

14th Annual Report 2012-2013

BABA ARTS LIMITED

ANNUAL REPORT 2012-2013

BABA ARTS LIMITED

Board of Directors

Shri Gordhan P. Tanwani
Chairman & Managing Director

Shri Santosh A Shah
Chairman – Audit Committee

Shri Pravin Karia

Shri Sanjiv Hinduja

Company Secretary

Shri N.H.Mankad

Statutory Auditors

Prakkash Muni & Associates
Chartered Accountants

Banker

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

Registered Office and Studio

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

Registrars & Share Transfer Agents

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

CONTENTS	Pages
1. Board of Directors	1
2. Notice to the shareholders	2
3. Directors' Report	5
4. Management Discussion	7
5. Corporate Governance	9
6. Auditors' Report	16
7. Balance Sheet	21
8. Profit & Loss Account	22
9. Cash Flow Statement	23
10. Notes to Balance Sheet And Profit & Loss Account	25



NOTICE OF THE FOURTEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fourteenth Annual General Meeting of Baba Arts Limited will be held on Friday the 27th September, 2013 at 11.30 a.m. at Juhu Vile Parle Gymkhana Club, Oyster Hall, Ground Floor, Opp. Juhu Bus Depot, Juhu, Mumbai 400049 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit & Loss Account of the Company for the year ended on that date together with the Cash Flow Statement, Directors' Report and the Report of the Auditor's thereon.
2. To appoint Director in place of Shri Pravin Karia who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable Provisions of the Companies Act, 1956, Shri Gordhan P. Tanwani be and is hereby reappointed as Managing Director of the Company for a period of five years with effect from 1st November, 2013 up to 31st October, 2018 without any remuneration for the time being i.e. for the financial year 2013-14 and future remuneration payable, if any, to be decided by the Board of Directors of the Company in mutual consultations with Shri Gordhan P. Tanwani, subject to the limits prescribed under Schedule XIII to the Companies Act, 1956 and on the terms and conditions as set out in the agreement entered into by the company with Shri Gordhan P. Tanwani which agreement is hereby specifically sanctioned with a liberty to the Directors to alter and vary the terms and conditions of the said appointment and / or agreement, as may be agreed to between the Directors and Shri Gordhan P. Tanwani.

By Order of the Board
For Baba Arts Limited

N. H. Mankad
Company Secretary

Regd. Office:

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

Date: 12th August, 2013

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE, INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES TO BE VALID MUST BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. BLANK PROXY FORM IS ENCLOSED.
2. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday the 25th September, 2013 to Friday 27th September, 2013 (both days inclusive).
3. Members are requested to:
 - a. Bring their copy of the Annual Report to the Annual General Meeting.
 - b. Bring the Attendance Slip sent herewith, duly filled in, for attending the meeting.

ANNUAL REPORT 2012-2013

4. Brief profile of Director seeking appointment as per Clause 49 of the Listing Agreement with the Stock Exchange is given in the report on Corporate Governance.
5. Beneficial Owners holding shares in electronic/demat form are requested to notify any change in their address, bank account, mandate, etc. to their respective Depository Participant. Members holding shares in physical form are requested to notify any change in their address, bank account etc. to the Registrar and Share Transfer Agents, Universal Capital Securities Pvt. Ltd.
6. Members desirous of getting any information about the accounts and operations of the Company are requested to write their queries to the company at least seven days in advance of the meeting so that the information required can be made readily available at the meeting.
7. Pursuant to the provisions of Section 109A of the Companies Act, 1956, members are entitled to make a nomination in respect of the shares held by them. Members desirous of making nominations are requested to submit Form No. 2B (which may be obtained from the Company's Secretarial Department) duly filled in and signed by them to the company's Registrar & Share Transfer Agents in case of shares held in Physical Form and to the Depository Participants in case of shares held in electronic form. The nominee shall be a person in whom all rights of transfer and/ or amount payable in respect of the shares shall vest in the event of death of the member(s). A minor can be a nominee provided the name of the Guardian is given in the Nomination Form. The facility of nomination is not available to non individual members such as Societies, Trusts, Bodies Corporate, Kartas of HUF and holders of Power of Attorneys. For further details, please contact the Company's Secretarial Department.
8. The Ministry of Corporate Affairs has taken a "Green Initiative" in Corporate Governance by allowing paperless compliance by companies and has issued circulars allowing companies to send any notice / document (including Annual Reports) to its members via e-mail. To support this green initiative of the Government in letter and spirit, the company has taken an initiative to collect e-mail addresses of all its members who are agreeable to receive all notices and documents (including Annual Reports) via e-mail. Members holding shares in physical form and desiring to receive all such notices / documents (including Annual Report) via e-mail are requested to register their e-mail addresses with the Registrar and Transfer Agents of the company Universal Capital Securities Pvt. Ltd., 21, Shakil Nivas, Mahakali Caves Road, Andheri (East), Mumbai 400093. Members holding shares in dematerialized form are requested to update their e-mail addresses with their respective Depository Participants.
9. Pursuant to the provisions of Sections 205A(5) and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. The unclaimed dividend for the financial year 2005-06 is due to be transferred to the IEPF on 2nd November 2013 and no claim shall lie against the IEPF or the Company for the amount of dividend so transferred. Shareholders who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2006 or any subsequent financial years are requested to approach the company or the Company's Registrar and Share Transfer Agent for claiming the same. It may be again noted that in respect of the unpaid dividend for the financial year ended 31st March, 2006 which is due for transfer to the IEPF on 2nd November, 2013, the last date for lodging claim with the company is 30th September, 2013 and no claim shall be entertained by the company after 30th September, 2013 for the same.

