

# BABA ARTS LIMITED

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

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

CIN-L72200MH1999PLC119177 Website: www.babaartslimited.com

26<sup>th</sup> September, 2018

The DCS – CRD,  
The BSE Limited,  
Dalal Street,  
Fort,  
Mumbai – 400 001.

**SCRIP CODE : 532380**

**SCRIP NAME : BABA**

Dear Sir,


Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report adopted by the members in 19th Annual General Meeting of our Company held on Tuesday the 25th September, 2018 at 11.30 a.m. at Juhu Gymkhana Club, Jasmine Hall, Second Floor, Opp. Juhu Bus Depot, Juhu, Mumbai-400049.

Kindly take the above document on your record and acknowledge.

Thanking You,

Yours Faithfully,

For Baba Arts Limited



Naishadh H. Mankad  
Company Secretary



Encl:a/a

**19th Annual Report 2017-2018**

# **BABA ARTS LIMITED**

(CIN : L72200MH1999PLC119177)

## ANNUAL REPORT 2017-2018

**BABA ARTS LIMITED**  
CIN : L72200MH1999PLC119177

### BOARD AND COMMITTEES

#### Board of Directors

**Shri Gordhan P. Tanwani**

Chairman & Managing Director

**Shri Santosh A. Shah**

Independent Director

Chairman-Audit Committee

**Shri Sanjiv L. Hinduja**

Independent Director

Chairman-Nomination & Remuneration Committee

**Smt Malavika A. Acharya**

Director

**Chief Financial Officer**

Shri Ajay D. Acharya

**Company Secretary**

Shri Naishadh H. Mankad

**Statutory Auditors**

Arunkumar K. Shah & Co.

Chartered Accountants

**Banker**

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

**Registered Office and Studio**

3A, Valecha Chambers,

New Link Road,

Andheri (West),

Mumbai – 400053

Phone : (022) 2673 3131 Fax : (022) 2673 3375

CIN : L72200MH1999PLC119177

Email : [babaartslimited@yahoo.com](mailto:babaartslimited@yahoo.com)

[investors@babaartslimited.com](mailto:investors@babaartslimited.com)

Website: [www.babaartslimited.com](http://www.babaartslimited.com)

ISIN : INE893A01036

**Registrars & Share Transfer Agents**

Universal Capital Securities Private Limited

21, Shakil Niwas, Mahakali Caves Road,

Andheri(East), Mumbai-400093

Phone : (022) 2836 6620 Fax : (022) 2821 1996

Email : [baba@unisec.in](mailto:baba@unisec.in)

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## BABA ARTS LIMITED

(CIN : L72200MH1999PLC119177)

Regd. Address: 3A, Valecha Chambers, New Link Road, Andheri (West), Mumbai-400053

Tel No.022 2673 3131 Fax : 022 2673 3375

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

### NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Nineteenth Annual General Meeting of **Baba Arts Limited** will be held on Tuesday, the 25th September, 2018 at 11.30 a.m. at Juhu Vile Parle Gymkhana Club, Jasmine 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, 2018 and in this connection to pass the following resolution as an Ordinary Resolution:**

“**RESOLVED THAT** the audited financial statements of the Company and the reports of the Board of Directors and Auditors thereon for the financial year ended on 31st March, 2018 laid before this meeting be and are hereby considered and adopted.”

2. **To appoint Director in place of Smt. Malavika A. Acharya (DIN 07007469) who retires by rotation and being eligible offers herself for reappointment and in this connection to pass the following resolution as an Ordinary Resolution:**

“**RESOLVED THAT** Smt. Malavika A. Acharya (DIN 07007469), who retires by rotation be and is hereby reappointed as a Director of the Company liable to retire by rotation. “

3. **To ratify appointment of M/s Arunkumar K.Shah & Co. as Statutory Auditors and in this connection to pass the following resolution as an Ordinary Resolution:**

“**RESOLVED THAT** in partial modification of the resolution passed at the Eighteenth Annual General Meeting of the Company held on 19th September, 2017 and pursuant to the enforcement of first proviso and explanation to Section 139 of the Companies Act, 2013 read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 and all other applicable sections read with relevant rules under the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) that M/s Arunkumar K. Shah & Co., Chartered Accountants (Firm Registration No.126935W), who were appointed as Statutory Auditors of the Company, to hold office from the conclusion of the Eighteenth Annual General Meeting shall continue to hold such office till the conclusion of Twenty Third Annual General Meeting without any ratification at subsequent Annual General Meetings, at a remuneration inclusive of Goods and Service Tax and such other tax(es) (as may be applicable) and reimbursement of all out-of-pocket expenses (including terms of payment) to be fixed by the Board of Directors of the Company, based on recommendation of the Audit Committee.

#### SPECIAL BUSINESS

4. **To Re-appoint Shri Gordhan P. Tanwani, as Managing Director and in this connection to consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:**

“**RESOLVED THAT** in accordance with the provisions of Sections 196,197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such consents and permissions, as may be required, approval of the members of the Company be and is here accorded for re-appointment of Shri Gordhan P. Tanwani ( DIN 00040942), as the Managing Director of the Company, for a period of 5 (five) years with effect from 1st November, 2018 to 31st October, 2023, without any remuneration for the time being i.e. for the financial year 2018-19 and future remuneration payable. if any, to be decided by the Nomination and Remuneration Committee of the Company, within the limits prescribed under Schedule V to the Companies Act, 2013 and on such terms and conditions as set out in this resolution and the explanatory statement annexed hereto.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution. “

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**5. To Re-appoint Shri Santosh A. Shah as an Independent Director and in this connection to consider and if thought fit, to pass, the following resolution as a Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149,150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to recommendation of Nomination and Remuneration Committee, Shri Santosh A. Shah (DIN 01259840) Independent Director of the Company, whose period of office is liable to expire on 31st March, 2019 and who has submitted a declaration that he meets the criteria of Independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for second term under the provisions of the Companies Act, 2013 and rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation, for a period of 5 (five) years with effect from 1st April, 2019 to 31st March, 2024.”

**6. To Re-appoint Shri Sanjiv L. Hinduja as an Independent Director and in this connection to consider and, if thought fit, to pass, the following resolution as a Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149,150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to recommendation of Nomination and Remuneration Committee, Shri Sanjiv L. Hinduja (DIN 00040858) Independent Director of the Company, whose period of office is liable to expire on 31st March, 2019 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for second term under the provisions of the Companies Act, 2013 and rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation, for a period of 5 (five) years with effect from 1st April, 2019 to 31st March, 2024.”

**7. To approve Related Party Transactions and in this connection to consider and if thought fit, to pass, the following resolution as a Special Resolution:**

**RESOLVED THAT** pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 read with the rules made there under (including any statutory modifications or re-enactments thereof for the time being in force) the consent of the Company be and is hereby accorded to enter in to the related party transactions by the Company with the respective related parties and for the maximum amounts per annum, as mentioned herein below:

| Sr. No. | Nature of Transaction as per Section 188 of the Companies Act, 2013    | Name of Director / KMP who is related and nature of the relationship.  | Name of Related Party  | Amount p.a. (Rs. In Crore) |          |
|---------|--|--|------------------------|----------------------------|----------|
|         |  |  |                        | Receipts                   | Payments |
| 1       | Leave & License and office sharing of Company's premises               | Shri Gordhan P. Tanwani, Chairman & Mg. Director of the Company and his brother Shri Raju P. Tanwani are Designated Partners of the LLP and his son Shri Nikhil G Tanwani is a Partner in the said LLP | M/s. Larry's Impex LLP | 0.50                       | —        |
| 2       | Acquiring and Selling of various Intellectual Property Rights of Films | Shri Gordhan P Tanwani, Chairman & Mg. Director of the Company is Proprietor of the Firm   | M/s. Baba Films        | 300.00                     | 300.00   |



**RESOLVED FURTHER THAT** the Board of Directors of the Company and / or Committee thereof be and is hereby authorised to do or cause to be done all such acts, deeds, matters and things and to settle any queries, difficulties, disputes, doubts that may arise with regard to any transaction with the related parties and to execute such agreements, documents and writings to do such filings, as may be necessary and desirable for the purpose of giving effect to this resolution in the best interest 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.

**Place : Mumbai**

**Date: 9th August, 2018**

**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING (AGM) 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.**
2. 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.
3. 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.
4. A Corporate Member intending to send its authorized representative to attend this AGM in terms of Section 113 of the Companies Act, 2013 is requested to send to the Company a certified copy of the Board Resolution authorizing such representative to attend and vote on its behalf at the AGM.
5. Explanatory statement pursuant to Section 102 of the Companies Act, 2013, relating to special businesses to be transacted at the AGM is annexed hereto.
6. Members are requested to:
  - a. Bring their copy of the Annual Report to the Annual General Meeting.
  - b. Bring the Attendance Slip sent herewith, duly filled in, for attending the meeting.
7. As per Section 108 of the Companies Act 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), 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 [www.babaartslimited.com](http://www.babaartslimited.com) and the website of the Central Depository Services (India) Limited.



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

The voting period begins on Saturday, the 22nd September, 2018 at 9.00 a.m. and ends on Monday, the 24th September, 2018 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date on Tuesday, the 18th September, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

### In case of members receiving e-mail:

- i. Log on to the e-voting website [www.evotingindia.com](http://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](http://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:

| <b>For Members holding shares in Demat Form and Physical Form</b> |   |
|---|---|
| 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 which is mentioned in address label as Sr. No. affixed on Annual Report, 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> |
| Dividend Bank Details OR Date of Birth (DOB)                      | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <p>If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p>   |

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach 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 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 a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xvii. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix. Note for Non – Individual Shareholders and Custodians
- xx. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- xxi. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- xxii. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- xxiii. The list of accounts linked in the login should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- xxiv. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xxv. 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.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

The Company has appointed Shri Bhumitra V. Dholakia, Designated Partner of M/s. Dholakia & Associates LLP, Company Secretaries in Whole Time Practice as Scrutinizer to scrutinize the e-voting process in fair and transparent manner

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.

The results declared along with the Scrutinizer’s report shall be hosted on the website of the company viz; [www.babaartslimited.com](http://www.babaartslimited.com) and on the website of CDSL viz: [www.cdslindia.com](http://www.cdslindia.com). The results shall simultaneously be communicated to BSE Limited.

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.

- 8. Details as required in Sub-regulation (3) of Regulation 36 of the Listing Regulations, in respect of the Directors seeking appointment / reappointment at the Annual General Meeting forms integral part of this notice. Requisite declarations have been received from the directors seeking appointment/reappointment.



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9. 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.**
10. 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.
11. 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 Company at [www.babaartslimited.com](http://www.babaartslimited.com).
12. 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 2017-18 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 2017-18 is being sent in the permitted mode.
13. With the aim of curbing fraud and manipulation risk in physical transfer of securities, SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 on 8th June, 2018 to permit transfer of listed securities only in the dematerialized form with a Depository. In view of the above and inherent benefits of holding shares in electronic form, we urge the shareholders holding shares in physical form to opt for dematerialization.
14. 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](mailto: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.
15. Pursuant to the Rule 5(8) of Investor Education and Protection Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, The Company has uploaded details of unpaid and unclaimed amounts lying with the Company as on 19th September, 2017 (Date of Last Annual General Meeting) on its website at [www.babaartslimited.com](http://www.babaartslimited.com) and also on the website of the Ministry of Corporate Affairs.
16. Pursuant to the provisions of Section 124 & 125 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, unclaimed dividend amount of Rs.40,034/- (Forty Thousand and Thirty Four Only) of the Company for the financial year 2009-10 has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government on 31st October, 2017.
17. The Members whose Unclaimed Dividend amount for the financial years from 2005-06 to 2009-10 have been transferred to IEPF may apply for refund by making an application to IEPF authority in form IEPF -5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)) along with requisite fee.
18. 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 Agent, **Universal Capital Securities Pvt. Ltd.**
19. 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](http://www.babaartslimited.com).



20. Details of Directors seeking Appointment/ Re-appointment at the Nineteenth Annual General Meeting [Pursuant Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]:

| Name of the Director  | Malavika A.Acharya   | Gordhan P. Tanwani  | Santosh A. Shah  | Sanjiv L. Hinduja   |
|---|--|---|--|---|
| Date of Birth (Age)   | 29th September, 1960<br>(57 Years)   | 21st January, 1958<br>(60 Years)  | 15th June, 1968<br>(50 Years)  | 9th June, 1963<br>(55 Years)  |
| Date of Appointment on the Board  | 1st April, 2015  | 28th August, 2003   | 25th March, 2008   | 28th August, 2003   |
| Qualification   | B.Com, Diploma in Business Management Certificate Course from Film Making & Direction, General Green House Management, Interior Designing  | Undergraduate   | B.Com, F.C.A   | B.Com, F.C.A  |
| Nature of Expertise in specific functional areas  | Interior Designer on free lance basis, Line Production in Films  | Film Production, and Distribution as also Construction  | Accounts, Taxation and Audit   | Accounts, Taxation and Audit  |
| Relationship with other Directors and Key Managerial Personnel  | Wife of Shri Ajay D. Acharya- Chief Financial Officer (CFO) of the Company   | None  | None   | None  |
| Terms & Conditions of Re-appointment  | As per Resolution item no.2 of the notice convening this meeting read with explanatory statement thereto, Smt. Malavika A. Acharya is proposed to be reappointed as a Director of the Company liable to retire by rotation | As per the Resolution item no.3 of the Notice convening this meeting read with explanatory statement thereto, Shri Gordhan P. Tanwani is proposed to be re-appointed as Managing Director |  |   |
| Remuneration last drawn (including sitting fees, if any)  | Sitting Fees paid of Rs.1,50,000/- during the F.Y.2017-18  | Nil   | Sitting Fees paid of Rs.1,50,000/- during the F.Y.2017-18  | Sitting Fees paid of Rs.1,50,000/- during the F.Y.2017-18   |
| Number of meetings of the Board attended during the year  | 5 out of 5   | 5 out of 5  | 5 out of 5   | 5 out of 5  |
| Names of listed entities in which he/she also holds Directorship and membership of committees of the Board. | Nil  | Nil   | Nil  | Nil   |
| Chairman / Member of Committee(s) of the Board of Directors of the Company                                  | Member-Audit Committee<br>Member-Nomination & Remuneration Committee   | Member- Stakeholders Relationship Committee   | Chairman-Audit Committee<br>Member-Stakeholders Relationship Committee<br>Member-Nomination & Remuneration Committee | Chairman-Stakeholder's Relationship Committee<br>Chairman-Nomination & Remuneration Committee<br>Member-Audit Committee |
| Chairman / Member of Committee (s) of Directors of other Companies in which he is a Director                | None   | None  | None   | None  |
| No. of Shares held in the Company (as on 31st March, 2018)  | 2,35,400 (Jointly as Second Shareholder with Shri Ajay D. Acharya)   | 4,43,56,875   | Nil  | 7,600   |
| Director Identification No.   | 07007469   | 00040942  | 01259840   | 00040858  |

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.

**Place: Mumbai**  
**Date: 9th August, 2018**

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### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### ITEM NO.4

The present term of appointment of Shri Gordhan P. Tanwani (DIN 00040942) as Managing Director would be expiring on 31st October, 2018. The Board has, based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of Members, approved the re-appointment of Shri Gordhan P. Tanwani as Managing Director of the Company for further period of five years, with effect from 1st November 2018 to 31st October, 2023.

Shri Gordhan P. Tanwani is not disqualified from being re-appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Managing Director of the Company.

Brief profile of Shri Gordhan P. Tanwani is as follows:

|    |  |   |
|----|--|---|
| 1  | Date of Birth & Age  | 21.01.1958 (60 Years)   |
| 2  | Qualification  | Undergraduate   |
| 3  | Experience   | Film Production, and Distribution as also Construction                                    |
| 4  | Terms and Conditions of Reappointment & remuneration sought to be paid.                | As given below  |
| 5  | Remuneration Last Drawn  | Nil   |
| 6  | Date of First appointment on the Board   | 28th August, 2003   |
| 7  | Shareholding in the Company  | 4,43,56,875 shares (73.91%)   |
| 8  | Other relationship with Directors, Manager & Other Managerial personnel of the Company | None  |
| 9  | Number of Meetings of the Board attended during the year.                              | 5 (five) out of 5 (five)  |
| 10 | Other Directorship   | 1. Bhagwati Holdings Pvt. Ltd.<br>2. Indian Council of Impex for Films and TV Programmers |
| 11 | Membership or Chairmanship of Committees of other Boards.                              | NIL   |

The terms and conditions including remuneration payable to Shri Gordhan P. Tanwani are set out in the draft agreement to be entered into by the Company with Shri Gordhan P. Tanwani and contain inter alia the following :

#### REMUNERATION:

Shri Gordhan P. Tanwani has for the time being agreed not to accept any remuneration for providing his services as the Managing Director of the Company for the financial year 2018-19. Future remuneration payable, if any, to Shri Gordhan P. Tanwani will be decided by Nomination and Remuneration Committee of the Company within the overall limits approved by the Members and shall be in compliance with the overall limits provided under the Companies Act, 2013.

Apart from the above, the aforesaid agreement contains further terms and conditions as to the tenure of office, the powers and duties of Managing Director, reimbursement of entertainment, traveling and all other expenses incurred by him for the business of the Company, provisions for earlier determination of the appointment by either party by giving six months' notice in writing to the other party, etc.

It is proposed to seek the Members' approval for the Re-appointment of Shri Gordhan P. Tanwani as a Managing Director in terms of the applicable provisions of the Act and the relevant Rules made there under.

This Explanatory Statement may also be considered as the requisite abstract under Section 190 of the Companies Act, 2013 setting out the terms and conditions of appointment of Shri Gordhan P. Tanwani as the Managing Director of the Company.

The Draft agreements to be entered into by the Company with Shri Gordhan P. Tanwani is available for inspection of the members of the Company at the Registered Office of the Company on all working days except Saturday between 10.30 a.m. and 12.30 p.m. up to the date of the Annual General Meeting.

None of the Directors or Key Managerial Personnel or their relatives except Shri Gordhan P. Tanwani is concerned or interested, financially or otherwise, in this resolution.

The Board commends the Ordinary Resolution set out Item No.4 for the approval of Members.



#### **ITEM NO.5 & 6**

At 15th Annual General Meeting held on 22nd September, 2014 members of the Company had approved appointment of Shri Santosh A. Shah (DIN 01259840) and Shri Sanjiv L. Hinduja (DIN 00040858) as Independent Directors of the Company not liable to retire by rotation for a period of Five years with effect from 1st April, 2014 and their current term as Independent Directors of the Company shall expire on 31st March, 2019. As per Section 149(10) of the Companies Act, 2013, an Independent Director shall be eligible for reappointment for second term of up to 5 years with shareholders approval by passing of a Special Resolution.

Based on performance evaluation and after reviewing confirmation of independence received, your Board recommends re-appointment of Shri Santosh A. Shah and Shri Sanjiv L Hinduja as Independent Directors for second term of five years from 1st April, 2019 till 31st March, 2024. Appropriate notice has been received from a member proposing appointments of Shri Santosh A. Shah and Shri Sanjiv L. Hinduja as Independent Directors of the Company for second term and requisite consent has been received from the said Directors pursuant to provisions of Section 152 of the Companies Act, 2013.

In the opinion of the Board, Shri Santosh A. Shah and Shri Sanjiv L. Hinduja, who are proposed to be re-appointed for the second term as Independent Directors of the Company for the period of Five Years up to 31st March, 2024, continue to fulfil the conditions specified under Section 149(6) and Schedule IV of the Companies Act, 2013.

Shri Santosh A. Shah and Shri Sanjiv L. Hinduja are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and are not debarred by the Securities Exchange Board of India from holding the office of Directors.

The Company has also received declarations from the Directors that they meet with criteria of independence as prescribed both under Sub-Section (6) of Section 149 of the Act and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Brief Profile and other details of Shri Santosh A. Shah and Shri Sanjiv L. Hinduja forms part of this Notice.

The Copy of Draft letter of appointment of Shri Santosh A. Shah and Shri Sanjiv L. Hinduja setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company on all working days except Saturday between 10.30 a.m. and 12.30 p.m. up to the date of the Annual General Meeting.

Your Board recommends the Special Resolutions as set out respectively in item No.5 & 6 of the Notice for your approval.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, except Shri Santosh A. Shah and Shri Sanjiv L. Hinduja (who are interested in their own appointment) is in any way concerned or interested in the resolutions as detailed in item 5 & 6 respectively of the Notice.

#### **ITEM NO.7**

Section 188 of the Companies Act, 2013 which governs the related party transactions, requires that for entering in to transactions or arrangement with related parties, the Company must obtain prior consent of the Board of Directors and in case of certain transactions with related parties prior approval of the Company by a Special Resolution shall be obtained.

Your Company was having surplus space in its office cum studio premises where the Registered Office of the Company is also situated. Your Company has already given part of the surplus space on leave and license basis to M/s. Larry's Impex LLP in which Shri Gordhan P. Tanwani, Chairman & Mg. Director of the Company and his brother Shri Raju P. Tanwani are Designated Partners and Shri Nikhil G. Tanwani, son of the Chairman & Mg. Director of the Company is also a partner in M/s. Larry's Impex LLP. Currently the Company is recovering compensation for use of the Company's premises at Rs. 1,00,000/- per month i.e. Rs. 12 Lac per annum which is within the limit of 10% of the Net Worth of the Company or 10% of the turnover of the Company or Rs. 50 Crore whichever is less as prescribed under Rule 15(3)(iii) of the Companies (Meetings of Board and its Powers) Rules, 2014. However going forward your Company will increase the compensation as per terms of agreement entered in to by the Company with M/s. Larry's Impex LLP as also based on prevailing market rates and on the basis of the total area within the Company's premises that will be shared by the Company with M/s. Larry's Impex LLP and such increase in compensation may result in the value of transaction with the related party exceeding the prescribed limit under the said rule.

Your company has over the past several years established itself as a reputed player in the entertainment industry for dealing in various Intellectual Property Rights including but not limited to Theatrical Distribution Rights, World Rights, Satellite Television Rights, Cable TV Rights, Remake and Dubbing Rights, Music Rights, Internet Rights and many more such rights of commercial films. M/s. Baba Films a proprietary firm of Shri Gordhan P Tanwani is engaged in business of Film Production and has produced many successful commercial films such as "ISHQ", "PYAAR TO HONA HI THA", "DULHAN HUM LEY JAYENGE", "TUMKO NA BHUL PAYENGE" etc. M/s. Baba Films also has its own network of Distributors for marketing of contents which can be exploited by the Company for films to be produced by the Company in future.

