

## ANNUAL REPORT 2011-2012

### BABA ARTS LIMITED

#### Board of Directors

Shri Gordhan P. Tanwani  
**Chairman & Managing Director**

Shri Santosh A Shah  
Chairman – Audit Committee

Shri Pravin Karia

Shri Sanjiv Hinduja

#### Company Secretary

Shri N.H.Mankad

#### Statutory Auditors

Prakkash Muni & Associates  
Chartered Accountants

#### Banker

Bank of India, Versova Branch, Andheri (West), Mumbai 400053.

#### 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

Universal Capital Securities Private Limited,  
21, Shakil Niwas, Mahakali Caves Road,  
Andheri (East), Mumbai 400 093  
Phone : (022) 2836 6620 Fax : (022) 2821 1996  
Email.: baba@unisec.in

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## NOTICE OF THE THIRTEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirteenth Annual General Meeting of Baba Arts Limited will be held on Wednesday, 26th September, 2012 at 11.30 a.m. at Juhu Vile Parle Gymkhana Club, Oyster Hall, Ground Floor, Opp: Juhu Bus Depot, Juhu, Mumbai 400049 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 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 appoint Director in place of Shri Sanjiv Hinduja who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

By Order of the Board  
For Baba Arts Limited

Sd/-

**N. H. Mankad**  
Company Secretary

### **Regd. Office:**

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

Date: 13th August, 2012

### 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. The Register of Members and Share Transfer Books of the Company will be closed from Monday 24th September, 2012 to Wednesday 26th September, 2012 (both days inclusive).
3. 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.
4. Brief profile of Directors seeking appointment as per Clause 49 of the Listing Agreement with the Stock Exchange is given in the Report on Corporate Governance.
5. 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, Universal Capital Securities Pvt. Ltd.
6. 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.
7. 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

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(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 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.

8. The Ministry of Corporate Affairs has taken a "Green Initiative" in Corporate Governance by allowing paperless compliance by companies and has issued circulars allowing companies to send any notice / document (including Annual Reports) to its members via e-mail. To support this green initiative of the Government in letter and spirit, the company has taken an initiative to collect e-mail addresses of all its members who are agreeable to receive all notices and documents (including Annual Reports) via e-mail. Members holding shares in physical form and desiring to receive all such notices / documents (including Annual Report) via e-mail are requested to register their e-mail addresses with the Registrar and Transfer Agents of the company Universal Capital Securities Pvt. Ltd., 21, Shakeel Nivas, Mahakali Caves Road, Andheri (East), Mumbai 400093. Members holding shares in dematerialized form are requested to update their e-mail addresses with their respective Depository Participants.

By Order of the Board  
**For Baba Arts Limited**

Sd/-

**N. H. Mankad**  
*Company Secretary*

***Regd. Office:***

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

Date: 13th August, 2012



## DIRECTORS' REPORT

To,  
The Members,

Your directors have pleasure in presenting their Thirteenth Annual Report together with the Audited Accounts for the year ended on 31st March, 2012.

### FINANCIAL RESULTS

(Rs. Lac.)

Particulars	March 31, 2012	March 31, 2011
Income from Operations	3450.55	9953.97
Other Income	134.93	39.82
Total Income	3585.48	9993.79
Total Expenditure	3201.76	9317.57
Profit /(Loss) before Finance Charges, Depreciation and Tax	383.72	676.22
Finance Charges	8.56	107.30
Profit /(Loss) after interest but before Depreciation	375.16	568.92
Depreciation	36.69	47.09
Profit /(Loss) before Tax	338.47	521.83
Exceptional Item	6.29	-
Provision for Tax		
- Current Tax	110.00	177.00
- Deferred Tax	0.63	(1.96)
- Wealth Tax	—	0.06
Prior period Income Tax Adjustments	(1.76)	0.69
Net Profit /(Loss) for the Year	235.89	346.04
Profit /(Loss) brought forward from previous year	1285.96	939.92
Profit available for Appropriations	1521.85	1285.96
<b>Appropriations</b>		
Balance Profit /(Loss) carried forward to Balance Sheet	1521.85	1285.96

### DIVIDEND

Your directors have not recommended any dividend on equity shares for the year ended on 31st March, 2012.

### REVIEW OF OPERATIONS

During the year under review, income from Post Production activity declined to 31.76 Lac from Rs. 37.70 Lac in the previous year. Income from trading in IPR of Films also was lower at Rs. 3418.80 Lac from Rs. 9916.27 Lac in the previous year. Your company earned Net Profit of Rs.235.89 Lac vis-à-vis Net Profit of Rs. 346.73 Lac in the previous year, after providing for Depreciation of Rs. 36.69 Lac, Current Tax of Rs. 110.00 Lac, and accounting for deferred tax of Rs. 0.63 Lac.

### 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 Sanjiv Hinduja, Director retires by rotation and being eligible offers himself for reappointment.

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### 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, 2012 and the state of affairs of the company as at 31st March, 2012 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.

### 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.

### 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 working of the company.

For and On behalf of the Board of Directors

Sd/-

**Gordhan P Tanwani**  
Chairman & Managing Director

Place : Mumbai

Date : 13th August, 2012



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industry Structure and Development

Indian Media & Entertainment Industry earned revenue of INR 72800 Crore in the year 2011 vis a vis INR 65200 Crore in the year 2010 thereby registering a strong growth of 12% over the previous year. The industry is expected to log in a CAGR of over 15% during the next 5 years and its total revenue is set to touch INR 145700 Crore by the year 2016.

### 2. Outlook for Company

#### (i) Post Production

Continuing the past trend the income from Post Production activity has continued to decline and the same trend will be continuing in future.

#### (ii) Trading in IPR of Films

On account of highly prohibitive cost of acquiring various rights of films irrespective of content and commercial viability, your company has continued to adopt a cautious approach which has resulted in substantially lower income from the activity of trading in IPR of films. Your company does not envisage the situation to improve in the short term and as such does not expect any significant growth in business of trading in IPR of films during the current financial year.

#### (iii) Film Production

Going forward your company would be focusing on business of production of films and with this objective in sight, currently your company is working on two to three film production projects. However except for one project, all other projects are still under pre production stage and as such major revenue from film production activity will be realized only in next financial year.

#### (iv) Film Distribution

After successful world wide distribution of the film "Dil toh Bachha Ji" in the first half of the year 2011-12, your company has not acquired distribution rights of any film.

### 3. Opportunities, Threats and Challenges

#### (i) Opportunities:

Your company expects the cost of various rights of films to settle down to a reasonable level in coming year. This coupled with the expected growth of television industry will provide an opportunity to the company to once again establish itself as a leading player in the business of trading in IPR of films.

