
	Total	852.19	475.05
	Less : Interest Expenses	18.18	19.68
	Other (Unallocable Income – Unallocable Exp)	18.37	24.75
	Total Profit Before Tax	815.64	430.62
3.	Capital Employed (Segmental Assets – Segmental Liabilities)		
	a) Production/ Post Production Activities	149.34	76.47
	b) IPR of Films	1568.03	1858.98
	c) Production of Films	693.35	226.99
	Add : Unallocated Net Assets	389.63	273.88
	Total Capital Employed	2800.35	2436.33

12. Previous year's figures have been regrouped/ rearranged wherever considered necessary.

13. The Schedules and the notes referred to above form an integral part of Balance Sheet and Profit & Loss Account.

As per our report of even date attached
For Prakash Muni & Associates
 Chartered Accountants
 Firm Registration No.: 111792W

For and on behalf of the Board
Gordhan P. Tanwani
 Chairman & Managing Director

Prakash Muni
 Proprietor
 Membership No.: 30544

Sanjiv Hinduja
 Director

Pravin Karia
 Director

Santosh A. Shah
 Director

N.H.Mankad
 Company Secretary

Place : Mumbai
 Date : 13th August, 2010

Place : Mumbai
 Date : 13th August, 2010

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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	119177	State Code	11
Balance Sheet Date	31.03.2010		

II Capital raised during the year (Amount in Rs.'000)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Preferential Issue	Nil

III Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities	324,590	Total Assets	324,590
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Sources of Funds

Paid up Capital	51,600	Reserves & Surplus	228,435
Secured Loans	42,792	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	32,496	Investments	54
Net Current Assets	292,041	Misc. Expenditure	-
Deferred Tax Asset	(1,763)		

IV Performance of Company (Amount in Rs. '000)

Turnover	1,582,418	Total Expenditure	1,500,854
(Includes Other Income)			
Profit/ Loss Before Tax	81,564	Profit/ Loss After Tax	53,625
Earnings Per Share in Rs.	1.04	Dividend Rate %	25%

IV Generic Names of Three Principal Products/ Services of Company

(as per monetary terms)

(i) Item Code No. (ITC Code)	8,524		
Product Description	Audio and Software		
(ii) Item Code No. (ITC Code)	NA		
Product Description	Trading in IPR of Films		

As per our report of even date attached
For Prakkash Muni & Associates
Chartered Accountants
 Firm Registration No.: 111792W

Prakkash Muni
Proprietor
 Membership No.: 30544

Place : Mumbai
 Date : 13th August, 2010

For and on behalf of the Board

Gordhan P. Tanwani
Chairman & Managing Director

Sanjiv Hinduja
Director

Pravin Karia
Director

Santosh A. Shah
Director

N.H.Mankad
Company Secretary

Place : Mumbai
 Date : 13th August, 2010



BABA ARTS LIMITED

Statement relating to subsidiary Company pursuant to Section 212 of the Companies Act, 1956.

1. Name of Subsidiary	Mahadev Production Pvt. Ltd.
2. The Financial Year of the subsidiary company year ended on	31.03.2010
3. Holding Company	Baba Arts Limited
4. Extent of Holding Company's interest	51%
5. Face Value per equity share	Rs. 10/-
6. No. of equity shares held by the holding company and / or its subsidiaries	5,100
7. The net aggregate amount of Profit (Loss) of the subsidiary so far as it concerns the members of Baba Arts Ltd:	
(a) Is not dealt with in accounts of holding company	
(i) For the financial year ended on 31st March, 2010 (Amt in Rupees)	(16,838)
(ii) For the previous financial year of the subsidiary since it became subsidiary (Amt. in Rupees)	(741)
(b) Is dealt with in accounts of holding company	
(i) For the financial year ended on 31st March, 2010 (Amt in Rupees)	Nil
(ii) For the previous financial year of the subsidiary since it became subsidiary (Amt. in Rupees)	Nil

Place: Mumbai

Date : 13th August, 2010

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AUDITORS' REPORT ON CONSOLIDATED BALANCE SHEET

TO,
THE SHAREHOLDERS OF
BABA ARTS LIMITED.
MUMBAI

Auditors' report to the Board of Directors of Baba Arts Limited on the consolidated financial statements of Baba Arts Limited and its subsidiary.

1. I have audited the attached consolidated Balance Sheet of Baba Arts Limited as at March 31, 2010, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding component. My responsibility is to express an opinion on these financial statements based on my audit.
2. I have conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I 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 the management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. I report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirement of Accounting Standard (AS) 21, "Consolidated Financial Statement" as notified by Companies (Accounting Standards) Rules, 2006.
4. Based on my audit and to the best of my information and according to the explanations given to me, I am of the opinion that the attached Consolidated Financial Statements gives a true and fair view and in conformity with the accounting principles generally accepted in India:
 - a. in case of the Consolidated Balance Sheet, of the state of affairs of the Baba Arts Limited as at March 31, 2010;
 - b. in the case of the Consolidated Profit and loss account, of the profit of the Company for the year ended on that date; and
 - c. in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For PRAKKASH MUNI & ASSOCIATES

Chartered Accountants

Firm Registration No: 111792W

PRAKKASH R. MUNI

Proprietor

Membership No.: 30544.

Place : Mumbai

Date : 13th August, 2010.

BABA

ARTS LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

Particulars	Schedule No.	As At March 31, 2010 Amount Rs.	As At March 31, 2009 Amount Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	51,600,000	51,600,000
Reserves & Surplus	2	228,417,266	192,031,368
Minority Interest		32,111	49,000
Loan Funds			
Secured Loans	3	42,792,345	2,036,011
Deferred Tax Liability		1,762,994	48,246
TOTAL		324,604,716	245,764,625
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	104,942,408	104,892,728
Less : Depreciation		72,446,510	67,350,778
Net Block		32,495,898	37,541,950
Investments			
Current Assets, Loans & Advances	5	2,500	2,500
Inventories	6	315,883,189	112,698,330
Sundry Debtors	7	270,597,343	125,331,588
Cash & Bank Balances	8	44,806,631	4,233,804
Loans & Advances	9	104,991,392	73,112,931
Sub Total (A)		736,278,555	315,376,653
Less : Current Liabilities & Provisions			
Current liabilities	10	381,182,859	72,343,310
Provisions	11	62,993,737	34,818,981
Sub Total (B)		444,176,596	107,162,291
Net Current Assets (A) - (B)		292,101,958	208,214,362
Miscellaneous Expenditure		4,360	5,813
TOTAL		324,604,716	245,764,625
Accounting Policies and Notes to Accounts	21		

