

ANNUAL REPORT 2013-2014

BABA ARTS LIMITED

CIN : L72200MH1999PLC119177

Board of Directors

Shri Gordhan P. Tanwani
Chairman & Managing Director

Shri Santosh A. Shah
Chairman – Audit Committee
Chairman – Risk Management Committee

Shri Pravin J. Karia

Shri Sanjiv L. Hinduja
Chairman – Nomination & Remuneration Committee

Chief Financial Officer

Shri Ajay D. Acharya

Company Secretary

Shri N.H.Mankad

Statutory Auditors

Prakkash Muni & Associates
Chartered Accountants

Banker

Bank of India, Versova Branch, Andheri (West), Mumbai 400053.
Bank of India, Andheri Large Corporate Branch, MDI Building, 1st Floor, 28, S.V. Road Andheri (W), Mumbai-400058

Registered Office and Studio

3A, Valecha Chambers,
New Link Road,
Andheri (West),
Mumbai 400 053.
Phone : (022) 2673 3131 Fax : (022) 2673 3375
CIN : L72200MH1999PLC119177
Email: babaartslimited@yahoo.com Website : www.babaartslimited.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@uniseq.in

ISIN: INE893A01036

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BABA ARTS LIMITED

(CIN : L72200MH1999PLC119177)

Regd. Address: 3A, Valecha Chambers, New Link Road, Mumbai-400053

Tel No.2673 3131 Fax : 2673 3375

Email : babaartslimited@yahoo.com Website : www.babaartslimited.com

NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifteenth Annual General Meeting of Baba Arts Limited will be held on Monday the 22nd September, 2014 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 Financial Statements and the reports of the Board of Directors and Auditors thereon for the Financial Year ended on 31st March, 2014.

2. **To appoint Director in place of Shri Gordhan P. Tanwani (DIN 00040942) who retires by rotation and being eligible offers himself for reappointment and in this connection to pass with or without modification, the following resolution as an Ordinary Resolution**

“RESOLVED THAT Shri Gordhan P. Tanwani (DIN 00040942), who retires by rotation be and is hereby reappointed as a Director of the Company liable to retire by rotation. “

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

“RESOLVED THAT in accordance with the provisions of Section 139 of the Companies Act, 2013, and the Rules made there under (including any statutory modification(s) or re-enactment thereof) the retiring auditors M/s. Prakash Muni & Associates., Chartered Accountants, having the ICAI Registration No. 111792W and holding valid Peer Review Certificate issued by the Institute of Chartered Accountants of India, be and are hereby appointed as Statutory Auditors of the Company to hold office for a period of three years from the conclusion of this Annual General Meeting till the conclusion of the 18th Annual General Meeting (subject to ratification by the shareholders at every Annual General Meeting), on remuneration and other expenses to be fixed by the Managing Director of the Company.”

SPECIAL BUSINESS

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

“RESOLVED THAT consent of the Company be and is hereby accorded to Shri Sanjiv L. Hinduja (DIN 00040858) who holds office as an Independent Director of the Company pursuant to Clause 49 of the Listing Agreement and who being eligible to continue as an Independent Director under Section 149 of the Companies Act, 2013 read with Rules made there under and Clause 49 of the Listing Agreement entered with the Stock Exchange(s) (including any statutory modification(s) or re-enactment thereof, for the time being in force), to continue to hold the office of Independent Director of the Company for a period of five consecutive years from April 01, 2014 up to March 31, 2019 who shall not be liable to retire by rotation.”

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

“RESOLVED THAT consent of the Company be and is hereby accorded to Shri Santosh A. Shah (DIN 01259840) who holds office as an Independent Director of the Company pursuant to Clause 49 of the Listing Agreement and who being eligible to continue as an Independent Director under Section 149 of the Companies Act, 2013 read with Rules made there under and Clause 49 of the Listing Agreement entered with the Stock Exchange(s) (including any statutory modification(s) or re-enactment thereof, for the time being in force), to continue to hold the office of Independent Director of the Company for a period of five consecutive years from April 01, 2014 up to March 31, 2019 who shall not be liable to retire by rotation.”

6. **To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution**

RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 11th Annual General Meeting held on

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21st September, 2010 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactments thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from the Company's bankers in the ordinary course of business, shall not be in excess Rs. 500 Crore (Rupees Five Hundred Crore Only) over and above the aggregate of the paid up share capital and free reserves of the Company.

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution

RESOLVED THAT pursuant to the provisions of Section 73(2) of the Companies Act, 2013 ("The Act") read with The Companies (Acceptance of Deposit) Rules, 2014 and such other provisions of the Act as may be applicable from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company be and is hereby authorized to invite and accept Secured or Unsecured Deposits from its members subject to the condition that the total amount of deposits so invited and accepted by the Company shall not at any time exceed the limit of 25% of the paid up capital and free reserves of the Company.

RESOLVED FURTHER THAT the board of directors of the Company be and are hereby authorized to prescribe terms and conditions for inviting and accepting the deposits from the members of the Company including period of deposit, rate of interest, nature of security, provision of insurance and such other terms and conditions as they may deem fit and to do all such acts, deeds, matters and things as may be necessary and desirable to give effect to this 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: 5th August, 2014

NOTES :

1. **Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business to be transacted at the meeting is annexed to and forms part of this notice.**
2. **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. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 (FIFTY) AND HOLDING IN AGGREGATE NOT MORE THAN 10% OF THE TOTAL PAID UP CAPITAL OF THE COMPANY. A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**

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.
3. The Register of Members and Share Transfer Books of the Company will be closed from Thursday the 18th September, 2014 to Monday the 22nd September, 2014 (both days inclusive).
4. 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.



5. As per Section 108 of the Companies Act 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the items of business set out in the attached Notice may be transacted also through electronic voting systems as an alternative mode of voting. The Company is providing the facility of casting votes through the electronic voting system (“e-Voting”) under an arrangement with the Central Depository Services (India) Limited (“CDSL”) The Notice of the Meeting will also be available on the Company’s website <http://www.babaartslimited.com> and the website of the Central Depository Services (India) Limited.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab.
- (iii) Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>* In case the sequence number is less than 8 digits enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>* Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</p>

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly to the company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that

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company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant "Company Name" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option "YES or NO" as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - * Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - * They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - * After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - * The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - * They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 15th September, 2014 at 9.00 a.m. and ends on 17th September, 2014 at 6.00 p.m. During this period shareholder of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22nd August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) The Company has appointed Mr. Bhumitra V. Dholakia, Partner of Dholakia & Associates, Company Secretaries in Whole Time Practice as Scrutinizer to scrutinize the e-voting process in fair and transparent manner.
- (D) The Scrutinizer shall within a period not exceeding three working days from the conclusion of e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (E) The results on resolutions shall be declared at or after the AGM and subject to the requisite votes, the resolutions shall be deemed to be passed on the date of AGM.
- (F) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com



6. Brief profile of Director seeking appointment as per Clause 49 of the Listing Agreement with the Stock Exchange is given in the notes / explanatory statement annexed to this notice.
7. 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.**
8. 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.
9. As per the provisions of Section 72(1) of the Companies Act, 2013, the facility for making/ varying/ cancelling nomination is available to individuals holding shares in the Company. Nominations can be made in Form-SH.13 and any variation/ cancellation thereof can be made by giving notice in Form SH.14, prescribed under the Companies (Share Capital and Debentures) Rules, 2014 for the purpose. The Forms can be obtained from the share Department of the Company/ Registrars and Share Transfer Agents or from the Website of the Ministry of Corporate Affairs at www.mca.gov.in
10. Pursuant to Section 101 of Companies Act, 2013 read with Rule 18 of Companies (Management & Administration) Rules, 2014, electronic copy of the Annual Report for 2013-2014 is being sent to all the Members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report for 2013-2014 is being sent in the permitted mode.

To avail of services through electronic mode, members are requested to register their E-mail address with the Registrar & Share Transfer Agent of the Company, **Universal Capital Securities Pvt. Ltd.** to receive all communication by the Company including Annual Report and notice(s) of meetings by E-mail, by sending appropriate communication on baba@unisec.in and also register/update their e-mail ID with the Depository Participant where their Demat account is maintained, for shares held in the electronic form.