#### (ii) Threats and Challenges:

Major threat to the company remains the high cost of acquiring rights of films both in respect of television rights and theatrical distribution rights.

### 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 post production activity declined to Rs.31.76 Lac from Rs. 37.70 Lac in the previous year.

Income from Trading in IPR including theatrical distribution of commercial films and sale of DVD / VCD declined to Rs.3418.80 Lac from Rs. 9916.27 Lac in the previous year.

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

The company's operating profit during the year was lower at Rs.383.72 Lac as against Rs.676.22 Lac in the previous year. Finance charges during the year were lower at Rs.8.56 Lac (Previous Year Rs.107.30 Lac). After providing for Depreciation of Rs.36.69 Lac (Previous Year Rs.47.09 Lac), and after providing for current taxation of Rs.110.00 Lac, Deferred Tax of Rs.0.63 Lac. there was a Net Profit of Rs.235.89 Lac as against Net Profit of Rs. 346.73 Lac in the previous year.

### (iii) Capital Investment

During the year ended on 31st March, 2012 capital investment of Rs.7.92 Lac was made out of internal accruals.

### (iv) Working Capital

The company was enjoying working capital facilities of Rs.1000 Lac during the year ended on 31st March, 2012. The company had utilized limit of Rs.65.25 Lac as on 31st March, 2012.

## 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.

- a. Corporate Governance is an integral part of the day to day working of the company which is implemented through policy of transparency, accountability, responsibility and professionalism and establishing a system of internal control to generate confidence amongst the company's stake holders and maximizing their value.

### 2. Board of Directors

#### (i) Composition and Size of the Board

The Board consists of Four (4) members who 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 Sanjiv Hinduja	I – NED	Director	4	Yes	—
3.	Shri Pravin Karia	P – NED	Director	3	Yes	—
4.	Shri Santosh A. Shah	I-NED	Director	4	Yes	1

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 along with 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 Four Board Meetings were held on 26th May 2011, 11th August 2011, 14th November 2011 and 10th February 2012.



**(v) Details of director being appointed at the AGM**

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

<b>Name</b>	<b>Shri Sanjiv Laxmichand Hinduja</b>
Date of Birth	09/06/1963
Date of Appointment	28/08/2003
Qualification	B.Com. A.C.A.
Experience in specific functional area	Accounts, Taxation and Audit
Directorships in other Companies	None
Chairman/ Member of the Committees of the Board of Directors of the Company	1. Member 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	Nil
No. of Shares of the Company held	8000

**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			
		24/05/2011	10/08/2011	10/11/2011	7/02/2012
Shri Santosh A Shah	Chairman	Yes	Yes	Yes	Yes
Shri Sanjiv Hinduja	Member	Yes	Yes	Yes	Yes
Shri Pravin Karia	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 was not paid any Salary during the year 2011-12.

**(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. 3,40,000 /- only as per details given hereunder:

Shri Pravin Karia Rs.1,00,000/-  
Shri Santosh A Shah Rs.1,20,000/-  
Shri Sanjiv Hinduja Rs.1,20,000/-

**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 Sanjiv Hinduja Member  
Shri Santosh A Shah 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	NIL
No. of complaints resolved to the satisfaction of the shareholders	NIL
No. of Complaints pending at the end of the year	NIL
No. of Share Transfers pending at the end of the year	NIL

The number of pending requests for share transfers and pending requests for dematerialization as on 31st March, 2012 were 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](http://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 2011-12.

**Gordhan P. Tanwani**  
Chairman & Managing Director

### 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
10th AGM	Tuesday 29th September, 2009	11.30 a.m.	Juhu Vile Parle Gymkhana Club, Old Squash Court, Ground Floor, Juhu, Mumbai 400049
11th AGM	Tuesday 21st September, 2010	11.30 a.m.	Juhu Vile Parle Gymkhana Club, ORCHID HALL, Ground Floor, Juhu, Mumbai 400049
12th AGM	Tuesday 27th September, 2011	11.30 a.m.	Juhu Vile Parle Gymkhana Club, ORCHID HALL, Ground Floor, Juhu, Mumbai 400049

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

At the 12th Annual General Meeting the company did not pass any Special Resolution. The Company did not pass any resolution by Postal Ballot at the 12th Annual General Meeting.

#### (v) & (vi) At the 13th AGM it is not proposed to pass any Special Resolution.

### 8. Subsidiaries

During the year the Company has disposed off its entire investment in its subsidiary Mahadev Production Pvt. Ltd. (which was not a material listed subsidiary company) and as such Mahadev Production Pvt. Ltd. ceased to be a subsidiary of the Company.

### 9. 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.30 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:

- a) **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.
- b) **Tenure of Independent Directors:** No specific tenure has been specified for the Independent Directors.
- c) **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](http://www.studiogalaxy.com).
- d) **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 Sanjiv Hinduja	8000
2.	Shri Pravin Karia	8000

**10. Means of Communication**

- 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](http://www.studiogalaxy.com).
- The Company has not made any presentations to analysts or institutional investors.
- Management Discussion & Analysis is a part of this Annual Report.

**11. General Shareholder Information**

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

13th AGM Date, Time and Venue	26th September, 2012 at 11.30 a.m. at Juhu Vile Parle Gymkhana Club, Oysters Hall, Ground Floor, Opp. Juhu Bus Depot, Juhu, Mumbai – 400049.
Financial Calendar	2012-13
Results for Quarter ending 30th June, 2012.	2nd Week of August, 2012
Results for Quarter ending 30th September, 2012	2nd Week of November, 2012
Results for Quarter ending 31st December, 2012	2nd Week of February, 2013
Results for Quarter ending 31st March, 2013	2nd Week of May, 2013
AGM for the year ending 31st March, 2013	Before 30th September, 2013
Book Closure	Monday, 24th September 2012 to Wednesday 26th September 2012 (both days inclusive)
Dividend Payment	The Board of Directors have not recommended any dividend for the year ended on 31st March, 2012.
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 2012-13 has been paid to the Bombay Stock Exchange Limited, Mumbai.
Demat ISIN for NSDL & CDSL	INE893A01036