As per our report of even date attached
For Prakash Muni & Associates
Chartered Accountants
 Firm Registration No.: 111792W

Prakash Muni
Proprietor
 Membership No.: 30544

Place : Mumbai
 Date : 13th August, 2010

For and on behalf of the Board

Gordhan P. Tanwani
Chairman & Managing Director

Sanjiv Hinduja
Director

Pravin Karia
Director

Santosh A. Shah
Director

N.H.Mankad
Company Secretary

Place : Mumbai
 Date : 13th August, 2010

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CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule No.	Year Ended March 31, 2010 Amount Rs.	Year Ended March 31, 2009 Amount Rs.
INCOME			
Sales	12	1,579,030,911	779,071,592
Other Income	13	5,136,657	1,236,109
		1,584,167,568	780,307,701
EXPENDITURE			
Cost of IPR of Films	14	1,442,734,567	679,813,991
Operating Expenses	15	2,346,595	5,921,937
Cost of Production/ Distribution of Films	16	35,504,709	29,267,002
Staff Costs	17	1,291,360	2,339,229
Administration & Other Expenses	18	2,859,645	9,370,054
Selling Expenses	19	10,970,126	3,432,791
Premilenery Expenses written off		1,453	1,453
		1,495,708,455	730,146,457
Profit/ (Loss) before Interest, Depreciation and Tax		88,459,113	50,161,244
Finance Charges	20	1,818,312	1,968,012
Profit/ (Loss) before Depreciation and Tax Depreciation		86,640,801	48,193,232
		5,110,113	5,132,009
Profit/ (Loss) after Depreciation but before Tax		81,530,688	43,061,223
Provision for Tax		28,200,000	15,000,000
Fringe Benefit Tax		-	50,000
Deferred Tax		(261,276)	120,143
Profit/ (Loss) after Tax		53,591,964	27,891,080
Prior period income tax adjustments		(2,130,601)	-
Profit/ (Loss) after Tax (Before adjustment for Minority Interest)		51,461,363	27,891,080
Add: Share of (Profit) / Loss transferred to Minority		16,889	-
Profit/ (Loss) after Tax (After adjustment for Minority Interest)		51,478,252	27,891,080
Balance of Profit brought forward		62,988,099	53,189,373
Profit available for Appropriation		114,466,351	81,080,454
Transferred to General Reserve		5,400,000	3,000,000
Proposed Dividend (Pr. Yr. Interim Dividend)		12,900,000	12,900,000
Tax on Dividend		2,192,355	2,192,355
Balance of Profit carried forward		93,973,996	62,988,099
Basic & Diluted Earning Per Share		1.04	0.57
Face Value of Re. 1/- per share (Pr Yr. Rs. 4/- per share)			
Accounting Policies and Notes to Accounts	21		

As per our report of even date attached

For Prakkash Muni & Associates

Chartered Accountants

Firm Registration No.: 111792W

Prakkash Muni

Proprietor

Membership No.: 30544

Place : Mumbai

Date : 13th August, 2010

For and on behalf of the Board

Gordhan P. Tanwani

Chairman & Managing Director

Sanjiv Hinduja

Director

Pravin Karia

Director

Santosh A. Shah

Director

N.H.Mankad

Company Secretary

Place : Mumbai

Date : 13th August, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	April 1, 2009 - March 31, 2010 Amount Rs.	April 1, 2008 - March 31, 2009 Amount Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) before Tax and Extraordinary items	81,530,689	43,061,223
Adjustment for :		
Depreciation	5,110,113	5,132,009
Interest Income	(4,930,618)	(675,460)
Dividend Income	(325)	(375)
Interest Paid	1,818,312	1,968,012
Preliminary Expenses Written Off	1,453	1,453
Profit/ Loss on Sale of Fixed Assets	53,271	(300,337)
	2,052,206	6,125,302
	83,582,895	49,186,525
Operating profit before working capital changes		
Adjustment for :		
Sundry Debtors	(145,265,755)	(31,748,747)
Adjustment for Stock	(203,184,859)	(74,587,098)
Other loans & Advances	(1,168,986)	3,751,982
Current Liabilities & Provisions	310,529,053	21,210,628
	(39,090,547)	(81,373,235)
Cash generated from operations	44,492,348	(32,186,710)
Direct Taxes paid	(32,578,798)	(31,575,719)
NET CASH FLOW OPERATING ACTIVITIES	11,913,550	(63,762,429)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(161,777)	(1,723,222)
Sales of Fixed Assets	44,445	405,000
Interest Received	4,930,618	675,460
Dividend Received	325	375
NET CASH FLOW FROM INVESTING ACTIVITIES	4,813,611	(642,387)

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	April 1, 2009 - March 31, 2010 Amount Rs.	April 1, 2008 - March 31, 2009 Amount Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Shares	-	8,998,120
Receipt of Securities Premium	-	89,981,200
Conversion of OFCW to Equity Share Capital	-	(9,897,932)
Repayment of short term borrowings	40,756,334	(4,534,778)
Unsecured Loan Paid Off	-	(14,154,173)
Interest Paid	(1,818,312)	(2,012,331)
Dividend Paid (Incl. of Tax)	(15,092,355)	(4,984,207) 63,395,899
NET CASH FLOW FROM FINANCING ACTIVITIES	23,845,668	(1,008,917)
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	40,572,828	
Cash and Cash equivalents at beginning of the year	4,233,804	5,242,720
Cash and Cash equivalents at end of the year	44,806,632	4,233,804
Net Increase/ (Decrease)	40,572,828	(1,008,917)

Note:

1. The above cash flow statement has been prepared under the indirect method as set out in Accordance Standard - 3 issued by the Institute of Chartered Accountants of India.
2. Cash and cash equivalents consists of Cash on hand and Balance with banks.
3. Previous year's figures have been regrouped/rearranged wherever necessary.