11. Members' attention is drawn to the provisions of Section 205A of the Companies Act, 1956, wherein the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred an amount of Rs.20,983/- (Rupees Twenty Thousand Nine Hundred and Eighty Three Only) and Rs. 65,257/- (Rupees Sixty Five Thousand Two Hundred and Fifty Seven Only) being the unpaid and unclaimed dividend amount pertaining to Dividend for the Financial Year 2005-06 and 2006-07, to the Investor Education and Protection Fund of the Central Government on 9th November, 2013 and 25th April, 2014 respectively.
12. The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules). The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problem due to misplacement of intimation thereof by post etc. The Company has uploaded the information in respect of the Unclaimed Dividends in respect of the Financial years 2007-08, 2008-09 and 2009-10 on the website of the IEPF viz. www.iepf.gov.in and under "IEPF Section" on the website of the Company viz. www.babaartslimited.com.
13. Members who have not encashed their dividend warrants for Financial Year 2007-08, 2008-09 and 2009-10 are requested to write to the Company immediately claiming dividends declared by the Company for the said periods. Please note that as per Section 205C of the Companies Act, 1956, no claim shall lie against the Company or IEPF in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the due date and no payment shall be made in respect of any such claims. (Proforma of Indemnity Bond to be submitted to the Company for issue of Duplicate Dividend Warrant is available under "Investor Section" on the website of the Company viz. www.babaartslimited.com).
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the Registrar and Transfer Agents **Universal Capital Securities Pvt. Ltd.**

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15. Members/Proxies should bring the attendance slip duly filled in for attending the meeting. The identity/signature of the members holding shares in electronic/demat form is liable for verification with specimen signatures as may be furnished by NSDL/CDSL to the Company. Such members are advised to bring the relevant identity card, issued by the Depository Participant, to attend the Annual General Meeting. The Annual Report duly circulated to the Members of the Company, is available on the Company's Website at www.babaartslimited.com.
16. As required by Clause 49 of the Listing Agreement brief profile of Shri Gordhan P. Tanwani, Director proposed to be reappointed at the Annual General Meeting is given below:

Name of the Director	Gordhan P. Tanwani
Date of Birth	21st January, 1958
Date of Appointment on the Board	28th August, 2003
Qualification	Undergraduate
Experience in specific field	Film Production, and Distribution as also Construction.
Name of other Companies in which he holds Directorship	(1) One
Chairman / Member of Committee(s) of the Board of Directors of the Company	Member- Stakeholders Relationship Committee
Chairman / Member of Committee (s) of Directors of other Companies in which he is a Director	NIL
Directorship held in other Public Companies (excluding Foreign and Private Companies)	1
No. of Shares held in the Company (as on 31st March, 2014)	59,281,978
Director Identification No.	00040942

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: 5th August, 2014



STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

ITEM NO. 4

Shri Sanjiv L. Hinduja (DIN 00040858) has been an Independent Director pursuant to clause 49 of the listing agreement on the Board of the Company for 11 years. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed Company to appoint 'Independent Directors' as defined in section 149(6) of the Act and ensure that at least 1/3rd of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Shri Sanjiv L. Hinduja (DIN 00040858) fulfills the conditions specified in the Act and the Rules made there under to be eligible to continue to hold office as an Independent Director pursuant to the provisions of Section 149 of the Act. The Board of Directors of your Company is also of the opinion that Shri Sanjiv L. Hinduja (DIN 00040858) is independent of the management of the Company. Shri Sanjiv L. Hinduja(DIN 00040858) has also given a declaration pursuant to Section 149(7) of the Companies Act, 2013 that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Sanjiv L. Hinduja (DIN 00040858) as an Independent Director. Accordingly, the Board recommends the resolution as set out under Item No. 4 of the notice, to the shareholders in relation to the approval of Shri Sanjiv L. Hinduja (DIN 00040858) to continue to hold office as an Independent Director for a period of five consecutive years from April 01, 2014 up to March 31, 2019 pursuant to provisions of section 149 of the Act read with schedule IV to the Act. In terms of provisions of section 149(13) of the Act, Shri Sanjiv L. Hinduja (DIN 00040858) shall not be liable to retire by rotation.

Except Shri Sanjiv L. Hinduja (DIN 00040858), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. This statement may also be regarded as a disclosure Under Clause 49 of the Listing Agreement with the Stock Exchange.

As required under Clause 49 of the Listing Agreement, brief profile of Shri Sanjiv L. Hinduja (DIN 00040858) is given hereunder:

Name of the Director	Shri Sanjiv Laxmichand Hinduja
Date of Birth	09/06/1963
Date of Appointment on the Board	28/08/2003
Qualification	B.com, F.C.A
Experience in specific field	Accounts, Taxation & Audit
Name of other Companies in which he holds Directorship	Nil
Chairman / Member of Committee(s) of the Board of Directors of the Company	Chairman-Nomination & Remuneration Committee
Chairman / Member of Committee (s) of Directors of other Companies in which he is a Director	Nil
Directorship held in other Public Companies (excluding Foreign and Private Companies)	Nil
No. of Shares held in the Company	7600
Director Identification No.	00040858

ITEM NO.5

Shri Santosh A. Shah (DIN 01259840) has been an Independent Director pursuant to clause 49 of the Listing Agreement on the Board of the Company for 6 years. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint 'Independent Directors' as defined in section 149(6) of the Act and ensure that at least 1/3rd of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Shri Santosh A. Shah (DIN 01259840) fulfills the conditions specified in the Act and the Rules made there under to be eligible to continue to hold office as an Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Shri Santosh A. Shah (DIN 01259840) is

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independent of the management of the Company. Shri Santosh A. Shah (DIN 01259840) has also given a declaration pursuant to Section 149(7) of the Companies Act, 2013 that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Santosh A. Shah (DIN 01259840) as an Independent Director. Accordingly, the Board recommends the resolution as set out under Item No. 5 of this notice, to the shareholders in relation to the approval of Shri Santosh A Shah (DIN 01259840) to continue to hold office as an Independent Director for a period of five consecutive years from April 01, 2014 up to March 31, 2019 pursuant to provisions of section 149 of the Act read with schedule IV to the Act. In terms of provisions of section 149(13) of the Act, Shri Santosh A. Shah (DIN 01259840) shall not be liable to retire by rotation.

Except Shri Santosh A. Shah (DIN 01259840), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This statement may also be regarded as a disclosure Under Clause 49 of the Listing Agreement with the Stock Exchange.

As required under Clause 49 of the Listing Agreement, brief profile of Shri Santosh A. Shah (DIN 01259840) is given hereunder:

Name of the Director	Shri Santosh Anilkumar Shah
Date of Birth	15/06/1968
Date of Appointment on the Board	25/03/2008
Qualification	B.com, F.C.A
Experience in specific field	Accounts, Taxation & Audit
Name of other Companies in which he holds Directorship	<ol style="list-style-type: none"> 1. Kota Farm Services Limited 2. Solitaire Financial Solutions Pvt. Ltd. 3. Ravya Media Miners Pvt. Ltd. 4. Solitaire Productions and Media Pvt. Ltd.
Chairman / Member of Committee(s) of the Board of Directors of the Company	Chairman-Audit Committee Chairman- Risk Management Committee
Chairman / Member of Committee (s) of Directors of other Companies in which he is a Director	NIL
Directorship held in other Public Companies (excluding Foreign and Private Companies)	<ol style="list-style-type: none"> 1. Kota Farm Services Limited
No. of Shares held in the Company	NIL
Director Identification No.	01259840

ITEM NO. 6

The members of the Company at their 11th Annual General Meeting held on 21st September, 2010 by way of an Ordinary Resolution under Section 293(1)(d) of Companies Act, 1956 had accorded consent to the Board of Directors for borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.500 Crore(Rupees Five Hundred Crore Only).

Section 180(1)(c) of the Companies Act, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a special resolution.

It is, therefore, necessary that the members, pass a special resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No.6 of the notice, to enable the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs.500 Crore (Rupees 500 Crore Only) in excess of the aggregate of the paid up share capital and free reserves of the Company.



None of the Directors and /or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.6.

ITEM NO. 7

In the normal course of its business the company may be required to invite and accept deposits from its members to meet its short term and long term financial needs. As per Section 73(2) of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 ("the Rules) the Company can invite and accept deposits from its members up to a maximum amount of 25% of the paid up capital and free reserves of the Company, only after obtaining prior approval of members by passing a special resolution and after complying with other conditions stipulated under the said Section and the Rules.

Your Board of Directors therefore seek approval of the members to invite and accept deposits from its members up to an amount not exceeding 25% of the aggregate of paid up capital and free reserves of the Company at any given time. The Board of Directors shall exercise the authority so given subject to compliance of various stipulations under the Companies Act, 2013 and Reserve Bank of India Act, 1934 for invitation and acceptance of deposits from the members such as issue of circular to the members, obtaining credit rating, providing security, arranging deposit insurance as may be applicable from time to time.

None of the Directors and /or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.7 of the notice except that they shall be entitled to keep deposits with the Company in their capacity as members of the Company on the same terms and conditions as any other member of the Company.

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: 5th August, 2014

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DIRECTORS' REPORT

To,
The Members,

Your directors have pleasure in presenting their Fifteenth Annual Report together with the Audited Accounts for the year ended on 31st March, 2014.

FINANCIAL RESULTS

(Rs. Lac.)

Particulars	March 31, 2014	March 31, 2013
Income from Operations	489.27	842.86
Other Income	28.23	104.76
Total Income	517.50	947.62
Total Expenditure	535.30	780.69
Profit /(Loss) before Finance Charges, Depreciation and Tax	(17.80)	166.92
Finance Charges	6.75	7.02
Profit /(Loss) after interest but before Depreciation	(24.55)	159.9
Depreciation	27.42	27.93
Profit /(Loss) before Tax	(51.97)	131.97
Provision for Tax		
- Current Tax	—	36.75
- Deferred Tax	—	2.41
Prior period Adjustments	1.25	8.62
Net Profit /(Loss) for the Year	(50.72)	84.19
Profit /(Loss) brought forward from previous year	1606.04	1521.85
Profit available for Appropriation	1555.31	1606.04
Appropriations		
Balance Profit /(Loss) carried forward to Balance Sheet	1555.31	1606.04

DIVIDEND

In view of losses incurred during the year, your directors have not recommended any dividend on equity shares for the year ended on 31st March, 2014.