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It is proposed to combine the strengths of the Company and M/s. Baba Films and enter in to an arrangement with M/s Baba Films where under your Company would acquire various Intellectual Property Rights of films to be produced by M/s. Baba Films and exploit the said rights commercially. Similarly Company would sell various Intellectual Property Rights of films to be produced by the Company to M/s. Baba Films for exploitation.

In the light of provisions of the Companies Act, 2013 and the Rules made there under, the Board of Directors of your Company have approved the proposed transactions that your Company may enter in to with the related parties with annual limit for respective contract.

The particulars of transactions pursuant to Section 188 of the Companies Act, 2013 and the Companies (Meetings of the Board and its Powers) Rules, 2014 as under:

| Name of the Related Party  | M/s. Larry's Impex LLP  | M/s. Baba Films  |
|--|---|--|
| Name of the Director / Key Managerial Person who is related, if any                    | Shri Gordhan P. Tanwani<br>Chairman & Mg. Director<br>of the Company  | Shri Gordhan P. Tanwani<br>Chairman & Mg. Director<br>of the Company   |
| Nature of Relationship   | Shri Gordhan P Tanwani and his brother Shri Raju P Tanwani are the Designated Partners in the LLP. Shri Nikhil G. Tanwani son of Shri Gordhan P. Tanwani is a Partner in the LLP  | Shri Gordhan P. Tanwani is Proprietor of the Firm.   |
| Nature, Material Terms, Monetary Value and particulars of Contract or Arrangement      | Existing arrangement of sharing of the Office cum Studio Premises of the Company at Andheri (West), Mumbai on Leave & License basis with interest free Security Deposit equal to compensation for First Six Months and monthly compensation to be paid in advance on or before 7th day of every month.<br><br>The amount of compensation being charged / to be charged is fixed / will be fixed after considering all relevant factors, prevailing market rates and on an arm's length basis. | Proposed arrangement is to acquire / sell various Intellectual Property Rights of commercial films to be produced by M/s. Baba Films/ Company. All payments to be made in accordance with agreement to be entered in to between the Company and M/s. Baba Films. The consideration for acquiring and selling the rights, payment terms and all other terms and conditions will be fixed after considering all relevant factors, market rates, market practices and on an arm's length basis. |
| Maximum Amount Per Annum (Rs. Crore)   | 0.50  | Payment for Purchase of Rights 300.00<br>Receipt for Selling of Rights 300.00  |
| Any other information relevant or important for the Board / Members to take a decision | There is an existing arrangement of sharing of office premises which has been entered in to by the Company to utilise surplus space available with the Company and to gain some income for the Company. Various terms of the agreement are as per prevailing market practice. The agreement is entered in to on an arm's length basis after consideration of all factors relevant to the arrangement.   | The arrangement of acquiring/selling various rights of films is being entered in to with a view to enhance business of the Company and is towards benefit of the Company as also of M/s. Baba Films. The agreements for acquisition/selling of rights of films will be entered in to in the ordinary course of business of the Company and on an arm's length basis after consideration of all factors relevant to the arrangement.  |



The Copy of the existing agreement for sharing of office premises with M/s. Larry's Impex LLP shall be available for inspection of the members at the Registered Office of the Company on all working days except Saturday between 10.30 a.m. and 12.30 p.m. up to the date of the Annual General Meeting.

The members are informed that no member/s of the Company being a related party or having any interest in the resolution as set out at item no. 7 of this notice shall be entitled to vote on the resolution.

Except Shri Gordhan P. Tanwani, the Chairman & Mg. Director of the Company, no other Director and Key Managerial Person and their relative is interested or concerned financially or otherwise in passing of the proposed 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.

**Place: Mumbai**

**Date: 9th August, 2018**



## ANNUAL REPORT 2017-2018

### DIRECTORS' REPORT

To,  
The Members,

Your directors have pleasure in presenting their Nineteenth Annual Report together with the Audited Accounts for the year ended on 31st March, 2018.

#### 1. FINANCIAL RESULTS

(Rs. Lac.)

| Particulars                             | March 31, 2018       | March 31, 2017 |
|---|----------------------|----------------|
|   | <b>As per IND AS</b> |                |
| Revenue from Operations                 | 141.08               | 64.84          |
| Other Income                            | 116.51               | 146.27         |
| <b>Total Income</b>                     | <b>257.59</b>        | <b>211.11</b>  |
| <b>Total Expenditure</b>                | <b>162.74</b>        | <b>169.49</b>  |
| Profit before Exceptional Items and Tax | 94.85                | 41.62          |
| Exceptional Items                       | 21.09                | 30.63          |
| Profit Before Tax                       | 73.76                | 10.98          |
| Less : Tax Expenses                     |                      |                |
| Current Tax                             | 8.94                 | —              |
| MAT Credit Entitlement                  | (8.68)               | —              |
| Prior Year Short Provision of Tax       | 0.67                 | —              |
| Deferred Tax Liability/(Assets)         | (9.13)               | (0.21)         |
| <b>Net Profit / (Loss) for the Year</b> | <b>81.96</b>         | <b>11.20</b>   |

#### 2. DIVIDEND

In order to strengthen the reserves of the year, your directors consider it prudent to plough back the profits and not to recommend any dividend for the financial year 2017-18.

#### 3. REVIEW OF OPERATIONS

During the year under review, income from Post Production activity decreased to Rs. 16.07 Lac from Rs. 19.84 Lac in the previous year. Income from sale of IPR of Films increased from Rs. 45.00 Lac to Rs.125.00 Lac in the current year. Your Company earned Net Profit of Rs.81.96 Lac vis-à-vis Net Profit of Rs.11.20 Lac in the previous year, after providing for Depreciation of Rs. 10.05 Lac (Previous Year Rs. 12.87 Lac).

#### 4. TRANSFER TO RESERVES

During the year under review, pursuant to buy back of 1,73,81,700 equity shares of the face value of Re. 1/- each at a price of Rs. 3/- per share, your directors have transferred an amount of Rs. 1,73,81,700 from profit and loss account to Capital Redemption Reserves. A sum of Rs. 2,02,43,268 has been utilized out of Securities Premium Account and a sum of Rs. 1,45,20,132 has been utilized out of Retained Earnings towards premium paid on buy back of shares.

#### 5. ADOPTION OF INDIAN ACCOUNTING STANDARDS (Ind AS)

The Ministry of Corporate Affairs (MCA), vide its notification in the Official Gazette dated 16th February, 2015, notified applicability of Ind AS (Indian Accounting Standard) to a certain class of Companies. Accordingly, Ind AS was applicable to your Company for the accounting period beginning from 1st April, 2017 with transition date on 1st April, 2016. Your Company has adopted the Ind AS and the financial statements comply with all aspects with Indian Accounting Standard (Ind AS) notified under Section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013. The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening Balance Sheet as at 1st April, 2016 included in the Ind AS financial statements are based on the previously issued statutory financial statements for the years ended 31st March, 2017 and 31st March, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) and adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS.



## 6. CHANGES IN NATURE OF BUSINESS, IF ANY

There is no change in the nature of business during the year under review

## 7. MATERIAL CHANGES BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THIS REPORT

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of signing of this report.

## 8. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### ● DIRECTORS

In terms of Section 152 of the Companies Act, 2013, Smt. Malavika A. Acharya (DIN 07007469), Director, retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment. Smt. Malavika A. Acharya has offered herself for re-appointment.

The present term of appointment of Shri Gordhan P. Tanwani as the Managing Director is valid up to 31st October, 2018. Pursuant to recommendation of Nomination and Remuneration Committee, the Board has, subject to the approval of the Members in the forthcoming Annual General Meeting, approved the reappointment of Shri Gordhan P. Tanwani as Managing Director for further period of five years, post completion of his present term.

The term of office of Shri Santosh A Shah and Shri Sanjiv L Hinduja as Independent Directors will expire on 31st March, 2019. The Board of Directors, on recommendation of Nomination and Remuneration Committee has recommended reappointment of Shri Santosh A Shah and Shri Sanjiv L Hinduja as Independent Directors of the Company for a second term of 5 (five) years on the expiry of their current term of office. The Company has received declarations from both the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the Act and the Listing Regulations.

### ● KEY MANAGERIAL PERSONNEL

Shri Ajay D. Acharya, Chief Financial Officer and Shri Naishadh H. Mankad, Company Secretary continue to be Key Managerial Personnel (KMP) of the Company in compliance with the requirements of Section 203 of the Companies Act, 2013.

### ● DECLARATIONS BY INDEPENDENT DIRECTOR(S)

The Company has complied with Regulation 25 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations) and provisions of Section 149(6) of the Companies Act, 2013. The Company has also obtained declarations from all the Independent Directors pursuant to Section 149(7) of the Companies Act, 2013.

### ● FAMILIARISATION PROGRAMME

The Company has put in place an induction and familiarization programme for all its directors including independent directors so as to associate themselves with the nature of the industry in which the Company operates. The Directors are periodically advised about the changes effected in the Corporate Laws, Listing Regulations with regard to their roles, rights and responsibilities as Director of the Company. The familiarization programme for independent directors in terms of the provisions of Regulation 46(2) (i) of Listing Regulations is uploaded on the web site of the Company.

### ● ANNUAL EVALUATION OF BOARD

Pursuant to regulation 17 of the Listing Regulations read with Section 134 (3)(p) of the Companies Act, 2013 and The Companies (Accounts) Rules, 2014 annual evaluation of the performance of the Board, its Committees and of individual directors has been made during the year under review. To facilitate the evaluation process, the Nomination & Remuneration Committee of the Board has laid down the evaluation criteria for the performance of Executive/Non Executive / Independent Directors through a Board effectiveness survey. A questionnaire of the survey is designed with the objective of reviewing the functioning and effectiveness of the Board. Each Board member is requested to evaluate the effectiveness of the members of the Board (other than the Director being evaluated) on the basis of information flow, decision making of the directors, relationship to stakeholders, Company performance, Company strategy, and the effectiveness of the whole Board and its various committees on a scale of one to five.

Evaluation of Independent Directors is done on the basis of their role in Governance, Control and Guidance and more particularly their performance in the following areas:

- > Their contribution towards monitoring the Company's corporate governance practice
- > Their participation in formulating business strategies and
- > Their participation in Board and Committee meetings and generally fulfilling their obligations and fiduciary responsibilities as Directors of the Company.

### 9. BOARD AND COMMITTEES

#### ● INDEPENDENT DIRECTORS

The Company's Board comprises of 50% Independent Directors in line with requirement of the Listing Regulations. Shri Santosh A. Shah and Shri Sanjiv L. Hinduja are Independent Directors.

#### ● BOARD MEETINGS

Five (5) Board Meetings were convened and held during the year. The intervening gap between two meetings was less than the period prescribed under the Companies Act, 2013, Secretarial Standard-1 on Board Meetings and Listing Regulations.

#### ● AUDIT COMMITTEE

The Board has constituted an Audit Committee with Shri Santosh A. Shah as Chairman and Shri Sanjiv L. Hinduja and Smt. Malavika A. Acharya as members. There have been no instances during the year when recommendations of the Audit Committee were not accepted by the Board.

#### ● NOMINATION AND REMUNERATION COMMITTEE

The Board has constituted Nomination & Remuneration Committee comprising of Shri Sanjiv L. Hinduja as Chairman, Shri Santosh A. Shah and Smt. Malavika A. Acharya as members. The terms of reference of the Nomination & Remuneration Committee are set out in the Corporate Governance Report.

### 10. POLICY ON DIRECTORS APPOINTMENT & REMUNERATION

The Board has in accordance with the provisions of Sub-Section (3) of Section 178 of the Companies Act, 2013, formulated a policy setting out the criteria for determining qualifications, positive attributes, independence of a director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees. The text of the policy is available on the website of the Company [www.babaartslimited.com](http://www.babaartslimited.com).

### 11. RISK MANAGEMENT POLICY

The Board of Directors of your Company periodically assesses the risk in the internal and external business environment and takes necessary steps to mitigate the said risks. The Company has a adequate risk management plan in place which is reviewed at regular intervals by the Board.

### 12. VIGIL MECHANISM /WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy, to provide a formal vigil mechanism to the directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairperson of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

### 13. 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 activity 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 Nil

##### Research & Development, Technology Absorption, Adoption and Innovation

The Company has not under taken any Research & Development activity. In the Company's Business the scope for new technology absorption, adaption and innovation is very limited.



**14. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

There were no orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**15. DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with Section 134(5) of the Companies Act, 2013, your board of directors confirms that:

- i) in the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013 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 profit of the Company for the year ended on 31st March, 2018 and the state of affairs of the Company as at 31st March, 2018 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.
- v) they have laid down internal financial controls for the Company and such financial controls are adequate and operating effectively; and
- vi) they have devised proper systems to ensure compliance with provisions of all applicable laws and such systems are adequate and operating effectively.

**16. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

The Company has in place adequate internal financial controls with reference to financial statements.

The Internal Auditor continuously monitors the efficiency of the internal controls/compliance with the objective of providing to Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organization's risk management, control and governance processes. This system of internal control facilitates effective compliance of Section 138 of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

**17. MAINTENANCE OF COST RECORDS**

Maintenance of Cost Records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 is not applicable to the Company.

**18. AUDITORS**

**Statutory Auditor**

The Statutory Auditors of your Company, M/s Arunkumar K. Shah & Co., Chartered Accountants were appointed for a period of five years at the Annual General Meeting held on 19th September, 2017 subject to ratification of the appointment by the shareholders at the every Annual General Meeting. The Companies (Amendment) Act, 2017 has waived the requirement for ratification of the appointment of the shareholders at every Annual General Meeting. In view of this the approval of the members is sought for appointment of auditors for remaining period without any ratification every year. Auditors have confirmed their eligibility and submitted the Certificate in writing that they are not disqualified to hold the office of the statutory Auditor.

The report given by the Auditors on the Financial Statement of the Company is part of this report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their report. There is no incident of fraud requiring reporting by the Auditors under Section 143(12) of the Companies Act, 2013.

**Internal Auditor**

Pursuant to Section 138 of the Companies Act, 2013 M/s. SCA & Associates were appointed as the internal auditors of the Company for the financial year 2017-18.

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### 19. EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Sections 134(3)(a) and 92(3) of the Companies Act, 2013 read with Rules 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018, in prescribed Form No.MGT9 is placed on Company's Website at [www.babaartslimited.com](http://www.babaartslimited.com) and also given in **Annexure I** to this Report

### 20. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company with approval of Board, appointed M/s Dholakia & Associates LLP, Company Secretaries in practice to undertake the Secretarial Audit of the Company for the financial year 2017-18. The detailed report on Secretarial Audit is appended as an **Annexure II** to this report. There is no qualification, reservation or adverse remarks given by Secretarial Auditors of the Company.

### 21. PARTICULARS OF LOAN, GUARANTEE AND INVESTMENTS

The particulars of loans/advances, guarantees and investments under Section 186 of the Companies Act, 2013 are given in the notes forming part of the Financial Statements.

### 22. CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A separate report on Corporate Governance is provided together with a Certificate from Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. A certificate of the Managing Director in terms of Regulation 17(8) as specified in Part B of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, in part, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed.

The Management Discussion Analysis Report as required under the Listing Regulations is presented in separate section and forms part of the Annual Report

### 23. SEXUAL HARASSMENT

The provision relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is not applicable to the Company as the Company is having less than 10 workers. The Company did not receive any complaint of sexual harassment at workplace during the year under review.

### 24. DEPOSITS

Your Company has not invited / accepted any deposits from public under Section 73 and Section 76 of the Companies Act, 2013.

### 25. PARTICULARS OF CONTRACTS OR ARRANGMENT WITH RELATED PARTIES

All related party transactions that were entered into during the Financial Year under review were on an arm's length basis and in ordinary course of business and is in compliance with the applicable provisions of the Companies Act, 2013 and SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

All related party transactions are placed before the Audit Committee as also to the Board for approval at every quarterly meeting. Details of transactions with related parties as required Under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure III** in Form AOC -2 and forms part of this report.

Your Company has formulated a policy on related party transactions which is also available on Company's website at [www.babaartslimited.com](http://www.babaartslimited.com).

### 26. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The provisions of the Section 135 of the Companies Act, 2013 are not applicable to the Company.

### 27. PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(1), 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure IV**.



## 28. SHARE CAPITAL

The Company has only one class of shares viz. equity shares with a face value of Re. 1/- each.

- **ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS**

The Company has not issued equity shares with differential rights during the year under review.

- **ISSUE OF SWEAT EQUITY SHARES**

The Company has not issued Sweat equity shares during the year under review.

- **ISSUE OF EMPLOYEE STOCK OPTIONS**

The Company has not issued any Employee Stock Options shares during the year under review.

- **BUY BACK OF SHARES**

During the year under review, the Company completed buy back of 1,73,81,700 (One Crore Seventy Three Lacs Eighty One Thousand and Seven Hundred) equity shares of Re.1/- each at price of Rs.3/- per equity share aggregating to Rs.5,21,45,100/- (Rupees Five Crore Twenty One Lacs Forty Five Thousand and One Hundred Only) . The Buyback of Shares from the shareholders of the Company was on proportionate basis through the tender offer mechanism as prescribed under the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, as amended. Post buy back, the outstanding capital as on 31st March, 2018 is Rs. 6,00,18,300/- (Rupees Six Crore Eighteen Thousand Three Hundred Only) comprising of 6,00,18,300 (Six Crore Eighteen Thousand Three Hundred) equity shares of Re. 1/- each.

- **SHARE CAPITAL AUDIT**

Share Capital audit as per the directives of Securities & Exchange Board of India is being conducted on quarterly basis by M/s. Dholakia & Associates LLP, Company Secretaries and the Audit Reports are duly forwarded to BSE Limited where the shares of the Company are listed.

## 29. SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES.

The Company does not have any Subsidiary, Joint Venture and Associate Company.

## 30. SECRETARIAL STANDARDS

It is hereby confirmed that the Company has complied with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

## 31. GREEN INITIATIVES

Pursuant to Section 101 and 136 of the Companies Act, 2013 the Company has sent Annual Report through electronic mode (e-mail) to all shareholders who have registered their email addresses with the Company or with Depository to receive the Annual Report through electronic mode and initiated steps to reduce consumption of paper. For members who have not registered their email addresses, physical copies will be sent through permitted mode.

### 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 :9th August, 2018**



## ANNUAL REPORT 2017-2018

### ANNEXURE TO DIRECTORS' REPORT

#### ANNEXURE I

Form no. MGT-9

#### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies Act (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

|      |   |  |
|------|---|--|
| i)   | CIN   | L72200MH1999PLC119177  |
| ii)  | Registration date   | 30/03/1999   |
| iii) | Name of the Company   | BABAARTS LIMITED   |
| iv)  | Category/ sub-category of the company                                     | Limited by Shares  |
| v)   | Address of the Registered office and contact details                      | 3 A, Valecha Chambers, New Link Road, Andheri (West), Mumbai-400053<br>Tel: 022 26733131 Fax : 022 26733375<br>Email: <a href="mailto:babaartslimited@yahoo.com">babaartslimited@yahoo.com</a> ,<br><a href="mailto:investors@babaartslimited.com">investors@babaartslimited.com</a> |
| vi)  | Whether listed company  | Yes  |
| vii) | Name, address and contact details of registrar and transfer agent, if any | Universal Capital Securities Private Limited<br>21, Shakil Niwas, Mahakali Caves Road, Andheri(E), Mumbai-400093<br>Tel: 022 2836 6620 Fax : 022 2821 1996   |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

| Sl. No. | Name and Description of main products/services                         | NIC Code of the Product/Service | % to total turnover of the Company |
|---------|--|---------------------------------|------------------------------------|
| 1       | Motion, Picture, Videotape & Television Programme Production Services. | 99961210                        | 100                                |

#### III. PARTICULARS OF HOLDING SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl.No. | Name & Address of the Company | CIN/GLN | Holding/Subsidiary/ Associate | % of Shares held | Applicable Section |
|--------|-------------------------------|---------|-------------------------------|------------------|--------------------|
| 1      | NOT APPLICABLE                |         |                               |                  |                    |
| 2      |                               |         |                               |                  |                    |