As per our report of even date attached
For Prakash Muni & Associates
Chartered Accountants
 Firm Registration No.: 111792W

Prakash Muni
Proprietor
 Membership No.: 30544

Place : Mumbai
 Date : 13th August, 2010

For and on behalf of the Board

Gordhan P. Tanwani
Chairman & Managing Director

Sanjiv Hinduja
Director

Pravin Karia
Director

Santosh A. Shah
Director

N.H.Mankad
Company Secretary

Place : Mumbai
 Date : 13th August, 2010

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

	As At March 31, 2010 Amount Rs.	As At March 31, 2009 Amount Rs.
SCHEDULE : 1		
SHARE CAPITAL		
Authorised		
30,00,00,000 Equity Shares of Re. 1/- each (Previous year 7,50,00,000 Equity Shares of Rs. 4/- each)	300,000,000	300,000,000
Issued, Subscribed & Paid Up Capital		
5,16,00,000 (previous year 1,29,00,000) Equity Shares of Re. 1/- (previous year Rs. 4/- each) each fully paid up.	51,600,000	51,600,000
<p>Note : The equity shares of Rs. 4/- each were subdivided into equity shares of Re. 1/- pursuant to Special Resolution passed at AGM held on 29th September,2009.</p> <p>Note : The paid up value per share was reduced from Rs. 10/- to Rs. 4/- pursuant to Reduction of Capital approved by the members in their EGM held on 9th November 2004 and confirmed by the Bombay High Court vide its order dated 11th February, 2005</p>		
	51,600,000	51,600,000
SCHEDULE : 2		
	As on 31.03.09	As on 31.03.10
RESERVES & SURPLUS		
Capital Reserves	9,462,068	9,462,068
Securities Premium Account	113,981,200	113,981,200
General Reserve	5,600,000	11,000,000
Profit & Loss Account	62,988,100	93,973,998
	192,031,368	228,417,266
SCHEDULE : 3		
SECURED LOANS		
From a Scheduled Bank		
- Cash Credit Account (Refer note 1 below)	42,792,345	2,036,011
	42,792,345	2,036,011

Note 1 : The Cash Credit facility is secured by hypothecation of book debts in respect of studio operations, sale of IPR of films, equitable mortgage of company's office premises, & Personal Guarantee of Managing Director.

SCHEDULES TO CONSOLIDATED BALANCE SHEET

SCHEDULE 4 - FIXED ASSETS

(Amount Rs.)

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.09	Additions during the Year	Deductions during the Year	As at 31.03.10	As at 01.04.2009	For the Year	Deductions during the Year	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
OFFICE PREMISES	21,010,971	-	-	21,010,971	2,910,599	342,480	-	3,253,079	17,757,892	18,100,372
PLANT & MACHINERY	74,019,758	-	-	74,019,758	59,864,929	4,186,189	-	64,051,118	9,968,640	14,154,829
FURNITURE & FIXTURES	7,086,031	-	22,449	7,063,581	3,622,227	447,479	3,706	4,066,000	2,997,581	3,463,803
OFFICE EQUIPMENTS	2,775,968	161,777	89,648	2,848,097	953,023	133,965	10,675	1,076,313	1,771,784	1,822,942
TOTAL	104,892,729	161,777	112,097	104,942,408	67,350,778	5,110,113	14,381	72,446,510	32,495,898	37,541,947
Previous Year	125,202,667	1,723,222	22,033,162	104,892,727	84,147,268	5,132,011	21,928,499	67,350,780	37,541,947	41,055,399

SCHEDULES TO CONSOLIDATED BALANCE SHEET

	As At March 31, 2010 Amount Rs.	As At March 31, 2009 Amount Rs.
SCHEDULE : 5		
INVESTMENTS		
Unquoted - Long Term (Non Trade) at cost :		
Punjab & Maharashtra Co - Op Bank Ltd. 100 Shares (Previous Year 100 Shares) @ Rs. 25/- fully paid up	2,500	2,500
	<u>2,500</u>	<u>2,500</u>
SCHEDULE : 6		
INVENTORIES		
Intellectual Property Rights of Films	311,258,333	103,600,624
Under Production Films	4,624,856	9,097,706
	<u>315,883,189</u>	<u>112,698,330</u>
SCHEDULE : 7		
SUNDRY DEBTORS - Unsecured		
Debts outstanding for a period exceeding six months :		
- considered good	44,629,437	52,594,209
	<u>44,629,437</u>	<u>52,594,209</u>
Others debts :		
- considered good	225,967,906	72,737,380
	<u>270,597,343</u>	<u>125,331,588</u>
SCHEDULE : 8		
CASH & BANK BALANCES		
Cash on hand	70,428	142,153
Balances with Scheduled banks -		
- In Current Account	44,736,203	1,591,651
(Includes Rs. 119579/- (Pr. Yr. Rs.238509/-) in Unpaid Dividend Account)		
- In Fixed Deposit (Margin against Bank Guarantee)	-	2,500,000
	<u>44,806,631</u>	<u>4,233,804</u>
SCHEDULE : 9		
LOANS AND ADVANCES - Unsecured, Considered Good		
Advance recoverable in cash or kind or for value to be received	5,424,585	4,554,195
Deposits with Government & Semi Government Bodies	13,441,428	13,161,536
Prepaid Expenses	27,141	8,435
Advance Tax & TDS	86,098,238	55,388,765
	<u>104,991,392</u>	<u>73,112,931</u>

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SCHEDULES TO CONSOLIDATED BALANCE SHEET

	As At March 31, 2010 Amount Rs.	As At March 31, 2009 Amount Rs.
SCHEDULE : 10		
CURRENT LIABILITIES		
Sundry Creditors	323,065,583	65,314,291
Outstanding Expenses	251,790	537,752
Statutory Liability	51,763,708	574,774
Advance from Customers	5,982,199	5,677,984
Unpaid Dividend	119,579	238,509
	381,182,859	72,343,310
SCHEDULE : 11		
PROVISIONS		
For Gratuity	170,382	195,626
Provision for Fringe Benefit Tax	206,000	206,000
Proposed Dividend	12,900,000	12,900,000
Tax on Dividend	2,192,355	2,192,355
For Income Tax	47,525,000	19,325,000
	62,993,737	34,818,981