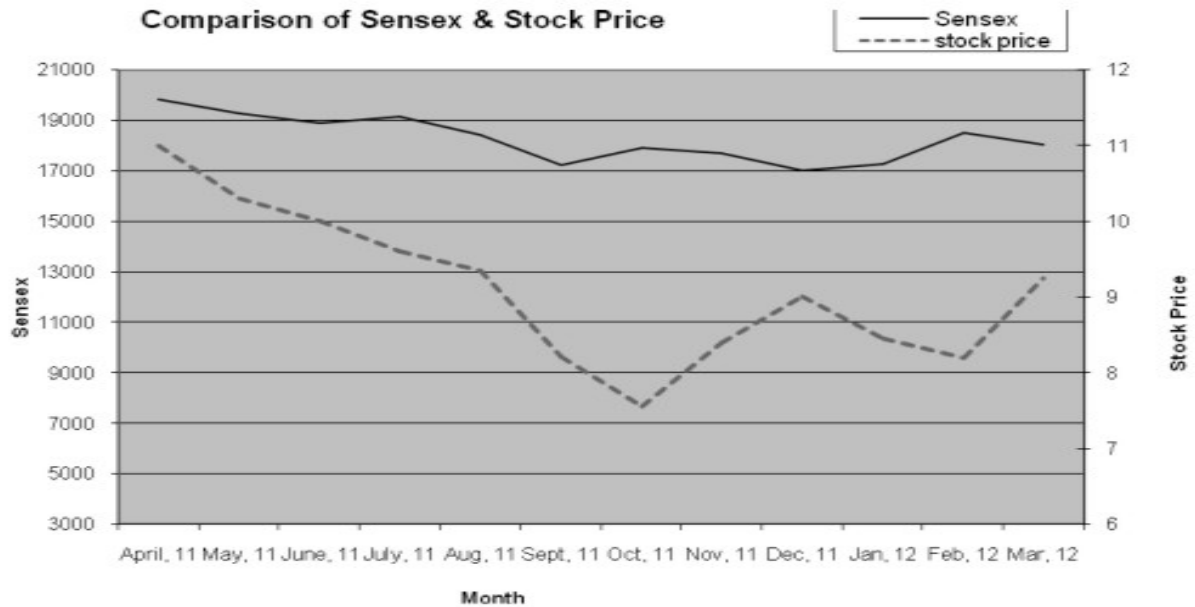
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### (vii) Market Information

Monthly high and low quotations of company's equity shares traded on Bombay Stock Exchange Limited during the year 2011-12 are as follows:

Month	Share Price (Rs.)		BSE Sensex		
	High	Low	High	Low	Close
<b>2011</b>					
April	11.00	9.50	19811.14	18976.19	19135.96
May	10.30	8.00	19253.87	17786.13	18503.28
June	10.00	7.20	18873.39	17314.38	18845.87
July	9.61	7.00	19131.70	18131.86	18197.20
August	9.35	6.51	18440.07	15765.53	16676.75
September	8.21	7.00	17211.80	15801.01	16453.76
October	7.55	6.90	17908.13	15745.43	17705.01
November	8.40	6.61	17702.26	15478.69	16123.46
December	9.00	6.06	17003.71	15135.86	15454.92
<b>2012</b>					
January	8.45	7.02	17258.97	15358.02	17193.55
February	8.19	7.11	18523.78	17061.55	17752.68
March	9.25	7.00	18040.69	16920.61	17404.20

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



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

UNIVERSAL CAPITAL SECURITIES PRIVATE LIMITED  
 21, Shakil Niwas, Mahakali Caves Road,  
 Andheri (East)  
 Mumbai 400093  
 Tel: (022) 2836 6620 Fax: (022) 28211996  
 E-mail: baba@unisec.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, 2012**

Range of Holding	No. of Share Holders	% to Total Share Holders	Shareholdings	Share Amount (Rs.)	% to Total Share Capital
1 – 500	646	32.35	109771	109771	0.11
501 – 1000	320	16.02	261318	261318	0.25
1001 – 2000	397	19.88	632279	632279	0.61
2001 – 3000	149	7.46	366053	366053	0.35
3001 – 4000	90	4.51	340917	340917	0.33
4001 – 5000	86	4.30	411176	411176	0.40
5001 – 10000	98	4.91	768725	768725	0.75
10001 and above	211	10.57	100309761	100309761	97.20
<b>TOTAL</b>	<b>1997</b>	<b>100.00</b>	<b>103200000</b>	<b>103200000</b>	<b>100.00</b>

**(xi) (2) Categories of Shareholders as on 31st March, 2012**

Sr. No.	Category of Members	No. of Shares Held	% to Total Capital
1.	Promoters	58694755	56.88
2.	Independent Directors & Relatives	1474200	1.42
3.	Indian Public	33342433	32.31
4.	Private Corporate Bodies	9200359	8.92
5.	NRIs/OCBs	206493	0.20
6.	Others (Clearing Members)	281760	0.27
<b>TOTAL</b>		<b>103200000</b>	<b>100.00</b>

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

Sr. No.	Name of the Person	Category	Relationship with Promoter	Shareholding as on 31.03.2012
1.	Shri Gordhan P. Tanwani	Promoter	Self	5,34,57,049
2.	Bhagwati Holdings Pvt. Ltd	PAC	Group Company	51,50,757
3.	Shri Pravin Karia	PAC	Non Independent Director	8,000

**(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, 2012 was as under:

Particulars	No. of Shares	% to Capital	No. of Accounts / Folios
NSDL	49840088	48.29	1172
CDSL	52951264	51.31	650
Total Shares Under Demat	102791352	99.60	1822
Physical	408648	0.40	175
<b>Total Capital</b>	<b>103200000</b>	<b>100.00</b>	<b>1997</b>

All the demat requests have been approved within 21 Days.

## ANNUAL REPORT 2011-2012

### (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

#### **Shri Ravi Utekar**

General Manager  
Universal Capital Securities Pvt. Ltd.  
21, Shakil Niwas,  
Mahakali Caves Road,  
Andheri (East)  
Mumbai 400093  
Phone: 2836 6620  
Fax: 28211996  
E-mail: baba@unisec.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. Prakkash 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**

Sd/-

**Gordhan P Tanwani**  
*Chairman & Mg. Director*

Place: Mumbai

Date: 13th August, 2012



## CERTIFICATE

To,  
The Members of  
BABAARTS LIMITED,  
Mumbai.

We have examined the compliance of the conditions of Corporate Governance by **BABA ARTS LIMITED** for the financial year ended 31st March, 2012, as stipulated in Clause 49 (as amended) of the Listing Agreement of the said Company, with the Stock Exchanges.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementations thereof, adopted by the Company for ensuring Compliance with the conditions of 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 and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that the Registrars and Share Transfer Agents of the Company have maintained records to show the Investors' Grievances against the Company and have certified that as on March 31st 2012, there were no investor grievances remaining unattended / pending for more than 30 days.

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 Prakash Muni & Associates**  
*CHARTERED ACCOUNTANTS*  
Firm Registration No. 111792W

**Prakash R Muni**  
*PARTNER*  
Membership No. 030544

Place: Mumbai  
Date: 29th May, 2012



## ANNUAL REPORT 2011-2012

### AUDITOR'S REPORT

TO,  
THE SHAREHOLDERS OF  
BABA ARTS LIMITED.