By Order of the Board
For Baba Arts Limited

N. H. Mankad
Company Secretary

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

Date: 12th August, 2013



**EXPLANATORY STATEMENT
(Pursuant to Section 173 of the Companies Act, 1956)**

Item No. 4

The present term of appointment of Shri Gordhan P. Tanwani as Managing Director would be expiring on 31st October, 2013. The Board of Directors of the company at its Meeting held on 12th August, 2013 has reappointed Shri Gordhan P. Tanwani as Managing Director of the Company, with effect from 1st November, 2013 for a period of Five Years up to 31st October, 2018, subject to the approval of the Company in General Meeting. The terms and conditions including remuneration payable to Shri Gordhan P. Tanwani are set out in the Agreement 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 2013-14. Future remuneration payable, if any, will be decided by the Board of Directors of the Company in mutual consultations with Shri Gordhan P. Tanwani, subject to the limits prescribed under Schedule XIII to the Companies Act, 1956.

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, travelling 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 month's notice in writing to the other party, etc.

Board of Directors recommends the General Meeting to approve the appointment of Shri Gordhan P. Tanwani as Managing Director on the terms and conditions set out hereinabove as the same is in the interest of the company.

The explanation together with the accompanying notice is and should be treated as an abstract of the terms of appointment of Managing Director under Section 302 of the Companies Act, 1956.

The Agreement 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.

Shri Gordhan P. Tanwani is interested in the resolution concerning his own appointment. None of the other Directors is concerned or interested in the resolution.

By Order of the Board
For Baba Arts Limited

N. H. Mankad
Company Secretary

Regd. Office:

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

Date: 12th August, 2013

ANNUAL REPORT 2012-2013

DIRECTORS' REPORT

To,
The Members,

Your directors have pleasure in presenting their Fourteenth Annual Report together with the Audited Accounts for the year ended on 31st March, 2013.

FINANCIAL RESULTS

(Rs. Lac.)

Particulars	March 31, 2013	March 31, 2012
Income from Operations	842.86	3450.55
Other Income	104.76	134.93
Total Income	947.62	3585.48
Total Expenditure	780.69	3201.76
Profit /(Loss) before Finance Charges, Depreciation and Tax	166.92	383.72
Finance Charges	7.02	8.56
Profit /(Loss) after interest but before Depreciation	159.90	375.16
Depreciation	27.93	36.69
Profit /(Loss) before Tax	131.97	338.47
Exceptional Items	—	6.29
Provision for Tax		
- Current Tax	36.75	110.00
- Deferred Tax	2.41	0.63
Prior period Adjustments	8.62	(1.76)
Net Profit /(Loss) for the Year	84.19	235.89
Profit /(Loss) brought forward from previous year	1521.85	1285.96
Profit available for Appropriations	1606.04	1521.85
Appropriations		
Balance Profit /(Loss) carried forward to Balance Sheet	1606.04	1521.85

DIVIDEND

Your directors have not recommended any dividend on equity shares for the year ended on 31st March, 2013.

REVIEW OF OPERATIONS

During the year under review, income from Post Production activity increased to Rs. 32.58 Lac from Rs. 31.76 Lac in the previous year. Income from trading in IPR of Films was lower at Rs. 842.86 Lac from Rs. 3418.80 Lac in the previous year. Your company earned Net Profit of Rs.84.19 Lac vis-à-vis Net Profit of Rs. 235.89 Lac in the previous year, after providing for Depreciation of Rs. 27.93 Lac, Current Tax of Rs. 36.75 Lac, and accounting for deferred tax of Rs. 2.41 Lac.

DEPOSITS

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

CORPORATE GOVERNANCE

The Corporate Governance Report and Management Discussion and Analysis form an integral part of this report and are set out as separate annexure to this report. The certificate from Auditors of the company certifying compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement is also annexed to the report on Corporate Governance.

DIRECTORS

Shri Pravin Karia, Director retires by rotation and being eligible offers himself for reappointment.



DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) the accounting policies have been consistently applied and reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the profit of the Company for the year ended on 31st March, 2013 and the state of affairs of the company as at 31st March, 2013 as disclosed in the enclosed accounts;
- iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

RELATED PARTY TRANSACTIONS

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

AUDITORS

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

PARTICULARS OF EMPLOYEES

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

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

Conservation of Energy

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

Foreign Exchange Earning - NIL

Foreign Exchange Outflow - NIL

Research & Development, Technology Absorption, Adoption and Innovation

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

ACKNOWLEDGEMENT

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

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

For and On behalf of the Board of Directors

Gordhan P. Tanwani
Chairman & Managing Director

Place : Mumbai
Date : 12th August, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Development

Indian Media & Entertainment Industry has earned an estimated revenue of INR 91,700 Crore in the year 2013 with a growth of 11.8% over the previous year. The industry is expected to log in a CAGR of over 16.6% during the next 5 years and its total revenue is set to be INR 1,66,000 Crore by the year 2017.

2. Outlook for Company

(i) Post Production

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

(ii) Trading in IPR of Films

Your company has decided to shift its focus from trading in IPR where the market is now dominated by the TV Channels and Studios. The TV Channels are now directly dealing with the producers and as such the scope for trading is now restricted. Moreover most of the TV Channels have completed their purchase of movie rights up to the year 2017, therefore there is very limited activity in this field.