#### IV. SHARE HOLDING PATTERN (Equity Share Capital break up as percentage of Total Equity)

##### i) Category-wise Share Holding

| Category of Shareholders   | No. of Shares held at the beginning of the year |               |                 |                   | No. of Shares held at the end of the year |               |                 |                   | % Change during the year |
|--|---|---------------|-----------------|-------------------|---|---------------|-----------------|-------------------|--------------------------|
|  | Demat   | Physical      | Total           | % of Total Shares | Demat                                     | Physical      | Total           | % of Total Shares |                          |
| <b>A. Promoters</b>  |   |               |                 |                   |   |               |                 |                   |                          |
| (1) Indian   |   |               |                 |                   |   |               |                 |                   |                          |
| a) Individual/HUF  | 58008002  | —             | 58008002        | 74.95             | 44364875                                  | —             | 44364875        | 73.92             | (1.03)                   |
| b) Central Govt.   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| c) State Govt(s).  | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| d) Bodies Corp.  | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| e) Banks/ FI   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| f) Any Other   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| <b>Sub- total (A) (1) :-</b>   | <b>58008002</b>                                 | <b>—</b>      | <b>58008002</b> | <b>74.95</b>      | <b>44364875</b>                           | <b>—</b>      | <b>44364875</b> | <b>73.92</b>      | <b>(1.03)</b>            |
| (2) Foreign  |   |               |                 |                   |   |               |                 |                   |                          |
| a) NRI's individuals   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| b) other individuals   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| c) Bodies corp.  | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| d) Banks / FI  | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| e) Any other   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| <b>sub total (A) (2) :-</b>  | <b>—</b>  | <b>—</b>      | <b>—</b>        | <b>—</b>          | <b>—</b>                                  | <b>—</b>      | <b>—</b>        | <b>—</b>          | <b>—</b>                 |
| <b>Total share holding of Promoter (A)= (A)(1)+(A)(2)</b>                        | <b>58008002</b>                                 | <b>—</b>      | <b>58008002</b> | <b>74.95</b>      | <b>44364875</b>                           | <b>—</b>      | <b>44364875</b> | <b>73.92</b>      | <b>(1.03)</b>            |
| <b>B. Public Shareholding</b>  |   |               |                 |                   |   |               |                 |                   |                          |
| 1. Institutions  |   |               |                 |                   |   |               |                 |                   |                          |
| a) Mutual Funds  | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| b) Banks/ FI   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| c) Central Govt.   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| d) State Govt(s)   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| e) Venture Capital Funds   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| f) Insurance Companies   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| g) FII's   | 10000   | —             | 10000           | 0.01              | 10000                                     | —             | 10000           | 0.02              | 0.01                     |
| h) Foreign Venture Capital Funds   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| i) others (specify)  | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| <b>Sub-total (B)(1) :-</b>   | <b>—</b>  | <b>—</b>      | <b>—</b>        | <b>—</b>          | <b>—</b>                                  | <b>—</b>      | <b>—</b>        | <b>—</b>          | <b>—</b>                 |
| 2. Non-Institutions  |   |               |                 |                   |   |               |                 |                   |                          |
| a) Bodies Corp.  |   |               |                 |                   |   |               |                 |                   |                          |
| i) Indian  | 3528514   | 65600         | 3594114         | 4.64              | 3072295                                   | 65600         | 3137895         | 5.23              | 0.58                     |
| ii) Overseas   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| b) Individuals   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakh          | 7254898   | 306608        | 7561506         | 9.77              | 6684590                                   | 292208        | 6976798         | 11.62             | 1.86                     |
| ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | 7932887   | —             | 7932887         | 10.25             | 5242592                                   | —             | 5242592         | 8.73              | (1.51)                   |
| c) Others(specify)   | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| (i) Clearing Members   | 76305   | —             | 76305           | 0.10              | 65104                                     | —             | 65104           | 0.11              | 0.01                     |
| (ii) Directors & Relatives   | 85250   | —             | 85250           | 0.08              | 85250                                     | —             | 85250           | 0.11              | 0.03                     |
| (iii) NRI/OCBs   | 131936  | —             | 131936          | 0.17              | 135786                                    | —             | 135786          | 0.23              | 0.06                     |
| <b>Sub-total (B)(2):-</b>  | <b>19009790</b>                                 | <b>372208</b> | <b>19381998</b> | <b>25.04</b>      | <b>15285617</b>                           | <b>357808</b> | <b>15643425</b> | <b>26.06</b>      | <b>1.02</b>              |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                               | <b>19019790</b>                                 | <b>372208</b> | <b>19391998</b> | <b>25.05</b>      | <b>15295617</b>                           | <b>357808</b> | <b>15653425</b> | <b>26.08</b>      | <b>1.03</b>              |
| C. Shares held by Custodian for GDRs & ADRs                                      | —   | —             | —               | —                 | —   | —             | —               | —                 | —                        |
| <b>Grand Total (A+B+C)</b>   | <b>77027792</b>                                 | <b>372208</b> | <b>77400000</b> | <b>100</b>        | <b>59660492</b>                           | <b>357808</b> | <b>60018300</b> | <b>100</b>        | <b>—</b>                 |

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### ii) Share holding of promoters

| Sl No.       | Shareholder's name | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in share holding during the year |
|--------------|--------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|              |                    | No. of Shares                             | % of total shares of the Company | % of shares pledged/encumbered to total shares | No. of shares                       | % of total shares of the company | % of shares pledged/encumbered to total shares |   |
| 1            | Gordhan P. Tanwani | 58000002                                  | 74.94                            | —  | 44356875                            | 73.91                            | —  | (1.03)                                    |
| 2            | Pravin J. Karia    | 8000                                      | 0.01                             | —  | 8000                                | 0.01                             | —  | —   |
| <b>Total</b> |                    | <b>58008002</b>                           | <b>74.95</b>                     | <b>—</b>                                       | <b>44364875</b>                     | <b>73.92</b>                     | <b>—</b>                                       | <b>(1.03)</b>                             |

### (iii) Change in Promoter's Shareholding

#### Date wise Increase / (Decrease) in Promoter's Shareholding

| Date       | Shareholding at the beginning of the year |                                  | Increase/(Decrease) |             | Reason for Change             | Cumulative shareholding during the year |                          | Shareholding at the end of the year |                                  |
|------------|---|----------------------------------|---------------------|-------------|-------------------------------|---|--------------------------|-------------------------------------|----------------------------------|
|            | No. of shares                             | % of total shares of the Company | No. of shares       | % of change |                               | No. of shares Company                   | % of total shares of the | No. of shares                       | % of total shares of the Company |
| 01.04.2017 | 58000002                                  | 74.94                            |                     |             |                               |   |                          |                                     |                                  |
| 08.11.2017 |   |                                  | -13643127           | -23.52      | Buy back through Tender Offer | 44356875                                | 73.91                    |                                     |                                  |
| 31.03.2018 |   |                                  |                     |             |                               |   |                          | 44356875                            | 73.91                            |



(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31st March, 2018

| Sr. No. | Name of Shareholders                               | Shareholding  |                                  | Cumulative Shareholding during the year |                                  |
|---------|--|---------------|----------------------------------|---|----------------------------------|
|         |  | No. of Shares | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| 1       | <b>Karishma Const Investments Pvt. Ltd.</b>        |               |                                  |   |                                  |
|         | At the beginning of the year                       | 12,71,334     | 1.64                             | 12,71,334                               | 1.64                             |
|         | Bought during the year                             | -             | -                                | -                                       | -                                |
|         | Sold during the year                               | -             | -                                | -                                       | -                                |
|         | At the end of the year                             | 12,71,334     | 2.12                             | 12,71,334                               | 2.12                             |
| 2       | <b>Ajay Devgan</b>                                 |               |                                  |   |                                  |
|         | At the beginning of the year                       | 8,00,000      | 1.03                             | 8,00,000                                | 1.03                             |
|         | Bought during the year                             | -             | -                                | -                                       | -                                |
|         | Sold during the year                               | -             | -                                | -                                       | -                                |
|         | At the end of the year                             | 8,00,000      | 1.33                             | 8,00,000                                | 1.33                             |
| 3       | <b>Kumar Mangat</b>                                |               |                                  |   |                                  |
|         | At the beginning of the year                       | -             | -                                | -                                       | -                                |
|         | Bought during the year                             | 8,00,000      | 1.03                             | 8,00,000                                | 1.03                             |
|         | Sold during the year                               | -             | -                                | -                                       | -                                |
|         | At the end of the year                             | 8,00,000      | 1.33                             | 8,00,000                                | 1.33                             |
| 4       | <b>Susan Khambhatta</b>                            |               |                                  |   |                                  |
|         | At the beginning of the year                       | 5,49,825      | 0.71                             | 5,49,825                                | 0.71                             |
|         | Bought during the year                             | -             | -                                | -                                       | -                                |
|         | Sold during the year                               | -             | -                                | -                                       | -                                |
|         | At the end of the year                             | 5,49,825      | 0.92                             | 5,49,825                                | 0.92                             |
| 5       | <b>Geometric Securities and Advisory Pvt. Ltd.</b> |               |                                  |   |                                  |
|         | At the beginning of the year                       | -             | -                                | -                                       | -                                |
|         | Bought during the year                             | 4,64,640      | 0.60                             | 4,64,640                                | 0.60                             |
|         | Sold during the year                               | -             | -                                | -                                       | -                                |
|         | At the end of the year                             | 4,64,640      | 0.77                             | 4,64,640                                | 0.77                             |
| 6       | <b>Rajnish Khanuja</b>                             |               |                                  |   |                                  |
|         | At the beginning of the year                       | 3,76,000      | 0.49                             | 3,76,000                                | 0.49                             |
|         | Bought during the year                             | -             | -                                | -                                       | -                                |
|         | Sold during the year                               | -             | -                                | -                                       | -                                |
|         | At the end of the year                             | 3,76,000      | 0.63                             | 3,76,000                                | 0.63                             |
| 7       | <b>Mohanlal Kanayalal Pahuja</b>                   |               |                                  | 0                                       |                                  |
|         | At the beginning of the year                       | 3,66,000      | 0.47                             | 3,66,000                                | 0.47                             |
|         | Bought during the year                             | -             | -                                | -                                       | -                                |
|         | Sold during the year                               | -             | -                                | -                                       | -                                |
|         | At the end of the year                             | 3,66,000      | 0.61                             | 3,66,000                                | 0.61                             |
| 8       | <b>Deepak Bathija</b>                              |               |                                  |   |                                  |
|         | At the beginning of the year                       | 3,56,960      | 0.46                             | 3,56,960                                | 0.46                             |
|         | Bought during the year                             | -             | -                                | -                                       | -                                |
|         | Sold during the year                               | -             | -                                | -                                       | -                                |
|         | At the end of the year                             | 3,56,960      | 0.59                             | 3,56,960                                | 0.59                             |
| 9       | <b>Pace Stocks and Shares Pvt. Ltd.</b>            |               |                                  |   |                                  |
|         | At the beginning of the year                       | 3,50,000      | 0.45                             | 3,50,000                                | 0.45                             |
|         | Bought during the year                             | -             | -                                | -                                       | -                                |
|         | Sold during the year                               | -             | -                                | -                                       | -                                |
|         | At the end of the year                             | 3,50,000      | 0.58                             | 3,50,000                                | 0.58                             |
| 10      | <b>Bharti Bharat Dattani</b>                       |               |                                  |   |                                  |
|         | At the beginning of the year                       | 2,91,072      | 0.38                             | 2,91,072                                | 0.38                             |
|         | Bought during the year                             | -             | -                                | -                                       | -                                |
|         | Sold during the year                               | -             | -                                | -                                       | -                                |
|         | At the end of the year                             | 3,66,000      | 0.61                             | 3,66,000                                | 0.61                             |

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### (v) Shareholding of the Directors and Key Managerial Personnel

| Sr. No. | Name of the Directors and Key Managerial Personnel   | Shareholding  |                                  | Cumulative Shareholding during the year |                                  |
|---------|--|---------------|----------------------------------|---|----------------------------------|
|         |  | No. of Shares | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| 1       | <b>Shri Gordhan P. Tanwani</b>   |               |                                  |   |                                  |
|         | Designation: Managing Director   |               |                                  |   |                                  |
|         | At the beginning of the year   | 5,80,00,002   | 74.94                            | 5,80,00,002                             | 74.94                            |
|         | Bought during the year   | -             | -                                | -                                       | -                                |
|         | Sold during the year (Buy back through Tender Offer)                                       | 1,36,43,127   | 17.63                            | -                                       | -                                |
|         | At the end of the year   | 4,43,56,875   | 73.91                            | 4,43,56,875                             | 73.91                            |
| 2       | <b>Shri Sanjiv L. Hinduja</b>  |               |                                  |   |                                  |
|         | Designation : Director   |               |                                  |   |                                  |
|         | At the beginning of the year   | 7,600         | 0.01                             | 7,600                                   | 0.01                             |
|         | Bought during the year   | -             | -                                | -                                       | -                                |
|         | Sold during the year   | -             | -                                | -                                       | -                                |
|         | At the end of the year   | 7,600         | 0.01                             | 7,600                                   | 0.01                             |
| 3       | <b>Shri Santosh A. Shah</b>  |               |                                  |   |                                  |
|         | Designation : Director   |               |                                  |   |                                  |
|         | At the beginning of the year   | -             | -                                | -                                       | -                                |
|         | Bought during the year   | -             | -                                | -                                       | -                                |
|         | Sold during the year   | -             | -                                | -                                       | -                                |
|         | At the end of the year   | -             | -                                | -                                       | -                                |
| 4       | <b>Shri Ajay D. Acharya</b>  |               |                                  |   |                                  |
|         | Designation : Chief Financial Officer(CFO)<br>Jointly with <b>Smt. Malavika A. Acharya</b> |               |                                  |   |                                  |
|         | Designation : Director   |               |                                  |   |                                  |
|         | At the beginning of the year   | 2,35,400      | 0.30                             | 2,35,400                                | 0.30                             |
|         | Bought during the year   | -             | -                                | -                                       | -                                |
|         | Sold during the year   | -             | -                                | -                                       | -                                |
|         | At the end of the year   | 2,35,400      | 0.39                             | 2,35,400                                | 0.39                             |
| 5       | <b>Shi Naishadh H. Mankad</b>  |               |                                  |   |                                  |
|         | Designation : Company Secretary  |               |                                  |   |                                  |
|         | At the beginning of the year   | 61,600        | 0.08                             | 61,600                                  | 0.08                             |
|         | Bought during the year   | -             | -                                | -                                       | -                                |
|         | Sold during the year   | -             | -                                | -                                       | -                                |
|         | At the end of the year   | 61,600        | 0.10                             | 61,600                                  | 0.10                             |



## V. INDEBTNESS

The Company had no indebtedness with respect to Secured or Unsecured Loans or Deposits during the financial year 2017-18.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-Time Directors and/or Manager :

(Amt. in Rs.)

| SI.NO. | Particulars of remuneration  | Name of MD/WTD/manager                      | Total     |
|--------|--|---|-----------|
|        |  | <b>Gordhan P. Tanwani-Managing Director</b> |           |
| 1.     | Gross salary   | NIL   | NIL       |
| (a)    | Salary as per provisions contained in section 17(1) of the income-tax act,1961 |   |           |
| (b)    | Value of perquisites u/s 17(2) Income-Tax Act,1961                             |   |           |
| (c)    | Profits in lieu of salary under section 17(3) Income Tax Act, 1961             |   |           |
| 2.     | Stock Option   |   |           |
| 3.     | Sweat Equity   |   |           |
| 4.     | Commission   |   |           |
|        | - As % profit  |   |           |
|        | - Others (specify)   |   |           |
| 5.     | <b>Total (A)</b>   |   |           |
|        | Ceiling as per the Act   |   | 84,00,000 |

### B. Remuneration to other Directors

(Amt. in Rs.)

| SI.NO. | Particulars to remuneration                               | Names of Directors   |                        |                          | Total           |
|--------|---|----------------------|------------------------|--------------------------|-----------------|
|        |   | Shri Santosh A. Shah | Shri Sanjiv L. Hinduja | Smt. Malavika A. Acharya |                 |
| 3.     | Independent directors                                     |                      |                        |                          |                 |
|        | Fee for attending board committee meetings                | 1,50,000             | 1,50,000               | —                        | 3,00,000        |
|        | Commission  | —                    | —                      | —                        | —               |
|        | Others, please specify                                    | —                    | —                      | —                        | —               |
|        | <b>Total (1)</b>  | <b>1,50,000</b>      | <b>1,50,000</b>        | <b>—</b>                 | <b>3,00,000</b> |
| 4.     | Other Non-Executive Directors                             |                      |                        |                          |                 |
|        | Fee for attending board committee meetings                | —                    | —                      | 1,50,000                 | 1,50,000        |
|        | Commission  | —                    | —                      | —                        | —               |
|        | Others, please specify                                    | —                    | —                      | —                        | —               |
|        | <b>Total (2)</b>  | <b>—</b>             | <b>—</b>               | <b>1,50,000</b>          | <b>1,50,000</b> |
|        | <b>Total (B)=(1+2)</b>                                    | <b>1,50,000</b>      | <b>1,50,000</b>        | <b>1,50,000</b>          | <b>4,50,000</b> |
|        | <b>Total Managerial Remuneration</b>                      |                      |                        |                          | <b>4,50,000</b> |
|        | <b>Overall ceiling as per the Act (1% of Net Profits)</b> |                      |                        |                          | <b>81,960</b>   |



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### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amt. in Rs.)

| Sl.NO. | Particulars of Remuneration   | Key managerial personnel |                   |                  |                  |
|--------|---|--------------------------|-------------------|------------------|------------------|
|        |   | CEO                      | Company Secretary | CFO              | Total            |
| 1.     | Gross Salary  |                          |                   |                  |                  |
| (a)    | Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961 | N.A.                     | 6,60,000          | 12,00,000        | 18,60,000        |
| (b)    | Value of perquisites u/s 17(2) Income Tax Act, 1961                             | N.A.                     | NIL               | NIL              | NIL              |
| (c)    | Profits in lieu of salary under section 17(3) Income Tax Act, 1961              | N.A.                     | NIL               | NIL              | NIL              |
| 2.     | Stock Option  | N.A.                     | NIL               | NIL              | NIL              |
| 3.     | Sweat Equity  | N.A.                     | NIL               | NIL              | NIL              |
| 4.     | Commission as % of profit others specify  | N.A.                     | NIL               | NIL              | NIL              |
| 5.     | Others, please specify  | N.A.                     | NIL               | NIL              | NIL              |
|        | <b>Total</b>  | <b>NIL</b>               | <b>6,60,000</b>   | <b>12,00,000</b> | <b>18,60,000</b> |

### VII. PENALTIES/PUNISHMENT/COMPUNDING OF OFFENCES

There were no penalties/punishment/compounding offences for breach of any Section of the Companies Act against the Company or its Directors or Other officers in default during the year.

**For and On behalf of the Board of Directors**

**GordhanP.Tanwani**  
**Chairman & Managing Director**  
**DIN: 00040942**

**Place: Mumbai**  
**Date: 9th August, 2018**



## ANNEXURE TO DIRECTORS' REPORT

### ANNEXURE II FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

*[Issued in pursuance to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with modifications as deemed necessary, without changing the substance of format given in MR-3]*

To,  
The Members,  
**Baba Arts Limited**  
3A Valecha Chambers,  
New Link Road,  
Andheri (West),  
Mumbai – 400 053

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Baba Arts Limited (CIN: L72200MH1999PLC119177)** (hereinafter called 'the Company') for the financial year ended 31st March, 2018. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**A.** In expressing our opinion it must be noted that-

- i. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis of our opinion.
- iii. We have not verified correctness and appropriateness of financial records and books of accounts of the Company.
- iv. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
- v. The compliance and provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- vi. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**B.** Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes (duly evolved) and compliance-mechanism in place to the extent and as applicable to the Company in the manner and subject to the reporting made hereinafter:

**C.** We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment only. There is no Overseas Direct Investment and External Commercial Borrowings made by the Company;
- VA. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- VB The Company has not undertaken any of the activities during the audit period as envisaged in the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and hence are not relevant for the purpose of audit:-
- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008;
  - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- VI. And the Company being in the business of Films and TV Serial Production and trading in Intellectual Property Rights of Films, provisions of Cinematograph Act, 1952 are applicable to the Company and the same has been complied with during the period under Audit.
- D.** We have also examined compliance with the applicable clauses of the following:
- i) Secretarial Standards in respect of Meetings of Board of Directors (SS-1) and General Meetings(SS-2) issued by The Institute of Company Secretaries of India.
  - ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).
  - iii) During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.
  - iv) During the year the Securities and Exchange Board of India (SEBI) vide adjudication Order dated 7th August, 2017 has imposed a penalty of Rs. 3,00,000/- (Rupees Three Lakhs only) under Section 15A(b) of the SEBI Act, 1992 and Section 23A(a) of the SCRA for violation of the provisions of Clause 36(7) of the Listing Agreement read with Section 21 of SCRA and Regulation 2 (ha) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Clause 1.1 and Clause 2.1 of Code of Corporate Disclosure Practice for Prevention of Insider Trading contained in Schedule II to Regulation 12(2) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 during the financial year 2009-10.
- E.** We further report that—
- I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board during the period under review.