1. We have audited the attached Balance Sheet of BABA ARTS LIMITED as at 31st March, 2012 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. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, We enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) In our 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 our 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) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, We report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and 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, 2012;
    - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - 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

Sd/-

**PRAKKASH R. MUNI.**

*Partner*

Membership No.: 30544.

Place : Mumbai  
Date : 29th May, 2012.



## 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 our opinion is reasonable having regard to the size of the company and nature of its assets. According to the information and explanation given to us 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. According to information and explanations given to us, 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 not granted any loans, secured or unsecured to parties covered under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(3) (a) to (d) are not applicable to the company and hence not commented upon.
  - (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties during the year covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(3) (e) to (g) are not applicable to the company and hence not commented upon.
4. In our opinion and according to the information and explanations given to us, 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 our audit, we 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) According to the information and explanations provided by the management to us, there were no contracts or arrangements referred to in section 301 of the Act during the year. Accordingly sub clause (b) is not applicable
6. The Company has not accepted any deposits from the public to which the provisions 58A, 58AA or any other relevant provision of The Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 apply. Therefore, the provisions of clause (vi) of the paragraph 4 of the order are not applicable to the Company.
7. In our opinion and according to information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
8. To the best of our knowledge and according to the information and explanations given to us, 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 us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2012 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.

## ANNUAL REPORT 2011-2012

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 our audit and the preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, the Company has not taken loans from Financial Institutions or Banks hence default in the repayment of its dues to a Financial Institutions and Bank is not applicable to the company.
12. According to the information and explanations given to us, 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 our opinion and according to the information and explanations given to us, 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 us, 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 us 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 us, 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 our audit report, the Company has not raised any money by public issues.
19. To the best of our knowledge and belief and according to the information and explanations given to us, 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

Sd/-

**PRAKKASH R. MUNI.**  
*Partner*

Membership No.: 30544

Place : Mumbai

Date : 29th May, 2012.



## BALANCE SHEET AS AT 31ST MARCH, 2012.

Particulars	Note No.	As At March 31, 2012 Amount Rs.	As At March 31, 2011 Amount Rs.
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	1	103,200,000	103,200,000
(b) Reserves and Surplus	2	235,028,145	211,438,979
		<b>338,228,145</b>	<b>314,638,979</b>
<b>2 Non Current Liabilities</b>			
(a) Deferred Tax Liabilities	3	1,630,384	1,566,498
(b) Long Term Provisions	4	327,903	259,100
		<b>1,958,287</b>	<b>1,825,598</b>
<b>3 Current Liabilities</b>			
(a) Short Term Borrowings	5	6,525,230	95,234,083
(b) Trade Payables	6	17,474,981	301,299,849
(c) Other Current Liabilities	7	3,093,525	14,884,275
		<b>27,093,736</b>	<b>411,418,207</b>
<b>TOTAL</b>		<b>367,280,168</b>	<b>727,882,784</b>
<b>B ASSETS</b>			
<b>1 Non Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	8	28,839,201	31,761,596
		<b>28,839,201</b>	<b>31,761,596</b>
(b) Non Current Investments	9	2,500	53,500
(c) Long Term Loans and Advances	10	5,950,593	13,799,349
		<b>34,792,294</b>	<b>45,614,445</b>
<b>2 Current Assets</b>			
(a) Inventories	11	136,119,175	260,581,453
(b) Trade Receivables	12	68,129,276	201,165,201
(c) Cash and Cash equivalents	13	128,067,569	213,359,221
(d) Short Term Loans and Advances	14	171,854	7,162,464
		<b>332,487,874</b>	<b>682,268,339</b>
<b>TOTAL</b>		<b>367,280,168</b>	<b>727,882,784</b>

Significant Accounting Policies & Notes on Financial Statements 1 to 33

As per our Report of even date  
**For Prakash Muni & Associates**  
*Chartered Accountants*  
 Firm Registration No 111792 W

Sd/-  
**Prakash R. Muni**  
*Partner*

Membership No 30544

Place : Mumbai  
 Date : 29th May, 2012

For and on behalf of the Board of Directors

Sd/-  
**Gordhan P. Tanwani**  
*Chairman & Managing Director*  
 Sd/- Sd/- Sd/-  
**Sanjiv Hinduja Pravin Karia Santosh A. Shah**  
*Director Director Director*

Sd/-  
**N.H.Mankad**  
*Company Secretary*  
 Place : Mumbai  
 Date : 29th May, 2012

## ANNUAL REPORT 2011-2012

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>CONTINUING OPERATIONS</b>			
Revenue from Operations (Gross)	15	345,055,483	995,397,316
Other Income	16	13,492,597	3,981,627
<b>Revenue from Operations (Net)</b>		<b>358,548,080</b>	<b>999,378,943</b>
<b>Expenses</b>			
(a) Cost of IPR of Films	17	308,375,869	923,005,196
(b) Employee Benefits Expense	18	1,766,103	1,185,523
(c) Finance Cost	19	855,783	10,730,150
(d) Depreciation	8	3,668,558	4,708,606
(e) Other Expenses	20	10,034,554	7,566,307
Total		<b>324,700,867</b>	<b>947,195,782</b>
<b>Profit Before Exceptional Items and Tax</b>		<b>33,847,213</b>	<b>52,183,161</b>
Exceptional Items	25	629,000	-
<b>Profit Before Tax (PBT)</b>		<b>34,476,213</b>	<b>52,183,161</b>
<b>Tax Expense:</b>			
Current Tax		11,000,000	17,700,000
Wealth Tax		-	6,155
Prior Period Taxes		(176,839)	69,368
Deferred Tax		63,886	(196,496)
<b>Total</b>		<b>10,887,047</b>	<b>17,579,027</b>
<b>Profit for the Year</b>		<b>23,589,166</b>	<b>34,604,134</b>
<b>Earnings Per Share (EPS)- Basic &amp; Diluted</b>		<b>0.23</b>	<b>0.34</b>

Significant Accounting Policies & Notes on Financial Statements 1 to 33

As per our Report of even date  
**For Prakkash Muni & Associates**  
*Chartered Accountants*  
 Firm Registration No 111792 W

Sd/-  
**Prakkash R. Muni**  
*Partner*

Membership No 30544

Place : Mumbai  
 Date : 29th May, 2012

For and on behalf of the Board of Directors

Sd/-  
**Gordhan P. Tanwani**  
*Chairman & Managing Director*

Sd/-  
**Sanjiv Hinduja**  
*Director*

Sd/-  
**Pravin Karia**  
*Director*

Sd/-  
**Santosh A. Shah**  
*Director*

Sd/-  
**N.H.Mankad**  
*Company Secretary*  
 Place : Mumbai  
 Date : 29th May, 2012