(iii) Film & TV Serial Production

Your company is now planning to focus on film production. In this direction, your Company has already completed pre production work on a film to be directed by renowned Director Prabhu Deva with Ajay Devgan in lead role. The shooting of the film has already commenced and tentatively scheduled to be released in First Quarter of FY 2014-15. The company has plans to produce and release at least one movie per year.

Your Company has recently also made a foray in to production of TV Serials. Your Company is approved by "Life OK" Channel" for providing content for their episodic based programme "SAVDHAAN INDIA" and till date the company has already delivered contents for 8 episodes and has orders for development of more content. Your company expects that the business of TV Serial production will make a significant contribution to its growth in future.

3. Opportunities, Threats and Challenges

(i) Opportunities:

Indian Film Industry is posting strong progress backed by content and benefits of digitization. Government of India is also promoting the country as Film Tourism Destination. Hindi films are the largest contributor to revenue of Indian Film Industry. With emergence of new sources of revenue streams such as pre selling of satellite rights, home video rights, mobile and online rights have enabled the movie producers to de-risk their business models. With number of multiplexes rising every year, pre-ticket realization has increased and now over 60% of box office realization of a movie is achieved in first 3 days of its release. All these are positive indicators for film industry and offers great opportunity for the industry to grow to almost double level over the next five years.

The demand for TV content is also expect to rise many fold with increasing spread of TV viewership across urban and rural India and increase in number of General Entertainment Television Channels.

(ii) Threats and Challenges:

Rising film production cost is making it difficult for the production houses to secure funding for their projects.



4. Internal Control System

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

5. Financial Performance with respect to Operational Performance

(i) Sales

Income from post production activity increased marginally from Rs. 31.76 Lac in the previous year to Rs. 32.58 Lac in the current year.

Income from Trading in IPR including theatrical distribution of commercial films and sale of DVD / VCD declined to Rs.249.28 Lac from Rs.3416.00 Lac in the previous year.

Income from Film Production and TV Serials was at Rs. 561.00 Lacs in the current year (Previous Year Rs. Nil)

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

The Company's operating profit during the year was lower at Rs.166.92 Lac as against Rs.383.72 Lac in the previous year. Finance charges during the year were lower at Rs.7.02 Lac (Previous Year Rs.8.56 Lac). After providing for Depreciation of Rs.27.93 Lac (Previous Year Rs.36.69 Lac), and after providing for current taxation of Rs.36.75 Lac, Deferred Tax of Rs.2.41 Lac there was a Net Profit of Rs.84.19 Lac as against Net Profit of Rs.235.89 Lac in the previous year.

(iii) Capital Investment

During the year ended on 31st March, 2013 capital investment of Rs.0.42 Lac was made out of internal accruals.

(iv) Working Capital

The company was enjoying working capital facilities of Rs.1000 Lac during the year ended on 31st March, 2013. The entire limit remained unutilized for most of the year under review.

6. Human Resources

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

Cautionary Statement

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

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

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

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

2. Board of Directors

(i) Composition and Size of the Board

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

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

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

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

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

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

(iv) Board Meetings held during the year

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

During the year Four Board Meetings were held on 29th May 2012, 13th August 2012, 8th November 2012 and 5th February 2013.



(v) Details of director being appointed at the AGM

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

Name	Shri Pravin Jivanlal Karia
Date of Birth	20/12/1951
Date of Appointment	20/10/2003
Qualification	C.A.
Experience in specific functional area	Accounts, Taxation, Audit and Finance
Directorships in other Companies	None
Chairman/ Member of the Committees of the Board of Directors of the Company	Member- Audit Committee
Chairman/ Member of the Committees of the Board of Directors of the other Companies in which he is a Director	Nil
No. of Shares of the Company held	8000

3. Audit Committee

(i) Terms of Reference

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

(ii) Composition

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

(iii) Meetings & Attendance during the year

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

Name of the Members	Category	Meeting Held On			
		26/05/2012	09/08/2012	08/11/2012	05/02/2013
Shri Santosh A Shah	Chairman	Yes	Yes	Yes	Yes
Shri Sanjiv Hinduja	Member	Yes	Yes	Yes	Yes
Shri Pravin Karia	Member	Yes	Yes	Yes	Yes

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

4. Remuneration Committee

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

(iii) Remuneration Policy

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

(iv) Details of Remuneration paid to the Directors

(a) Managing Director

Shri Gordhan P. Tanwani the present Managing Director of the Company was not paid any Salary during the year 2012-13.

(b) Non Executive Directors

The Non Executive Directors are not entitled to any remuneration except sitting fees for attending the meetings of the Board of Directors and Committees thereof. Total amount of sitting fees paid to the Non Executive Directors during the year was Rs. 3,40,000 /- only as per details given hereunder:

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

5. Investor Grievance Committee

(i) Composition

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

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

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

(ii) Compliance Officer

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

(iii) to (v) Details of complaints

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

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

The number of pending requests for share transfers and pending requests for dematerialization as on 31st March, 2013 were Nil.

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

The Company has formulated and adopted a comprehensive Code of Conduct and Ethics applicable to all the directors and senior management personnel of the Company. The code has been circulated to all the board members and senior management personnel of the Company. A copy of the code has been posted on the Company's website www.studiogalaxy.com.

All the board members and senior management personnel have affirmed compliance of the Code of Conduct. A declaration signed by the Chairman & Managing Director in this regard is given below:

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

I hereby confirm that all the board members and senior management personnel of the Company have affirmed to the Board of Directors, their compliance with the Code of Conduct of the Company pursuant to Clause 49 (D) (ii) of the Listing Agreement for the financial year 2012-2013.