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

	April 1, 2009 to March 31, 2010 Amount Rs.	April 1, 2008 to March 31, 2009 Amount Rs.
SCHEDULE : 12		
SALES		
Post Production Activities	5,210,102	13,631,602
Realisation from Film Release	51,751,076	53,617,699
Sale of IPR Local	1,430,569,734	266,622,291
Sale of IPR Export	91,500,000	445,200,000
	1,579,030,911	779,071,592
SCHEDULE : 13		
OTHER INCOME		
Profit on sale of Fixed Assets	-	400,000
Misc Income	31,834	185,631
Credit Balance Written Back	173,880	160,274
Dividend Income	325	375
Interest Received (TDS Rs.7,65,991/- Pr. Yr. Rs. 93,090/-)	4,930,618	489,829
	5,136,657	1,236,109

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

	April 1, 2009 to March 31, 2010 Amount Rs.	April 1, 2008 to March 31, 2009 Amount Rs.
SCHEDULE : 14		
COST OF IPR OF FILMS		
Opening Stock	97,900,338	28,418,806
Add : Purchases	1,656,092,563	749,295,523
	<u>1,753,992,901</u>	<u>777,714,329</u>
Less :Closing Stock (As taken, valued & certified by Management)	311,258,333	97,900,338
	<u>1,442,734,567</u>	<u>679,813,991</u>
SCHEDULE : 15		
OPERATING EXPENSES		
Electricity Expenses	807,340	1,195,884
Professional/ Technical Fees	1,176,709	2,477,135
Transfer Charges	49,045	133,820
Post Production Studio Operating Expenses	313,500	653,142
Censor Charges for DD	-	55,300
VCD /DVD Production Expenses	-	1,406,656
	<u>2,346,595</u>	<u>5,921,937</u>
SCHEDULE : 16		
COST OF PRODUCTION/ DISTRIBUTION OF FILMS		
Artists	2,721,800	3,703,400
Technicians	4,174,712	4,981,050
Production & Post Production Expenses	23,964,386	15,737,749
Advertising & Publicity	8,971,667	10,545,089
	<u>39,832,565</u>	<u>34,967,288</u>
Less : Closing Stock	(4,327,856)	(5,700,286)
	<u>35,504,709</u>	<u>29,267,002</u>
SCHEDULE : 17		
STAFF COSTS		
Salaries & Wages	967,405	1,867,059
Staff Welfare	323,955	472,170
	<u>1,291,360</u>	<u>2,339,229</u>

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SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

	April 1, 2009 to March 31, 2010 Amount Rs.	April 1, 2008 to March 31, 2009 Amount Rs.
SCHEDULE : 18		
ADMINISTRATION AND OTHER EXPENSES		
Administration Expenses		
Communication Expenses	113,754	239,177
Books & Periodicals	2,598	-
Business Promotion	-	81,415
Consultancy Charges	19,305	30,337
Food & Refreshment	-	40,697
Insurance Expenses	11,701	16,440
Office Expenses	546,296	1,332,850
Membership & Subscription	30,075	-
Postage & Telegram	54,868	59,543
Printing & Stationery	89,621	135,077
Interest on Tax	171,922	-
Rent	-	541,090
Security Charges	130,000	-
Web Designing & Registration Charges	-	4,998,148
Auditors' Remuneration -		
Statutory Audit Fees	66,180	67,416
Tax Audit Fees	22,060	22,472
Legal & Professional Fees	194,249	371,389
Other Expenses	411,734	-
Loss on sale of Fixed Asset	53,271	99,663
Rates & Taxes	2,500	10,625
Repairs & Maintenance		
- Building	642,168	698,320
- Plant & Machinery	33,576	112,894
- Others	230,104	225,373
Travelling & Conveyance	33,484	287,127
	2,859,645	9,370,054
SCHEDULE : 19		
Selling Expenses		
Advertisement	191,968	159,029
Commission on Sales	-	1,930,468
Donation	-	15,000
Other Selling Expenses	-	29,844
Bad Debts & Sundry Balance Written Off	10,774,472	1,030,020
IPR Selling Expenses	3,686	268,240
Discount Allowed	-	190
	10,970,126	3,432,791
SCHEDULE : 20		
FINANCE CHARGES		
Interest On Other Loans	106,849	1,089,370
[Inclues Rs. 106,849/-(Pr. Year Rs. 1,089,370/-) paid to companies in which the Managing Director is interested]		
Bank Charges	505,075	361,073
Interest On CC	1,206,388	517,569
	1,818,312	1,968,012

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE: 21

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Significant Accounting Policies :

1. Most of the accounting policies of holding company and that of its subsidiaries are similar. The accounting policies followed by the holding company are disclosed in its standalone financial statements annexed to the annual report.
2. List of Subsidiary Company

Name of the Company	Extent of Holding (%)
Mahadev Production Pvt. Ltd.	51%

B. Principle of consolidation :

1. The consolidated financial statements of Baba Arts Limited and its subsidiary , are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principle in India and Accounting Standard 21 on Consolidation of Financial Statements , issued by ICAI to the extent possible in the same format as adopted by holding company for separate financial statements .
2. The financial statement of the company and its subsidiary are combined on a line to line basis by adding together the book values of like items of assets and liabilities after fully eliminating intra – group balances and transactions in accordance with Accounting Standard - 21
3. Minority interest's share of net assets of consolidated subsidiary is identified and presented in consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

As per our report of even date attached
For Prakash Muni & Associates
Chartered Accountants
 Firm Registration No.: 111792W

Prakash Muni
Proprietor
 Membership No.: 30544

Place : Mumbai
 Date : 13th August, 2010

For and on behalf of the Board

Gordhan P. Tanwani
Chairman & Managing Director

Sanjiv Hinduja
Director

Pravin Karia
Director

Santosh A. Shah
Director

N.H.Mankad
Company Secretary

Place : Mumbai
 Date : 13th August, 2010

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NOTICE OF THE THIRD ANNUAL GENERAL MEETING

NOTICE is hereby given that the Third Annual General Meeting of MAHADEV PRODUCTION PRIVATE LIMITED will be held on Wednesday the 29th September, 2010 at 11.00 a.m. at the Registered Office of the Company at Bungalow No. 122, MHADA, SVP Nagar, Andheri (West), Mumbai 400053 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2010, Profit & Loss Account for the year ended on 31st March, 2010 together with Cash Flow Statement and the Directors' Report and the Report of the Auditors thereon.
2. To appoint Auditors and to fix their remuneration.

By Order of the Board
For Mahadev Production Private Limited

Ajay Acharya
Director

Regd. Office:

Bungalow No. 122,
MHADA, SVP Nagar
Andheri (West)
Mumbai 400053.