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	April 1, 2011 - March 31, 2012 Amount Rs.	April 1, 2010 - March 31, 2011 Amount Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit / (Loss) before Tax and Extraordinary items	<b>34,476,214</b>	<b>52,183,160</b>
Adjustment for :		
Depreciation	<b>3,668,558</b>	4,708,606
Interest Income	<b>(13,245,462)</b>	(3,976,387)
Dividend Income	<b>(300)</b>	(325)
Provision for Doubtful Debts	<b>132,000</b>	
Interest Paid	<b>855,783</b>	10,730,150
(Profit)/ Loss on Sale of Subisdairy	<b>(629,000)</b>	
(Profit)/ Loss on Sale of Fixed Assets	<b>42,217</b>	-
	<b>(9,176,204)</b>	<b>11,462,044</b>
Operating profit before working capital changes	<b>25,300,010</b>	<b>(63,645,204)</b>
Adjustment for :		
Sundry Debtors	<b>132,903,925</b>	68,872,142
Inventories	<b>124,462,278</b>	50,973,880
Other loans & Advances	<b>6,989,110</b>	10,688,690
Current Liabilites & Provisions	<b>(295,546,815)</b>	(84,243,024)
	<b>(31,191,503)</b>	<b>46,291,688</b>
Cash used from operations	<b>(5,891,493)</b>	<b>109,936,892</b>
Taxes paid (Net of refund)	<b>(2,972,907)</b>	<b>27,124,516</b>
NET CASH FLOW OPERATING ACTIVITIES	<b>(8,864,400)</b>	<b>137,061,408</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<b>(792,200)</b>	(3,974,304)
Sale of Fixed Assets	<b>3,822</b>	-
Loan to Subsidiary Company	-	5,500,000
Purchase of Investments	<b>(34,000)</b>	-
Sale of Subsidiary Company	<b>714,000</b>	-
Interest Received	<b>13,245,462</b>	3,976,387
Dividend Received	<b>300</b>	325
NET CASH FLOW FROM INVESTING ACTIVITIES	<b>13,137,384</b>	<b>5,502,408</b>

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	April 1, 2011 - March 31, 2012 Amount Rs.	April 1, 2010 - March 31, 2011 Amount Rs.
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Repayment of Short Term Borrowings from bank	<b>(88,708,853)</b>	52,441,738
Interest Paid	<b>(855,783)</b>	(10,730,150)
Dividend Paid (Incl. of Tax)	-	(15,092,355)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(89,564,636)</b>	<b>26,619,233</b>
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	<b>(85,291,652)</b>	<b>169,183,049</b>
Cash and Cash equivalents at beginning of the year	<b>213,359,222</b>	44,176,172
Cash and Cash equivalents at end of the year	<b>128,067,569</b>	213,359,222
Net Increase/ (Decrease)	<b>(85,291,652)</b>	<b>169,183,049</b>

**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 including Fixed Deposits with Bank.
3. Previous year's figures have been regrouped/rearranged wherever necessary.

As per our Report of even date  
**For Prakkash Muni & Associates**  
*Chartered Accountants*  
 Firm Registration No 111792 W

Sd/-  
**Prakkash R. Muni**  
*Partner*

Membership No 30544

Place : Mumbai  
 Date : 29th May, 2012

For and on behalf of the Board of Directors

Sd/-  
**Gordhan P. Tanwani**  
*Chairman & Managing Director*  
 Sd/- Sd/- Sd/-  
**Sanjiv Hinduja Pravin Karia Santosh A. Shah**  
*Director Director Director*

Sd/-  
**N.H.Mankad**  
*Company Secretary*  
 Place : Mumbai  
 Date : 29th May, 2012



## Note 1 Share Capital

Particulars	As at 31 March, 2012	As at 31 March, 2011
<b>(a) Authorised Share Capital</b> 30,00,00,000 (P.Y. 30,00,00,000) Equity Shares of Re.1/- Each	<b>300,000,000</b>	300,000,000
<b>(b) Issued, Subscribed and Paid up Share Capital</b> 10,32,00,000 (10,32,00,000) Equity Shares of Re. 1/- each	<b>103,200,000</b>	103,200,000
Notes:		
1. 5,16,00,000 equity shares of Re. 1/- each fully paid issued by way of Bonus Shares by utilisation of Securities Premium and Reserves		
2. 1,29,00,000 equity shares of Rs. 4/- each were subdivided into 5,16,00,000 equity shares of Re. 1/- each pursuant to the special resolution passed at the AGM held on 29th September, 2009.		
3. 28,49,530 equity shares issued on conversion of Optionally Fully Convertible Warrants		
<b>Total</b>	<b>103,200,000</b>	103,200,000

### Details of Shareholder holding more than 5% Shares:

Name of Shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding	Number of shares held	% holding
<b>Equity Shares with Voting Rights</b>				
Shri Gordhan P Tanwani	<b>53,457,049</b>	<b>51.80</b>	52,632,000	51.00

## Note 2 Reserves and Surplus

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Capital Reserve		
As per Last Balance Sheet	-	9,462,068
Less: Capitalised During the Year	-	(9,462,068)
Closing Balance	-	-
(c) Securities Premium Account		
As per Last Balance Sheet	<b>71,843,268</b>	113,981,200
Less: Capitalised During the Year	-	(42,137,932)
Closing Balance	<b>71,843,268</b>	71,843,268
(c) General Reserve		
As per last Balance Sheet	<b>11,000,000</b>	11,000,000
(f) Profit and Loss Account		
As per Last Balance Sheet	<b>128,595,711</b>	93,991,578
Add: Profit for the year	<b>23,589,166</b>	34,604,133
Less: Appropriations	-	-
Closing Balance	<b>152,184,877</b>	128,595,711
<b>Total</b>	<b>235,028,145</b>	211,438,979



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### Note 3 Deferred Tax Liability (Net)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Deferred Tax Liability:		
Deferred Tax Liabilities Relating to Fixed Assets	1,630,384	1,566,498
	<u>1,630,384</u>	<u>1,566,498</u>
Deferred Tax Assets:	-	-
<b>Total</b>	<u><u>1,630,384</u></u>	<u><u>1,566,498</u></u>

### Note 4 Long Term Provisions

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Provision for Employee Benefits:		
(i) Provision for Gratuity (Non Current)	327,903	259,100
<b>Total</b>	<u><u>327,903</u></u>	<u><u>259,100</u></u>

### Note 5 Short Term Borrowings

Particulars	As at 31 March, 2012	As at 31 March, 2011
Secured		
Working Capital Loan from Banks	6,525,230	95,234,083
<b>Total</b>	<u><u>6,525,230</u></u>	<u><u>95,234,083</u></u>

Note: 1. The Cash Credit Facility is secured by Hypothecation of Book Debts / Receivables arising out of trading in Satellite Rights / IPR, Ownership Rights of various Films and T.V. Serials, Hypothecation of Plant & Machinery, Equitable Mortgage of Office Premises at Mumbai, Pledge of Three Crore Equity Shares of Re. 1/- each of Promoters constituting 51.18% of their holding and Personal Guarantee of the Managing Director of the Company.