Gordhan P. Tanwani
Chairman & Managing Director



7. Information on General Body Meetings

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

	Date	Time	Location
11th AGM	Tuesday 21st September, 2010	11.30 a.m.	Juhu Vile Parle Gymkhana Club, ORCHID HALL, Second Floor, Juhu, Mumbai 400049
12th AGM	Tuesday 27th September, 2011	11.30 a.m.	Juhu Vile Parle Gymkhana Club, ORCHID HALL, Second Floor, Juhu, Mumbai 400049
13th AGM	Wednesday 26th September, 2012	11.30 a.m.	Juhu Vile Parle Gymkhana Club, OYSTER HALL, Ground Floor, Juhu, Mumbai 400049

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

At the 13th Annual General Meeting the Company did not pass any Special Resolution. The Company did not pass any resolution by Postal Ballot at the 13th Annual General Meeting.

(v) & (vi) At the 14th AGM it is not proposed to pass any Special Resolution.

8. Disclosures

(i) There are no material transactions with directors or the management or their subsidiaries and relatives that have potential conflict with the interest of the Company. The Register of Contracts detailing the transactions in which the directors of the company are interested is placed before the Board of Directors at its meetings pursuant to Section 301 of the Companies Act, 1956. All related party transactions have been disclosed in Note No.27 of the Annual Accounts.

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

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

(iii) Compliance with Non-Mandatory requirements

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

- a) **Maintenance of the Chairman's Office:** The Company has an Executive Chairman and the office provided to him is also used by him in his capacity as Chairman of the Board. No separate office is maintained for the Non - Executive Chairman of the Audit Committee but secretarial and other assistance is provided to him, whenever needed, in performance of his duties.
- b) **Tenure of Independent Directors:** No specific tenure has been specified for the Independent Directors.
- c) **Shareholders rights:** Unaudited quarterly financial results were published in Free Press Journal & Navshakti, Mumbai. All the results were posted on website of the company www.studiogalaxy.com.
- d) **Remuneration Committee:** The Company has not set up a separate Remuneration Committee.
- e) **Audit Qualification:** So far there have been no qualifications by the Auditors in their report on the Accounts of the Company. The Company shall endeavor to continue to have unqualified financial statements.
- f) **Training of Board of Directors:** The Directors of the Company are persons from business and profession with experience in corporate sector. They are being kept posted with various statutory and regulatory changes which are applicable to the Company.
- g) **Mechanism for Evaluating Non – Executive Board Members:** Non Executive members of the board are highly qualified and there is no need for their evaluation

ANNUAL REPORT 2012-2013

- h) **Whistle Blower Policy:** The Company has so far not framed a formal whistle blower policy. However, the employees of the Company have free access to the Board of Directors, Audit Committee and Senior management personnel to report their concerns about unethical behavior, fraud or violation of statutory requirements, with assurance from the management to protect the employees from victimization in case they report any such unethical or fraudulent behavior.

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

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

9. Means of Communication

- Quarterly Results were published in The Free Press Journal & Nav Shakti, Mumbai. The same also include official company press release. The quarterly results are also posted on the Company's website www.studiogalaxy.com.
- The Company has not made any presentations to analysts or institutional investors.
- Management Discussion & Analysis is a part of this Annual Report.

10. General Shareholder Information

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

14th AGM Date, Time and Venue	27th September, 2013 at 11.30 a.m. at Juhu Vile Parle Gymkhana Club, OYSTER HALL, Ground Floor, Opp. Juhu Bus Depot, Juhu, Mumbai – 400049.
Financial Calendar	2013-14
Results for Quarter ending 30th June, 2013	2nd Week of August, 2013
Results for Quarter ending 30th September, 2013	2nd Week of November, 2013
Results for Quarter ending 31st December, 2013	2nd Week of February, 2014
Results for Quarter ending 31st March, 2014	4th Week of May, 2014
AGM for the year ending 31st March, 2014	Before 30th September, 2014
Book Closure	Wednesday, 25th September 2013 to Friday 27th September 2013 (both days inclusive)
Dividend Payment	The Board of Directors has not recommended any dividend for the year ended on 31st March, 2013.
Listing on Stock Exchanges	Bombay Stock Exchange Limited, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 Stock Code: 532380
Payment of Listing Fees	Listing fee for the year 2013-14 has been paid to the Bombay Stock Exchange Limited, Mumbai.
Demat ISIN for NSDL & CDSL	INE893A01036