- II. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- III. Majority decision is carried through and there was no instance of any director expressing any dissenting views.
- F.** We further report that there are adequate systems and processes in the Company commensurate with its size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- G.** We further report that during the audit period the Company has undertaken, the following Corporate Action having the major bearing on the Company's affairs in pursuance of the aforesaid rules and regulations, guidelines, standards, etc.
  - (a) The Company has undertaken and completed Buy-back of 1,73,81,700 (One Crore Seventy Three Lakh Eighty One Thousand Seven Hundred) Equity Shares of Re. 1/- (Rupee One only) per share at a price of Rs. 3/- (Rupees Three only) per share for an aggregate amount of Rs. 5,21,45,100 (Rupees Five Crores Twenty One Lakhs Forty Five Thousand One Hundred only) from existing shareholders of the Company through Tender Offer Route.
  - (b) Except the above, none of the following events has taken place-
    - i. Public/Rights/Preferential Issue of Shares/Debentures/Sweat equity etc.
    - ii. Redemption of securities
    - iii. Major decision taken by the members in pursuance to Section 180 of the Companies Act, 2013.
    - iv. Merger/Amalgamation/Reconstruction, etc.
    - v. Foreign Technical Collaborations

Place: Mumbai  
Date: 9th August, 2018

**For DHOLAKIA & ASSOCIATES LLP**  
(Company Secretaries)

**CS Bhumitra V. Dholakia**  
Designated Partner  
FCS-977 CP No. 507

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### ANNEXURE TO DIRECTORS' REPORT

#### ANNEXURE III FORM No. AOC-2

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the companies (accounts) Rules, 2014)

1. Details of material contracts or arrangement or transactions Not at arm's length basis

| Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board, if any: | Amount paid as advances, if any |
|---|---|---|--|---|---------------------------------|
| NOT APPLICABLE  |   |   |  |   |                                 |

2. Details of material contracts or arrangement or transactions at arm's length basis

| Name(s) of the related party and nature of relationship   | Nature of contracts/ arrangements/ transactions | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any   | Date(s) of approval by the Board, if any: | Amount paid as advances, if any |
|---|---|---|--|---|---------------------------------|
| Larry's Impex LLP<br><br>Shri Gordhan P. Tanwani- Managing Director and his brother are Designated Partners and his son is a Partner in the LLP | RENT RECEIVED                                   | 17th October, 2017 to 16th October, 2022              | 1. Monthly rent of Rs. 1,00,000/- for first 24 months, Rs. 110,000/- 25th to 36th Month, Rs. 1,15,000 from 37th to 60th Month and interest free security deposit of Rs. 6,00,000/-.<br><br>2. Lock in Period of 12 Months. | 4th September, 2017                       | Nil                             |

**For and On behalf of the Board of Directors**

**Gordhan P. Tanwani  
Chairman & Managing Director  
DIN: 00040942**

**Place: Mumbai  
Date: 9th August, 2018**



## ANNEXURE TO DIRECTORS' REPORT

### ANNEXURE IV

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014:

|   |  |
|---|--|
| (i) the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;   | The Directors are paid fees for attending the meetings of the Board of Directors and of the Committees of which they are members. This Remuneration by way of fees is not related to the performance of the Company. In view of this, the ratio of remuneration of each director to the median employees' remuneration is not computed |
| (ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;   | There is no increase in remuneration of any Director, Chief Financial Officer (CFO), Chief Executive Officer (CEO), Company Secretary or Manager during the year.  |
| (iii) the percentage increase in the median remuneration of employees in the financial year;  | 8.26%  |
| (iv) the number of permanent employees on the rolls of Company;   | Five (5) As on 31/03/2018.   |
| (v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; | Average percentage increase in remuneration of employees other than managerial personnel during the last financial year was 9.37%. There was no increase in remuneration of managerial personnel during the last financial year.   |
| (vi) affirmation that the remuneration is as per the remuneration policy of the Company.  | It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.   |

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014:

Particulars of Top 10 employees in terms of remuneration drawn:

| Name             | Age | Designation                   | Total Remuneration (in Rs.) | Qualification | Exp. in Years | Date of Joining | Last Employment              |
|------------------|-----|-------------------------------|-----------------------------|---------------|---------------|-----------------|------------------------------|
| Ajay D. Acharya  | 59  | Chief Financial Officer (CFO) | 12,00,000                   | B.Com         | 25            | 16.09.2016      | Bhagwati Media Pvt. Ltd.     |
| Naishadh Mankad  | 65  | Company Secretary (CS)        | 6,60,000                    | ACS           | 45            | 23.08.2003      | Gandhi Special Tubes Limited |
| Ankush Shigwan   | 27  | Accountant                    | 3,18,000                    | M.Com         | 5             | 23.06.2016      | Dalvadi & Co.                |
| Prabhakar Bandre | 49  | Office Assistant              | 2,10,600                    | Non Matric    | 30            | 23.08.2003      | M/s Baba Films               |
| Rakesh Singh     | 36  | Office Assistant              | 1,96,500                    | S.S.C.        | 18            | 01.04.2006      | A P Sales Corporation        |

**Notes:**

- All appointments are contractual and terminable by notice on either side
- Shri Ajay D. Acharya is related to Smt. Malavika A. Acharya Director of the Company. None of the other employees is related to any Director or Manager of the Company.
- None of the Employees himself or along with his spouse or dependent children hold 2% or more of the Equity Shares of the Company.

|  |     |
|--|-----|
| Employees employed throughout the year and in receipt of remuneration aggregating Rs.1.02 Crores or more per annum.  | NIL |
| Employed for part of the year and in receipt of remuneration aggregating Rs.8.5 lacs or more per month   | NIL |
| Employed throughout the Financial Year or part thereof in receipt of remuneration in that year which, in a aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company. | NIL |

For and On behalf of the Board of Directors

Place: Mumbai  
Date: 9th August, 2018

Gordhan P. Tanwani  
Chairman & Managing Director  
(DIN 00040942)

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industry Structure and Development

Indian Media & Entertainment Industry has earned an estimated revenue of INR 1.5 trillion in the year 2017 with a growth of almost 13% over the previous year. The industry is expected to log in a CAGR of about 11.6% during the next 3 years and its total revenue is set to be INR 2.00 trillion by the year 2020. Indian Film Industry is expected to log in a CAGR of almost 12% during the year period 2016 to 2020 with total revenue of INR 192 Billion in the year 2020.

### 2. Outlook for Company

Your Company's current source of income is from Post Production Services and sale of some of the rights of films out of its stock. Post Production Services activity is on a slow down due to obsolete equipments and the Company does not expect much activity in this segment. Your Company has sold off all the Intellectual Property Rights of films which it was having in stock. Going forward the Company is exploring the possibility of once again venturing in to production of commercial films and towards this the Company is discussing few projects with one or two reputed film directors in the industry. The Company hopes to crystallize on at least one project during the current financial year.

### 3. Opportunities, Threats and Challenges

Apart from reviving the business of production of commercial films, your directors continue to explore the possibilities of entering other business opportunities outside the media and entertainment field. However, due to overall weak economic scenario, your directors have not been successful in identifying any new business activity to be undertaken by the Company.

### 4. Impact of GST

Goods and Services Tax (GST), biggest tax reform of independent India has been introduced with effect from July, 2017. With implementation of GST several taxes levied by Central Government and State Governments have been subsumed. As far as the Company's business is concerned, non theatrical distribution of films was liable to dual tax in the form of Service Tax by Central Government and VAT by State Government. With the introduction of GST the issue of dual tax has been resolved.

### 5. 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.

### 6. Financial Performance with respect to Operational Performance

#### (i) Sales

Income from post production activity declined from Rs. 19.84 Lac in the previous year to Rs. 16.07 Lac in the current year.

Income from trading in films rights and production and distribution of films increased from Rs. 45.00 Lac to Rs. 125.00 Lac.

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

The Company earned an operating profit of Rs. 105.98 Lac against operating profit of Rs. 55.21 Lac in the previous year. Finance charges during the year were at Rs. 1.08 Lac (Previous Year Rs. 0.72 Lac). After providing for Depreciation of Rs. 10.05 Lac (Previous Year Rs. 12.87 Lac), and after providing for current taxation (net of MAT Credit entitlement) of Rs. 0.26 Lac (Previous Year Rs. Nil), Prior year short provision of Tax of Rs. 0.67 Lac (Previous Year Rs. Nil) and recognising, Deferred Tax Assets of Rs. 9.13 Lac (Previous Year Rs. 0.22 Lac), the Net Profit of the Company during the current year was Rs. 81.96 Lac (Previous Year Rs. 11.20 Lac).

#### (iii) Capital Investment

During the year ended on 31st March, 2018 the Company has not made any capital investment.

#### (iv) Working Capital

The Company is not enjoying any working capital finance from bank. The Company is managing its activities with its own funds.

#### (v) Buy Back of Shares

During the year the Company bought back 1,73,81,700 equity shares of the face value of Re. 1/- each at a price of Rs. 3/- per share aggregating to Rs. 5,21,45,100 (Rupees Five Crores Twenty One Lacs Forty Five Thousand and One Hundred Only). The funds for buy back were utilized out of the surplus cash balance available with the Company.

### 7. Human Resources

The Company maintains healthy, cordial and harmonious relations with all personnel and thereby enhancing the contributory value of the Human Resources.

### 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 Code of Governance

The Board of Directors of your Company constantly makes efforts to follow highest standards of business ethics. The Company's business policies are based on accountability, transparency and fairness to all our stakeholders.

Your Company is in compliance with the requirements of Corporate Governance

Stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, hereinafter called "the Listing Regulations" and also Guidance note on Board Evaluation as prescribed by SEBI.

### 2. Board of Directors

#### (a) Composition and Category of Directors

The Board comprises such number of Non-Executive, Executive and Independent Directors as required under applicable legislation. As on date of this Report, 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 transaction with Non-Executive Directors.

#### (b), (c) & (f) The Details of Directors

The details of each member of the Board along with the number of Directorship(s)/Committee Membership(s)/ Chairmanship(s) are provided herein below:

| Sr. No. | Name, Category & Designation of Director   | No. of Shares Held in the Company As on 31.03.2018                 | No. of board meetings during the year 2017-18 |          | Attendance at the last AGM | Directorship in other Companies/ |
|---------|--|--|---|----------|----------------------------|----------------------------------|
|         |  |  | Held  | Attended |                            |                                  |
| 1.      | <b>Shri Gordhan P. Tanwani</b><br>Promoter-Executive Director<br>Chairman & Mg. Director | 4,43,56,875  | 5   | 5        | Yes                        | 2                                |
| 2.      | <b>Shri Santosh A. Shah</b><br>Independent-Non Executive Director                        | NIL  | 5   | 5        | Yes                        | 5                                |
| 3.      | <b>Shri Sanjiv L. Hinduja</b><br>Independent-Non Executive Director                      | 7600   | 5   | 5        | Yes                        | —                                |
| 4.      | <b>Smt. Malavika A. Acharya</b><br>Non Independent-Non Executive Director                | 2,35,400<br>Jointly as Second Shareholder with Shri Ajay D Acharya | 5   | 5        | Yes                        | —                                |

None of the Directors on the Board is a member of more than ten Committees or Chairman of five Committees (Committees being Audit Committee and Stakeholders' Relationship Committee) across all the public companies in which he/she is a Director. Necessary disclosures regarding their committee positions have been made by all Directors.

None of Directors holds office in more than ten Public Companies. None of the Independent Directors of the Company serve as an Independent Directors in more than seven listed companies. All Directors are also in compliance of limit on Independent Directorship of listed companies of listed companies as prescribed under Regulation 25(1) of the Listing Regulations.

#### (d) Number of Meetings of the Board of Directors held and dates on which held

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.

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During the year Five Board Meetings were held on 12th April, 2017, 27th July, 2017, 4th September, 2017, 16th November, 2017 and 30th January, 2018. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

The necessary quorum was present for all the meetings.

During the year 2017-18, information as mentioned in Schedule II Part A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ( "The Listing Regulations"), has been placed before the Board for its consideration.

- (e) There is no inter-se relationship between any of the Directors.
- (g) The terms and conditions of appointment of independent directors and details of the familiarisation programme of the Independent Directors are available on the website of the Company ([www.babaartslimited.com](http://www.babaartslimited.com)).
- (h) **Directors', Tenure, Appointment/Re-appointment and Remuneration**

In terms of Section 152 read with Section 149(13) of the Companies Act, 2013 Smt. Malavika A. Acharya is liable retire by rotation. The said Director has offered herself for reappointment and resolution for her appointment is incorporated in the Notice of the ensuing Annual General Meeting.

Appointment of Shri Gordhan P. Tanwani as the Managing Director is valid up to 31st October, 2018. Pursuant to recommendation of Nomination and Remuneration Committee, the Board has, subject to the approval of the Members in the forthcoming Annual General Meeting, approved the reappointment of Shri Gordhan P. Tanwani as Managing Director for further period of five years, post completion of his present term.

Further Shri Santosh A. Shah and Shri Sanjiv L. Hlinduja, who were appointed as Independent Directors and who hold office as Independent Directors upto 31st March, 2019 and being eligible are being reappointed to hold office for a second term of five consecutive years i.e. up to 31st March, 2024.

The Brief profile and other information as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to directors being appointed/reappointed, forms part of the Notice of ensuing Annual General Meeting.

### **Separate Independent Director's Meeting**

During the Financial Year, a separate meeting of Independent Directors was held on 30th January, 2018. The Independent Directors inter alia-

- (i) reviewed the performance of non-independent directors and the board of directors as a whole;
- (ii) reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- (iii) assessed the quality, quantity and timelines of flow of information between the management of the Company and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

All Independent Directors of the Company attended the meetings of Independent Directors held on 30th January, 2018. The Independent Directors expressed their entire satisfaction to the desired level on the governance of the Board.

Independent Directors of the Company are in compliance with the provision of Regulation 16(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, disclosures have been made by the Directors regarding their chairmanships/membership of the mandatory committees of the Board and that the same are within the maximum permissible limit as stipulated under Regulation 16(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **3. Audit Committee**

The Audit committee of the Company is constituted in line with provisions of Regulation 18 of the Listing Regulations read with Section 177 of the Companies Act, 2013.

#### **(a) Terms of Reference**

- (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;



- (2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - (b) Changes, if any, in accounting policies and practices and reasons for the same.
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management
  - (d) Significant adjustments made in the financial statements arising out of audit findings
  - (e) Compliance with listing and other legal requirements relating to financial statements
  - (f) Disclosure of any related party transactions
  - (g) Qualifications in the draft audit report
- (5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (7) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (8) Approval or any subsequent modification of transactions of the company with related parties;
- (9) Scrutiny of inter-corporate loans and investments;
- (10) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (11) Evaluation of internal financial controls and risk management systems;
- (12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) Discussion with internal auditors of any significant findings and follow up there on;
- (15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) To review the functioning of the Whistle Blower mechanism;
- (19) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**(b) Composition, name of Members and Chairperson**

The Audit Committee consists of Shri Santosh A. Shah - Independent Director as Chairman of the Committee, Shri Sanjiv L. Hinduja - Independent Director, Smt. Malavika A. Acharya-Non Independent & Non Executive Director as its members. All the members of the Committee have relevant experience in financial matters.

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### (i) Meetings & Attendance during the year

The Audit Committee met Five (5) 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 Member       | Category | Meeting Held On |            |            |            |            |
|--------------------------|----------|-----------------|------------|------------|------------|------------|
|                          |          | 12/04/2017      | 27/07/2017 | 04/09/2017 | 16/11/2017 | 30/01/2018 |
| Shri Santosh A Shah      | Chairman | Yes             | Yes        | Yes        | Yes        | Yes        |
| Shri Sanjiv L. Hinduja   | Member   | Yes             | Yes        | Yes        | Yes        | Yes        |
| Smt. Malavika A. Acharya | Member   | Yes             | 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, Chief Financial Officer (CFO) and senior management staff of the Company whenever required to provide information and answer queries raised by the committee members. All the recommendations of the Audit Committee have been accepted by the Board of Directors. The Company Secretary acts as Secretary of the Audit Committee.

### 4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company is constituted in line with provisions of Regulation 19 of the Listing Regulations read with Section 178 of the Companies Act, 2013.

#### (a) Term of Reference

- (1) To identify persons who are qualified to become Directors, Key Managerial Personnel and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every director's performance.
- (2) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- (3) The Nomination and Remuneration Committee shall, while formulating the policy under (2) above ensure that:
  - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
  - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

#### (b) Composition, name of members and Chairperson

The Nomination and Remuneration Committee comprises Shri Sanjiv L. Hinduja as Chairman and Shri Santosh A. Shah and Smt. Malavika A. Acharya as members of the Committee.

The Nomination and Remuneration Committee met Once (1) on 12th April, 2017 during the Financial Year ended 31st March, 2018.

#### (c) Meeting and attendance during the year

| Name of the Member       | Category | Meeting Held on 12/04/2017 |
|--------------------------|----------|----------------------------|
| Shri Sanjiv L. Hinduja   | Chairman | Yes                        |
| Shri Santosh A. Shah     | Member   | Yes                        |
| Smt. Malavika A. Acharya | Member   | Yes                        |

#### (d) Performance evaluation criteria for Independent Directors.

The performance evaluation criteria for Independent Directors is determined by the Nomination and Remuneration Committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgement.



**5. Remuneration of Directors**

(a) &(b) The Company did not have any pecuniary relationship or transactions with Non-Executive Directors.

**(c) Remuneration Policy & Details of Remuneration**

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.

**(i) Managing Director**

Shri Gordhan P. Tanwani the present Managing Director of the Company did not draw any remuneration during the year 2017-18.

**(ii) 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. 4,50,000 /- as per details given hereunder:

|                         |               |
|-------------------------|---------------|
| Shri Santosh A. Shah    | Rs.1,50,000/- |
| Shri Sanjiv L. Hinduja  | Rs.1,50,000/- |
| Smt. Malavika A Acharya | Rs.1,50,000/- |

**6. Stakeholders' Relationship Committee**

**(a) Name of Non-Executive director heading the committee**

The Stakeholder's Relationship Committee is comprised of Shri Sanjiv L. Hinduja as the Chairman and Shri Gordhan P. Tanwani and Shri Santosh A. Shah, as members of the Company

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 was referred to this committee during the year.

**Meeting and attendance during the year**

| Name of the Member      | Category | Meeting Held on |            |            |            |
|-------------------------|----------|-----------------|------------|------------|------------|
|                         |          | 12/04/2017      | 04/09/2017 | 16/11/2017 | 30/01/2018 |
| Shri Sanjiv L. Hinduja  | Chairman | Yes             | Yes        | Yes        | Yes        |
| Shri Gordhan P. Tanwani | Member   | Yes             | Yes        | Yes        | Yes        |
| Shri Santosh A. Shah    | Member   | Yes             | Yes        | Yes        | Yes        |

**(b) Name and Designation of Compliance Officer**

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

**(c) to (e) 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                         | 13  |
| No. of complaints resolved to the satisfaction of the shareholders | 13  |
| No. of complaints pending at the end of the year                   | Nil |
| No. of Share Transfers pending at the end of the year              | Nil |

The "SCORES" website of SEBI for redressing of Grievances of the investors is being visited at regular intervals by the Company Secretary and there are no pending complaints registered with SCORES for the Financial Year 2017-18.

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As per Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the exclusive email id of the investor Grievance Department of the Company is [investors@babaartslimited.com](mailto:investors@babaartslimited.com).

The number of pending requests for share transfers and pending requests for dematerialization as on 31st March, 2018 were Nil.

### 7. Risk Management Committee

The provisions of Regulation 21 of the Listing Regulations are not applicable to the Company.

### 8. General Body Meetings:

#### (a) & (b) Location and time and special resolutions passed in the previous three Annual General Meetings held

|          | Date                             | Time       | Location  | Special Resolution Passed                    |
|----------|----------------------------------|------------|---|--|
| 16th AGM | Friday<br>11th September, 2015   | 11.30 a.m. | Juhu Vile Parle Gymkhana Club,<br>ORCHID HALL, Second Floor,<br>Juhu, Mumbai 400049                         | a) Adoption of new Article of<br>Association |
| 17th AGM | Tuesday,<br>20th September, 2016 | 11.30 a.m. | Juhu Vile Parle Gymkhana Club,<br>ACTIVITY HALL,<br>Opp: Juhu Bus Depot, Juhu,<br>Mumbai 400049             | None   |
| 18th AGM | Tuesday,<br>19th September, 2017 | 11.30 a.m. | Juhu Vile Parle Gymkhana Club,<br>Orchid Hall, Second Floor, Opp.<br>Juhu Bus Depot, Juhu,<br>Mumbai-400049 | None   |

#### (c) Postal Ballot Details:

During the year the Company had conducted Postal Ballot to pass two Special Resolutions as per following details:

- Scrutinizer: Shri Bhumitra V. Dholakia (Membership No. FCS 977), Designated Partner of M/s Dholakia & Associates LLP, Company Secretaries in Whole Time Practice.
- Procedure for Postal Ballot : The Postal Ballot was conducted in accordance with provisions contained in Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014
- Voting Results announced on 4th September, 2017
- Details of Voting Pattern:

#### 1. Purpose: Approval for Buyback of Equity Shares through tender Offer Route

| Resolution   | No. of votes polled | No. of Votes cast in favour | No. of Votes Cast Against | % of Votes Cast in Favour on Votes Polled | % of Votes Cast against on votes polled |
|--|---------------------|-----------------------------|---------------------------|---|---|
| Approval for Buyback of Equity Shares through tender Offer Route | 46,98,577           | 46,93,672                   | 4,905                     | 99.89                                     | 0.10                                    |

#### 2. Purpose : Approval for giving loan/guarantee/security/acquisition of securities

| Resolution   | No. of votes polled | No. of Votes cast in favour | No. of Votes Cast Against | % of Votes Cast in Favour on Votes Polled | % of Votes Cast against on votes polled |
|--|---------------------|-----------------------------|---------------------------|---|---|
| Approval for giving loan / guarantee / Security / acquisition of Securities. | 46,89,777           | 46,89,552                   | 225                       | 99.99                                     | 0.001                                   |



(d) Shri Bhumitra V. Dholakia (Membership No. FCS 977), Designated Partner of M/s Dholakia & Associates LLP, Company Secretaries in Whole Time Practice was appointed as Scrutinizer to conduct the E-voting procedure.

(e) & (f) No special resolution is proposed to be conducted through Postal Ballot as on the date of this report.

## 9. Means of communication

### (a) to (d) Quarterly results

The quarterly and annual results along with the Segmental Report are generally published in The Free Press Journal and Navshakti. 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](http://www.babaartslimited.com). The Company's financial results are sent in time to Stock Exchange so that they may be posted on the website of the Stock Exchange.

The meetings of Board of Directors for approval of quarterly financial results during the financial year ended on 31st March, 2018 were held on the following dates:

|  |                     |
|--|---------------------|
| First Quarter Results                  | 4th September, 2017 |
| Second Quarter and Half yearly Results | 16th November, 2017 |
| Third Quarter Results                  | 30th January, 2018  |
| Fourth Quarter and Annual Results      | 26th April, 2018    |

### (e) 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.

## 10. General Shareholder Information

### (a) Annual General Meeting- Date, Time & Venue

| Annual General Meeting            | Day, Date & Time                                  | Venue  |
|-----------------------------------|---|--|
| Nineteenth Annual General Meeting | Tuesday,<br>25th September, 2018<br>at 11.30 a.m. | Juhu Vile Parle Gymkhana Club,<br>Jasmine Hall, second Floor,<br>Opp: Juhu Bus Depot,<br>Juhu, Mumbai 400049 |

(b) Financial Year : 1st April, 2017 to 31st March, 2018

(c) Dividend Payment Date : The Board of Directors have not recommended any dividend for the year ended on 31st March, 2018.