### Note 6 Trade Payables

Particulars	As at 31 March, 2012	As at 31 March, 2011
Trade Payables:		
Micro, Small and Medium Enterprises	-	-
Others	17,474,981	301,299,849
<b>Total</b>	<u><u>17,474,981</u></u>	<u><u>301,299,849</u></u>



The details of amounts outstanding to Micro, Small & Medium Enterprises based on information available with the Company is as under:

Particulars	As at 31 March, 2012	As at 31 March, 2011
Principal amount due and remaining unpaid	Nil	Nil
Interest due on (1) above and the unpaid interest	Nil	Nil
Interest paid on all delayed payments under the MSMED Act	Nil	Nil
Payment made beyond the appointed day during the year	Nil	Nil
Interest due and payable for the period of delay other than (3) above	Nil	Nil
Interest Accrued and remaining unpaid	Nil	Nil
Amount of further interest remaining due and payable in succeeding year	Nil	Nil

**Note 7 Other Current Liabilities**

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Other payables		
(i) Statutory Remittances (Contributions to PF and ESIC, Withholding Taxes, TDS, Excise Duty, VAT, Service Tax, etc.)	<b>2,506,060</b>	4,928,879
(ii) Advances from Customers	<b>178,125</b>	9,383,453
(iii) Provision for other Expenses	<b>162,819</b>	329,173
(iv) Un- Claimed Dividend*	<b>246,521</b>	242,770
* These figured do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.		
<b>Total</b>	<b>3,093,525</b>	14,884,275

**Note: 8 - FIXED ASSETS DURING THE YEAR FOR THE YEAR ENDED 31.03.2012**

(Amount Rs.)

Assets	Gross Block				Depreciation				Net Block	
	As at 1.04.11	Additions during the Year	Deductions during the Year	As at 31.03.12	As at 1.04.11	For the Year	Deductions during the Year	As at 31.03.12	As at 31.03.12	As at 31.03.11
OFFICE PREMISES	21,010,971	-	-	21,010,971	3,595,560	342,479	-	3,938,039	17,072,932	17,415,411
PLANT & MACHINERY	74,102,141	715,710	-	74,817,851	67,558,368	2,373,486	-	69,931,854	4,885,998	6,543,774
FURNITURE & FIXTURES	7,063,582	-	-	7,063,582	4,513,127	447,125	-	4,960,252	2,103,330	2,550,455
OFFICE EQUIPMENTS:	2,848,098	76,490	67,000	2,857,588	1,211,597	135,735	20,961	1,326,371	1,531,217	1,636,501
Motor Car	3,891,923	-	-	3,891,923	276,466	369,733	-	646,199	3,245,724	3,615,457
<b>TOTAL</b>	<b>108,916,715</b>	<b>792,200</b>	<b>67,000</b>	<b>109,641,915</b>	<b>77,155,118</b>	<b>3,668,558</b>	<b>20,961</b>	<b>80,802,715</b>	<b>28,839,201</b>	<b>31,761,598</b>
Previous Year	104,942,411	3,974,303	-	108,916,714	72,446,513	4,708,605	-	77,155,118	31,761,956	32,495,898



#### Note 9 Non Current Investments

Particulars	As at 31 March, 2012	As at 31 March, 2011
<b>Investments (At cost):</b>		
<b>Subsidiary Company</b>		
Nil (P.Y. 5100) Equity Shares of Mahadev Production Pvt. Ltd.	-	51,000
	-	51,000
<b>Other Investments (At Cost)</b>		
i) 100 Equity Shares of Rs. 25/ each of Punjab & Maharashtra Co-op Bank Limited	2,500	2,500
	2,500	2,500
<b>Total Investments</b>	<b>2,500</b>	<b>53,500</b>

#### Note 10 Long Term Loans and Advances

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unsecured, Considered Good		
Security Deposits ;	-	
To Others	43,500	42,000
Long Term Advances	1,000,000	1,000,000
Advance Tax (Net of Provisions)	4,907,093	12,757,349
<b>Total</b>	<b>5,950,593</b>	<b>13,799,349</b>

#### Note 11 Inventories

Particulars	As at 31 March, 2012	As at 31 March, 2011
Stock of IPR	78,505,366	249,931,250
Under Production Film	57,613,809	10,650,203
<b>Total</b>	<b>136,119,175</b>	<b>260,581,453</b>

#### Note 12 Trade Receivables

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unsecured, Considered Good		
Outstanding for a period exceeding six months	13,045,016	156,220,823
Other receivables	55,216,260	44,944,378
Less: Provision for Bad and Doubtful Debts	132,000	-
<b>Total</b>	<b>68,129,276</b>	<b>201,165,201</b>

#### Note 13 Cash and Cash Equivalents

Particulars	As at 31 March, 2012	As at 31 March, 2011
Cash in hand	121,392	49,764
Balances with banks		
In Current Accounts	1,262,107	213,066,687
In Unclaimed Dividend Account	246,521	242,770
In Fixed Deposit with Bank	126,437,549	
<b>Total</b>	<b>128,067,569</b>	<b>213,359,221</b>

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### Note 14 Short-term loans and advances

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unsecured, considered good		
Loans and advances to Employees	16,000	
Prepaid Expenses	39,852	73,811
Balances with Government Authorities	-	
(i) VAT Refund Receivable	-	
(ii) Service Tax Credit Receivable	116,002	
Advances to Suppliers	-	-
Advances recoverable in cash or in kind or for value to be received	-	7,026,599
Deposits	-	62,054
<b>Total</b>	<b>171,854</b>	<b>7,162,464</b>

### Note 15 Revenue from operations

Particulars	2011-12	2010-11
Income from Post Production Activity	3,175,508	3,769,822
Income from Sale of IPR of Films	341,600,000	652,343,149
Income from Film Distribution	-	338,690,174
Other Operating Revenues	279,975	594,171
<b>Total</b>	<b>345,055,483</b>	<b>995,397,316</b>