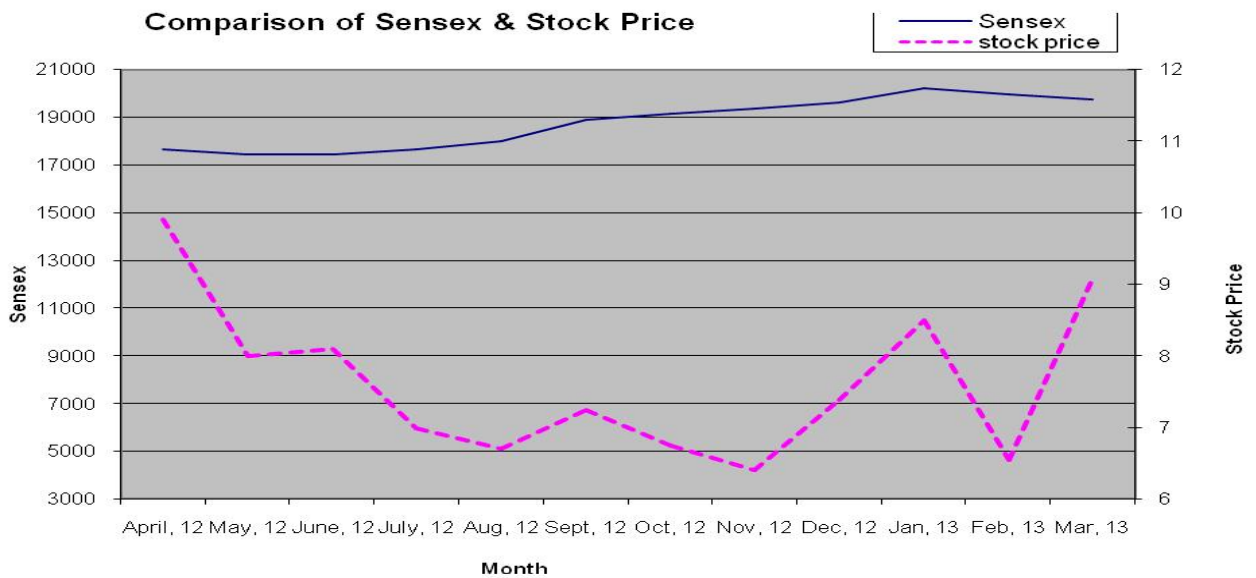


(vii) Market Information

Monthly high and low quotations of company's equity shares traded on Bombay Stock Exchange Limited during the year 2012-13 are as follows:

Month	Share Price (Rs.)		BSE Sensex		
	High	Low	High	Low	Close
2012					
April	9.90	7.00	17664.10	17010.16	17318.81
May	8.00	5.85	17432.33	15809.71	16218.53
June	8.10	5.90	17448.48	15748.98	17429.98
July	6.98	5.10	17631.19	16598.48	17236.18
August	6.70	4.80	17972.54	17026.97	17429.56
September	7.25	5.35	18869.94	17250.80	18762.74
October	6.75	4.50	19137.29	18393.42	18505.38
November	6.40	5.05	19372.70	18255.69	19339.90
December	7.39	5.56	19612.18	19149.03	19426.71
2013					
January	8.49	6.15	20203.66	19508.93	19894.98
February	6.54	5.00	19966.69	18793.97	18861.54
March	9.08	5.27	19754.66	18568.43	18835.77

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



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

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

ANNUAL REPORT 2012-2013

(x) Share Transfer System

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

(xi) (1) Distribution of Shareholding as on 31st March, 2013

Range of Holding	No. of Share Holders	% to Total Share Holders	Shareholdings	Share Amount (Rs.)	% to Total Share Capital
1 – 500	630	33.67	101,066	101,066	0.10
501 – 1000	295	15.77	241,532	241,532	0.23
1001 – 2000	372	19.88	594,077	594,077	0.58
2001 – 3000	143	7.64	350,180	350,180	0.34
3001 – 4000	80	4.28	301,206	301,206	0.29
4001 – 5000	81	4.33	385,638	385,638	0.37
5001– 10000	93	4.97	729,199	729,199	0.71
10001 and above	177	9.46	100,497,102	100,497,102	97.38
TOTAL	1871	100.00	103,200,000	103,200,000	100.00

(xi) (2) Categories of Shareholders as on 31st March, 2013

Sr. No.	Category of Members	No. of Shares Held	% to Total Capital
1.	Promoters	63,254,101	61.29
2.	Independent Directors & Relatives	1,474,200	1.43
3.	Indian Public	28,162,851	27.29
4.	Private Corporate Bodies	9,986,878	9.68
5.	NRIs/OCBs	208,633	0.20
6.	Others (Clearing Members)	113,337	0.11
	TOTAL	103,200,000	100.00

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

Sr. No.	Name of the Person	Category	Relationship with Promoter	Shareholding as on 31.03.2013
1.	Shri Gordhan P. Tanwani	Promoter	Self	5,80,95,344
2.	Bhagwati Holdings Pvt. Ltd	PAC	Group Company	51,50,757
3.	Shri Pravin Karia	PAC	Non Independent Director	8,000

(xii) Dematerialisation of Shares and Liquidity

The trading in Company's Shares is compulsory in Demat Segment only through the two Depositories NSDL and CDSL. The status of dematerialisation as on 31st March, 2013 was as under:

Particulars	No. of Shares	% to Capital	No. of Accounts / Folios
NSDL	52,489,198	50.87	1,113
CDSL	50,314,194	48.75	625
Total Shares Under Demat	102,803,392	99.62	1,738
Physical	396,608	0.38	171
Total Capital	103,200,000	100.00	1,909

All the demat requests have been approved within 21 Days.



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

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

(xiv) Plant Locations

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

(xv) Address for Correspondence

Investors may address correspondence to:

Shri N.H.Mankad

Company Secretary & Compliance Officer

Baba Arts Limited

3A, Valecha Chambers, New Link Road,

Andheri (West), Mumbai 400053

Phone: 022 2673 3131 | Fax: 022 2673 3375

E-mail: babaartslimited@yahoo.com

Shri Ravi Utekar

General Manager

Universal Capital Securities Pvt. Ltd.

21, Shakil Niwas, Mahakali Caves Road,

Andheri (East), Mumbai 400093

Phone: 2836 6620 | Fax: 28211996

E-mail: baba@uniseq.in

Risk Management

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

Auditors' Certificate on Corporate Governance

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

For Baba Arts Limited

Gordhan P. Tanwani

Chairman & Mg. Director

Place: Mumbai

Date: 12th August, 2013.

CERTIFICATE

To,

The Members of

BABAARTS LIMITED,

Mumbai.