Date: August 13, 2010

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE, INSTEAD OF HIMSELF / HERSELF AND A PROXY MUST BE A MEMBER OF THE COMPANY. PROXIES TO BE VALID MUST BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. BLANK PROXY FORM IS ENCLOSED.

BABA ARTS LIMITED

DIRECTORS' REPORT

To,
The Members,
Your Directors have pleasure in presenting their Third Annual Report together with the Audited Accounts for the year ended on 31st March, 2010.

OPERATIONS

During the year under review, your company earned income of Rs. 17.50 Lacs from sale of one territory right and Audio and Video rights its first Bhojpuri Film "Vijay Bihari Mafia". The company was still holding negative rights of the said film and as such the Company expects to exploit other rights in respect of the said film such as remake rights, dubbing rights etc., The company has set off the cost of the film only to the extent of realization received during the current year and the balance cost of the film is carried forward as stock on hand. The Company has incurred a loss of Rs. 33015/- during the year.

DIVIDEND

Your board of directors have not recommended any dividend on equity shares for the year under review.

HOLDING COMPANY

Your Company is a subsidiary company of Baba Arts Limited which owns 51% of the paid up capital of the Company.

DEPOSITS

Your Company has not invited / accepted any deposits from public within the meaning of Section 58A of the Companies Act, 1956.

DIRECTORS

The Directors of the Company have confirmed that they are not disqualified to act as Directors of the Company pursuant to Section 274(1)(g) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2001, the Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) the accounting policies have been consistently applied and reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the state of affairs of the company as at 31st March, 2010 and of the loss incurred during the year ended on 31st March, 2010 as disclosed in the enclosed accounts;
- iii) proper and sufficient care has been taken for 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; and
- iv) the annual accounts have been prepared on a going concern basis.

AUDITORS

The company's Auditors M/s. Prakash Muni & Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting, and are eligible for reappointment. The company has received the certificate to this effect from the Auditors. Your Directors recommend their re-appointment.

PARTICULARS OF EMPLOYEES

There were no employees, covered under the purview of Section 217 (2A) of the Companies Act, 1956 and the Rules framed there under.

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

Conservation of Energy

Your Company's activities do not require substantial energy consumption.

Research & Development, Technology Absorption, Adoption and Innovation

The Company has not under taken any Research & Development Activity.

Foreign Exchange Earnings and Outgo

- | | | |
|------------------------------|---|-----|
| a. Foreign Exchange Earnings | - | Nil |
| b. Foreign Exchange Outgo | - | Nil |

ACKNOWLEDGEMENT

The Board wishes to thank all the artists and technicians, who have extended their support to the Company.

For and On behalf of the Board of Directors

Ajay Acharya
Director

Ravi Kishan Shukla
Director

Place : Mumbai
Date : August 13, 2010

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AUDITOR'S REPORT

TO,
THE SHAREHOLDERS OF
MAHADEV PRODUCTION PRIVATE LIMITED.

1. I have audited the attached Balance Sheet of MAHADEV PRODUCTION PRIVATE LIMITED as at 31st March, 2010 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I have conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I 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 the Management, as well as evaluating the overall financial statement presentation. I believe that our audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
5. Further to my comments in the Annexure referred to in paragraph 3 above, I report that:
 - i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - ii) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In my opinion, the Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) In my opinion and to the best of my information and according to the explanations given to me, the said accounts read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For PRAKKASH MUNI & ASSOCIATES

Chartered Accountants

Firm Registration No.: 111792W

PRAKKASH R. MUNI.

Proprietor

Membership No.: 30544.

Place : Mumbai
Date : 13th August, 2010.

ANNEXURE TO THE AUDITOR'S REPORT

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

1. Since, the company does not have Fixed Assets cause (1) of the order is not applicable
2. Since, the company is having only Intellectual property rights as its inventory therefore the Para 2 of the order relating to physical verification of inventories is not applicable
3. In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:
 - (a) Since the company has not granted or taken any loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, Clause (iii) of the order is not applicable.
 - (b) The Company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
4. In my opinion and according to the information and explanations given to me, the Company has internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the sale of goods and services. During the course of my audit, I have not observed any continuing failure to correct major weakness in internal control system.
5. Since, the Company has no transactions made in pursuance of contract or arrangement Clause (v) of the order is not applicable.
6. In my opinion and according to the information and explanations given to me, the Company has not accepted any deposits from the public during the year covered by my audit report. Therefore, the provisions of clause (vi) of the paragraph 4 of the order are not applicable to the Company.
7. In my opinion and according to information and explanations given to me, the Company has an internal audit system commensurate with the size and nature of its business.
8. To the best of my knowledge and according to the information and explanations given to me, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company.
9. In respect of Statutory dues:
 - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to me, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2010 for a period of more than six months from the date of becoming payable.
 - b) There is no disputed statutory dues payable by the company.
10. The Company has accumulated losses at the end of the financial year. The Company has incurred cash losses during the financial year covered by my audit and the preceding financial year.
11. Based on my audit procedures and according to the information and explanation given to me, the Company has not defaulted in the repayment of its dues to Financial Institutions, Banks and Debenture Holders.
12. According to the information and explanations given to me, no loans and advances have been granted by the Company on the basis of security by way of shares, debentures and other securities.
13. In my opinion and according to the information and explanations given to me, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
14. According to the information and explanations given to me, the Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
15. The Company has not raised any term loan during the year and there is no outstanding term loan during the year.
16. According to the information and explanations given to me and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
17. According to the information and explanations given to me, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
18. During the period covered by my audit report, the Company has not raised any money by public issues.
19. To the best of my knowledge and belief and according to the information and explanations given to me, no material fraud on or by the Company has been noticed or reported during the year.

For PRAKKASH MUNI & ASSOCIATES
Chartered Accountants
Firm Registration No.: 111792W

PRAKKASH R. MUNI.
Proprietor
Membership No.: 30544

Place : Mumbai
Date : 13th August, 2010.