### Note 16 Other Income

Particulars	2011-12	2010-11
Interest income	13,245,462	3,976,387
Miscellaneous Income	246,835	4,915
Dividend on Long Term Investment	300	325
<b>Total</b>	<b>13,492,597</b>	<b>3,981,627</b>
<b>Interest income</b>		
i) Interest Recieved on FD	7,134,749	888,809
ii) Interest Received on IT Refund	779,156	3,087,578
iii) Interest on Loans and Advances	5,331,557	-
<b>Total</b>	<b>13,245,462</b>	<b>3,976,387</b>

### Note 17.a Cost of IPR of Films

Particulars	2011-12	2010-11
Opening Stock	249,931,250	311,258,333
Add: Purchases	136,949,985	861,678,113
	<b>386,881,235</b>	1,172,936,446
Less: Closing Stock O(as taken, valued and certified by management)	78,505,366	249,931,250
<b>Cost of IPR of Films</b>	<b>308,375,869</b>	<b>923,005,196</b>



#### Note 17.b Cost of Production and Distribution

Particulars	2011-12	2010-11
Opening Stock of Under Production Film	10,650,203	-
Artists Cost	3,561,145	139,500
Technician Cost	35,704,877	1,849,728
Production & Post Production Expenses	7,697,584	8,660,975
	<u>57,613,809</u>	<u>10,650,203</u>
Less: Stock of Under Production Film	57,613,809	10,650,203
<b>Total</b>	-	-
<b>Total : [a + b]</b>	<u><u>308,375,869</u></u>	<u><u>923,005,196</u></u>

#### Note 18 Employee benefits expense

Particulars	2011-12	2010-11
Salaries and Wages	1,545,175	870,725
Contribution to ESIC & Provision for Gratuity	90,086	88,718
Staff Welfare Expenses	130,842	226,080
<b>Total</b>	<u><u>1,766,103</u></u>	<u><u>1,185,523</u></u>

The Company does not have policy of granting leave encashment to its employees, hence provision for leave encashment is not made.

Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the accounting standard 15 (Revised) the details of which are as follows:

Amount to be recognised in Balance Sheet As at 31st March 2012	Rs.	Rs.
Gratuity	31.3.2012	31.3.2011
Present Value of Funded Obligations	-	-
Present Value of Unfunded Obligations	327,903	259,100
Fair Value of Plan Assets (managed by insurer)	-	-
<b>Net Liability</b>	<b>327,903</b>	<b>259,100</b>
Amounts in Balance Sheet		
Liability	327,903	259,100
Assets	-	-
<b>Net Liability</b>	<b>327,903</b>	<b>259,100</b>
<b>Expenses to be recognised in the Statement of P&amp;L</b>		
Current Service Cost	39,577	29,023
Interest on Defined Benefit Obligation	24,940	16,551
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) Recognised in Year	4,286	43,144
<b>Total, included in "Employee Benefit Expense"</b>	<b>68,803</b>	<b>88,718</b>
Actual Return on Plan Assets	-	-
<b>Reconciliation of Benefit Obligations &amp; Plan Assets For the Period</b>		
<b>Change in Defined Benefit Obligation</b>		
<b>Opening Defined Benefit Obligation</b>	<b>259,100</b>	<b>170,382</b>
Current Service Cost	39,577	29,023
Interest Cost	24,940	16,551
Actuarial Losses/ (Gains)	4,286	43,144
Benefits Paid	-	-
<b>Closing Defined Benefit Obligation</b>	<b>327,903</b>	<b>259,100</b>
<b>Change in Fair Value of Assets</b>		
<b>Opening in Fair Value of Plan Assets</b>	-	-
Expected Return on Plan Assets	-	-
Actuarial Gains / (Losses)	-	-
Contributions by Employer	-	-
Benefits Paid	-	-
<b>Closing Fair Value of Plan Assets</b>	-	-
<b>Principal Actuarial Assumptions (Expressed as Weighted Averages)</b>		
Discount Rate (p.a.)	8.70%	8.35%
Expected Rate of Return on Assets (p.a.)	-	-
Salary Escalation Rate (p.a.)	6%	6%

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### Note 19 Finance costs

Particulars	2011-12	2010-11
Interest Expense on:		
(i) Borrowings - Short Term	354,907	8,366,937
Other Interest	151,436	131,646
Stamp Duty	-	1,672,841
Bank Charges	349,440	558,726
<b>Total</b>	<b>855,783</b>	<b>10,730,150</b>

### Note 20 Other Expenses

Particulars	2011-12	2010-11
<b>Operating Expenses</b>		
Annual Maintenance Contract	62,862	
Electricity Expenses	415,698	680,184
Professional & Technical Fees	854,504	879,552
Studio Charges	41,367	52,954
Consumables and Transfer Charges	394,464	-
Other Operating Expenses	-	58,682
Repairs & Maintenance to Plant	-	13,150
<b>TOTAL (A)</b>	<b>1,768,895</b>	<b>1,684,522</b>
<b>Selling and Distribution Expenses</b>		
Advertisement Expenses	121,728	97,114
Provision for Doubtful Debts	132,000	-
Bad Debts Written Off	848,916	86,092
Brokerage & Commission	3,000,000	142,000
Other Expenses	203,173	216,266
Business Promotion Expenses	75,057	
<b>TOTAL (B)</b>	<b>4,380,874</b>	<b>541,472</b>
<b>Administrative Expenses</b>		
Communication Expenses	195,528	59,234
Computer Maintenance	16,157	-
Books and Periodicals	1,000	-
Food & Refreshment Expenses	197,682	
Insurance Charges	51,340	13,144
Legal , Professional & Consultancy Charges	356,051	543,760
Membership & Subscription Expenses	215,121	181,613
Miscellaneous Expenses	-	6,458
Office Expenses	593,011	296,307
Postage & Telegram Expenses	31,294	53,523
Printing Stationery	108,602	81,984
Rates & Taxes	7,300	5,000
Repairs & Maintenance to Building	642,168	657,368
Repairs & Maintenance to others	51,285	59,981
Security charges	-	41,000
Other Expenses	426,062	378,815
Remuneration to CMD/DMD	-	2,699,970
Travelling & Conveyance Expenses	59,967	62,156
Payment to Auditors - Audit Fees	175,000	175,000
- Tax Audit Fees	25,000	25,000
- Other Matters	690,000	-
Loss on Sale of Fixed Assets	42,217	-
<b>Total (C)</b>	<b>3,884,785</b>	<b>5,340,313</b>
<b>TOTAL [A+B+C]</b>	<b>10,034,554</b>	<b>7,566,307</b>



## 21. SIGNIFICANT ACCOUNTING POLICIES

### (i) Background

The Company is promoted by Shri Gordhan P Tanwani and is in the business of Film Production, Distribution, trading of Intellectual Property Rights and Post Production Activities.