We have examined the compliance of the conditions of Corporate Governance by **BABA ARTS LIMITED** for the financial year ended 31st March, 2013, as stipulated in Clause 49 (as amended) of the Listing Agreement of the said Company, with the Stock Exchanges.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementations thereof, adopted by the Company for ensuring Compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that the Registrars and Share Transfer Agents of the Company have maintained records to show the Investors' Grievances against the Company and have certified that as on March 31st, 2013, there were no investor grievances remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Prakash Muni & Associates

Chartered Accountants

Firm Registration No. 111792W

Prakash R. Muni

PARTNER

Membership No. 30544

Place: Mumbai

Date: 20th May, 2013

Independent Auditor's Opinion

To the Members of BABA ARTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **BABA ARTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Place: Mumbai
Date:20th May, 2013

Prakkash R. Muni
Partner
Membership No:30544

ANNEXURE TO THE AUDITOR'S REPORT

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

1. In respect of its Fixed Assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. With consideration to significant additions from time to time such records are being updated periodically.
 - b) All the assets have not been physically verified by the management during the year but there is regular program of reconciliation which in our opinion is reasonable having regard to the size of the Company and nature of its assets. According to the information and explanation given to us no material discrepancy were noticed on such verification.
 - c) During the year the Company has not disposed of any part of the plant and machinery, disposal of fixed assets does not constitute a substantial part of the Company's fixed assets.
2. Since, the Company is having only Intellectual property rights as its inventory therefore the Para 2 of the order relating to physical verification of inventories is not applicable.
3. According to information and explanations given to us, In respect of the loans, secured or unsecured, granted or taken by the Company to/from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:
 - (a) The Company has not granted any loans, secured or unsecured to parties covered under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(3) (a) to (d) are not applicable to the Company and hence not commented upon.
 - (e) The Company has not taken any loans, secured or unsecured, from Companies, firms or other parties during the year covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(3) (e) to (g) are not applicable to the Company and hence not commented upon.
4. In our opinion and according to the information and explanations given to us, Company's internal control systems are commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a) According to the information and explanations provided by the management to us, there were no contracts or arrangements referred to in section 301 of the Act during the year. Accordingly sub clause (b) is not applicable
6. The Company has not accepted any deposits from the public to which the provisions 58A, 58AA or any other relevant provision of The Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 apply. Therefore, the provisions of clause (vi) of the paragraph 4 of the order are not applicable to the Company.
7. In our opinion and according to information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
8. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company.
9. In respect of statutory dues:
 - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and



explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2013 for a period of more than six months from the date of becoming payable.

- b) The disputed statutory dues aggregating Rs.1,67,158 that have not been deposited on account of dispute matter pending before appropriate authority are as under :

Service tax

Sr. No.	Financial Year	Nature of Demand	Amount Rs.	Pending Before
1	2007-08	Short Payment of Service Tax	Rs. 67,158/-	Dy. Commissioner of Service Tax, Div IV, Mumbai II
2	October 2008 to March, 2011	Penalty for Non Filing of Service Tax Return	Rs. 1,00,000/-	As above

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, the Company has not taken loans from Financial Institutions or Banks hence default in the repayment of its dues to a Financial Institutions and Bank is not applicable to the Company.
12. According to the information and explanations given to us, No loans and advances have been granted by the Company on the basis of security by way of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
14. According to the information and explanations given to us, the Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
15. The Company has not raised any term loan during the year and there is no outstanding term loan during the year.
16. The Company has not given any guarantees for loans taken by other from bank and financial institution.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment purpose.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not created security / charges in respect of secured debenture issued.
20. During the period covered by our audit report, the Company has not raised any money by public issues.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

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

PRAKKASH R. MUNI.
Partner
Membership No.: 30544

Place: Mumbai
Date: 20th May 2013

ANNUAL REPORT 2012-2013

BALANCE SHEET AS AT 31ST MARCH, 2013.

Particulars	Note No.	As at 31 March, 2013	As at 31 March, 2012
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	103,200,000	103,200,000
(b) Reserves and Surplus	2	243,447,073	235,028,145
		346,647,073	338,228,145
2 Non Current Liabilities			
(a) Deferred Tax Liabilities	3	1,871,191	1,630,384
(b) Long Term Provisions	4	503,869	327,903
		2,375,060	1,958,287
3 Current Liabilities			
(a) Short Term Borrowings	5	-	6,525,230
(b) Trade Payables	6	10,352,753	17,474,981
(c) Other Current Liabilities	7	3,671,812	3,093,525
		14,024,565	27,093,736
TOTAL		363,046,698	367,280,168
B ASSETS			
1 Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	26,087,656	28,839,201
		26,087,656	28,839,201
(b) Non Current Investments	9	2,500	2,500
(c) Long Term Loans and Advances	10	8,674,671	5,950,593
		34,764,827	34,792,294
2 Current Assets			
(a) Inventories	11	192,967,881	136,119,175
(b) Trade Receivables	12	86,845,731	68,129,276
(c) Cash and Cash equivalents	13	46,556,481	128,067,569
(d) Short Term Loans and Advances	14	1,911,778	171,854
		328,281,871	332,487,874
TOTAL		363,046,698	367,280,168