REVIEW OF OPERATIONS

During the year under review, income from Post Production activity decreased to 29.63 Lac from Rs. 32.58 Lac in the previous year. Income from trading in IPR of Films was lower at Rs. 16.20 Lac from Rs. 249.28 Lac in the previous year. Your Company incurred net loss of Rs.50.72 Lac vis-à-vis Net Profit of Rs. 84.19 Lac in the previous year, after providing for Depreciation of Rs. 27.42 Lac (Previous Year Rs. 27.93 Lac), Current Tax of Rs. Nil (Previous Year Rs.36.75 Lac.) and Deferred Tax of Rs. Nil (Previous Year Rs. 2.41 Lac).

UNDER PRODUCTION FILM

Your Company's under production film titled "Action Jackson" starring Ajay Devgn, Sonakshi Sinha, Yami Gautam and others, Directed by Prabhu Deva and with music by Himesh Reshammiya is nearing completion with major part of the shooting completed. The remaining shooting and post production work is expected to be completed by end of second half of current financial year and the film is tentatively scheduled to be released by end of the year. Your Company has already entered in to an agreement with EROS for sale of worldwide theatrical and satellite rights of the film.



DEPOSITS

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

CORPORATE GOVERNANCE

The Corporate Governance Report and Management 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 Gordhan P. Tanwani, Director (DIN 00040942) retires by rotation and being eligible offers himself for reappointment. Your Board of Directors have proposed to reappoint Shri Gordhan P. Tanwani (DIN 00040942) as a Director. Brief profile of Shri Gordhan P. Tanwani (DIN 00040942) is given in the notice of the Annual General Meeting.

In view of the implementation of the provisions of the Section 149(7) of the Companies Act, 2013 it has been decided by the Board of Directors for continuation of the duration of Shri Sanjiv L. Hinduja, (DIN 00040858) and Shri Santosh A. Shah (DIN 01259840) as Independent Directors for a period of five years effective 1st April, 2014. Details of the proposal for extending the duration of the office of the Independent Directors namely Shri Sanjiv L. Hinduja (DIN 00040858) and Shri Santosh A. Shah (DIN 01259840) are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 annexed to the Notice of the 15th Annual General Meeting.

The Board confirms that it has the required number of Independent Directors as envisaged under Section 149(4) of the Act. Shri Sanjiv L. Hinduja (DIN 00040858) and Shri Santosh A. Shah (DIN 01259840), constitute the Independent Directors and have filed the requisite declarations with Company as per Section 149(7) of the Act to the effect that they are qualified as Independent Directors within the meaning of Section 149(6) of the Act. Appropriate resolutions are being proposed at forthcoming Annual General Meeting to appoint them for a five year term as contemplated under Section 149(10) of the Act.

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 and there are no material departures from the said standards;
- 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 loss of the Company for the year ended on 31st March, 2014 and the state of affairs of the Company as at 31st March, 2014 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 (Firm Regn. No. 111792W), Chartered Accountants, retire at the forthcoming Annual General Meeting. They offer themselves for re-appointment from the conclusion of the Fifteenth Annual General Meeting till the conclusion of the Eighteenth Annual General Meeting as per the provisions of the Section 139(1) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. The Auditors have confirmed that they fulfill the criteria as laid down under Section 141 of the Companies Act, 2013 for their appointment as Auditors of the Company.

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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.

Export Efforts

The Company is engaged in providing post production services to entertainment industry in its post production studio and creating content for Television and also in film production and distribution where there is not much scope for exports. The Company is selling overseas rights of films to domestic distributors. The Company did not have any export income during the year.

Foreign Exchange Earning	NIL
Foreign Exchange Outgo	387.64 Lac

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, and Company's bankers, who have extended their continuous 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

Gordhan P Tanwani
Chairman & Managing Director

Place : Mumbai
Date : 5th August, 2014



MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Development

Indian Media & Entertainment Industry consists of many segments such as Films, Television, Radio, Print Media etc. All the segments have registered a robust growth over the past few years and with rising investment by private sector and foreign media and entertainment players the industry is expected to continue to log a CAGR of about 17% during the next five year period and its total revenue is set to be over INR 2,00,000 Crore by the year 2020.

2. Outlook for Company

(i) Post Production

Post Production does not account for major share in the business for the Company and your Company does not foresee any growth in income from the said activity.

(ii) Trading in IPR of Films

The activity of trading in IPR of Films is now restricted to exploiting various rights of films which are currently held by the Company as stock. Mainly these rights relate to dubbing rights of Tamil Films. At present the Company does not have further plans to acquire more rights and as such the Company does not expect any significant contribution to its revenue from this business.

(iii) Film & TV Serial Production

Your Company's ambitious film project titled "Action Jackson" directed by renowned Director Prabhu Deva starring Ajay Devgn, Sonakshi Sinha, Yami Gautam and with music by Himesh Reshammiya, is nearing completion. The Film is expected to be released in the last quarter of 2014.

Your Company has already signed other reputed directors like Anees Bazmi, Mohit Suri for its future film production projects. Pre production work on these projects in progress and shooting of these films is expected to start shortly.

Your Company has successfully completed and delivered over 30 episodes of the episodic based programme "SAVDHAAN INDIA" to "LIFE OK" Channel. The Company is currently developing content for daily soap for TV Channels and once approved, the Company expects to get regular revenue from the same.

3. Opportunities, Threats and Challenges

(i) Opportunities:

Films are the most important form of entertainment in India and with over 900 films being produced in a year in different languages, the Indian Film Industry is one of the largest in the world in terms of number of films produced. Apart from earning revenues from theatrical distribution of films, the industry is now having tremendous opportunity to earn revenues from TV, Internet, Mobile Phones, Social Media, Gaming, etc. Apart from ever growing demand for films in India, Indian Films have now found audiences in overseas market with growing population of Indians in USA, UK, and South East Asia. The list is ever expanding and the Indian Film Industry is expected to achieve the status of truly global industry in not too distant future.

These positive developments present an excellent opportunity to various players in the Industry to achieve significant growth in future.

(ii) Threats and Challenges:

The film industry has to depend on outsiders for its content, production, funding and distribution. Current business model of producing high cost films and expecting it to be a block buster is actually giving diminishing returns. One of the major of cost of a film is its marketing cost which is increasing day by day. While, of late, low budget films have started doing well on the box office, they are far and few in between and that too in select metro cities amongst multiplex audiences. In the fight of the giants the small and medium budget producer is getting squeezed.

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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 from Rs.32.58 Lac in the previous year to Rs. 29.63 Lac in the current year.

Income from Trading in IPR including theatrical distribution of commercial films and sale of DVD / VCD declined to Rs. 16.20 Lac from Rs.249.28 Lac in the previous year.

Income from Film Production and TV Serials was at Rs. 443.44 Lac as compared to Rs. 561.00 Lacs in the previous year.

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

The Company suffered an operating loss of Rs. 17.80 Lac during the year as against operating profit of Rs.166.92 Lac in the previous year. Finance charges during the year were lower at Rs. 6.75 Lac (Previous Year Rs. 7.02 Lac). After providing for Depreciation of Rs. 27.42 Lac (Previous Year Rs. 27.93 Lac), and after providing for current taxation of Rs. Nil , Deferred Tax of Rs. Nil there was a Net Loss of Rs. 50.72 Lac as against Net Profit of Rs. 84.19 Lac in the previous year.

(iii) Capital Investment

During the year ended on 31st March, 2014 capital investment of Rs. 6.12 Lac was made out of own funds.

(iv) Working Capital

The Company was enjoying working capital facilities of Rs. 300 Lac during the year ended on 31st March, 2014. The entire limit remained unutilized for most of the year under review.

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.

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. The Company has an established 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) 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 meetings of the Board of Directors 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	3	Yes	1
2.	Shri Santosh A. Shah	I- NED	Director	4	Yes	1
3.	Shri Pravin J. Karia	P – NED	Director	4	Yes	—
4.	Shri Sanjiv L. Hinduja	I – NED	Director	4	Yes	—

P – Promoter, ED – Executive Director, I - Independent Director. NI – Non Independent, 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 20th May, 2013, 12th August, 2013, 13th November, 2013 and 14th February, 2014.

(v) Details of directors being appointed at the AGM

A brief resume of the directors being appointed at the AGM is given in the notice of the 15th Annual General Meeting.

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 177 of the Companies Act, 2013 (corresponding to Section 292A of the Companies Act, 1956) and Clause 49 of the listing agreement with the stock exchange and other relevant statutory / regulatory provisions.

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(ii) Composition

The Audit Committee consisted of Shri Santosh A. Shah - Independent Director as Chairman of the Committee, Shri Sanjiv L. Hinduja - Independent Director and Shri Pravin J. Karia - Non Independent & Non Executive Director.