The Registered Office of the company at 3A, Valecha Chambers, New Link Road, Andheri (West ), Mumbai -400053

### (ii) (a) Basis of preparation

The Financial Statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The Financial statements are prepared under historical cost convention on an accrual basis of accounting in accordance except where impairment is made The Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

### (b) Use of estimates

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 assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

### (iii) 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.

### (iv) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation/ amortization and impairment losses if any. 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.

### (v) 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.

### (vi) Impairment

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value at the weighted average cost of capital. Previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

### (vii) 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.

The Company is engaged in business of production of films wherein the expected Operating Cycle for production is in the range of 18 to 24 months. Accordingly Inventory (under production films) / Advances / Assets / Liabilities relating to film production are classified as Current Assets / Liabilities.

### (viii) Taxation

- a. **Current tax:** Provision for current tax( Income Tax and Wealth 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 based on the tax rates and the tax laws enacted or substantively enacted at the Balance sheet date.
- 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.

### (ix) 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.

### (x) 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.



**(xi) Employee Benefits**

- a. **Defined Contribution Plan:** Contributions to Provident Fund and ESIC are recognized / provided as expense in the Profit and Loss Account, on accrual basis.
- b. **Defined Benefit Plan and Other Long Term Benefits:** Retirement benefits in form of gratuity and other long term benefits in form of leave encashment are determined on the basis of actuarial valuation. Actuarial gains / losses are recognized immediately in the Profit and Loss Account.
- c. Short term compensated absences are provided based on past experience of leave availed.

**(xii) Cash and Cash equivalents**

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash at bank including Fixed Deposits, cash in hand and cash at film sets.

**(xiii) Contingencies / Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

**(xiv) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

**II. NOTES TO ACCOUNTS**

22. Contingent Liability – Nil

**23. Remuneration to Directors:**

Remuneration paid during the year ended 31st March, 2012 to Chairman & Managing Director Rs. Nil (P.Y. Rs.26,99,970).

Sitting Fees paid to Non- Executive/ Independent Directors –

Remuneration	2011-12	2010-11
Sitting Fees	3,40,000	3,15,000

**24. Additional Information**

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

	2011-12	2010-11
Earning in Foreign Currency		
- For Services	Nil	Nil
- For IPR of Films	Nil	Nil
Expenditure in Foreign Currency (Previous year – Travelling)	Nil	1,62,775

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25. Exceptional item represents profit on sale of 8500 Equity Shares held by the company in its subsidiary viz: Mahadev Production Pvt. Ltd. as follows:

Number of Shares Sold	8500
Cost of acquisition per share	Rs.10
Total Cost of acquisition	Rs. 85,000
Selling Price Per Share	Rs. 84
Total Sale Consideration	Rs. 7,14,000
Profit on sale of shares	Rs. 6,29,000

26. 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.
27. 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.
28. Balances in respect of the Debtors, Creditors, Advances and Deposits are subject to confirmation.
29. Earning Per Share

Earning Per Share		2011-12	2010-11
<b>Basic &amp; Diluted EPS :</b>			
Net Profit (Loss) after Tax for the year (Rs.)	A	23589166	34604133
Weighted Average No. of Shares	B	103200000	103200000
Basic & Diluted Earnings Per Share of Face Value of Re 1 Per Share.(after prior period tax adjustments)	C (A/B)	0.23	0.34
Prior Year Tax Adjustments	D	(176839)	69368
Basic & Diluted Earnings Per Share of Face Value of Re 1 Per Share.(before prior period tax adjustments)	E ((A+D)/B)	0.23	0.34

30. 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. Other related parties (companies in which director or their relatives have significant influence)
  - a. Bhagwati Media Pvt. Ltd. (Formerly–Baba Entertainments Pvt. Ltd.)
  - b. Larry's Electronics Pvt Ltd.
  - c. Silgate Solutions Ltd.
  - d. Bhagwati Holdings Pvt. Ltd.
  - e. M/s. Baba Developers
  - f. M/s. Super Plast
  - g. M/s. Baba Digital
  - h. M/s. Om Enterprises



B. Details of transaction with related parties

Particulars	2011-12	2010-11
A Key Managerial Personnel Remuneration	Nil	2699970

31. Segment Information

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

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	2011-12	2010-11
1.	Segment Revenue (Net Sales)		
	a) IPR of Films	3418.80	9916.27
	b) Production of Films	Nil	Nil
	c) Others	31.76	37.70
	<b>Total Net Income From Operations</b>	<b>3450.55</b>	<b>9953.97</b>
2.	Segment Results – Profit before tax & Interest		
	a) IPR of Films	265.49	637.11
	b) Production of Films	(19.75)	(0.24)
	c) Others	(30.21)	(15.18)
	Total	215.53	621.69
	Less : Interest Expenses	8.56	107.30
	Other (Unallocable Income – Unallocable Exp)	137.79	7.44
	<b>Total Profit Before Tax</b>	<b>344.76</b>	<b>521.83</b>
3.	Capital Employed (Segmental Assets – Segmental Liabilities)		
	a) IPR of Films	2575.43	2245.78
	b) Production of Films	526.81	721.18
	Add : Unallocated Net Assets	280.03	179.43
	<b>Total Capital Employed</b>	<b>3382.28</b>	<b>3146.39</b>

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

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

For and on behalf of the Board

Sd/-

**Gordhan P. Tanwani**

*Chairman & Managing Director*

Sd/-

**Sanjiv Hinduja**

*Director*

Sd/-

**Pravin Karia**

*Director*

Sd/-

**Santosh A. Shah**

*Director*

Sd/-

**N.H.Mankad**

*Company Secretary*

Place : Mumbai

Date : 29th May, 2012

# 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 appoint .....of.....or

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

my/ our proxy to vote for me/ us on my behalf at the 13TH ANNUAL GENERAL MEETING of the Company to be held on Wednesday the 26th September, 2012 and at any adjournment thereof.

Signed this ..... day of ....., 2012

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)

13th Annual General Meeting - 26th September, 2012

I hereby record my presence at the 13TH ANNUAL GENERAL MEETING of the company held at Juhu Vile Parle Gymkhana Club, Oyster Hall, Ground Floor, Opp: Juhu Bus Depot, Juhu, Mumbai 400049 on Wednesday the 26th September, 2012, 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

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**BABA ARTS LIMITED**

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

**13<sup>th</sup> Annual Report 2011-2012**

**BABA ARTS LIMITED**