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BALANCE SHEET AS AT MARCH 31, 2010

Particulars	Schedule No.	As At March 31, 2010 Amount Rs.	As At March 31, 2009 Amount Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	100,000	100,000
Loan Funds			
Unsecured Loans	2	5,500,000	5,000,000
		5,600,000	5,100,000
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
Inventories	3	4,327,856	5,700,286
Sundry Debtors	4	560,000	11,000
Cash & Bank Balances	5	630,459	389,591
Loans & Advances	6	105,350	-
		5,623,665	6,100,877
Less : Current Liabilities & Provisions			
Current liabilities	7	62,493	1,008,143
		62,493	1,008,143
Net Current Assets (A) - (B)		5,561,172	5,092,734
Miscellaneous Expenditure (To the extent not written off)			
Preliminary Expenses	8	4,360	5,813
Profit & Loss A/c		34,468	1,453
		5,600,000	5,100,000
Accounting Policies and Notes to Accounts	11		

As per our report of even date attached
For Prakkash Muni & Associates
Chartered Accountants
 Firm Registration No.: 111792W

Prakkash Muni
Proprietor
 Membership No.: 30544
 Place : Mumbai
 Date : 13th August, 2010

For and on behalf of the Board

Ajay Acharya
Director

Ravi Krishan Shukla
Director

Place : Mumbai
 Date : 13th August, 2010

BABA

ARTS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule No.	Year Ended 31.03.2010 Amount Rs.	Year Ended 31.03.2009 Amount Rs.
INCOME			
Sales	9	1,750,000	3,600,000
		1,750,000	3,600,000
EXPENDITURE			
Cost of Production/ Distribution of Films	10	1,750,000	3,600,000
Indirect Expenses		31,562	-
Preliminary Expenses Written off		1,453	1,453
		1,783,015	3,601,453
Profit/ (Loss) before Interest, Depreciation and Tax		(33,015)	(1,453)
Finance Charges		-	-
Profit/ (Loss) before Depreciation and Tax Depreciation		(33,015)	(1,453)
Profit/ (Loss) after Depreciation but before Tax		(33,015)	(1,453)
Provision for Tax		-	-
Fringe Benefit Tax		-	-
Deferred Tax		-	-
Profit/ (Loss) after Tax		(33,015)	(1,453)
Prior period income tax adjustments		-	-
Sub Total		(33,015)	(1,453)
Balance of Profit/ (Loss) brought forward		(1,453)	-
Profit available for Appropriation		(34,468)	(1,453)
Transferred to General Reserve		-	-
Proposed Dividend		-	-
Tax on Dividend		-	-
Balance of Profit carried forward		(34,468)	(1,453)
Basic & Diluted Earning Per Share		(3.30)	(0.15)
Face Value of Rs. 10/- per share			
Accounting Policies and Notes to Accounts	11		

As per our report of even date attached
For Prakash Muni & Associates
Chartered Accountants
 Firm Registration No.: 111792W

Prakash Muni
Proprietor
 Membership No.: 30544
 Place : Mumbai
 Date : 13th August, 2010

For and on behalf of the Board

Ajay Acharya
Director
Ravi Krishan Shukla
Director

Place : Mumbai
 Date : 13th August, 2010

ANNUAL REPORT 2009-2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	April 1, 2009 - March 31, 2010 Amount Rs.	April 1, 2008 - March 31, 2009 Amount Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) before Tax and Extraordinary items	(33,015)	(1,453)
Adjustment for :		
Preliminary Expenses Written Off	1,453	1,453
	1,453	1,453
	(31,562)	-
Operating profit before working capital changes		
Adjustment for :		
Sundry Debtors	(549,000)	(11,000)
Inventories	1,372,430	(5,285,499)
Current Liabilities & Provisions	(945,650)	991,289
	(122,220)	(4,305,210)
Cash generated from operations	(153,782)	(4,305,210)
Taxes paid	(105,350)	-
	(259,132)	(4,305,210)
Prior Period Items	-	-
NET CASH FLOW OPERATING ACTIVITIES	(259,132)	(4,305,210)
B. CASH FLOW FROM INVESTING ACTIVITIES		
NET CASH FLOW FROM INVESTING ACTIVITIES	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Loan received from Holding Company	500,000	4,300,000
NET CASH FLOW FROM FINANCING ACTIVITIES	500,000	4,300,000
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	240,868	(5,210)
Cash and Cash equivalents at beginning of the year	389,591	394,801
Cash and Cash equivalents at end of the year	630,459	389,591
Net Increase/ (Decrease)	240,868	(5,210)

Note:

1. The above cash flow statement has been prepared under the indirect method as set out in Accordance Standard - 3 issued by the Institute of Chartered Accountants of India.
2. Cash and cash equivalents consists of Cash on hand and Balance with banks.
3. Previous year's figures have been regrouped/rearranged wherever necessary.

As per our report of even date attached

For Prakkash Muni & Associates

Chartered Accountants

Firm Registration No.: 111792W

Prakkash Muni

Proprietor

Membership No.: 30544

Place : Mumbai

Date : 13th August, 2010

For and on behalf of the Board

Ajay Acharya

Director

Ravi Krishan Shukla

Director

Place : Mumbai

Date : 13th August, 2010

BABA

ARTS LIMITED

BALANCE SHEET SHEDULE

	March 31,2010 Amount Rs.	March 31,2009 Amount Rs.
SCHEDULE : 1		
SHARE CAPITAL		
Authorised		
10,000 Equity Shares of Rs.10/- each	100,000	100,000
10,000 Equity Shares of Rs.10/- each fully paid up.	100,000	100,000
	100,000	100,000
SCHEDULE : 2		
UNSECURED LOANS		
From Holding Company	5,500,000	5,000,000
	5,500,000	5,000,000
SCHEDULE : 3		
INVENTORIES		
Under Production Films	4,327,856	5,700,286
	4,327,856	5,700,286
SCHEDULE : 4		
SUNDRY DEBTORS - Unsecured		
Debts outstanding for a period exceeding six months :		
- considered good	-	-
- considered doubtful	-	-
Others debts :		
- considered good	560,000	11,000
	560,000	11,000
SCHEDULE : 5		
CASH & BANK BALANCES		
Cash on hand	20,226	20,936
Balances with Scheduled banks - - In Current Account	610,233	368,655
	630,459	389,591