### (d) & (e) Listing on Stock Exchanges & Stock Code

|  |   |
|--|---|
| Listing on Stock Exchange                          | BSE LIMITED<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001   |
| Stock Code   | 532380  |
| Payment of Listing Fees                            | Listing fee for the year 2018-19 has been paid to the BSE Limited, Mumbai |
| Date of Book Closure                               | Not Applicable  |
| Demat ISIN for NSDL & CDSL                         | INE893A01036  |
| <b>Tentative Calendar for F.Y. 2018-19</b>         |   |
| Result for the Quarter Ending 30th June, 2018      | 2nd Week of August, 2018  |
| Result for the Quarter Ending 30th September, 2018 | 2nd Week of November, 2018  |
| Result for the Quarter Ending 31st December, 2018  | 2nd Week of February, 2019  |
| Result for the Quarter Ending 31st March, 2019     | 4th Week of May, 2019   |



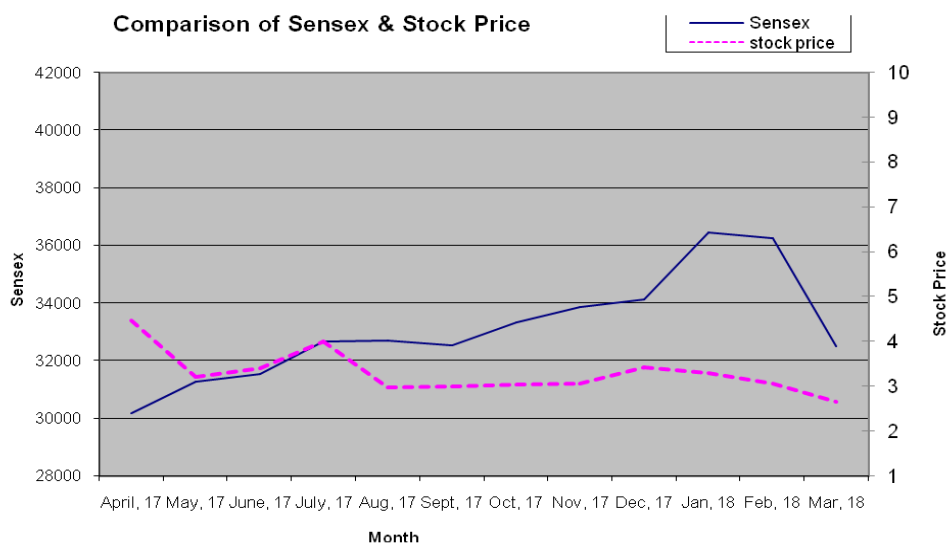
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### (f) Market Price Information

Monthly high and low quotations of Company's equity shares traded on BSE Ltd. during the year 2017-18 are as follows:

| Month       | Share Price (Rs.) |      | BSE Sensex |          |          |
|-------------|-------------------|------|------------|----------|----------|
|             | High              | Low  | High       | Low      | Close    |
| <b>2017</b> |                   |      |            |          |          |
| April       | 4.47              | 2.66 | 30184.22   | 29241.48 | 29918.40 |
| May         | 3.20              | 2.75 | 31255.28   | 29804.12 | 31145.80 |
| June        | 3.40              | 2.75 | 31522.87   | 30680.66 | 30921.61 |
| July        | 4.00              | 2.70 | 32672.66   | 31017.11 | 32514.94 |
| August      | 2.98              | 2.56 | 32686.48   | 31128.02 | 31730.49 |
| September   | 2.99              | 2.50 | 32524.11   | 31081.83 | 31283.72 |
| October     | 3.03              | 2.21 | 33340.17   | 31440.48 | 33213.13 |
| November    | 3.05              | 2.63 | 33865.95   | 32683.59 | 33149.35 |
| December    | 3.42              | 2.52 | 34137.97   | 32565.16 | 34056.83 |
| <b>2018</b> |                   |      |            |          |          |
| January     | 3.30              | 2.40 | 36443.98   | 33703.37 | 35965.02 |
| February    | 3.07              | 2.23 | 36256.83   | 33482.81 | 34184.04 |
| March       | 2.66              | 1.89 | 34278.63   | 32483.84 | 32968.68 |

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



### (h) 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](mailto:baba@unisec.in)



(i) **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.

(j) **Distribution of Shareholding as on 31st March, 2018**

| Range of Holding | No. of Share Holders | % to Total Share Holders | Shareholdings   | Share Amount (Rs.) | % to Total Share Capital |
|------------------|----------------------|--------------------------|-----------------|--------------------|--------------------------|
| 1 – 500          | 867                  | 40.344                   | 131523          | 131523             | 0.219                    |
| 501 – 1000       | 326                  | 15.170                   | 276147          | 276147             | 0.460                    |
| 1001 – 2000      | 380                  | 17.683                   | 603487          | 603487             | 1.006                    |
| 2001 – 3000      | 144                  | 6.701                    | 356134          | 356134             | 0.593                    |
| 3001 – 4000      | 71                   | 3.304                    | 266199          | 266199             | 0.444                    |
| 4001 – 5000      | 84                   | 3.909                    | 401499          | 401499             | 0.669                    |
| 5001 – 10000     | 108                  | 5.026                    | 843118          | 843118             | 1.405                    |
| 10001 and above  | 169                  | 7.863                    | 57140193        | 57140193           | 95.204                   |
| <b>TOTAL</b>     | <b>2149</b>          | <b>100.00</b>            | <b>60018300</b> | <b>60018300</b>    | <b>100.00</b>            |

**Categories of Shareholders as on 31st March, 2018**

| Sr. No. | Category of Members               | No. of Shares Held | % to Total Capital |
|---------|-----------------------------------|--------------------|--------------------|
| 1.      | Promoters                         | 44364875           | 73.92              |
| 2.      | Independent Directors & Relatives | 85250              | 0.14               |
| 3.      | Indian Public                     | 12219390           | 20.35              |
| 4.      | Private Corporate Bodies          | 3137895            | 5.23               |
| 5.      | NRIs/OCBs/FIIs                    | 145786             | 0.25               |
| 6.      | Others (Clearing Members)         | 65104              | 0.11               |
|         | <b>TOTAL</b>                      | <b>60018300</b>    | <b>100.00</b>      |

\*\* For the purpose of SEBI (Substantial Acquisition of Shares & Takeover) Regulation 2011, 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 31.03.2018 |
|---------|-------------------------|----------|----------------------------|-------------------------------|
| 1.      | Shri Gordhan P. Tanwani | Promoter | Self                       | 4,43,56,875                   |
| 2.      | Shri Pravin J. Karia    | PAC      | Person Acting in Concern   | 8,000                         |

(k) **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, 2018 was as under:

| Particulars                     | No. of Shares   | % to Capital  | No. of Accounts / Folios |
|---------------------------------|-----------------|---------------|--------------------------|
| NSDL                            | 33769549        | 59.42         | 1182                     |
| CDSL                            | 25890943        | 40.10         | 848                      |
| <b>Total Shares Under Demat</b> | <b>59660492</b> | <b>99.52</b>  | <b>2030</b>              |
| Physical                        | 357808          | 0.48          | 153                      |
| <b>Total Capital</b>            | <b>60018300</b> | <b>100.00</b> | <b>2183</b>              |

All the demat requests have been approved within 21 Days.

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**(l) Outstanding GDRs/ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity.**

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on 31st March, 2018, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

**(m) Commodity price risk or foreign exchange risk and hedging activities:**

The Company is not exposed to any commodity price risk or foreign exchange risk and hedging activities.

**(n) Plant Locations**

The Company's Post Production Studio is located at:  
3A, Valecha Chambers,  
New Link Road,  
Andheri (West),  
Mumbai 400053

**(o) 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: [investors@babaartslimited.com](mailto:investors@babaartslimited.com)  
[babaartslimited@yahoo.com](mailto:babaartslimited@yahoo.com)

**Shri. Ravi Utekar**  
**General Manager**  
**Universal Capital**  
**Securities Pvt. Ltd.**  
21, Shakil Niwas,  
Mahakali Caves Road,  
Andheri (East)  
Mumbai 400093  
Phone: 022 2836 6620  
Fax: 022 28211996  
E-mail: [baba@uniseq.in](mailto:baba@uniseq.in)

### 11. Other Disclosures

**(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:**

There are no transactions with directors or the senior management personnel or their subsidiaries and relatives that have potential conflict with the interest of the Company. In compliance with the requirements of Regulation 23 of the Listing Regulations, the Audit Committee of the Company has approved a Related Party Transaction Policy, to facilitate management to report and seek approval for any Related Party Transaction proposed to be entered into by the Company. A copy of the policy has been posted on the Company's website [www.babaartslimited.com](http://www.babaartslimited.com).

**(b) Details of non-compliance by Company, penalties, strictures imposed on the Company by stock exchange or the board or any statutory authority on any matter related to capital markets during the last three years:**

During the year, the Company has received Adjudication Order by SEBI on 7th August, 2017 where by the SEBI levied a penalty of Rs.3,00,000/- (Rupees Three Lacs Only) for violation of the provisions of clause 36(7) of the Listing Agreement r/w Section 21 of SC(R) Act, 1956 and clause 1.1 r/w clause 2.1 of the 'Code of Corporate Disclosure Practices for Prevention of Insider Trading' contained in Schedule II to Regulation 12(2) of the PIT Regulations, 1992. The Company has already paid the said Penalty on 16th August, 2017.

**(c) Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee.**

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](http://www.babaartslimited.com). The Board of Directors hereby confirms that no employee of the Company is denied direct access to the Audit Committee.



**(d) Compliance with Mandatory Requirements and adoption of Non-Mandatory requirements**

The Company has complied with all the requirements of the Listing Regulations including the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulations (2) of Regulation 46. The status of compliance with non mandatory requirement is as under:

- 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) **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](http://www.babaartslimited.com).
- c) **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.
- d) **Separate posts of Chairman and CEO:** The position of Chairman & CEO is at present common.
- e) **Reporting of Internal Auditor:** The Internal Auditors directly report to the Audit Committee.

**Shareholding of the Non – Executive Directors in the Company**

| Sr.No. | Name of the Non – Executive Director  | No. of Shares held as on 31st March, 2018 |
|--------|---|---|
| 1.     | Shri Sanjiv L. Hinduja  | 7,600                                     |
| 2.     | Smt. Malavika A. Acharya Jointly as second holder with Shri Ajay D. Acharya | 2,35,400                                  |

**(e) Web link where policy for determining ‘material’ subsidiaries is disclosed:**

The Company does not have any subsidiary.

**(f) Web link where policy on dealing with related party transactions is disclosed:**

The policy on Related Party Transactions has been posted on the Company’s website [www.babaartslimited.com](http://www.babaartslimited.com).

**(g) Disclosures of commodity price risks and commodity hedging activities**

The Company is not exposed to any commodity price risk or foreign exchange risk and hedging activities.

**12. Disclosure of Non Compliance of Requirements of Corporate Governance:**

The Company has complied with all the requirements of Corporate Governance.

**13. Details of Shares to Suspense Account**

| Sr. No. | Particulars  | Status |
|---------|--|--------|
| 1       | Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year as 1st April, 2017. | Nil    |
| 2       | Number of shareholders who approached issuer for transfer of shares from suspense account during the year 2017-18.                         | Nil    |
| 3       | Number of shareholders to whom shares were transferred from suspense during the year 2017-18.  | Nil    |
| 4       | Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year 31st March, 2018.         | Nil    |

**Unclaimed Dividends**

During under the review, the Company has transferred unclaimed dividend declared for the financial year 2009-10 on 31st October, 2017 to Investors Education and Protection Fund (IEPF) Account established by the Central Government in accordance with provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority(Accounting, Audit, Transfer and Refund)Rules, 2016.

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### Declaration by the Managing Director under Regulation 34(3) read with Para D of Schedule V of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015

To,  
The Members of Baba Arts Limited

I, Gordhan P. Tanwani, Chairman & Managing Director of Baba Arts Limited, hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with Code of Conduct of Board of Directors and Senior Management, for the year ended 31st March ,2018.

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

Place: Mumbai  
Date: 9th August,2018

### CHIEF EXECUTIVE OFFICER (CEO) CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,  
The Board of Directors  
Baba Arts Limited

- A. We have reviewed the financial statements and cash flow statement of the Company for the year ended on 31st March, 2018 and that to the best of our knowledge and belief, we state that;
1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. These statements together present true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief there are no transactions entered in to by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have not observed any deficiencies in the design or operation of such internal controls.
- D. We have indicated to the auditors and the Audit Committee:
1. Significant changes, if any, in internal control over financial reporting during the year;
  2. Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, and
  3. We have not observed any significant instances of fraud.

**For BABA ARTS LIMITED**

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

**Ajay D. Acharya**  
Chief Financial Officer

Place: Mumbai  
Date: 9th August, 2018



## **AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To,  
The Members of  
BABAARTS LIMITED,  
Mumbai.

We have examined the compliance of the conditions of Corporate Governance by **BABA ARTS LIMITED** (the Company) for the financial year ended 31st March, 2018, as stipulated in Regulations 17 to 27, Clauses (b) to (i) of Sub Regulation (2) of Regulation 46 and paragraph C, D, and E of Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations) with BSE Ltd.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's 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 above mentioned Listing Regulations.

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 31st March, 2018 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 Arunkumar K. Shah & Co.**  
Chartered Accountants  
Firm Registration No. 126935W

**Arunkumar K. Shah**  
Proprietor  
Membership No. 034606

**Place: Mumbai**  
**Date: 9th August, 2018**

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF BABA ARTS LIMITED

#### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone financial statements of **BABA ARTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give true and fair view 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 Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of financial position of the Company as at March 31, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Other Matter

The financial information of the Company for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in this standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the year ended 31st March, 2017 and 31st March, 2016 prepared in accordance with the Companies





(Accounting Standards) Rules, 2006 (as amended) which were audited by M/s. Prakkash Muni & Associates, which they expressed an unmodified opinion dated 12th April, 2017 and 24th May, 2016 respectively which has been accepted by us. The adjustments to those financial statements for the differences in the accounting principles adopted by the Company on transition to Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

#### **Report on other Legal and Regulatory Requirements**

As required by Companies (Auditor's Report) order 2016, issued by the Central Government of India in terms of sub-section (11) of section 143(3) of the Act, we give in the Annexure "A" statement on the matters specified in the paragraph 3 and 4 of the order; to the extent applicable

As required by sec 143 (3) of the Act, we report that:-

- a) We have sought and 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 appears from our examination of those books.
- c) the Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under;
- f) On the basis of written representations received from the directors as on 31 March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 and to our best of our information and according to the explanations given to us:-
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 29 to the financial statements
  - ii. The Company does not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2018.

**For Arunkumar K.Shah & Co**  
Chartered Accountants  
Firm Reg. No: 126935W

**(Arun K.Shah )**  
Proprietor  
Membership No: 034606

**Place: Mumbai**  
**Dated: 26th April, 2018**

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### Annexure “A” to the Independent Auditor’s Report

Re: Baba Arts Limited

The Annexure referred to in our Independent Auditor’s Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31st March 2018, we report that :-

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.  
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. Since, the Company is having only intellectual property rights as its inventory therefore the para 3(ii) of the order relating to physical verification of inventories is not applicable.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act. Hence, the requirements of sub clause (a), (b), & (c) to clause (iii) of paragraph 3 of the said Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of loans given. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 of the Act.
5. The Company has not accepted the deposits from public as per the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
6. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act for any activities of the Company.
7. (a) In our opinion and according to explanation given to us the Company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There is no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.  
(b) According to the information and explanations given to us, and the records of the company of the company examined by us, there are no dues in respect of income-tax, sales tax, wealth tax, service tax, gst, excise duty, custom duty, and cess as at March 31, 2018 which have not been deposited on account of any dispute. The particulars of dues of value added tax and service tax as at March 31, 2018 which has not been deposited on account of dispute is as follows :-

| Name of Statute             | Nature of Dues | Amount in Rs. | Period to which amount relates | From where the dispute is pending             |
|-----------------------------|----------------|---------------|--------------------------------|---|
| Maharashtra Value Added Tax | Sales Tax      | 18,84,486     | 2010-11                        | Sales Tax Appellate Tribunal                  |
| Maharashtra Value Added Tax | Sales Tax      | 22,57,532     | 2011-12                        | Jt. Commissioner of Sales Tax                 |
| Maharashtra Value Added Tax | Sales Tax      | 2,853         | 2013-14                        | Commissioner of Sales Tax                     |
| Service Tax Act             | Service Tax    | 7,64,70,058   | 2011-15                        | In the process of filing appeal before CESTAT |

8. As per the Information & explanation given to us, the Company has not borrowed money from banks/financial institutions nor issued any debentures and hence the question of default in repayment of dues does not arise. Accordingly, clause (viii) of paragraph 3 of the Order is not applicable.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause (ix) of paragraph 3 of the Order is not applicable.



10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not paid/provided for managerial remuneration.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause (xii) of paragraph 3 of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards (AS -18) Related Party Transaction.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of paragraph 3 of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**FOR Arunkumar K.Shah & Co**  
Chartered Accountants  
Firm Reg. No: 126935W

**(Arun K.Shah )**  
Proprietor  
Membership No: 034606

**Place :Mumbai**  
**Dated:26th April, 2018**

## **Annexure “B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of BABA ARTS LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

I have audited the internal financial controls over financial reporting of **BABA ARTS LIMITED** (“the Company”) as of March 31, 2018 in conjunction with my audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

My responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on my audit. I conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that

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I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018 based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountant of India.

**FOR Arunkumak K.Shah & Co**  
Chartered Accountants  
Firm Reg. No: 126935W

**(Arun K.Shah )**  
Proprietor

**Membership No: 034606**

**Place :Mumbai**  
**Dated: 26th April, 2018**



## BALANCE SHEET AS AT 31ST MARCH, 2018

| Particulars                          | Note | As at<br>March 31,2018 | As at<br>March 31,2017 | As at<br>April 1,2016 |
|--------------------------------------|------|------------------------|------------------------|-----------------------|
| <b>ASSETS</b>                        |      |                        |                        |                       |
| <b>Non-Current Assets</b>            |      |                        |                        |                       |
| (a) Property, Plant and Equipment    | 4    | 1,56,49,301            | 1,66,54,168            | 1,79,28,901           |
| (b) Financial Assets                 |      |                        |                        |                       |
| (i) Investment                       | 5    | 2,500                  | 2,500                  | 2,500                 |
| (ii) Other Financial Assets          | 6    | 35,160                 | 35,900                 | 43,500                |
| (c) Income Taxes (Net)               | 7    | 2,15,08,353            | 2,47,66,547            | 3,00,25,478           |
| (d) Deferred Tax Assets              | 18   | 10,96,582              | 2,02,835               | 1,57,493              |
| <b>Total Non Current Assets</b>      |      | <b>3,82,91,897</b>     | <b>4,16,61,950</b>     | <b>4,81,57,872</b>    |
| <b>Current Assets</b>                |      |                        |                        |                       |
| (a) Inventories                      | 8    | -                      | 54,00,000              | 1,01,16,461           |
| (b) Financial Assets                 |      |                        |                        |                       |
| (i) Trade Receivables                | 9    | 57,99,620              | 3,36,910               | 24,74,225             |
| (ii) Cash and Cash Equivalent        | 10   | 83,84,658              | 57,98,209              | 5,11,08,006           |
| (iii) Other Bank Balances with Banks | 11   | 7,28,33,710            | 10,00,40,034           | 13,01,29,682          |
| (iv) Loans                           | 12   | 4,60,00,000            | 6,00,00,000            | 4,00,00,000           |
| (c) Other Current Assets             | 13   | 1,86,76,961            | 1,94,78,551            | 2,74,98,055           |
| <b>Total Current Assets</b>          |      | <b>15,16,94,950</b>    | <b>19,10,53,704</b>    | <b>26,13,26,429</b>   |
| <b>TOTAL ASSETS</b>                  |      | <b>18,99,86,846</b>    | <b>23,27,15,654</b>    | <b>30,94,84,301</b>   |
| <b>EQUITY AND LIABILITIES</b>        |      |                        |                        |                       |
| <b>Equity</b>                        |      |                        |                        |                       |
| (a) Share Capital                    | 14   | 6,00,18,300            | 7,74,00,000            | 10,32,00,000          |
| (b) Other Equity                     | 15   | 12,31,58,599           | 14,96,83,593           | 20,02,32,179          |
|                                      |      | <b>18,31,76,899</b>    | <b>22,70,83,593</b>    | <b>30,34,32,179</b>   |
| <b>Liabilities</b>                   |      |                        |                        |                       |
| <b>Non Current Liabilities</b>       |      |                        |                        |                       |
| (a) Financial Liabilities            |      |                        |                        |                       |
| i) Other Financial Liabilities       | 16   | 5,65,163               | -                      | -                     |
| ii) Employee Benefit Obligation      | 17   | 4,03,895               | 3,43,480               | 1,66,125              |
| iii) Deferred Tax Liabilities        | 18   | 1,45,014               | 10,17,321              | 10,17,321             |
| <b>Total Non Current Liabilities</b> |      | <b>11,14,072</b>       | <b>13,60,801</b>       | <b>11,83,446</b>      |
| <b>Current Liabilities</b>           |      |                        |                        |                       |
| (a) Financial Liabilities            |      |                        |                        |                       |
| (i) Trade and Other Payables         | 19   | 31,51,194              | 31,51,194              | 33,86,144             |
| (ii) Other Financial Liabilities     | 20   | 32,824                 | -                      | -                     |
| (b) Employee Benefit Obligation      | 17   | 4,75,962               | 4,44,231               | 4,45,500              |
| (c) Other Current Liabilities        | 21   | 20,35,895              | 6,75,835               | 10,37,032             |
| <b>Total Current Liabilities</b>     |      | <b>56,95,875</b>       | <b>42,71,260</b>       | <b>48,68,676</b>      |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b>18,99,86,846</b>    | <b>23,27,15,654</b>    | <b>30,94,84,301</b>   |

Significant accounting policies and notes on financial statements

1 to 42

As per our Report of even date  
**For Arunkumar K Shah & Co**  
Chartered Accountants  
Firm Registration No 126935W