(iii) Meetings & Attendance during the year

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

Name of the Members	Category	Meeting Held On			
		20/05/2013	12/08/2013	13/11/2013	14/02/2014
Shri Santosh A. Shah	Chairman	Yes	Yes	Yes	Yes
Shri Pravin J. Karia	Member	Yes	Yes	Yes	Yes
Shri Sanjiv L. 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. Nomination and Remuneration Committee

(i) & (ii) The Board of Directors at its meeting held on 14th May, 2014 has constituted Nomination and Remuneration Committee. The Terms of Reference of the said Committee are as laid down under Section 178 of the Companies Act, 2013. Shri Sanjiv L. Hinduja is the Chairman of the Nomination and Remuneration Committee with Shri Santosh A. Shah and Shri Pravin J. Karia as other members of the Committee.

(iii) Remuneration Policy

The decisions regarding remuneration of executive and non-executive directors is taken by the entire Board based on recommendation of the Nomination and Remuneration Committee and 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 remuneration during the year 2013-14.

(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. 3,60,000 /- as per details given hereunder:

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

5. Stakeholders' Relationship Committee

(i) Composition

The erstwhile Investor Grievances Committee was designated as Stake Holders' Relationship Committee by the Board of Directors of the Company at its meeting held on 14th May, 2014. The Committee looks into various issues relating to shareholders' and other Stakeholders' 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 L. 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	1
No. of complaints resolved to the satisfaction of the shareholders	1
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, 2014 were Nil.

6. Risk Management Committee

(i) Composition and Terms of Reference:

The Board of Directors of the Company at its meeting held on 14th May, 2014 has constituted a Risk Management Committee comprising of Shri Santosh A. Shah as the Chairman and Shri Pravin J. Karia and Shri Sanjiv L. Hinduja as the members of the Committee. The terms of reference of the Risk Management Committee are as prescribed under clause 49 of the Listing Agreement entered in to by the Company with BSE Limited.

7. (a) 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.babaartslimited.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 2013-14.

Gordhan P. Tanwani
Chairman & Managing Director

(b) Code for Prohibition of Insider Trading

The Company has a comprehensive Code of Conduct for its Directors, Management, and designated employees for prevention of insider trading and procedure to deal in Securities.

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8. 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
12th AGM	Tuesday 27th September, 2011	11.30 a.m.	Juhu Vile Parle Gymkhana Club, ORCHID HALL, Second Floor, Juhu, Mumbai 400049
13th AGM	Wednesday 26th September, 2012	11.30 a.m.	Juhu Vile Parle Gymkhana Club, OYSTER HALL, Ground Floor, Juhu, Mumbai 400049
14th AGM	Friday 27th September, 2013	11.30 a.m.	Juhu Vile Parle Gymkhana Club, OYSTER HALL, Ground Floor, Juhu, Mumbai 400049

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

At the 14th Annual General Meeting the Company passed 1 (One) Special Resolution regarding reappointment of Shri Gordhan P Tanwani as the Managing Director of the Company for a period of Five Years. The Company did not pass any resolution by Postal Ballot at the 14th Annual General Meeting.

(v) & (vi) At the 15th AGM it is proposed to pass 2 (Two) Special Resolutions as per Notice of the AGM.

9. Disclosures

(i) There are no material transactions with directors or the senior management personnel 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 189 of the Companies Act, 2013 (corresponding Section 301 of the Companies Act, 1956). All related party transactions have been disclosed in Note No.27 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 formulated and adopted a comprehensive Whistle Blower Policy applicable to all the permanent employees and directors of the Company. The Whistle Blower Policy has been circulated to all the board members and senior management personnel of the Company. A copy of the policy has been posted on the Company's website www.babaartslimited.com.

(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.babaartslimited.com.
- d) **Nomination and Remuneration Committee:** The Company has set up a separate Nomination and 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.



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

Sr.No.	Name of the Non – Executive Director	No. of Shares Held
1.	Shri Sanjiv L. Hinduja	7600
2.	Shri Pravin J. Karia	8000

10. Means of Communication

(i) Quarterly/Half-yearly and Annual Financial Results

The quarterly/half-yearly and annual results of the Company are published in the newspapers and posted on the website of the Company at www.babaartslimited.com. The quarterly and annual results along with the Segmental Report are generally published in The Free Press Journal and Navshakti. The Company's financial results are sent in time to Stock Exchange so that they may be posted on the Stock Exchanges' website.

(ii) Presentation to Institutional Investors or to analysts

There is no official news release displayed on the Website. The Company has not made any presentation to institutional investors or equity analyst.

(iii) Annual Reports

The Company also provides copies of its financial results to investors if so requisitioned for without any charge, at the same time they are available on the Company's Website also and can be downloaded from there.

(iv) Management Discussion & Analysis Report (MD&A Report)

The MD&A Report forms a part of the Directors' Report. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.

(v) Company's Corporate Website

The Company's website is a comprehensive reference on Baba Arts Limited and its productions and creations, investor relations, etc. The section on "Investors' Relations" serves to inform the shareholders, by giving complete financial details, corporate governance, Composition of Board, contact information relating to our registrar and transfer agents, etc. Quarterly Report on Corporate Governance under Clause 49 of the Listing Agreement have been submitted to Stock Exchange(s) as follows:

QUARTERLY REPORT FOR THE QUARTER ENDED	SUBMITTED TO BSE LTD.
30/06/2013	03/07/2013
30/09/2013	03/10/2013
31/12/2013	06/01/2014
31/03/2014	04/04/2014

In view of recent amendment in Clause 47(f) of Listing Agreement, the Company has designated an email account specifically for investor service and the same is disclosed on the website of the Company.

Investors may e-mail their queries at babaartslimited@yahoo.com

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11. General Shareholder Information

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

15th AGM Date, Time and Venue	Monday the 22nd September, 2014 at 11.30 a.m. at Juhu Vile Parle Gymkhana Club, ORCHID HALL, Second Floor, Opp. Juhu Bus Depot, Juhu, Mumbai – 400049.
Financial Calendar	2014-15
Results for Quarter ending 30th June, 2014	2nd Week of August, 2014
Results for Quarter ending 30th September, 2014	2nd Week of November, 2014
Results for Quarter ending 31st December, 2014	2nd Week of February, 2015
Results for Quarter ending 31st March, 2015	4th Week of May, 2015
AGM for the year ending 31st March, 2015	Before 30th September, 2015
Book Closure	Thursday the 18th September, 2014 to Monday the 22nd September, 2014 (Both days inclusive)
Dividend Payment	The Board of Directors have not recommended any dividend for the year ended on 31st March, 2014.
Listing on Stock Exchanges	BSE Limited, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 Stock Code: 532380
Payment of Listing Fees	Listing fee for the year 2014-15 has been paid to the BSE Limited, Mumbai.
Demat ISIN for NSDL & CDSL	INE893A01036

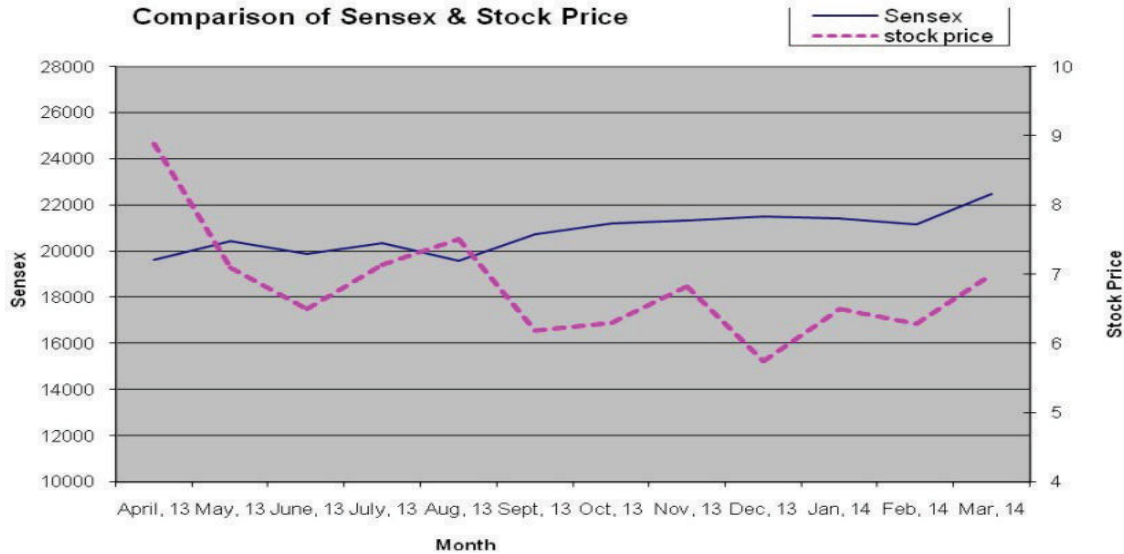
(vii) Market Information

Monthly high and low quotations of Company's equity shares traded on BSE Ltd. during the year 2013-14 are as follows:

Month	Share Price (Rs.)		BSE Sensex		
	High	Low	High	Low	Close
2013					
April	8.89	5.80	19622.68	18144.22	19504.18
May	7.10	5.85	20443.62	19451.26	19760.30
June	6.50	5.11	19860.19	18467.16	19395.81
July	7.14	5.45	20351.06	19126.82	19345.70
August	7.50	5.76	19569.20	17448.71	18619.72
September	6.18	4.86	20739.69	18166.17	19379.77
October	6.30	4.63	21205.44	19264.72	21164.52
November	6.82	6.04	21321.53	20137.67	20791.93
December	5.74	4.70	21483.74	20568.70	21170.68
2014					
January	6.50	4.85	21409.66	20343.78	20513.85
February	6.28	5.19	21140.51	19963.12	21120.12
March	7.00	5.36	22467.21	20920.98	22386.27