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BALANCE SHEET SHEDULE

	March 31,2010 Amount Rs.	March 31,2009 Amount Rs.
SCHEDULE : 6		
Loans & Advances		
TDS Receivable	105,350	-
	105,350	-
SCHEDULE : 7		
CURRENT LIABILITIES		
Sundry Creditors	23,545	935,485
Statutory Liabilities	38,948	72,658
	62,493	1,008,143
SCHEDULE : 8		
Miscellaneous Expenditure		
Preliminary Expenses		
Opening Balance	5,813	7,266
Less: Written off	1,453	1,453
	4,360	5,813
SCHEDULES TO PROFIT AND LOSS ACCOUNT		
	April 1, 2009 to March 31, 2010 Amount Rs.	April 1, 2008 to March 31, 2009 Amount Rs.
SCHEDULE : 9		
SALES		
Realisation from Film Release (TDS Rs. 1,05,350/- , P.Yr Rs. Nil)	1,750,000	3,600,000
	1,750,000	3,600,000
SCHEDULE : 10		
COST OF PRODUCTION/ DISTRIBUTION OF FILMS		
Artists	-	1,679,600
Technicians	-	1,969,550
Production Expenses	6,077,856	5,651,136
	6,077,856	9,300,286
Less: Closing Stock	4,327,856	5,700,286
COST OF PRODUCTION	1,750,000	3,600,000

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE: 10

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The Financial statements are prepared under historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, on going concern basis, and in line with accounting standards issued by the Institute of Chartered Accountants of India, as applicable, and the provisions of the Companies Act, 1956.

The Preparation of financial statements in conformity with GAAP (generally accepted accounting policies) requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the assumptions relating to contingent liabilities as on the date of financial statements. Examples of such estimates include the useful life of tangible and intangible fixed assets, provision for doubtful debts / advances, future obligation in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

2. Revenue Recognition

- a. The receipts/ income (including interest on advance payments made) are deemed to accrue as and when events take place or conditions are fulfilled or uncertainties are removed. Accordingly such income (including interest on advance payment made) is accounted only after the events take place or conditions are fulfilled or uncertainties are removed. This is in accordance with Accounting Standard in respect of recognition of revenue and prudential norms.
- b. In respect of cinematic content produced / acquired, income is recognised on the following basis
 - i. In respect of cinematic content, which is not complete i.e. under production, no income is recognised.
 - ii. In respect of cinematic content, which is complete but not released, income is recognised as – so much of the estimated income on release as bears to the whole of the estimated income the same proportion as the actual recoveries / realisations / confirmed contracts bears to the total expected realisation.
 - iii. In respect of cinematic content completed and released during the year, income is recognised on release delivery of release prints except income, if any, already recognised as per clause b (ii).
 - iv. In respect of cinematic content, which is complete but not released, income from streams other than theatrical release is recognized on the basis of contracts / deal memo and delivery of Digi Betas.

3. Fixed Assets

Fixed assets are stated at cost less Depreciation. Cost comprises of purchase price, allocated pre – operative costs and any attributable cost of bringing the asset to its working condition for its intended use.

4. Depreciation

- a. Depreciation on fixed assets is provided on Straight Line Method at the rate prescribed in Schedule XIV of the Companies Act, 1956 over the estimated useful life as estimated by the Management.
- b. Depreciation is charged on a pro – rata basis for assets purchased/ sold during the year (from the date on which it is 'Put to Use').
- c. Depreciation on impaired assets is provided by adjusting the depreciation charge in the remaining periods so as to allocate the revised carrying amount of the asset over its remaining useful life. The recoverable amount is measured at the higher of the net selling price and value in use; determined by present value of estimated cash flows.

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5. Inventories

a. Consumables

Consumables are valued at lower of cost and market value.

b. Under Production Films

Cost of films are valued at actual cost incurred/ accrued which includes amount paid, bills settled and advance paid for which the bills are awaited.

In case of films which are released during the year, the realization from the sale of rights are reduced from the cost of production and the balance cost if any, is carried forward till the time the negative rights of the films are not exploited. The excess or deficit of the cost of production after exploitation of "negative" rights will be treated as profit or loss in the profit & loss a/c as the case may be.

6. Taxation

- a. Current tax : Provision for current tax for the year has been made after considering deduction/ allowances/ claims admissible to the company under the Income Tax Act, 1961.
- b. Deferred Tax : Deferred tax is recognized on timing differences, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- c. It is measured using relevant enacted tax rates.
- d. Deferred tax assets arising from temporary timing differences are recognized to the extent there is reasonable certainty that the assets can be realized in future.
- e. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

7. Foreign Currency Transactions

- a. Transactions in Foreign Currency are recorded at the rate prevailing on the date when the amount is received or remitted.
- b. Foreign currency assets and liabilities are converted into rupee at the exchange rate prevailing on the balance sheet date; gains/ losses are reflected in the profit and loss account.
- c. Exchange difference on account of acquisition of fixed assets is adjusted to carrying cost of fixed assets.

8. Investments

Investments are considered as Long Term and are accordingly stated at cost less provision, if any, for permanent diminution in value of such investments.

9. Miscellaneous Expenditure

The share issue expenses and expenses in connection with the formation of the company were treated as preliminary expenses, amortized over a period of five years.

B. NOTES TO ACCOUNTS

	Year Ended March 31, 2010	Year Ended March 31, 2009
1. Contingent Liability	-	NIL
2. Remuneration to Chairman, Managing Director & Executive Director:	Nil	NIL

3. Additional Information

Information under Para 4 D of part II to Schedule VI of the Companies Act, 1956.

	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.
Earning in Foreign Currency		
- For Services	Nil	Nil
- For IPR of Films	Nil	Nil
Expenditure in Foreign Currency	Nil	Nil
4. Auditors Remuneration		
Audit Fees (Excluding Service Tax)	15,000	15,000

5. The Company is in the process of identifying suppliers covered under The Micro, Small and Medium Enterprises Development Act, 2006 and hence the information required as per section 22 of the said Act are not furnished .

6. In the opinion of the Board and to the best of their knowledge and belief, the value on realization of the Current Assets, Loans & Advances in the ordinary course of the business will not be less than the value stated in the Balance Sheet and provision for all known liabilities are adequate and not in excess of the amount reasonably required to be provided.

7. Balance in respect of the Debtors, Creditors, Advances and Deposits are subject to confirmation.

7a. The Company has taken loan from the Parent Company as per details given below :

Sr. No.	Name of the Parent Company	Amount	Rate of Intrest	Repayment Shedule
1.	Baba Arts Limited	Rs. 5,500,000	Interest Free	Not Provided

8. Other requirements of Para 3 & 4 of Part II of Schedule VI to the Companies Act, 1956 are not applicable to the Company.