**Arunkumar K. Shah**  
Proprietor  
Membership No 34606

Place : Mumbai  
Date : 26th April, 2018

**For and on behalf of the Board of Directors**

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

**Sanjiv L. Hinduja**  
Director

**N.H.Mankad**  
Company Secretary

Place : Mumbai  
Date : 26th April, 2018

**Malavika A. Acharya**  
Director

**Ajay D. Acharya**  
Chief Financial Officer

**Santosh A. Shah**  
Director

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### STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2018

| Particulars  | Note    | Year Ended<br>March 31,2018 | Year Ended<br>March 31,2017 |
|--|---------|-----------------------------|-----------------------------|
| I Revenue from Operations  | 22      | 1,41,07,625                 | 64,83,856                   |
| I Other Income   | 23      | 1,16,50,965                 | 1,46,27,089                 |
| <b>III TOTAL INCOME</b>  |         | <b>2,57,58,590</b>          | <b>2,11,10,945</b>          |
| <b>IV Expenses</b>   |         |                             |                             |
| (a) Cost of Materials Consumed   |         | -                           | -                           |
| (b) Purchase of Stock in Trade   |         | -                           | -                           |
| (c) Changes in Inventories of Finished Goods, WIP and Stock-in-Trade                                   | 24      | 54,00,000                   | 47,16,461                   |
| (d) Employee Benefit Expenses  | 25      | 28,68,923                   | 22,24,478                   |
| (e) Other Expenses   | 26      | 68,92,530                   | 86,49,278                   |
| (f) Finance Costs  | 27      | 1,07,693                    | 72,371                      |
| (g) Depreciation and Amortisation Expense  | 4       | 10,04,867                   | 12,86,652                   |
| <b>TOTAL EXPENSES</b>  |         | <b>1,62,74,012</b>          | <b>1,69,49,240</b>          |
| <b>V PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX(III-IV)</b>   |         | <b>94,84,578</b>            | <b>41,61,705</b>            |
| <b>VI Exceptional items</b>  | 28      | 21,08,983                   | 30,63,338                   |
| <b>VII PROFIT BEFORE TAX(V-VI)</b>   |         | <b>7,375,595</b>            | <b>10,98,367</b>            |
| <b>VIII Tax Expense</b>  |         |                             |                             |
| Current Tax  |         | 8,93,854                    | -                           |
| Mat Credit entitlement   |         | (8,67,819)                  | -                           |
| Prior Year Short Provision of Tax  |         | 66,670                      | -                           |
| Deferred Tax Liability/(Asset)   |         | (9,13,127)                  | (21,576)                    |
| <b>TOTAL TAX EXPENSE</b>   |         | <b>(8,20,423)</b>           | <b>(21,576)</b>             |
| <b>IX PROFIT FOR THE YEAR AFTER TAX (VII-VIII)</b>   |         | <b>81,96,018</b>            | <b>11,19,943</b>            |
| <b>X OTHER COMPREHENSIVE INCOME</b>  |         |                             |                             |
| (A) (i) Items that will not be reclassified subsequently to the statement of profit and loss           |         |                             |                             |
| (a) Remeasurement of defined employee benefit plans  |         | 57,280                      | (92,295)                    |
| (b) Income tax on items that will not be reclassified subsequently to the statement of profit and loss |         | (14,893)                    | 23,766                      |
| <b>TOTAL OTHER COMPREHENSIVE INCOME/(LOSSES)</b>   |         | <b>42,387</b>               | <b>(68,529)</b>             |
| <b>XI TOTAL COMPREHENSIVE INCOME OF THE YEAR</b>   |         | <b>82,38,405</b>            | <b>10,51,414</b>            |
| <b>XII Earning per equity share:-Basic</b>   |         | 0.12                        | 0.01                        |
| <b>Earning per equity share:-Diluted</b><br>(Face value of Re. 1 each)                                 |         | 0.12                        | 0.01                        |
| <b>XIII Significant accounting policies and notes on financial statements</b>                          | 1 to 42 |                             |                             |

As per our Report of even date  
**For Arunkumar K Shah & Co**  
Chartered Accountants  
Firm Registration No 126935W

**Arunkumar K. Shah**  
Proprietor  
Membership No 34606

Place : Mumbai  
Date : 26th April, 2018

**For and on behalf of the Board of Directors**

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

**Sanjiv L. Hinduja**  
Director

**N.H.Mankad**  
Company Secretary

Place : Mumbai  
Date : 26th April, 2018

**Malavika A. Acharya**  
Director

**Ajay D. Acharya**  
Chief Financial Officer

**Santosh A. Shah**  
Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

| PARTICULARS  | 2017-18<br>Amount Rs. | 2016-17<br>Amount Rs. |
|--|-----------------------|-----------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>                              |                       |                       |
| Net Profit / (Loss) before Tax and Extraordinary items                       | 73,75,595             | 10,98,367             |
| <b>Adjustment for :</b>  |                       |                       |
| Depreciation   | 10,04,867             | 12,86,652             |
| Interest Income  | (1,11,00,326)         | (1,44,75,567)         |
| Rental Income  | (5,50,000)            | -                     |
| Dividend Income  | (275)                 | (300)                 |
| Impact of Reclassification of Acturial                                       |                       |                       |
| Loss on Employee Benefits  | 57,280                | (92,295)              |
| Provision for Doubtful Debts   | 1,28,928              | -                     |
| Interest Paid  | 1,07,693              | 72,371                |
|  | (1,03,51,833)         | (1,32,09,139)         |
| <b>Operating profit before working capital changes</b>                       | <b>(29,76,238)</b>    | <b>(1,21,10,772)</b>  |
| <b>Changes in Working Capital<br/>(Excluding Cash &amp; Cash Equivalent)</b> |                       |                       |
| <b>Adjustment for :</b>  |                       |                       |
| Sundry Debtors   | (54,62,710)           | 21,37,315             |
| Inventories  | 54,00,000             | 47,16,461             |
| Other loans & Advances   | 1,48,02,330           | (1,19,72,896)         |
| Current Liabilities & Provisions   | 20,50,193             | (4,20,064)            |
|  | 1,67,89,813           | (55,39,184)           |
| <b>Cash generated from operations</b>  | <b>1,38,13,574</b>    | <b>(1,76,49,956)</b>  |
| Taxes paid (Net of refund)   | 21,68,742             | 52,58,934             |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>                               | <b>1,59,82,317</b>    | <b>(1,23,91,022)</b>  |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                |                       |                       |
| Purchase of Fixed Assets   | -                     | (11,918)              |
| Interest Received  | 1,11,00,326           | 1,44,75,567           |
| Rent Received  | 5,50,000              | -                     |
| Dividend Received  | 275                   | 300                   |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>                               | <b>1,16,50,601</b>    | <b>1,44,63,949</b>    |



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| PARTICULARS   | 2017-18<br>Amount Rs. | 2016-17<br>Amount Rs. |
|---|-----------------------|-----------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>                     |                       |                       |
| Buyback of Share Capital  | (1,73,81,700)         | (2,58,00,000)         |
| Premium paid on Buyback of Share Capital                            | (3,47,63,400)         | (5,16,00,000)         |
| Interest Paid   | (1,07,693)            | (72,371)              |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                      | <b>(5,22,52,793)</b>  | <b>(7,74,72,371)</b>  |
| <b>Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)</b> | <b>(2,46,19,875)</b>  | <b>(7,53,99,444)</b>  |
| Cash and Cash equivalents at beginning of the year                  | 10,58,38,243          | 18,12,37,688          |
| Cash and Cash equivalents at end of the year                        | 8,12,18,368           | 10,58,38,243          |
| <b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalent</b>       | <b>(2,46,19,875)</b>  | <b>(7,53,99,445)</b>  |

**Note:**

- 1 The above cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7 - Cash Flow Statement
- 2 Cash and cash equivalents consists of Cash on hand and Balance with banks including Fixed Deposits with Bank.
- 3 Previous year's figures have been regrouped/rearranged wherever necessary.

As per our Report of even date

**For Arunkumar K Shah & Co**

Chartered Accountants

Firm Registration No 126935W

**Arunkumar K. Shah**

Proprietor

Membership No 34606

Place : Mumbai

Date : 26th April, 2018

**For and on behalf of the Board of Directors**

**Gordhan P. Tanwani**

Chairman & Managing Director

**Sanjiv L. Hinduja**

Director

**Malavika A. Acharya**

Director

**Santosh A. Shah**

Director

**N.H.Mankad**

Company Secretary

**Ajay D. Acharya**

Chief Financial Officer

Place : Mumbai

Date : 26th April, 2018



### **Note 1: Corporate Information**

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

### **Note 2: SIGNIFICANT ACCOUNTING POLICIES**

#### **(i) Statement of compliance/Adoption of Ind AS for first time**

In accordance with the notification issued by the ministry of corporate affairs, the company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017. Previous period figures have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2017 and April 1, 2016 and of the comprehensive net income for the year ended March 31, 2017.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

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

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company adopted Ind AS from 1st April, 2017.

Up to the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements.

The financial statements have been prepared on historical cost basis, except for the following:

- a. certain financial assets and liabilities which are measured at fair values
- b. defined benefit plans – plan assets measured at fair value

#### **(b) Use of estimates**

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

#### **Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

#### **Valuation of deferred tax assets**

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note no:(x)

#### **Provisions and contingent liabilities**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present

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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 adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

### (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 recognized on the following basis:
  - i. In respect of Cinematic & Television content, which is not complete i.e. under production, no income is recognized.
  - ii. In respect of Cinematic & Television content, which is complete but not released, income is recognized 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 / realizations / confirmed contracts bears to the total expected realization.
  - iii. In respect of cinematic content completed and released during the year, income is recognized on release / delivery of release prints except income, if any, already recognized 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 recognized on the basis of contracts / deal memo and delivery of Digi Betas.
- g. Interest income is recognized using the effective interest method.
- h. Dividend income is recognized when the right to receive payment is established.

### (iv) Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

### (v) Foreign Currency Loans/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.

### (vi) Employee Benefits

#### Short Term Employee Benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

#### Long Term Employee Benefits

The liability towards gratuity and leave encashment is not funded. The present value of these defined benefit obligations are ascertained by an independent actuarial valuation as per the requirement of IND AS 19- Employee Benefits. The



liability recognized in the balance sheet is the present value of the defined benefit obligations on the balance sheet date less fair value of the plan assets (for funded plans), together with adjustments for unrecognized past service costs. Gains and losses through re-measurements of net defined benefit liability/(asset) are recognized in other comprehensive income. The effects of any plan amendments are recognized in the Statement of Profit & Loss.

**(vii) Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation and impairment loss, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

Advances paid towards the acquisition of property, plant & equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and cost of assets not put to use before such date are disclosed under Capital work-in-progress. Subsequent expenditure relating to property, plant & equipment is capitalised only when it is probable that future economic benefit associate with this will flow to the company and the cost of item can be measured reliably. Repairs and maintenance cost are recognized in statement of profit & loss when incurred. The cost and related accumulated depreciation are eliminated from financial statement upon sale or retirement of the asset and resultant gains and losses are recognized in the statement of profit & loss. Assets to be disposed off are reported at lower of carrying value or fair value less cost to sell.

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives based on evaluation. The estimated useful lives of property, plant & equipment is taken as prescribed under Schedule II of the Companies Act , 2013. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Cost excludes Cenvat credit, Sales Tax and Service Tax credit, Custom Duty entitlement and such other levies / taxes. Depreciation on such assets is claimed on 'reduced' cost.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

**(viii) Impairment**

**a. Financial assets (other than at fair value)**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**b. Non Financial assets**

**Tangible and intangible assets**

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

**(ix) 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.

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### **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.

### **(x) Income Taxes**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognized in statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

#### **Current Income Taxes**

Income tax expense is the aggregate amount of Current tax. Current tax is the amount of Income Tax determined to be payable in respect of the taxable income for an accounting period or computed on the basis of the provisions of Section 115JB of Income Tax Act, 1961 by way of minimum alternate tax (MAT) at the prescribed percentage on the adjusted book profits of a year, when Income Tax liability under the normal method of tax payable basis works out either a lower amount or nil amount compared to the tax liability u/s 115 JB.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

#### **Deferred Income Taxes**

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

The Company recognizes interest levied and penalties related to income tax assessments in interest expenses.

### **(xi) Financial Instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.



### **Cash & Cash Equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

### **Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets. The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

### **Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

### **Financial liabilities**

#### **Trade Payables & Other Current Liabilities**

For trade payables and other payables maturing within one year from the balance sheet date, carrying amounts approximate fair value due to short maturity of these instruments.

#### **Security Deposit**

Under the previous GAAP, interest free Security Deposit (that are refundable in cash) are recorded at their transaction value. Under the Ind AS all financial assets are required to be recognized at fair value. Accordingly, the Company has fair valued these Security Deposits under Ind AS. Difference between the fair value and the transaction value of Security Deposit has been recognized as Deferred rent income. Deferred rent is recognized as income over period of deposit with corresponding recognition of interest expenses on the outstanding amount.

### **(xii) Earnings per Share**

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

### **(xiii) Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **(xiv) Service Tax / Goods and Services Tax**

Service Tax / Goods and Services Tax (GST) liability is accounted on accrual basis. The Company is accounting liability for service tax / GST 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/ GST is claimed as per appropriate laws, rules and regulations.

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### Note 3: FIRST TIME ADOPTION OF IND AS

#### Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The transition as at 1st April, 2016 to Ind AS was carried out from the previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with the previous GAAP to Ind AS are explained below:

#### A. Exemptions Applied

The Company has applied the following exemptions:

##### Deemed Cost

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at the previous GAAP carrying value.

#### B. Mandatory Exceptions

##### Estimates

The Company's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1st April, 2016 are consistent with the estimates as at the same date made in conformity with the previous GAAP.

##### Classification and measurement of financial assets

According to Ind AS 101, the Company has assessed classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

#### C. Reconciliation between previous GAAP and Ind AS

##### (i) Equity reconciliation

|  | Notes | As at 31st March, 2017 | As at 1st April, 2016 |
|--|-------|------------------------|-----------------------|
| As reported under previous GAAP            |       | 23,74,34,998           | 31,38,28,926          |
| <b>Adjusted equity under previous GAAP</b> |       |                        |                       |
| - Expected Credit Loss                     | (a)   | (1,05,54,240)          | (1,05,54,240)         |
| - Tax Adjustments                          | (b)   | 2,02,835               | 1,57,493              |
| <b>Equity under Ind AS</b>                 |       | <b>22,70,83,593</b>    | <b>30,34,32,179</b>   |

##### (ii) Comprehensive income reconciliation

|  | Notes | 2016-2017        |
|--|-------|------------------|
| <b>Net Profit under previous GAAP</b>          |       | <b>10,06,072</b> |
| - Employee benefits                            | (c)   | 92,295           |
| - Tax adjustments                              | (b)   | 21,576           |
| <b>Net Profit under Ind AS</b>                 |       | <b>11,19,943</b> |
| - Other Comprehensive Income                   |       | (68,529)         |
| <b>Total comprehensive income under Ind AS</b> |       | <b>10,51,414</b> |

##### (iii) Reconciliation of Statement of Cash Flows

There are no material adjustments to the statement of cash flows as required under the previous GAAPS.





## Notes to reconciliation between Previous GAAP and IND AS

### (a) Expected Credit Loss

Under Ind AS, The Company has provided for expected credit loss on it's debtors. This has resulted in decrease of equity by Rs. 1,05,54,240/-.

### (b) Tax Adjustments

Tax adjustment relates to deferred tax impact on account of difference between previous GAAP and Ind AS. These adjustments have resulted in an increase in equity under Ind AS by Rs.1,57,493/- and Rs. 2,02,835/- as at April 1, 2016 and March 31, 2017 respectively and increase in net profit after tax by Rs. 21,576/- for the year ended 31st March, 2017.

### (c) Employee Benefits

Under Previous GAAP, actuarial gains and losses were recognized in the statement of profit and loss account. Under Ind AS, The actuarial gains and losses form a part of re-measurement of net defined benefit liability/ asset which is recognized in other comprehensive income in the respective years. This has resulted in decrease in net profit by Rs. 68,529/- for the year ended 31st March, 2017. However, the same does not result in difference in equity or total comprehensive income.

## NOTE NO 4 : PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consist of the following:

| Description                                       | Office Premises    | Plant and Machinery | Furniture and Fixtures | Office Equipment  | Motor Car          | Total              |
|---|--------------------|---------------------|------------------------|-------------------|--------------------|--------------------|
| <b>Gross Carrying amount</b>                      |                    |                     |                        |                   |                    |                    |
| Cost/Deemed cost as at April 1,2017               | 1,57,28,794        | 3,91,989            | 1,23,646               | 2,76,809          | 14,19,581          | 1,79,40,819        |
| Additions   | -                  | -                   | -                      | -                 | -                  | -                  |
| Disposals   | -                  | -                   | -                      | -                 | -                  | -                  |
| <b>Cost/Deemed cost as at Mar 31,2018</b>         | <b>1,57,28,794</b> | <b>3,91,989</b>     | <b>1,23,646</b>        | <b>2,76,809</b>   | <b>14,19,581</b>   | <b>1,79,40,819</b> |
| Accumulated depreciation as at April 1,2017       | (3,29,599)         | (2,54,477)          | (84,349)               | (74,898)          | (5,43,328)         | (12,86,651)        |
| Depreciation for the period                       | (3,29,595)         | (29,338)            | (31,258)               | (71,341)          | (5,43,335)         | (10,04,867)        |
| Disposals   | -                  | -                   | -                      | -                 | -                  | -                  |
| <b>Accumulated depreciation as at Mar 31,2018</b> | <b>(6,59,198)</b>  | <b>(2,83,815)</b>   | <b>(1,15,607)</b>      | <b>(1,46,239)</b> | <b>(10,86,663)</b> | <b>(22,91,518)</b> |
| <b>Net carrying amount as at Mar 31,2018</b>      | <b>1,50,69,600</b> | <b>1,08,174</b>     | <b>8,039</b>           | <b>1,30,570</b>   | <b>3,32,918</b>    | <b>1,56,49,301</b> |

| Description                                    | Office Premises    | Plant and Machinery | Furniture and Fixtures | Office Equipment | Motor Car        | Total              |
|--|--------------------|---------------------|------------------------|------------------|------------------|--------------------|
| <b>Gross Carrying amount</b>                   |                    |                     |                        |                  |                  |                    |
| Cost/Deemed cost as at April 1,2016            | 1,57,28,794        | 3,91,989            | 1,23,646               | 2,64,891         | 14,19,581        | 1,79,28,901        |
| Additions                                      | -                  | -                   | -                      | 11,918           | -                | 11,918             |
| Disposals                                      | -                  | -                   | -                      | -                | -                | -                  |
| <b>Cost/Deemed cost as at March 31,2017</b>    | <b>1,57,28,794</b> | <b>3,91,989</b>     | <b>1,23,646</b>        | <b>2,76,809</b>  | <b>14,19,581</b> | <b>1,79,40,819</b> |
| Accumulated depreciation as at April 1,2016    | -                  | -                   | -                      | -                | -                | -                  |
| Depreciation for the year                      | (3,29,599)         | (2,54,477)          | (84,349)               | (74,898)         | (5,43,328)       | (12,86,651)        |
| Disposals                                      | -                  | -                   | -                      | -                | -                | -                  |
| Accumulated depreciation as at March 31,2017   | (3,29,599)         | (2,54,477)          | (84,349)               | (74,898)         | (5,43,328)       | (12,86,651)        |
| <b>Net carrying amount as at March 31,2017</b> | <b>1,53,99,195</b> | <b>1,37,512</b>     | <b>39,297</b>          | <b>2,01,911</b>  | <b>8,76,253</b>  | <b>1,66,54,168</b> |
| Net carrying amount as at April 1,2016         | 1,57,28,794        | 3,91,989            | 1,23,646               | 2,64,891         | 14,19,581        | 1,79,28,901        |

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| Particulars   | 31st March, 2018    | 31st March, 2017    | 1st April, 2016     |
|---|---------------------|---------------------|---------------------|
| <b>Note 5 : Investments</b>   |                     |                     |                     |
| Investments consists of the following                                     |                     |                     |                     |
| (I) Investments - Non-Current   |                     |                     |                     |
| <b>(A) Un Quoted Investments</b>  |                     |                     |                     |
| <b>Investment carried at fair value through Profit and Loss account</b>   |                     |                     |                     |
| (a) Equity shares   |                     |                     |                     |
| Fully paid up Equity Shares (unquoted)                                    |                     |                     |                     |
| 100 Equity Shares of Rs.25/- each of Punjab & Maharashtra Coop. Bank Ltd. | 2,500               | 2,500               | 2,500               |
| * Fair Value is equal to the carrying value                               |                     |                     |                     |
| <b>Total - Non Current Investments</b>                                    | <u><u>2,500</u></u> | <u><u>2,500</u></u> | <u><u>2,500</u></u> |

| Particulars                            | 31st March, 2018     | 31st March, 2017     | 1st April, 2016      |
|--|----------------------|----------------------|----------------------|
| <b>Note 6 : Other Financial Assets</b> |                      |                      |                      |
| <b>Security Deposits</b>               |                      |                      |                      |
| To Others                              | 35,160               | 35,900               | 43,500               |
| To Related Parties                     | -                    | -                    | -                    |
|  | <u><u>35,160</u></u> | <u><u>35,900</u></u> | <u><u>43,500</u></u> |

| Particulars   | 31st March, 2018          | 31st March, 2017          | 1st April, 2016          |
|---|---------------------------|---------------------------|--------------------------|
| <b>Note 7 : Income Tax Assets(Net)</b>              |                           |                           |                          |
| Advance Income Tax (Net of Provisions)              | 2,04,47,454               | 2,31,69,641               | 2,82,62,511              |
| Advance Income Tax Current Year (Net of Provisions) | 10,60,900                 | 15,96,906                 | 17,62,967                |
|   | <u><u>2,15,08,353</u></u> | <u><u>2,47,66,547</u></u> | <u><u>30,025,478</u></u> |

**The reconciliation of estimated income tax expenses at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:**

| Particulars   | 2017                   | 2016            |
|---|------------------------|-----------------|
| Profit before income taxes  | 73,75,595              | 10,98,367       |
| Indian Statutory Income Tax Rate  | 25.75%                 | 29.87%          |
| Expected income tax expenses  | 18,99,216              | 3,28,082        |
| <b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:</b> |                        |                 |
| Income exempt from tax  | (71)                   | (90)            |
| Tax on income at different rates  | 8,93,854               | -               |
| Brought forward losses (restricted to profit)   | (10,05,291)            | (3,27,993)      |
|   | <u><u>8,93,854</u></u> | <u><u>-</u></u> |



| Particulars                 | 31st March, 2018 | 31st March, 2017 | 1st April, 2016    |
|-----------------------------|------------------|------------------|--------------------|
| <b>Note 8 : Inventories</b> |                  |                  |                    |
| Stock of IPR                | -                | 54,00,000        | 85,36,461          |
| Own Production Film Rights  | -                | -                | 15,80,000          |
|                             | <u>-</u>         | <u>54,00,000</u> | <u>1,01,16,461</u> |

| Particulars                           | 31st Mar, 2018   | 31st March, 2017 | 1st April, 2016  |
|---------------------------------------|------------------|------------------|------------------|
| <b>Note 9 : Trade Receivables</b>     |                  |                  |                  |
| <b>Unsecured, Considered Good</b>     |                  |                  |                  |
| Other Receivables                     | 57,99,620        | 3,36,910         | 24,74,225        |
| <b>Unsecured, Considered Doubtful</b> |                  |                  |                  |
| Other Receivables                     | 1,06,83,168      | 1,05,54,240      | 1,08,27,135      |
| Less : Provision for doubtful debts   | (1,06,83,168)    | (1,05,54,240)    | (1,08,27,135)    |
|                                       | <u>57,99,620</u> | <u>3,36,910</u>  | <u>24,74,225</u> |

In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the Expected Credit Loss allowance (ECL) for trade receivables based on a provision matrix. The ECL is based on ageing of the receivables that are due.