(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, 2014

Range of Holding	No. of Share Holders	% to Total Share Holders	Shareholdings	Share Amount (Rs.)	% to Total Share Capital
1 – 500	640	34.43	98278	98278	0.10
501 – 1000	290	15.60	238015	238015	0.23
1001 – 2000	362	19.47	578068	578068	0.56
2001 – 3000	146	7.85	358407	358407	0.35
3001 – 4000	85	4.57	321528	321528	0.31
4001 – 5000	74	3.98	352530	352530	0.34
5001– 10000	91	4.90	708548	708548	0.69
10001 and above	171	9.20	100544626	100544626	97.42
TOTAL	1859	100	103200000	103200000	100

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(xi) (2) Categories of Shareholders as on 31st March, 2014

Sr. No.	Category of Members	No. of Shares Held	% to Total Capital
1.	Promoters	64440735	62.44
2.	Independent Directors & Relatives	1459370	1.42
3.	Indian Public	27936295	27.07
4.	Private Corporate Bodies	9101719	8.82
5.	NRIs/OCBs	206133	0.20
6.	Others (Clearing Members)	55748	0.05
	TOTAL	103,200,000	100

** 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 31.03.2014
1.	Shri Gordhan P. Tanwani	Promoter	Self	59,281,978
2.	Bhagwati Holdings Pvt. Ltd	PAC	Group Company	5,150,757
3.	Shri Pravin J. Karia	PAC	Non Independent Director	8,000

(xii) Dematerialisation of Shares and Liquidity

The trading in Company's Shares is compulsorily in Demat Segment only through two Depositories namely NSDL and CDSL. The status of dematerialisation as on 31st March, 2014 was as under:

Particulars	No. of Shares	% to Capital	No. of Accounts / Folios
NSDL	53502982	51.84	1098
CDSL	49304410	47.78	630
Total Shares Under Demat	102807392	99.62	1728
Physical	392608	0.38	169
Total Capital	103200000	100.00	1897

All the demat requests have been approved within 21 Days.

(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
Website : www.babaartslimited.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 undertakes regular review of the risk profile of the Company and keeps 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

Place: Mumbai
Date: 5th August, 2014.

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CERTIFICATE

To,
The Members of
BABA ARTS LIMITED,
Mumbai.

We have examined the compliance of the conditions of Corporate Governance by **BABA ARTS LIMITED** for the financial year ended 31st March, 2014, 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 2014 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: 5th August, 2014



Independent Auditor's Opinion

To the Members of **BABA ARTS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **BABA ARTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) 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.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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- (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Prakkash Muni & Associate
Chartered accountants
Firm Registration No: 111792W

Place: Mumbai
Date: 14th May, 2014

Prakkash R. Muni
Partner
Membership No: 30544



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.
 - (e) 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 of Section 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, 2014 for a period of more than six months from the date of becoming payable.
 - b) The disputed statutory dues aggregating Rs. 47,262,187/- that have not been deposited on account of dispute matter pending before appropriate authority are as under :

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Service tax

Sr. No.	Financial Year/Period	Nature of Demand	Amount Rs.	Pending Before
1	October 2008 to March, 2011	Penalty for Non Filing of Service Tax Return	25,000/-	Dy. Commissioner of Service Tax, Div IV, Mumbai II
2	October 2008 to Sept., 2009, and October, 2010 to March, 2012	Excess Cenvat Credit taken and utilised.	497,409/- plus interest and penalty (amount unascertainable)	Assistant Commissioner of Service Tax (Audit), Mumbai II.

Income Tax

Sr. No.	Financial Year/Period	Nature of Demand	Amount Rs.	Pending Before
1	2011-12 (A.Y. 2012-13)	Short deduction of Tax at Source (TDS) U/s 194J of the Income Tax Act, 1961.	18,625,199/-	Commissioner of Income Tax (Appeals), Mumbai

Maharashtra Value Added Tax

Sr. No.	Financial Year/Period	Nature of Demand	Amount Rs.	Pending Before
1	F.Y. 2009-10	Short Payment of VAT on sale of Theatrical Copyrights of Film	28,114,579/-	Joint Commissioner of Sales Tax (Appeals) -I

10. The Company does not have accumulated losses at the end of the financial year. The Company has incurred cash loss of Rs.2,330,054/- during the financial year covered by our audit.
11. Based on our audit procedures and according to the information and explanation given to us, in respect of loan taken from Financial Institutions or Banks there was no default in the repayment of its dues to a Financial Institutions and Bank.
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. Based on verification of relevant records and documents and according to the information and explanation given to us, in respect of Term Loan taken during the year, funds raised from such term loan were utilized for the purpose for which the loan was taken.
16. The Company has not given any guarantees for loans taken by others from bank and financial institution.
17. 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.
18. 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.
19. The Company has not issued any Debenture and as such Clause 13.2 is not applicable.
20. During the period covered by our audit report, the Company has not raised any money by public issues.
21. 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

PRAKKASH R. MUNI.
Partner
Membership No.: 30544

Place: Mumbai
Date: 14th May 2014



BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	As at 31 March, 2014	As at 31 March, 2013
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	103,200,000	103,200,000
(b) Reserves and Surplus	2	238,374,649	243,447,073
		<u>341,574,649</u>	<u>346,647,073</u>
2 Non Current Liabilities			
(a) Deferred Tax Liabilities	3	1,871,191	1,871,191
(b) Long Term Provisions	4	771,313	503,869
		<u>2,642,504</u>	<u>2,375,060</u>
3 Current Liabilities			
(a) Short Term Borrowings	5	13,158,390	-
(b) Trade Payables	6	28,850,950	10,352,753
(c) Other Current Liabilities	7	217,783,805	3,671,812
		<u>259,793,145</u>	<u>14,024,565</u>
TOTAL		<u>604,010,298</u>	<u>363,046,698</u>
B ASSETS			
1 Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	23,956,788	26,087,656
		<u>23,956,788</u>	<u>26,087,656</u>
(b) Non Current Investments	9	2,500	2,500
(c) Long Term Loans and Advances	10	14,391,882	8,674,671
		<u>38,351,170</u>	<u>34,764,827</u>
2 Current Assets			
(a) Inventories	11	514,332,621	192,967,881
(b) Trade Receivables	12	35,266,508	86,845,731
(c) Cash and Cash equivalents	13	3,188,810	46,556,481
(d) Short Term Loans and Advances	14	12,871,189	1,911,778
		<u>565,659,128</u>	<u>328,281,871</u>
TOTAL		<u>604,010,298</u>	<u>363,046,698</u>
Significant Accounting Policies & Notes on Financial Statements	1 to 31		

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

For and on behalf of the Board of Directors

Prakash R. Muni
Partner
 Membership No 30544

Gordhan P. Tanwani
Chairman & Managing Director

Sanjiv L. Hinduja
Director

Pravin J. Karia
Director

Santosh A. Shah
Director

Place : Mumbai
Date : 14th May, 2014

N.H.Mankad
Company Secretary

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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No.	Year Ended 31st March, 2014	Year Ended 31st March, 2013
CONTINUING OPERATIONS			
Revenue from Operations (Gross)	15	48,927,291	84,286,167
Other Income	16	2,823,054	10,475,752
Revenue from Operations (Net)		51,750,345	94,761,919
Expenses			
(a) Cost of IPR of Films	17	41,981,475	69,333,814
(b) Employee Benefits Expense	18	1,529,264	1,829,798
(c) Finance Cost	19	675,570	701,851
(d) Depreciation	8	2,742,370	2,793,392
(e) Other Expenses	20	10,018,930	6,905,416
Total		56,947,610	81,564,271
Profit Before Prior Period Adjustments and Tax		(5,197,265)	13,197,648
Prior Period Adjustments		-	862,914
Profit Before Tax (PBT)		(5,197,265)	12,334,734
Tax Expense:			
Current Tax		-	3,675,000
Prior Period Taxes		(124,841)	-
Deferred Tax		-	240,807
Total		(124,841)	3,915,807
Profit for the Year		(5,072,424)	8,418,927
Earnings Per Share (EPS)		(0.05)	0.08
Basic & Diluted			
Significant Accounting Policies & Notes on Financial Statements	1 to 31		