9. The company has not provided for gratuity and leave encashment as it does not have any employee as on date.

10. Earning Per Share

		Year Ended 31st March, 2010	Year Ended 31st March, 2009
Basic EPS :			
Net Profit (Loss) after Tax for the year	A	(33015)	(1453)
Denominator for Basic Earning Per Share		10,000	10,000
Weighted Average No. of Shares	B	10,000	10,000
Basic Earning Per Share	C (A/B)	(3.30)	(0.15)

11. Related Party Disclosure as per Accounting Standard (AS) 18

A. List of related parties.

- a. Key Management Personnel
 - (i) Shri Ravi Kishan Shukla.
 - (ii) Shri Ajhai Acharya
- b. Holding Companies :

Baba Arts Limited

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B. Details of transaction with related parties

Sr. No.	Nature of Transaction	Amount		Outstanding as on 31.03.2010
		Key Management Personnel	Holding Company	
1.	Loans or Advances Recd			
	Opening Balance	-	50,00,000	-
	(+) Received during the year	-	5,00,000	-
	(-) Repaid during the year	-	-	-
	Closing Balance	-	55,00,000	55,00,000

12. Previous year's figures have been regrouped/ rearranged wherever considered necessary.

13. The Schedules and the notes referred to above form an integral part of Balance Sheet and Profit & Loss Account.

As per our report of even date attached
For Prakash Muni & Associates
Chartered Accountants
 Firm Registration No.: 111792W

For and on behalf of the Board

Prakash Muni
Proprietor
 Membership No.: 30544

Place : Mumbai
 Date : 13th August, 2010

Ajay Acharya
Director

Ravi Krishan Shukla
Director

Place : Mumbai
 Date : 13th August, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	175,699	State Code	11
Balance Sheet Date	31.03.2010		

II Capital raised during the year (Amount in Rs.'000)

Public Issue	Nil	Allotment to subscribers	100.00
Bonus Issue	Nil	Preferential Issue	-

III Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities	5,600	Total Assets	5,600
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Sources of Funds

Paid up Capital	100	Reserves & Surplus	-
Unsecured Loans	5,500	Secured Loans	-

Application of Funds

Net Fixed Assets	-	Investments	-
Net Current Assets	5,561	Misc. Expenditure	39

IV Performance of Company (Amount in Rs. '000)

Turnover	1,750	Total Expenditure	1,783
(Includes Other Income)			
Profit/ Loss Before Tax	(33)	Profit/ Loss After Tax	(33)
Earnings Per Share in Rs.	(3.30)	Dividend Rate %	0%

IV Generic Names of Three Principal Products/ Services of Company

(as per monetary terms)

(i) Item Code No. (ITC Code)	-
Product Description	Film Production and Distribution

As per our report of even date attached
For Prakash Muni & Associates
 Chartered Accountants
 Firm Registration No.: 111792W

Prakash Muni
 Proprietor
 Membership No.: 30544
 Place : Mumbai
 Date : 13th August, 2010

For and on behalf of the Board

Ajay Acharya
 Director
Ravi Krishan Shukla
 Director

Place : Mumbai
 Date : 13th August, 2010

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

To,
Baba Arts Limited
C/O. Mondkar Computershare Pvt.Ltd
21, Shakil Niwas, Off. Mahakali Caves Road,
Andheri (East), Mumbai - 400 093

Dear Sir,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Please fill in the information in CAPITAL LETTERS in ENGLISH only.

For shares held in Physical Form

Folio No.

For shares held in Electronic Form

DP Id

Client Id

FOR OFFICE USE ONLY

ECS

Ref. No.

Name of Sole/ First Holder	
Bank Name	
Branch Name	
Branch Code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <small>(9 Digit Code Number appearing on the MICR Band of the Cheque supplied by the Bank). Please attach a Xerox copy of a Cheque or a blank Cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.</small>

Account Type [please Tick (☐) wherever applicable]	⇒	Savings <input type="checkbox"/>	Current <input type="checkbox"/>	Cash Credit <input type="checkbox"/>
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A/C. No.(as appearing in the Cheque book)	⇒	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
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Effective date of this mandate	⇒	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
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I, hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reason of incompleteness or incorrectness of information supplied as above, the Company/ Karvy Computershare Pvt. Ltd will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by RBI/ Gandhi Special Tubes Ltd.

I further undertake to inform the Company any change in my Bank/branch and account number.

Date: _____

(Signature of Sole/First Holder)

Notes:

1. Whenever the Shares in the given folio are dematerialized, then this ECS mandate form stands rescinded.
2. For Shares held in dematerialized mode ECS Mandate is required to be filed with the Depository Participant in their prescribed form.

BABA ARTS LIMITED

Registered Office : 3A, Valecha Chambers, New Link Road, Andheri (West), Mumbai - 400 053.

PROXY

Reg. Folio No. No. of Shares held

I/We

.....of.....

.....Being a Member/ Members of BABAARTS LIMITED

hereby appointof.....or

failing him.....of.....as

my/ our proxy to vote for me/ us on my behalf at the 11TH ANNUAL GENERAL MEETING of the Company to be held on Tuesday the 21st September, 2010 and at any adjournment thereof.

Signed this day of, 2010

Signature

Affix
Rupee. 1
Revenue
Stamp

Note : This form duly completed and signed must be deposited at the Registered office of the Company not less than 48 hours before the Meeting.

BABA ARTS LIMITED

Registered Office : 3A, Valecha Chambers, New Link Road, Andheri (West), Mumbai - 400 053.

ATTENDANCE

(To be handed over at the entrance of the Meeting Hall)

11th Annual General Meeting - 21st September, 2010

I hereby record my presence at the 11TH ANNUAL GENERAL MEETING of the company held at Juhu Vile Parle Gymkhana Club, Orchid Hall, Second Floor, Opp: Juhu Bus Depot, Juhu, Mumbai 400049 on Tuesday the 21st September, 2010, at 11.30 a.m.

Full name of Member (IN BLOCK LETTERS).....

Reg. Folio No./ Demat ID.....

No. of shares held.....

Full name of Proxy (IN BLOCK LETTERS)
.....
.....

Member's / Proxy Signature

BOOK - POST

To

If undelivered, please return to :

BABA ARTS LIMITED

3A, Valecha Chambers,
New Link Road, Andheri (West),
Mumbai - 400 053.

11th Annual Report 2009-2010

BABA ARTS LIMITED