| Particulars                               | 31st March, 2018 | 31st March, 2017 | 1st April, 2016    |
|---|------------------|------------------|--------------------|
| <b>Note 10 : Cash and Cash Equivalent</b> |                  |                  |                    |
| Cash on hand                              | 22,811           | 25,413           | 2,57,661           |
| <b>Balances with banks :</b>              |                  |                  |                    |
| In Current Accounts                       | 83,61,847        | 57,72,796        | 5,08,50,345        |
|   | <u>83,84,658</u> | <u>57,98,209</u> | <u>5,11,08,006</u> |

| Particulars  | 31st March, 2018   | 31st March, 2017    | 1st April, 2016     |
|--|--------------------|---------------------|---------------------|
| <b>Note 11 : Other Balances with Bank</b>                            |                    |                     |                     |
| In Unclaimed Dividend Account  | -                  | 40,034              | 1,29,682            |
| In Fixed Deposit with Bank<br>(having maturities more than 3 months) | 7,28,33,710        | 10,00,00,000        | 13,00,00,000        |
|  | <u>7,28,33,710</u> | <u>10,00,40,034</u> | <u>13,01,29,682</u> |

| Particulars  | 31st March, 2018   | 31st March, 2017   | 1st April, 2016    |
|--|--------------------|--------------------|--------------------|
| <b>Note 12 : Loans</b>   |                    |                    |                    |
| <b>Unsecured, considered good</b>                              |                    |                    |                    |
| Advance receivable in cash or kind or for value to be received | 4,60,00,000        | 6,00,00,000        | 4,00,00,000        |
|  | <u>4,60,00,000</u> | <u>6,00,00,000</u> | <u>4,00,00,000</u> |

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| Particulars                                 | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|---|------------------|------------------|-----------------|
| <b>Note 13 : Other Current Assets</b>       |                  |                  |                 |
| <b>Unsecured, considered good</b>           |                  |                  |                 |
| Advances to Suppliers                       | 1,25,16,170      | 1,37,90,000      | 1,37,94,636     |
| Advances to Related Parties                 |                  |                  |                 |
| <b>Balances with Government Authorities</b> |                  |                  |                 |
| VAT Refund Receivable                       | 44,39,297        | 44,39,297        | 45,55,840       |
| GST   | 1,32,393         |                  |                 |
| Service Tax Credit Receivable               | -                | -                | 35,680          |
| Prepaid Expenses                            | 41,836           | 71,632           | 47,253          |
| Interest accrued on Fixed Deposit           | 9,72,498         | 11,77,622        | 75,74,090       |
| Interest accrued on Loan                    | 5,74,767         | -                | 14,90,556       |
| <b>Unsecured, considered Doubtful</b>       |                  |                  |                 |
| Advances to Suppliers                       | 1,57,624         | 1,57,624         | 1,57,624        |
| Less: Provision for doubtful advances       | (1,57,624)       | (1,57,624)       | (1,57,624)      |
|   | 1,86,76,961      | 1,94,78,551      | 2,74,98,055     |

| Particulars  | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| <b>Note 14 : Share Capital</b>                               |                  |                  |                 |
| <b>a) Authorised :</b>                                       |                  |                  |                 |
| 30,00,00,000 equity shares of Re.1/- each                    | 30,00,00,000     | 30,00,00,000     | 30,00,00,000    |
| (March 31, 2017 : 30,00,00,000 equity shares of Re.1/- each) |                  |                  |                 |
| (April 1, 2016 : 30,00,00,000 equity shares of Re.1/- each)  |                  |                  |                 |
|  | 30,00,00,000     | 30,00,00,000     | 30,00,00,000    |
| <b>b) Issued, Subscribed and Fully Paid up :</b>             |                  |                  |                 |
| 6,00,18,300 equity shares of Re.1/- each                     | 6,00,18,300      | 77,400,000       | 10,32,00,000    |
| (March 31, 2017 : 7,74,00,000 equity shares of Re.1/- each)  |                  |                  |                 |
| (April 1, 2016 : 10,32,00,000 equity shares of Re.1/- each)  |                  |                  |                 |
|  | 6,00,18,300      | 7,74,00,000      | 10,32,00,000    |

**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.
- 4) 2,58,00,000 equity shares of Re. 1/- each were bought back at price of Rs. 3/- per share and extinguished on 29th July, 2016.
- 5) 1,73,81,700 equity shares of Re. 1/- each were bought back at price of Rs. 3/- per share and extinguished on 8th November, 2017.



**Details of shareholder holding more than 5% shares:**

| Particulars                      | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|----------------------------------|------------------|------------------|-----------------|
| Equity shares with voting rights |                  |                  |                 |
| Shri Gordhan P. Tanwani          | 4,43,56,875      | 5,80,00,002      | 6,99,96,587     |
|                                  | 73.91%           | 74.94%           | 67.83%          |

**The Reconciliation of the number of shares outstanding is set out below:**

| Particulars                                | 2018<br>Number of shares held | 2017<br>Number of shares held |
|--|-------------------------------|-------------------------------|
| Equity Shares at the beginning of the year | 7,74,00,000                   | 10,32,00,000                  |
| Add :Shares issued during the year         | -                             | -                             |
| Less:Shares bought back                    | 1,73,81,700                   | 25,80,000                     |
| Equity Shares at the end of the year       | 6,00,18,300                   | 77,40,000                     |

Terms & Rights attached to equity shares

The Company has only one class of equity shares having a par value of Re. 1/- per share.

Each shareholder is eligible for one vote per share held.

In the event of liquidation of the Company the holders of the equity shares will be entitled to receive the remaining assets of the company in proportion to the number of equity shares held

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|-------------|------------------|------------------|-----------------|
|-------------|------------------|------------------|-----------------|

**Note 15 : Other Equity**

**(a) Capital Redemption Reserve Account:**

|                              |                    |                    |   |
|------------------------------|--------------------|--------------------|---|
| At the beginning of the year | 2,58,00,000        | -                  | - |
| Add : Addition for the year  | 1,73,81,700        | 2,58,00,000        | - |
| At the end of the year       | <b>4,31,81,700</b> | <b>2,58,00,000</b> | - |

**(b) Securities Premium Account:**

|   |               |                    |                    |
|---|---------------|--------------------|--------------------|
| At the beginning of the year                            | 2,02,43,268   | 7,18,43,268        | 7,18,43,268        |
| Addition during the year                                | -             | -                  | -                  |
| Less : Utilization During the Year (Buy-Back of Shares) | (2,02,43,268) | (5,16,00,000)      | -                  |
| At the end of the year                                  | -             | <b>2,02,43,268</b> | <b>7,18,43,268</b> |

**(c) General Reserve Account:**

|                              |                    |                    |                    |
|------------------------------|--------------------|--------------------|--------------------|
| At the beginning of the year | 1,10,00,000        | 1,10,00,000        | 1,10,00,000        |
| Addition during the year     | -                  | -                  | -                  |
| At the end of the year       | <b>1,10,00,000</b> | <b>1,10,00,000</b> | <b>1,10,00,000</b> |

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| Particulars  | 31st March, 2018    | 31st March, 2017    | 1st April, 2016     |
|--|---------------------|---------------------|---------------------|
| <b>Note 15 : Other Equity (Contd.)</b>               |                     |                     |                     |
| <b>(d) Retained Earnings</b>                         |                     |                     |                     |
| At the beginning of the year                         | 9,26,40,325         | 11,73,88,911        | 12,73,47,216        |
| Add : Profit for the year                            | 81,96,018           | 11,19,943           | 4,38,442            |
| Add: Deferred Tax on Provision for Employee Benefits | -                   | -                   | 1,57,493            |
| Add : Other Comprehensive income                     | 42,387              | (68,529)            | -                   |
| Less: Premium on Buy Back of Shares                  | 1,45,20,132         | -                   | -                   |
| Less: Trf to Capital Redemption Reserve              | 1,73,81,700         | 2,58,00,000         | -                   |
| Less: Expected Credit Loss Provisioning              | -                   | -                   | 1,05,54,240         |
|  | <u>6,89,76,899</u>  | <u>9,26,40,325</u>  | <u>11,73,88,911</u> |
| At the end of the year                               | <u>12,31,58,599</u> | <u>14,96,83,593</u> | <u>20,02,32,179</u> |

| Particulars                                  | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| <b>Note 16 : Other Financial Liabilities</b> |                  |                  |                 |
| <b>- Non Current Liabilities</b>             |                  |                  |                 |
| Rental Security Deposit                      | 4,48,883         | -                | -               |
| Deferred Rent Income                         | 1,16,280         | -                | -               |
|  | <u>5,65,163</u>  | <u>-</u>         | <u>-</u>        |

| Particulars                                  | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| <b>Note 17 : Employee Benefit Obligation</b> |                  |                  |                 |
| <b>- Non Current Liabilities</b>             |                  |                  |                 |
| Provision for gratuity                       | 4,03,895         | 3,43,480         | 1,66,125        |
|  | <u>4,03,895</u>  | <u>3,43,480</u>  | <u>1,66,125</u> |
| <b>- Current Liabilities</b>                 |                  |                  |                 |
| Provision for gratuity                       | 4,75,962         | 4,44,231         | 4,45,500        |
|  | <u>4,75,962</u>  | <u>4,44,231</u>  | <u>4,45,500</u> |

| Particulars  | 31st March, 2018  | 31st March, 2017 | 1st April, 2016 |
|--|-------------------|------------------|-----------------|
| <b>Note 18 : Deferred Tax liabilities/(Assets)</b>           |                   |                  |                 |
| A) Tax Effect of items constituting deferred tax liabilities |                   |                  |                 |
| Relating to fixed Assets                                     | 1,45,014          | 10,17,321        | 10,17,321       |
| B) Tax effects of items constituting deferred tax assets     |                   |                  |                 |
| MAT Credit Entitlement                                       | (8,67,819)        | -                | -               |
| Relating to Employee Benefit Expenses                        | (2,28,763)        | (2,02,835)       | (1,57,493)      |
|  | <u>(9,51,568)</u> | <u>8,14,486</u>  | <u>8,59,828</u> |

The Company has not recognised deferred tax assets in respect of Unabsorbed Losses .



| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|-------------|------------------|------------------|-----------------|
|-------------|------------------|------------------|-----------------|

**Note 19 : Trade Payables**

**- Current Liabilities**

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| Dues to Micro, Small and Medium Enterprises | -                | -                | -                |
| Others                                      | 31,51,194        | 31,51,194        | 33,86,144        |
|   | <u>31,51,194</u> | <u>31,51,194</u> | <u>33,86,144</u> |

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|-------------|------------------|------------------|-----------------|
|-------------|------------------|------------------|-----------------|

**Note 20 : Other Financial Liabilities**

**(i) Other current financial liabilities**

|  |               |          |          |
|--|---------------|----------|----------|
| Deferred Rental Income (Current portion) | 32,824        | -        | -        |
|  | <u>32,824</u> | <u>-</u> | <u>-</u> |

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|-------------|------------------|------------------|-----------------|
|-------------|------------------|------------------|-----------------|

**Note 21 : Other Current Liabilities**

|  |                  |                 |                  |
|--|------------------|-----------------|------------------|
| Statutory Remittances (Contributions to PF and ESIC, Withholding Taxes, GST, TDS, Excise Duty, VAT, Service Tax, etc.) | 15,63,015        | 68,638          | 2,42,726         |
| Advances from Customers  | -                | -               | 20,520           |
| Unclaimed dividends  | -                | 40,034          | 1,29,682         |
| Provision for Other Expenses   | 4,72,880         | 5,67,163        | 6,44,104         |
|  | <u>20,35,895</u> | <u>6,75,835</u> | <u>10,37,032</u> |



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| Particulars                              | 31st March, 2018  | 31st March, 2017 |
|--|-------------------|------------------|
| <b>Note 22 : Revenue From Operations</b> |                   |                  |
| Income from Post Production Activity     | 1,607,625         | 1,983,856        |
| Income from Sale of IPR of Films         | 12,500,000        | 4,500,000        |
|  | <u>14,107,625</u> | <u>6,483,856</u> |

| Particulars                      | 31st March, 2018   | 31st March, 2017   |
|----------------------------------|--------------------|--------------------|
| <b>Note 23 : Other Income</b>    |                    |                    |
| Interest income                  | 1,11,00,326        | 1,44,75,567        |
| Rent Income                      | 5,50,000           | -                  |
| Miscellaneous Income             | 365                | 1,51,222           |
| Dividend on Long Term Investment | 275                | 300                |
|                                  | <u>1,16,50,965</u> | <u>1,46,27,089</u> |

### **Interest income**

|  |                    |                    |
|--|--------------------|--------------------|
| i) Interest Recieved on FD (TDS Rs.4,85,137/- P.Y. Rs.8,04,618/-)          | 48,51,366          | 80,46,173          |
| ii) Notional Interest Income - Security Deposit                            | 15,018             | -                  |
| iii) Interest Received on IT Refund  | 8,33,144           | 8,62,853           |
| iv) Interest on Loans and Advances (TDS Rs.5,40,081 /- P.Y. Rs.5,56,655/-) | 54,00,798          | 55,66,541          |
|  | <u>1,11,00,326</u> | <u>1,44,75,567</u> |

| Particulars   | 31st March, 2018 | 31st March, 2017   |
|---|------------------|--------------------|
| <b>Note 24 : Changes in Inventories of Finished Goods, Work-in-progress, Traded Goods</b> |                  |                    |
| <u>Inventories at the end of the year:</u>  |                  |                    |
| Own film IPR  | -                | -                  |
| Trading film IPR  | -                | 54,00,000          |
| Under Production Film   | -                | -                  |
|   | <u>-</u>         | <u>54,00,000</u>   |
| <u>Inventories at the beginning of the year:</u>  |                  |                    |
| Own film IPR  | -                | 13,36,461          |
| Trading film IPR  | 54,00,000        | 72,00,000          |
| Under Production Film   | -                | 15,80,000          |
|   | <u>54,00,000</u> | <u>1,01,16,461</u> |
| <b>(Increase) / Decrease in Inventories</b>   | <u>54,00,000</u> | <u>47,16,461</u>   |

| Particulars                                | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| <b>Note 25 : Employee Benefit Expenses</b> |                  |                  |
| Salaries and Wages                         | 26,42,777        | 19,93,968        |
| Contributions to Provident and other Funds | 1,96,122         | 1,13,872         |
| Staff Welfare Expenses                     | 30,024           | 1,16,638         |
|  | <u>28,68,923</u> | <u>22,24,478</u> |



| Particulars | 31st March, 2018 | 31st March, 2017 |
|-------------|------------------|------------------|
|-------------|------------------|------------------|

Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the IND AS 19 the details of which are as follows:

**a) Gratuity**

|  |                 |                 |
|--|-----------------|-----------------|
| Present Value of Funded Obligations                                | NIL             | NIL             |
| Present Value of Unfunded Obligations                              | 8,79,857        | 7,87,711        |
| Fair Value of Plan Assets (managed by insurer)                     | NIL             | NIL             |
| <b>Net Liability</b>   | <b>8,79,857</b> | <b>7,87,711</b> |
| Amounts in Balance Sheet   |                 |                 |
| Liability  | 8,79,857        | 7,87,711        |
| Assets   | NIL             | NIL             |
| <b>Net Liability</b>   | <b>8,79,857</b> | <b>7,87,711</b> |
| <b>Expenses to be recognised in the Statement of P&amp;L</b>       |                 |                 |
| Current Service Cost   | 1,09,551        | 52,681          |
| Interest on Defined Benefit Obligation                             | 39,875          | 31,110          |
| Expected Return on Plan Assets                                     | -               | -               |
| Net Actuarial Losses/(Gains) Recognised in Year                    | (57,280)        | 5,24,987        |
| <b>Total, included in "Employee Benefit Expense"</b>               | <b>92,146</b>   | <b>6,08,778</b> |
| Actual Return on Plan Assets                                       | -               | -               |
| <b>Remeasurement of the net defined benefit liability/(asset):</b> |                 |                 |
| Remeasurements- Due to financial assumptions                       | (79,626)        | 55,192          |
| Remeasurements- Due to Experience adjustments                      | 22,346          | 4,69,795        |
| Benefits Paid  | -               | (4,32,692)      |
| <b>Total Remeasurement in OCI</b>                                  | <b>(57,280)</b> | <b>92,295</b>   |
| Principal Actuarial Assumptions (Expressed as Weighted Averages)   |                 |                 |
| Discount Rate (p.a.)   | 8.10%           | 7.05%           |
| Expected Rate of Return on Assets (p.a.)                           | N.A             | N.A             |
| Salary Escalation Rate (p.a.)                                      | 8.00%           | 8.00%           |

| Particulars | 31st March, 2018 | 31st March, 2017 |
|-------------|------------------|------------------|
|-------------|------------------|------------------|

**Note 26 : Other Expenses**

**Operating Expenses**

|                               |          |          |
|-------------------------------|----------|----------|
| Electricity Expenses          | 4,11,548 | 3,86,116 |
| Professional & Technical Fees | 6,10,107 | 6,10,932 |

**Sub-total (A)**

|                  |                 |
|------------------|-----------------|
| <b>10,21,655</b> | <b>9,97,048</b> |
|------------------|-----------------|

**Selling and Distribution Expenses**

|                                       |           |           |
|---------------------------------------|-----------|-----------|
| Advertisement Expenses                | 97,689    | 1,16,555  |
| Provision for Doubtful Debts/Advances | 1,28,928  | -         |
| Bad Debts Written Off                 | 12,90,000 | 22,03,000 |
| Other Expenses                        | 999       | 487       |

**Sub-total (B)**

|                  |                  |
|------------------|------------------|
| <b>15,17,616</b> | <b>23,20,042</b> |
|------------------|------------------|

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| Particulars  | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| <b>Note 26 : Other Expenses (Contd.)</b>                     |                  |                  |
| <b>Administrative Expenses</b>                               |                  |                  |
| Communication Expenses                                       | 1,32,797         | 1,55,901         |
| Directors' Sitting Fee                                       | 4,63,500         | 7,23,750         |
| Food & Refreshment Expenses                                  | 2,00,306         | 2,65,899         |
| Insurance Charges  | 59,076           | 57,848           |
| Legal , Professional & Consultancy Charges                   | 7,09,628         | 10,27,489        |
| Membership & Subscription Expenses                           | -                | 5,865            |
| Office Expenses  | 1,19,442         | 3,36,562         |
| Postage & Telegram Expenses                                  | 62,995           | 88,378           |
| Printing & Stationery  | 78,791           | 1,10,017         |
| Rates & Taxes  | 6,84,953         | 6,39,667         |
| Municipal Taxes  | 5,62,311         | 7,49,748         |
| Repairs & Maintenance to Building                            | 4,89,960         | 3,35,084         |
| Repairs & Maintenance to others                              | 1,34,208         | 1,43,948         |
| Listing Fee  | 2,50,000         | 2,40,836         |
| Other Expenses   | 1,87,829         | 29,654           |
| Travelling & Conveyance Expenses                             | 1,17,463         | 1,11,542         |
| Payment to Auditors - Audit Fees ( including Tax Audit Fees) | 1,00,000         | 1,25,000         |
| - Other Matters  | -                | 1,85,000         |
| <b>Sub-total (C)</b>   | <b>43,53,259</b> | <b>53,32,188</b> |
| <b>(A) + (B)+ (C)</b>  | <b>68,92,530</b> | <b>86,49,278</b> |
| <hr/>  |                  |                  |
| Particulars  | 31st March, 2018 | 31st March, 2017 |
| <b>Note 27 : Finance costs</b>                               |                  |                  |
| Other Interest   | 82,718           | 66,899           |
| Interest Expenses  | 13,005           | -                |
| Bank Charges   | 11,970           | 5,472            |
|  | <b>1,07,693</b>  | <b>72,371</b>    |
| <hr/>  |                  |                  |
| Particulars  | 31st March, 2018 | 31st March, 2017 |
| <b>Note 28 : Exceptional items</b>                           |                  |                  |
| <b>Buy Back Expenses</b>                                     |                  |                  |
| Postage & Telegrams  | 1,67,971         | 1,89,179         |
| Advertisement  | 2,15,697         | 3,11,013         |
| SEBI / NSDL/CDSL/BSE Fees                                    | 8,02,000         | 4,11,000         |
| Professional Fees Paid                                       | 6,15,000         | 11,99,417        |
| Printing & Stationery  | 68,561           | 61,967           |
| Brokerage Charges  | 1,78,554         | 8,29,716         |
| RTA Charges  | 61,200           | 61,046           |
|  | <b>21,08,983</b> | <b>30,63,338</b> |



## OTHER NOTES TO ACCOUNTS

### 29. Contingent Liability –

#### A. Maharashtra Value Added Tax:

- i) Demand of Rs. 18,84,486/— towards MVAT for the year 2010-11 raised by Jt. Commissioner of Sales Tax, Mumbai towards alleged excess Set Off Claimed by the Company.

The Company has filed an appeal against the said order before the Sales Tax Appellate Tribunal, Mumbai and is confident that the said demand will be withdrawn as such the Company does not expect any liability on this account. In the meantime the Company has deposited full amount of Rs.18,84,486/- Sales Tax Department.

- ii) Demand of Rs. 22,57,532/- towards MVAT for the year 2011-12 raised by Dy. Commissioner of Sales Tax, Mumbai towards alleged excess Set Off Claimed by the Company.

The Company had filed an appeal against the said order before the Jt. Commissioner of Sales Tax, Mumbai. However, subsequently the Company has paid Sales Tax of Rs. 4,56,355 and interest of Rs. 62,930/- against the said demand under Amnesty Scheme announced by the Sales Tax Department. Interest of Rs. 1,88,247/- is waived by the department under the Amnesty Scheme. Accordingly the Company has withdrawn appeal for part demand of Rs. 7,07,532/- and appeal for balance amount of Rs. 15,50,000/- is continued and the Company is confident that the said demand will be withdrawn as such the Company does not expect any liability on this account. In the meantime the Company has deposited an amount of Rs.2,33,460/- with the Sales Tax Department.