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

For and on behalf of the Board of Directors

Prakash R. Muni
Partner
Membership No 30544

Gordhan P. Tanwani
Chairman & Managing Director

Sanjiv L. Hinduja
Director

Pravin J. Karia
Director

Santosh A. Shah
Director

Place : Mumbai
Date : 14th May, 2014

N.H.Mankad
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

PARTICULARS	2013-14 Amount Rs.	2012-13 Amount Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) before Tax and Extraordinary items	(5,197,265)	13,197,648
Adjustment for :		
Depreciation	2,742,370	2,793,392
Interest Income	(2,199,642)	(10,409,178)
Dividend Income	(300)	(300)
Provision for Doubtful Debts	160,666	-
Interest Paid	675,570	701,851
	1,378,665	(6,914,235)
Operating profit before working capital changes	(3,818,601)	6,283,413
Adjustment for :		
Sundry Debtors	51,418,557	(18,716,454)
Inventories	(321,364,740)	(56,848,706)
Other loans & Advances	(10,959,410)	(2,601,338)
Current Liabilities & Provisions	232,877,634	(6,367,975)
	(48,027,959)	(84,534,473)
Cash generated from operations	(51,846,560)	(78,251,060)
Taxes paid (Net of refund)	(5,592,370)	(6,400,578)
NET CASH FLOW OPERATING ACTIVITIES	(57,438,930)	(84,651,638)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(611,503)	(41,847)
Interest Received	2,199,642	10,409,178
Dividend Received	300	300
NET CASH FLOW FROM INVESTING ACTIVITIES	1,588,439	10,367,631

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C. CASH FLOW FROM FINANCING ACTIVITIES :

Repayment of Project Term and Short Term Borrowings from banks	13,158,390	(6,525,230)	
Proceeds from Project Term and Short Term Borrowings from banks		-	
Proceeds from Unsecured Loan / ICD			
Repayment of Unsecured Loan / ICD			
Interest Paid	(675,570)	(701,851)	
NET CASH FLOW FROM FINANCING ACTIVITIES		12,482,820	(7,227,081)
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		(43,367,671)	(81,511,088)
Cash and Cash equivalents at beginning of the year	46,556,481	128,067,569	
Cash and Cash equivalents at end of the year	3,188,810	46,556,481	
Net Increase/ (Decrease)		(43,367,671)	(81,511,088)

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.

For Prakkash Muni & Associates
Chartered Accountants
Firm Registration No 111792 W

For and on behalf of the Board of Directors

Prakkash R. Muni
Partner
Membership No 30544

Gordhan P. Tanwani
Chairman & Managing Director

Sanjiv L. Hinduja
Director

Pravin J. Karia
Director

Santosh A. Shah
Director

Place : Mumbai
Date : 14th May, 2014

N.H.Mankad
Company Secretary



Note 1 Share Capital

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Authorised Share Capital		
30,00,00,000 (P.Y. 30,00,00,000) Equity Shares of Re.1/- Each	300,000,000	300,000,000
(b) Issued, Subscribed and Paid up Share Capital		
10,32,00,000 (10,32,00,000) Equity Shares of Re. 1/- each	103,200,000	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.		
Total Equity Share Capital	103,200,000	103,200,000

Details of Shareholder holding more than 5% Shares:

Name of Shareholder	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares held	% holding	Number of shares held	% holding
Equity Shares with Voting Rights				
Shri Gordhan P. Tanwani	59,281,978	57.44	53,457,049	51.80

Note 2 Reserves and Surplus

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Securities Premium Account		
As per Last Balance Sheet	71,843,268	71,843,268
Less: Additions During the Year	-	-
Closing Balance	71,843,268	71,843,268
(b) General Reserve		
As per last Balance Sheet	11,000,000	11,000,000
(c) Profit and Loss Account		
As per Last Balance Sheet	160,603,805	152,184,877
Add: Profit for the year	(5,072,424)	8,418,928
Less: Appropriations	-	-
Closing Balance	155,531,381	160,603,805
Total Reserves and Surplus	238,374,649	243,447,073

Note 3 Deferred Tax Liability (Net)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Deferred Tax Liability:		
Deferred Tax Liabilities Relating to Fixed Assets	1,871,191	1,871,191
Total Deferred Tax Liability	1,871,191	1,871,191

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Note 4 Long Term Provisions

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Provision for Employee Benefits:		
(i) Provision for Gratuity (Non Current)	771,313	503,869
Total Long Term Provisions	771,313	503,869

Note 5 Short Term Borrowings

Particulars	As at 31 March, 2014	As at 31 March, 2013
Secured Project Term Loan	488	-
Working Capital Loan from Banks	3,108,652	-
Unsecured Loan:		
- Others	10,049,250	-
Total Short Term Borrowings	13,158,390	-

Notes:

1. Term Loan facility is secured by
 - a. exclusive first charge on all tangible and intangible assests, including film negative rights, IPR, and film exploitation rights present and future of the film "Action Jackson".(The Film)
 - b. Exclusive First Charge on all revenues / receivables of the film.
 - c. First Charge on IPR of various films.
2. Cash Credit facility is secured by way of hypothecation of book debts and receivables, satellite rights/ IPRs of various films and TV Serials.
3. Term Loan and Cash Credit both facilities are further secured by:
 - a. Equitable Mortgage of Immovable Property belonging to the Company situated at Mumbai.
 - b. Pledge of Three Crore Shares of the Company hld by the Managing Director of the Company constituting 46.55% of his shareholding in the Company.
 - c. Hypothecation of Plant & Machinery of the Company
 - d. Personal Guarantee of the Managing Director of the Company

Note 6 Trade Payables

Particulars	As at 31 March, 2014	As at 31 March, 2013
Trade Payables:		
Micro, Small and Medium Enterprises	-	-
Others	28,850,950	10,352,753
Total Trade Payables	28,850,950	10,352,753

Note: Based on information of status of suppliers to the extent received by the Company, there are no micro and small enterprises included in trade payables to whom the payments are outstanding for a period of more than 45 days. Further, the Company has not received any Memorandum (as required to be filed by the suppliers with the suppliers with notified authority under Micro, Small and Medium Enterprises Development Act, 2006) claiming their status. Consequently, the amount paid/payable to these during the year is Rs. Nil, (Previous Year Rs. Nil)

Note 7 Other Current Liabilities

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Other payables		
(i) Statutory Remittances (Contributions to PF and ESIC, Withholding Taxes, TDS, Excise Duty, VAT, Service Tax, etc.)	2,358,137	3,048,752
(ii) Advances from Customers	215,134,665	170,000
(iii) Provision for other Expenses	65,924	206,539
(iv) Un- Claimed Dividend*	225,079	246,521
* These figured do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.		
Total Other Current Liabilities	217,783,805	3,671,812

Note: 8 - FIXED ASSETS DURING THE YEAR FOR THE YEAR ENDED 31.03.2014

(Amount Rs.)

Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.13	Additions during the Year	Deductions during the Year	As at 31.03.14	As at 01.04.13	For the Year	Deductions during the Year	As at 31.03.14	As at 31.03.14	As at 31.03.13
OFFICE PREMISES	21,010,971	-	-	21,010,971	4,280,518	342,479	-	4,622,997	16,387,974	16,730,453
PLANT & MACHINERY	74,859,698	424,913	-	75,284,612	71,430,177	1,442,743	-	72,872,920	2,411,691	3,429,522
FURNITURE & FIXTURES	7,063,582	-	-	7,063,583	5,407,370	447,125	-	5,854,495	1,209,088	1,656,211
OFFICE EQUIPMENTS:	2,857,588	186,590	-	3,044,179	1,462,107	140,290	-	1,602,397	1,441,782	1,395,481
MOTOR CAR	3,891,923	-	-	3,891,923	1,015,937	369,733	-	1,385,670	2,506,253	2,875,986
TOTAL	109,683,762	611,503	-	110,295,267	83,596,109	2,742,370	-	86,338,480	23,956,788	26,087,653
Previous Year	109,641,915	41,847	-	109,683,762	80,802,715	2,793,392	-	83,596,107	26,087,656	28,839,200

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Note 9 Non Current Investments

Particulars	As at 31 March, 2014	As at 31 March, 2013
Investments (At cost):		
Other Investments (At Cost)		
i) 100 Equity Shares of Rs. 25/ each of Punjab & Maharashtra Co-op Bank Limited	2,500	2,500
	<u>2,500</u>	<u>2,500</u>
Total Non Current Investments	<u>2,500</u>	<u>2,500</u>

Note 10 Long Term Loans and Advances

Particulars	As at 31 March, 2014	As at 31 March, 2013
Unsecured, Considered Good		
Security Deposits ; To Others	42,000	42,000
Long Term Advances	1,000,000	1,000,000
Advance Tax (Net of Provisions)	7,551,357	3,806,010
Advance Tax current Year	5,798,526	3,826,661
Total Long Term Loans and Advances	<u>14,391,882</u>	<u>8,674,671</u>

Note 11 Inventories

Particulars	As at 31 March, 2014	As at 31 March, 2013
Stock of IPR	51,345,720	53,279,041
Under Production Film	462,986,901	139,688,840
Total Inventories	<u>514,332,621</u>	<u>192,967,881</u>

Note 12 Trade Receivables

Particulars	As at 31 March, 2014	As at 31 March, 2013
Unsecured, Considered Good		
Outstanding for a period exceeding six months	16,812,767	664,673
Other receivables	18,746,407	86,313,058
	35,559,174	86,977,731
Less: Provision for Bad and Doubtful Debts	292,666	132,000
Total Trade Receivables	<u>35,266,508</u>	<u>86,845,731</u>



Note 13 Cash and Cash Equivalents

Particulars	As at 31 March, 2014	As at 31 March, 2013
Cash in hand	631,916	182,305
Balances with banks :		
In Current Accounts	1,832,097	8,035,952
In Unclaimed Dividend Account	225,079	246,521
In Fixed Deposit with Bank	499,718	38,091,703
Total Cash and Cash Equivalents	3,188,810	46,556,481

Note 14 Short-term loans and advances

Particulars	As at 31 March, 2014	As at 31 March, 2013
Unsecured, considered good		
Prepaid Expenses	1,456,135	93,740
Balances with Government Authorities		
(i) VAT Refund Receivable	2,368,004	-
(ii) Service Tax Credit Receivable	7,974,895	222,285
Advances to Suppliers	20,655	20,667
Advances recoverable in cash or in kind or for value to be received	-	1,273,586
Deposits	1,051,500	301,500
Total Short Term Loans and Advances	12,871,189	1,911,778

Note 15 Revenue from operations

Particulars	Year Ended 31 March, 2014	Year Ended 31 March, 2013
Income from Post Production Activity	2,963,291	3,258,348
Income from Sale of IPR of Films	1,620,000	24,927,819
Income from Film Distribution/TV Serial Production	44,344,000	56,100,000
Total Revenue from Operations	48,927,291	84,286,167

Note 16 Other Income

Particulars	Year Ended 31 March, 2014	Year Ended 31 March, 2013
Interest income	2,199,642	10,409,178
Miscellaneous Income	623,112	66,274
Dividend on Long Term Investment	300	300
Total Other Income	2,823,054	10,475,752
Interest income		
i) Interest Received on FD (TDS Rs. 211471/-)	2,199,642	8,062,908
ii) Interest Received on IT Refund	-	225,722
iii) Interest on Loans and Advances	-	2,120,548
Total	2,199,642	10,409,178

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Note 17.a Cost of IPR of Films

Particulars	Year Ended 31 March, 2014	Year Ended 31 March, 2013
Opening Stock	53,279,041	78,505,366
Less: Purchase Return	-	10,666,667
	<u>53,279,041</u>	<u>67,838,699</u>
Add: Purchases	354,000	8,895,478
	<u>53,633,041</u>	<u>76,734,177</u>
Less: Closing Stock (as taken, valued and certified by management)	51,345,720	53,279,041
Total Cost of IPR of Films	<u>2,287,321</u>	<u>23,455,136</u>

Note 17.b Cost of Production and Distribution

Particulars	Year Ended 31 March, 2014	Year Ended 31 March, 2013
Opening Stock of Under Production Film/TV Serial	139,688,840	57,613,809
Artists Cost	12,594,050	90,830,360
Technician Cost	81,212,000	13,033,164
Production & Post Production Expenses	227,075,983	20,063,426
TV Serial Project	42,110,182	4,026,759
	<u>362,992,215</u>	<u>127,953,709</u>
Less: Stock of Under Production Film/TV Serial	462,986,901	139,688,840
Total Cost of Production and Distribution	<u>39,694,154</u>	<u>45,878,678</u>
Total : a + b	<u>41,981,475</u>	<u>69,333,814</u>

Note 18 Employee benefits expense

Particulars	Year Ended 31 March, 2014	Year Ended 31 March, 2013
Salaries and Wages	1,949,468	1,588,499
Contribution to ESIC & Provision for Gratuity	267,444	175,966
Staff Welfare Expenses	70,863	65,333
	<u>2,287,775</u>	<u>1,829,798</u>
Less: Transferred to Cost of Production of film	758,511	-
Total Employee Benefit Expenses	<u>1,529,264</u>	<u>1,829,798</u>



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, 2014	Rs. 31.03.14	Rs. 31.03.13
Gratuity		
Present Value of Funded Obligations	-	-
Present Value of Unfunded Obligations	771,313	503,869
Fair Value of Plan Assets (managed by insurer)	-	-
Net Liability	771,313	503,869
Amounts in Balance Sheet		
Liability	771,313	503,869
Assets	-	-
Net Liability	771,313	503,869
Expenses to be recognised in the Statement of P&L		
Current Service Cost	143,675	45,875
Interest on Defined Benefit Obligation	52,775	32,519
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) Recognised in Year	70,994	97,572
Total, included in "Employee Benefit Expense"	267,444	175,966
Actual Return on Plan Assets	-	-
Reconciliation of Benefit Obligations & Plan Assets For the Period		
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	503,869	327,903
Current Service Cost	143,675	45,875
Interest Cost	52,775	32,519
Actuarial Losses/ (Gains)	70,994	97,572
Benefits Paid	-	-
Closing Defined Benefit Obligation	771,313	503,869
Change in Fair Value of Assets		
Opening in Fair Value of Plan Assets	-	-
Expected Return on Plan Assets	-	-
Actuarial Gains / (Losses)	-	-
Contributions by Employer	-	-
Benefits Paid	-	-
Closing Fair Value of Plan Assets	-	-
Principal Actuarial Assumptions (Expressed as Weighted Averages)		
Discount Rate (p.a.)	9.35%	8.15%
Expected Rate of Return on Assets (p.a.)	-	-
Salary Escalation Rate (p.a.)	8.00%	6.00%

Note 19 Finance costs

Particulars	Year Ended 31 March, 2014	Year Ended 31 March, 2013
Interest Expense on:		
(i) Borrowings - Short Term	2,966,295	287,395
Other Interest	778,119	90,050
Stamp Duty	1,210,210	-
Bank Charges	465,102	324,406
	5,419,726	701,851
Less: Transferred to Cost of Production of film	4,744,156	-
Total Finance Expenses	675,570	701,851

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Note 20 Other Expenses

Particulars	Year Ended 31 March, 2014	Year Ended 31 March, 2013
Operating Expenses		
Annual Maintenance Contract	67,599	69,783
Electricity Expenses	663,718	468,252
Professional & Technical Fees	4,895,834	924,137
Studio Charges	15,450	24,500
Consumables and Transfer Charges	35,100	365,133
Total	5,677,701	1,851,805
Selling and Distribution Expenses		
Advertisement Expenses	106,788	96,360
Provision for Doubtful Debts	160,666	-
Bad Debts Written Off /Sundry bal w/off	102,865	1,780,931
Other Expenses	7,923	13,307
Business Promotion Expenses	128,029	101,800
Total	506,271	1,992,398
Administrative Expenses		
Communication Expenses	190,555	174,143
Computer Maintenance	4,143	-
Books and Periodicals	-	1,093
Food & Refreshment Expenses	186,555	145,034
Insurance Charges	65,316	61,044
Legal , Professional & Consultancy Charges	828,383	620,058
Membership & Subscription Expenses	178,826	144,190
Office Expenses	269,935	378,936
Postage & Telegram Expenses	16,740	16,202
Printing Stationery	161,242	81,260
Rates & Taxes	1,499,907	5,380
Repairs & Maintenance to Building	1,143,742	645,048
Repairs & Maintenance to others	119,488	96,492
Security charges	10,309	12,924
Other Expenses	772,785	435,064
Travelling & Conveyance Expenses	26,562	22,714
Payment to Auditors - Audit Fees	196,631	196,631
- Tax Audit Fees	31,180	25,000
Total	5,702,299	3,061,213
Less: Transferred to Cost of Production of film	1,867,340	-
Total Other Expenses	10,018,930	6,905,416



SIGNIFICANT ACCOUNTING POLICIES

(i) Background

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

The Registered Office of the Company is 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 & Television content produced / acquired, income is recognised on the following basis :
 - i. In respect of cinematic & Television content, which is not complete i.e. under production, no income is recognised.
 - ii. In respect of cinematic & Television 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 in 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.

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(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.
- 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 / Television Serials

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.

Inventory of Television Serials is valued at actual cost. The cost of content is amortised in the ratio of current revenue to expected total revenue. At the end of each accounting period, balance unamortized cost is compared with the net expected revenue. If net expected revenue is less than the unamortized cost, the same is written down to net expected revenue.

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) Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets or production of films are capitalized as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

(x) 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.

(xi) 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.

(xii) 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.

(xiii) 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.

(xiv) 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.

(xv) 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.

(xvi) Service Tax

Service Tax liability is accounted on accrual basis. The Company is accounting liability for service tax arising under reverse charge mechanism for various services availed by the company, at the time of booking of relevant expenditure. Credit for input service tax is claimed as per appropriate laws, rules and regulations.

OTHER NOTES TO ACCOUNTS

21 Contingent Liability –

A. Service Tax:

- i) Penalty for Non Filing of Service Tax Return for the period from October, 2008 to March, 2011 – Rs. 25,000/-
The Company has filed appeal against the levy of penalty before the Dy. Commissioner of Service Tax, Div IV, Mumbai II. The Company is confident that no liability will arise against the demand.
- ii) Show Cause cum Demand Notice issued by Assistant Commissioner (Audit) Service Tax, Mumbai – II for Rs. 497,409/- towards alleged wrong Cenvat Credit taken and utilized including Education Cess and Higher Secondary Education Cess, plus Interest and Penalty (amount unascertainable at present).
The Company has filed its reply to the said show cause cum demand notice and the matter is currently pending with Assistant Commissioner (Audit), Service Tax, Mumbai – II for further hearing. Based on the documents and other information furnished, the Company is confident that the said demand will be dropped.

B. Income Tax:

- iii) Demand of Rs. 18,625,199/- (including interest of Rs. 4,930,200) towards short payment of Tax Deducted at Source under Section 194J of the Income Tax Act for A.Y. 2012-13 raised by Dy. Commissioner of Income Tax (TDS) – 1 (1), Mumbai.