- iii) Demand of Rs. 2,853/- (including interest of Rs. 1,853/-) towards MVAT for the year 2013-14 raised by the Dy. Commissioner of Sales Tax, Mumbai on account of disallowance of input tax credit of Rs. 23,21,351/-. As per VAT return for the year 2013-14 filed by the Company there was a refund of Rs. 23,22,304/-, however due to disallowance of input tax credit of Rs. 23,21,351/- by the Dy. Commissioner of Sales Tax an amount of Rs. 1,000/- is determined as payable and with interest of Rs. 1853/- the total demand is of Rs. 2,853/-. The Company has filed an appeal before the Commissioner of Sales Tax, Mumbai against the said order of Dy. Commissioner of Sales Tax and the Company is confident that the demand of Rs. 2,853/- will be withdrawn and there will be no liability towards the same. In the meantime after the date of these financial statements the Company has paid full amount of Rs. 2,853/- to the Sales Tax Department.

#### B. Service Tax

The Company had received show cause cum demand notice in respect of FY 2011-12 to 2014-15 for an amount of Rs. 7,64,70,058/- plus appropriate interest and penalty from Dy. Commissioner of Service Tax, Mumbai VI.

The Company had replied to the said show cause cum demand notice and contested the said demand before the Commissioner of Service Tax, Mumbai VI. The Commissioner of Service Tax Mumbai VI has confirmed the said demand vide his order dated 28/02/2018 issued on 14/03/2018 and the Company is now in the process of filing appeal before CESTAT, Mumbai against the said order of the Commissioner of Service Tax and is confident that the said demand will be withdrawn as such the Company does not expect any liability on this account.

Note: Considering the nature of disputes and dependency on decisions pending with various forums, it is not practicable for the Company to estimate the timing of cash outflows at this stage with respect to the above contingent liabilities.

### 30. Remuneration to Directors:

Remuneration paid during the year ended 31st March, 2018 to Chairman & Managing Director Rs. Nil (P.Y. Nil).

Sitting Fees paid to Non- Executive/ Independent Directors –

| Remuneration | 2017-18<br>Rs. | 2016-17<br>Rs. |
|--------------|----------------|----------------|
| Sitting Fees | 4,50,000       | 6,30,000       |

### 31. Earnings and Expenditure in Foreign Currency

Earning in Foreign Currency - NIL (P.Y. – NIL)

Expenditure in Foreign Currency - NIL (P.Y. – NIL)

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32. 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.

### 33. Earning Per Share

Rs. In Lac (Except EPS)

| Earning Per Share  |             | 2017-18     | 2016-17     |
|--|-------------|-------------|-------------|
| <b>Basic &amp; Diluted EPS :</b>   |             |             |             |
| Net Profit (Loss) after Tax for the year (Rs.)   | A           | 81,96,018   | 11,19,943   |
| Weighted Average No. of Shares   | B           | 7,05,90,183 | 8,58,11,507 |
| Basic & Diluted Earnings Per Share of Face Value of Re. 1 Per Share. (after prior period tax adjustments)  | C (A/B)     | 0.116       | 0.013       |
| Prior Year Tax Adjustments   | D           | 66,670      | —           |
| Net Profit (Loss) after Tax for the year (Rs.) (before prior period tax adjustments)                       |             | 82,62,688   | 11,19,943   |
| Basic & Diluted Earnings Per Share of Face Value of Re. 1 Per Share. (before prior period tax adjustments) | E ((A+D)/B) | 0.117       | 0.013       |

### 34. Related Party Disclosure as per IND AS 24

#### A. List of related parties.

##### a. Key Management Personnel (KMP)

- (i) Shri Gordhan P. Tanwani – Chairman & Managing Director.
- (ii) Shri Ajay D. Acharaya – Chief Financial Officer
- (iii) Shri Naishadh H. Mankad – Company Secretary
- (iv) Smt. Malavika A. Acharya – 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) Shri Raju P. Tanwani - Brother

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

- (i) Bhagwati Media Pvt. Ltd.
- (ii) Larry's Electronics Pvt Ltd.
- (iii) Bhagwati Holdings Pvt. Ltd.
- (iv) M/s. Baba Developers
- (v) M/s. Super Plast
- (vi) M/s. Baba Digital
- (vii) M/s. Om Enterprises
- (viii) M/s. Baba Digital LLP
- (ix) M/s. Larry's Impex LLP
- (x) M/s. Kindle Impex LLP
- (xi) M/s. Baba Films
- (xii) M/s. G.R. Pet Preform
- (xiii) M/s. Threads & Homes
- (xiv) M/s. Nikhil Plast
- (xv) M/s G R Pet Industries



**B. Details of transaction with related parties**

Amount in Rs.

| Nature of Transaction                       | KMP                          | Other Related Parties | Total                        |
|---|------------------------------|-----------------------|------------------------------|
| <b>Remuneration paid</b>                    |                              |                       |                              |
| (a)(ii)                                     | 12,00,000<br>(6,50,000)      | —<br>—                | 12,00,000<br>(6,50,000)      |
| (a)(iii)                                    | 6,60,000<br>(6,60,000)       | —<br>—                | 6,60,000<br>(6,60,000)       |
| <b>Sitting Fee</b>                          |                              |                       |                              |
| (a) (iv)                                    | 1,50,000<br>(2,10,000)       | —<br>—                | 1,50,000<br>(2,10,000)       |
| <b>Rent Income</b>                          |                              |                       |                              |
| (c)(ix)                                     | —<br>—                       | 5,50,000<br>(Nil)     | 5,50,000<br>(Nil)            |
| <b>Finance Cost</b>                         | —                            | —                     | —                            |
| Security Deposits/ Deferred Income received | —                            | 6,00,000<br>(Nil)     | 6,00,000<br>(Nil)            |
| <b>Buy Back of Shares</b>                   |                              |                       |                              |
| (a)(i)                                      | 4,09,29,381<br>(3,59,89,755) | —<br>—                | 4,09,29,381<br>(3,59,89,755) |

**C. Closing Balances.**

Amount in Rs.

| Nature of Transaction                            | KMP                    | Other Related Parties | Total                  |
|--|------------------------|-----------------------|------------------------|
| <b>Other Financial Liabilities (Non Current)</b> | —                      | 4,48,883<br>(Nil)     | 4,48,883<br>(Nil)      |
| Other Current Liabilities                        | 1,34,600<br>(1,39,200) | 32,824<br>(Nil)       | 1,67,424<br>(1,39,200) |

**35. Disclosure as per Regulation 34 (3) and 53 (f) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

- 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.

**36. Details of Loan given, Investments made, Guarantees given and Securities provided during the year covered under Section 186 (4) of the Companies Act, 2013.**

- (i) Loan given during the year Rs. 2,35,00,000/- (Previous Year Rs. 3,00,00,000/-)

**Loan, Guarantee and Investments made during the Financial Year 2017-18**

| Name of Entity            | Relation | Amount in Rs. | Particulars of Loan Guarantee and Investments | Purpose for which the loans, guarantee and Investments are proposed to be utilized |
|---------------------------|----------|---------------|---|--|
| Ritz Enterprises          | —        | 85,00,000     | Loan Given                                    | Business Purpose   |
| Select Media Holdings LLP | —        | 1,50,00,000   | Loan Given                                    | Business Purpose   |

- (ii) Investments made Rs. NIL (Previous Year Rs. NIL)
- (iii) Guarantees given and Securities provided by the Companies in respect of Loan Rs. NIL (Previous Year Rs. NIL)

### 37. Financial Instruments and Risk Factors

The Company's business activities expose it to various risks viz: market risk, credit risk, liquidity risk. The Board of Directors of the Company has approved a risk management policy to address and mitigate the risks associated with the business of the Company. The Board of Directors of the Company regularly monitors and reviews the risks and takes actions to respond to and mitigate the risks.

Various sources of risks and their management in the financial statements is given below:

#### Credit Risks

Credit risk arises on account of credit exposure to customers, loans given to parties, security deposits given, deposits with banks and financial institution. The credit risk is assessed and managed on an ongoing basis. The Company uses its internal market intelligence while dealing with the customers and parties to whom loans are given. The Company manages the credit risk based on internal rating system. The Company has dealings only with nationalized and high rated private banks and financial institutions for its banking transactions and placement of deposits.

Default of a financial asset occurs when the counterparty fails to make contractual payment within 365 days of due date of payment. This definition of default is determined by considering the business environment in which the entity operates, on going business relationship with the counterpart and other macro – economic factors.

#### Liquidity Risk Management

Liquidity risk management involves management of the Company's short, medium and long term fund requirement efficiently by maintaining sufficient cash and cash equivalent and availability of funding through adequate amount of committed credit facilities to meet the obligations when due. The management of the Company manages the liquidity risk by maintaining adequate surplus cash in short term deposits. The management regularly monitors the forecast of liquidity position and cash and cash equivalents on the basis of expected cash flows.

#### Market Risk

Market risk can arise on account of fluctuation in future market prices which will impact the fair value or future cash flows of financial instruments. The fluctuation in market price can be in the form of Currency Risk, Interest Rate Risk or other price risk such as Equity Price Risk. The Company is not exposed to Currency Risk as it does not have any foreign exchange exposure. Similarly the Company does not have any equity price risk as it does not have any material investment in equity shares nor does the Company trade in any investment. The Company manages Interest Rate Risk on its loan exposures by controlling the exposure within acceptable parameters and at the same time getting optimum returns on its surplus funds.

### 38. Capital Management

The objectives of capital management are:

- a. Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for the other stakeholders and
- b. Maintain an optimal capital structure to reduce the cost of capital.

The Company does not have any exposure towards debt. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### 39. Income Tax

Income Tax Assessments of the Company have been completed up to Assessment Year 2015-16. There is no disputed demand outstanding up to the said Assessment Year.

During the Current Year provision for Income Tax has been made as per Section 115JB of the Income Tax Act, 1961 as the Income Tax liability under normal method is NIL on account of accumulated losses of prior years.

### 40. Segment Information

The Company's Managing Director is the Chief Operating Decision Maker (CODM). Based on his examination of Company's performance from a product and geographical perspective he has identified following three business segments of the Company:

- (a) Trading in IPR of Films
- (b) Production & Distribution of Films & TV Serials
- (c) Post Production Services





There is no separate geographical segment.

The CODM uses a measure of profit & loss before tax to assess the performance of the operating segments. He also reviews the information about the segment revenue and assets on quarterly basis.

Segment details are given below:

Rs. Lac

| Particulars  | Trading in IPR of Films |              | Production & Distribution of Films & TV Serials |              | Post Production Services |              | Total            |                 |
|--|-------------------------|--------------|---|--------------|--------------------------|--------------|------------------|-----------------|
|  | As at 31st March        |              | As at 31st March                                |              | As at 31st March         |              | As at 31st March |                 |
|  | 2018                    | 2017         | 2018  | 2017         | 2018                     | 2017         | 2018             | 2017            |
| <b>Gross Revenue (including operating and other revenue)</b> |                         |              |   |              |                          |              |                  |                 |
| External Revenue   | 125.00                  | 18.00        | -   | 27.00        | 16.08                    | 19.84        | 141.08           | 64.84           |
| Intersegment Revenue   | -                       | -            | -   | -            | -                        | -            | -                | -               |
| <b>Total Gross Revenue</b>                                   | <b>125.00</b>           | <b>18.00</b> | <b>-</b>  | <b>27.00</b> | <b>16.08</b>             | <b>19.84</b> | <b>141.08</b>    | <b>64.84</b>    |
| <b>Result</b>  |                         |              |   |              |                          |              |                  |                 |
| Segment Profit /(Loss)                                       | 65.03                   | (34.00)      | (15.88)   | (16.78)      | (69.74)                  | (43.22)      | (20.59)          | (94.00)         |
| Less:  |                         |              |   |              |                          |              |                  |                 |
| Interest Expense   |                         |              |   |              |                          |              | (1.08)           | (0.72)          |
| Add:   |                         |              |   |              |                          |              |                  |                 |
| Interest/Other Income  |                         |              |   |              |                          |              | 116.51           | 136.33          |
| Corporate Expenses   |                         |              |   |              |                          |              | (21.08)          | (30.63)         |
| Profit Before Taxation                                       |                         |              |   |              |                          |              | 73.76            | 10.98           |
| Tax Expenses   |                         |              |   |              |                          |              | 8.20             | 0.22            |
| <b>Profit for the Year</b>                                   |                         |              |   |              |                          |              | <b>81.96</b>     | <b>11.20</b>    |
| <b>Other Information</b>                                     |                         |              |   |              |                          |              |                  |                 |
| Segment Assets   | 79.16                   | 81.43        | 150.69  | 166.57       | 156.28                   | 314.27       | 386.13           | 562.28          |
| Unallocable Assets   |                         |              |   |              |                          |              | 1,513.73         | 1,764.88        |
| <b>Total Assets</b>  |                         |              |   |              |                          |              | <b>1,899.87</b>  | <b>2,327.16</b> |
| Segment Liabilities  | 15.06                   | 0.62         | 31.51   | 32.52        | 5.30                     | 13.00        | 51.87            | 46.15           |
| Unallocable Liabilities                                      |                         |              |   |              |                          |              | 16.23            | 10.17           |
| <b>Total Liabilities</b>                                     |                         |              |   |              |                          |              | <b>68.10</b>     | <b>56.32</b>    |
| Capital Expenditure  | -                       | -            | -   | -            | -                        | 0.12         | -                | 0.12            |
| Depreciation   | 3.52                    | 3.85         | 2.92  | 3.61         | 3.61                     | 5.41         | 10.05            | 12.87           |

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

42. The Notes referred to above form an integral part of Balance Sheet and Profit & Loss Account.

As per our Report on even date  
**For Arunkumar K Shah & Co.**  
 Chartered Accountants  
 Firm Registration No 126935 W

**Arunkumar K Shah**  
 Proprietor  
 Membership No.34606

Place: Mumbai  
 Date: 26th April, 2018

**For and on behalf of the Board**

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

**Sanjiv L. Hinduja**      **Malavika A. Acharya**      **Santosh A. Shah**  
 Director                      Director                      Director

**N.H.Mankad**                      **Ajay D. Acharya**  
 Company Secretary      Chief Financial Officer

Place: Mumbai  
 Date: 26th April, 2018

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**FORM -MGT-11  
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 : BABA ARTS 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 :  
 DP ID :

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 19th Annual General Meeting of the Company, to be held on Tuesday the 25th September, 2018 at 11.30 a.m at Juhu Vile Parle Gymkhana Club, Jasmine Hall, Second 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 |
|---------|--|-----|---------|
|         | <b>Ordinary Business</b>   |     |         |
| 1       | 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, 2018. |     |         |
| 2.      | Appointment of Smt. Malavika A.Acharya, a Director retiring by rotation  |     |         |
| 3.      | Ratification of appointment of M/s Arunkumar K. Shah & Co., Chartered Accountants as Statutory Auditors  |     |         |
|         | <b>Special Business</b>  |     |         |
| 4.      | Re-appointment of Shri Gordhan P. Tanwani as Managing Director   |     |         |
| 5.      | Re-appointment of Shri Santosh A. Shah as an Independent Director  |     |         |
| 6.      | Re-appointment of Shri Sanjiv L. Hinduja as an Independent Director  |     |         |
| 7.      | Approval of Related Party Transactions   |     |         |

Signed this \_\_\_\_ day of \_\_\_\_\_, 2018

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, Andheri(West),Mumbai-400053 Tel No.022 2673 3131 Fax :022 2673 3375  
 Email :babaartslimited@yahoo.com, investors@babaartslimited.com Website :www.babaartslimited.com

**ATTENDANCE SLIP**

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

**(Nineteenth Annual General Meeting - 25th September, 2018)**

I hereby record my presence at the NINETEENTH ANNUAL GENERAL MEETING of the company held at Juhu Vile Parle Gymkhana Club, Jasmine Hall, Second Floor, Opp. Juhu Bus Depot, Juhu,Mumbai – 400049 on Tuesday, 25th September, 2018 at 11.30 a.m.

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

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

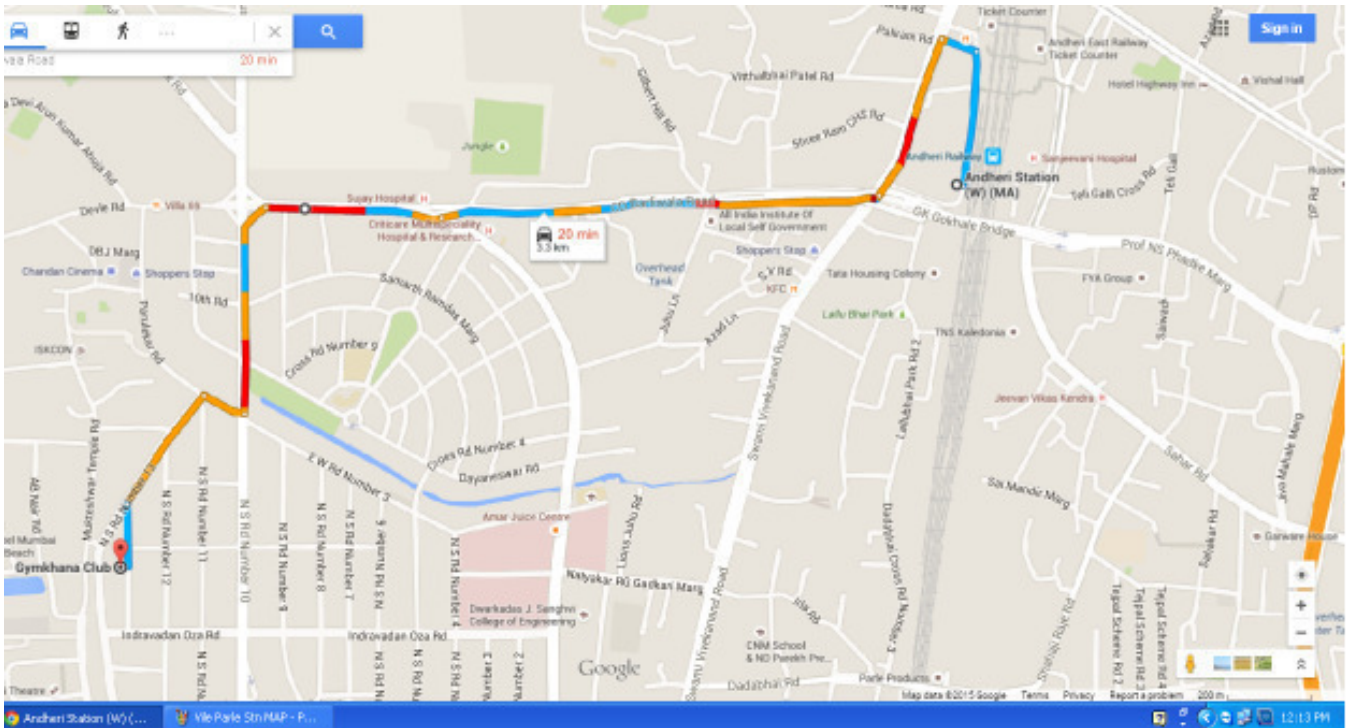
No. of shares held.....

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

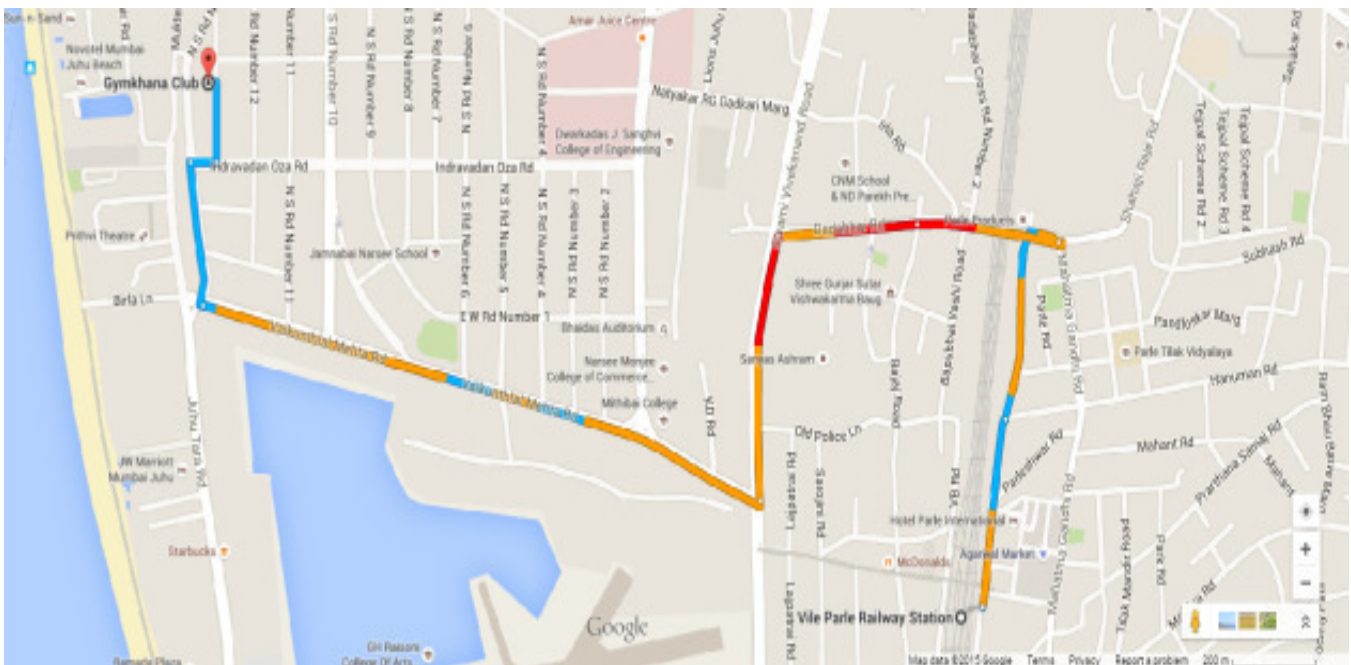
.....

Member's / Proxy Signature

## ROUTE MAP FROM ANDHERI RLY STATION TO THE VENUE OF 19<sup>TH</sup> AGM



## ROUTE MAP FROM VILE PARLE RLY STATION TO THE VENUE OF 19<sup>TH</sup> AGM



### BEST Route:

1. Bus No. 339 from Vile Parle Station (East)
2. Bus No. 253 from Andheri Station (West)
3. Bus No. 231 from Santacruz Station (West)

**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](mailto:babaartslimited@yahoo.com), [investors@babaartslimited.com](mailto:investors@babaartslimited.com)

Website : [www.babaartslimited.com](http://www.babaartslimited.com)