Actual liability towards payment of TDS under Section 194J for the A.Y. 2012-13 for the year was Rs. 6,406,683/- and not Rs. 13,694,999/- as assessed by the Dy. Commissioner of Income Tax – TDS. The Company had already paid the said amount of TDS of Rs. 6,406,683/- within the stipulated time and as such the above demand for Rs. 18,625,199/- (including interest of Rs. 4,930,200/-) is wrongly raised against the Company.

The Company has filed an application for rectification of the said order Under Section 154 of the Income Tax Act, 1961. Further by way of abundant caution the Company has also filed an appeal against the said order before Commissioner of Income Tax (Appeals), Mumbai and the company is confident that the said wrongful demand will be withdrawn and no liability will arise in respect of the said demand.

C. Maharashtra Value Added Tax:

- iv) Demand of Rs. 28,114,579/- (including interest of Rs. 6,383,503 and Penalty of Rs. 10,865,538/-) in respect of short payment of Maharashtra Value Added Tax (MVAT) for the Financial Year 2009-10 raised by the Dy. Commissioner of Sales Tax, Mumbai.

The Company has field an appeal against the said demand before the Joint Commissioner of Sales Tax (Appeal) –I and the Company is confident that the said demand will be dropped and no liability will arise against the company.

22. Remuneration to Directors:

Remuneration paid during the year ended 31st March, 2014 to Chairman & Managing Director Rs. Nil (P.Y. Nil).

Sitting Fees paid to Non- Executive/ Independent Directors –

Remuneration	2013-14 Rs.	2012-13 Rs.
Sitting Fees	360,000	340,000



23. Additional Information

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

	2013-14	2012-13
Earning in Foreign Currency		
- For Services	Nil	Nil
- For IPR of Films	Nil	Nil
Expenditure in Foreign Currency :		
Forex Bank Charges	244,775	
Co-ordination Fees	1,756,881	
Outdoor Allowance	480,000	Nil
Location Hunting Charges	1,381,212	
Shooting Expenses	34,901,656	

24. 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.

26. Earning Per Share

Earning Per Share		2013-14	2012-13
Basic & Diluted EPS :			
Net Profit (Loss) after Tax for the year (Rs.)	A	(5,072,424)	8,418,928
Weighted Average No. of Shares	B	103,200,000	103,200,000
Basic & Diluted Earnings Per Share of Face Value of Re 1 Per Share.(after prior period tax adjustments)	C (A/B)	(0.05)	0.08
Prior Year Tax Adjustments	D	124,841	862,914
Basic & Diluted Earnings Per Share of Face Value of Re 1 Per Share.(before prior period tax adjustments)	E ((A+D)/B)	(0.05)	0.08

27. 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. Relatives of Key Management Personnel:

- (i) Smt Jyoti G. Tanwani – Wife
- (ii) Shri Nikhil G. Tanwani – Son
- (iii) Shri Rahul G. Tanwani – Son
- (iv) Gordhan P. Tanwani (HUF)
- (v) Shri Raju P. Tanwani - Brother

c. Other related parties (Companies in which director or their relatives have significant influence)

- a. Bhagwati Media Pvt. Ltd.
- b. Larry's Electronics Pvt Ltd.
- c. Bhagwati Holdings Pvt. Ltd.
- d. M/s. Baba Developers
- e. M/s. Super Plast
- f. M/s. Baba Digital
- g. M/s. Om Enterprises

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B. Details of transaction with related parties

Particulars	2013-14 Rs.	2012-13 Rs.
A. Key Management Personnel	Nil	Nil
B. Relative of Key Management Personnel		
i) Unsecured Loan Taken	40,000,000	Nil
ii) Unsecured Loan Repaid	40,000,000	Nil
iii) Outstanding Balance	Nil	Nil
C. Other Related Parties	Nil	Nil

28. Disclosure as per clause 32 of The Listing Agreement

- a) Loans and Advances to Subsidiary Companies: Rs Nil
- b) Loans and Advances to Associate Companies: Rs Nil
- c) Loans and Advances to Associate Companies/ firms in which directors are interested (excluding Subsidiary and Associate Companies): Rs Nil

29. Segment Information

The Company is at present engaged in main business segments of Trading in IPR of Films & Film and TV Serial 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	2013-14	2012-13
1.	Segment Revenue (Net Sales)		
	a) IPR of Films	16.20	249.28
	b) Production of Films & TV Serial	443.44	561.00
	c) Others	29.63	32.58
	Total Net Income From Operations	489.27	842.86
2.	Segment Results – Profit before tax & Interest		
	a) IPR of Films	(41.44)	(33.01)
	b) Production of Films & TV Serial	(10.38)	85.79
	c) Others	(21.63)	(18.54)
	Total	(73.45)	34.24
	Interest Expenses	(6.76)	(7.02)
	Other (Unallocable Income – Unallocable Exp)	28.23	104.76
	Total Profit Before Tax	(51.97)	131.98
3.	Capital Employed (Segmental Assets – Segmental Liabilities)		
	a) IPR of Films	634.62	1303.04
	b) Production of Films & TV Serial	2464.71	1875.97
	Add : Unallocated Net Assets	316.41	287.46
	Total Capital Employed	3415.75	3466.47



30. Previous year's figures have been regrouped/ rearranged wherever considered necessary.
31. The Notes referred to above form an integral part of Balance Sheet and Profit & Loss Account.

For Prakash Muni & Associates
Chartered Accountants
Firm Registration No 111792 W

For and on behalf of the Board of Directors

Prakash R. Muni
Partner
Membership No 30544

Gordhan P. Tanwani
Chairman & Managing Director

Sanjiv L. Hinduja
Director

Pravin J. Karia
Director

Santosh A. Shah
Director

N.H.Mankad
Company Secretary

Place : Mumbai
Date : 14th May, 2014

Place : Mumbai
Date : 14th May, 2014

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PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L72200MH1999PLC119177
 Name of the Company : BABAARTS LIMITED
 Registered Company : 3A, Valecha Chambers, New Link Road, Andheri (W), Mumbai-400053
 Name of the member(s) :
 Registered address :
 Email Id :
 Folio No./Client Id :
 DPID :

I/We, being the member(s) holding _____ equity shares of the above named company hereby appoint

1. Name :
 Address :
 Email Id :
 Signature : or failing him
2. Name :
 Address :
 Email Id :
 Signature : or failing him
3. Name :
 Address :
 Email Id :
 Signature :

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 15th Annual General Meeting of the Company, to be held on the 22nd day of September, 2014 at 11.30 a.m at Juhu Vile Parle Gymkhana Club, Orchid Hall, 2nd Floor, Opp: Juhu Bus Depot, Juhu, Mumbai 400049 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution	For	Against
1	Adoption of audited Financial Statement of the Company for the financial year ended 31st March, 2014.		
2	Reappointment of Shri Gordhan P Tanwani as Director of the Company.		
3	Reappointment of Auditors.		
4	Appointment of Shri Sanjiv Hinduja as Independent Director.		
5	Appointment of Shri Santosh A Shah as Independent Director.		
6	Authorising Board of Directors to borrow in accordance with Section 180(1)(c) of the Companies Act, 2013.		
7	Authorising Board of Directors to invite and accept Deposits in accordance with Section 73 (2) of the Companies Act, 2013.		

Signed this ____ day of _____, 2014

Signature of Shareholder

Signature of Proxy holder(s)



Affix Revenue Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting..

BABA ARTS LIMITED

(CIN : L72200MH1999PLC119177)

Regd. Address: 3A,Valecha Chambers, New Link Road,Mumbai-400053

Tel No.2673 3131 Fax : 2673 3375 Email : babaartslimited@yahoo.com Website : www.babaartslimited.com

ATTENDANCE SLIP

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

Fifteenth Annual General Meeting 22nd September, 2014

I hereby record my presence at the FIFTEENTH ANNUAL GENERAL MEETING of the company held at Juhu Vileparle Gymkhana Club, Orchid Hall, 2nd Floor, Opp. Juhu Bus Depot, Juhu,Mumbai – 400 049 on 22nd September, 2014, 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

To

If undelivered, please return to :

BABA ARTS LIMITED

(CIN : L72200MH1999PLC119177)

3A, Valecha Chambers,

New Link Road, Andheri (West),

Mumbai - 400 053.

Tel No. : (022) 2673 3131 Fax : (022) 2673 3375

Email : babaartslimited@yahoo.com Website :

Website : www.babaartslimited.com

15th Annual Report 2013-2014

BABA ARTS LIMITED

(CIN : L72200MH1999PLC119177)


BABA ARTS LIMITED

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

Tel.: 2673 3131 Fax : 2673 3375 email : babaartslimited@yahoo.com

FORM A

Format of covering letter of the Annual Audit Report to be filed with Stock Exchange

1.	Name of the Company	Baba Arts Limited
2.	Annual Financial Statement for the year ended	31 st March, 2014
3.	Type of Audit Observation	Unqualified
4.	Frequency of qualification	Not applicable
5.	Signature	For Baba Arts Limited  Gerdhan P. Tanwani Chairman & Managing Director