Significant Accounting Policies & Notes on Financial Statements 1 to 31

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

Prakash R. Muni
Partner
 Membership No 30544

Place : Mumbai
 Date : 20th May, 2013

For and on behalf of the Board of Directors

Gordhan P. Tanwani
Chairman & Managing Director

Sanjiv Hinduja
Director

Pravin Karia
Director

Santosh A. Shah
Director

N.H.Mankad
Company Secretary

Place : Mumbai
 Date : 20th May, 2013



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
CONTINUING OPERATIONS			
Revenue from Operations (Gross)	15	84,286,167	345,055,483
Other Income	16	10,475,752	13,492,597
Revenue from Operations (Net)		94,761,920	358,548,080
Expenses			
(a) Cost of IPR of Films, Production/ Distribution of Films, Tv Serials	17	69,333,814	308,375,869
(b) Employee Benefits Expense	18	1,829,798	1,766,103
(c) Finance Cost	19	701,851	855,783
(d) Depreciation	8	2,793,392	3,668,558
(e) Other Expenses	20	6,905,416	10,034,554
Total		81,564,271	324,700,867
Profit Before Exceptional Items and Tax		13,197,649	33,847,214
Exceptional Items	25	-	629,000
Profit after exceptional items and Tax		13,197,649	34,476,214
Prior Period Adjustment		862,914	-
Profit Before Tax (PBT)		12,334,735	34,476,214
Tax Expense:			
Current Tax		3,675,000	11,000,000
Prior Period Taxes		-	(176,839)
Deferred Tax		240,807	63,886
Total		3,915,807	10,887,047
Profit for the Year		8,418,928	23,589,167
Earnings Per Share (EPS)		0.08	0.23
Basic & Diluted			

Significant Accounting Policies & Notes on Financial Statements 1 to 31

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

For and on behalf of the Board of Directors

Gordhan P. Tanwani
Chairman & Managing Director

Prakash R. Muni
Partner
 Membership No. 30544

Sanjiv Hinduja **Pravin Karia** **Santosh A. Shah**
Director *Director* *Director*

Place : Mumbai
 Date : 20th May, 2013

N.H.Mankad
Company Secretary

Place : Mumbai
 Date : 20th May, 2013

ANNUAL REPORT 2012-2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	April 1, 2012 - March 31, 2013 Amount Rs.	April 1, 2011 - March 31, 2012 Amount Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) before Tax and Extraordinary items	13,197,649	34,476,214
Adjustment for :		
Depreciation	2,793,392	3,668,558
Interest Income	(10,409,178)	(13,245,462)
Dividend Income	(300)	(300)
Provision for Doubtful Debts	-	132,000
Interest Paid	701,851	855,783
(Profit)/ Loss on Sale of shares of Subsidiary	-	(629,000)
(Profit)/ Loss on Sale of Fixed Assets	-	42,217
	(6,914,235)	(9,176,204)
Operating profit before working capital changes	6,283,414	25,300,010
Adjustment for :		
Sundry Debtors	(18,716,454)	132,903,925
Inventories	(56,848,706)	124,462,278
Other loans & Advances	(2,601,338)	6,989,110
Current Liabilities & Provisions	(6,367,975)	(295,546,815)
	(84,534,473)	(31,191,503)
Cash generated from operations	(78,251,059)	(5,891,493)
Taxes paid (Net of refund)	(6,400,578)	(2,972,907)
NET CASH FLOW OPERATING ACTIVITIES	(84,651,638)	(8,864,400)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(41,847)	(792,200)
Sale of Fixed Assets	-	3,822
Purchase of Investments	-	(34,000)
Sale of Subsidiary Company	-	714,000
Interest Received	10,409,178	13,245,462
Dividend Received	300	300
NET CASH FLOW FROM INVESTING ACTIVITIES	10,367,631	13,137,384



	April 1, 2012 - March 31, 2013 Amount Rs.	April 1, 2011 - March 31, 2012 Amount Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Short Term Borrowings from bank	(6,525,230)	(88,708,853)
Interest Paid	(701,851)	(855,783)
Dividend Paid (Incl. of Tax)	-	-
	<hr/>	<hr/>
NET CASH FLOW FROM FINANCING ACTIVITIES	(7,227,081)	(89,564,636)
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	(81,511,088)	(85,291,652)
Cash and Cash equivalents at beginning of the year	128,067,569	213,359,222
Cash and Cash equivalents at end of the year	46,556,481	128,067,569
	<hr/>	<hr/>
Net Increase/ (Decrease)	(81,511,088)	(85,291,652)

Note:

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

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

Prakash R. Muni
Partner
Membership No. 30544
Place : Mumbai
Date : 20th May, 2013

For and on behalf of the Board of Directors

Gordhan P. Tanwani
Chairman & Managing Director

Sanjiv Hinduja
Director

Pravin Karia
Director

Santosh A. Shah
Director

N.H.Mankad
Company Secretary

Place : Mumbai
Date : 20th May, 2013

ANNUAL REPORT 2012-2013

Note 1 Share Capital

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Authorised Share Capital		
300,000,000 (P.Y. 30,00,00,000) Equity Shares of Re.1/- Each	300,000,000	300,000,000
(b) Issued, Subscribed and Paid up Share Capital		
103,200,000 (10,32,00,000) Equity Shares of Re. 1/- each	103,200,000	103,200,000
Notes:		
1. 51,600,000 equity shares of Re. 1/- each fully paid issued by way of Bonus Shares by utilisation of Securities Premium and Reserves		
2. 12,900,000 equity shares of Rs. 4/- each were subdivided into 51,600,000 equity shares of Re. 1/- each pursuant to the special resolution passed at the AGM held on 29th September, 2009.		
3. 2,849,530 equity shares issued on conversion of Optionally Fully Convertible Warrants		
Total	103,200,000	103,200,000

Details of Shareholder holding more than 5% Shares:

Name of Shareholder	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares held	% holding	Number of shares held	% holding
Equity Shares with Voting Rights				
Shri Gordhan P Tanwani	58,095,344	56.29	53,457,049	51.80

Note 2 Reserves and Surplus

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Capital Reserve		
As per Last Balance Sheet	-	-
Less: Capitalised During the Year	-	-
Closing Balance	-	-
(b) Securities Premium Account		
As per Last Balance Sheet	71,843,268	71,843,268
Less: Capitalised During the Year	-	-
Closing Balance	71,843,268	71,843,268
(c) General Reserve		
As per last Balance Sheet	11,000,000	11,000,000
(f) Profit and Loss Account		
As per Last Balance Sheet	152,184,877	128,595,710
Add: Profit for the year	8,418,928	23,589,167
Less: Appropriations	-	-
Closing Balance	160,603,805	152,184,877
Total	243,447,073	235,028,145



Note 3 Deferred Tax Liability (Net)

Particulars	As at 31 March, 2013	As at 31 March, 2012
Deferred Tax Liability: Deferred Tax Liabilities Relating to Fixed Assets	1,871,191	1,630,384
Deferred Tax Assets:	-	-
Total	1,871,191	1,630,384

Note 4 Long Term Provisions

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Provision for Employee Benefits: (i) Provision for Gratuity (Non Current)	503,869	327,903
Total	503,869	327,903

Note 5 Short Term Borrowings

Particulars	As at 31 March, 2013	As at 31 March, 2012
Secured Working Capital Loan from Banks	-	6,525,230
Total	-	6,525,230

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

Note 6 Trade Payables

Particulars	As at 31 March, 2013	As at 31 March, 2012
Trade Payables: Micro, Small and Medium Enterprises Others	10,352,753	17,474,981
Total	10,352,753	17,474,981

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

Note 7 Other Current Liabilities

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Other payables (i) Statutory Remittances (Contributions to PF and ESIC, Withholding Taxes, TDS, Excise Duty, VAT, Service Tax, etc.)	3,048,752	2,506,060
(ii) Advances from Customers	170,000	178,125
(iii) Provision for other Expenses	206,539	162,819
(iv) Un- Claimed Dividend*	246,521	246,521
* These figured do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund as at March 31,2013.	-	-
Total	3,671,812	3,093,525

Note: 8 - FIXED ASSETS DURING THE YEAR FOR THE YEAR ENDED 31.03.2013

(Amount Rs.)

Assets	Gross Block			Depreciation			Net Block		
	As at 1.04.12	Additions during the Year	Deductions during the Year	As at 31.03.13	As at 1.04.12	For the Year	Deductions during the Year	As at 31.03.13	As at 31.03.12
OFFICE PREMISES	21,010,971	-	-	21,010,971	3,938,039	342,479	-	16,730,453	17,072,932
PLANT & MACHINERY	74,817,851	41,847	-	74,859,698	69,931,854	1,498,325	-	3,429,521	4,885,998
FURNITURE & FIXTURES	7,063,582	-	-	7,063,582	4,960,252	447,119	-	1,656,211	2,103,330
OFFICE EQUIPMENTS:	2,857,588	-	-	2,857,588	1,326,372	135,737	-	1,395,479	1,531,216
Motor Car	3,891,923	-	-	3,891,923	646,199	369,732	-	2,875,992	3,245,724
TOTAL	109,641,915	41,847	-	109,683,762	80,802,715	2,793,392	-	26,087,657	28,839,200
Previous Year	108,916,715	792,200	67,000	109,641,915	77,155,118	3,668,558	20,961	80,802,715	31,761,598



Note 9 Non Current Investments

Particulars	As at 31 March, 2013	As at 31 March, 2012
Other Investments Unquoted (At Cost)		
i) 100 Equity Shares of Rs. 25/ each of Punjab & Maharashtra Co-op Bank Limited	2,500	2,500
	<u>2,500</u>	<u>2,500</u>
Total Investments	<u>2,500</u>	<u>2,500</u>

Note 10 Long Term Loans and Advances

Particulars	As at 31 March, 2013	As at 31 March, 2012
Unsecured, Considered Good		
Security Deposits :		
To Others	42,000	43,500
Long Term Advances	1,000,000	1,000,000
Advance Tax (Net of Provisions)	3,806,010	5,033,978
Advance Tax Current Year	3,826,661	(126,885)
Total	<u>8,674,671</u>	<u>5,950,593</u>

Note 11 Inventories

Particulars	As at 31 March, 2013	As at 31 March, 2012
Stock of IPR	53,279,041	78,505,366
Under Production Film & TV Serials	139,688,840	57,613,809
Total	<u>192,967,881</u>	<u>136,119,175</u>

Note 12 Trade Receivables

Particulars	As at 31 March, 2013	As at 31 March, 2012
Unsecured, Considered Good		
Outstanding for a period exceeding six months from due date	664,673	13,045,016
Other receivables	86,313,058	55,216,260
Less: Provision for Bad and Doubtful Debts	132,000	132,000
Total	<u>86,845,731</u>	<u>68,129,276</u>

ANNUAL REPORT 2012-2013

Note 13 Cash and Cash Equivalents

Particulars	As at 31 March, 2013	As at 31 March, 2012
Cash in hand	182,305	121,392
Balances with banks		
In Current Accounts	8,035,952	1,262,107
In Unclaimed Dividend Account	246,521	246,521
In Fixed Deposit with Bank	38,091,703	126,437,549
Total	46,556,481	128,067,569

Note 14 Short-term loans and advances

Particulars	As at 31 March, 2013	As at 31 March, 2012
Unsecured, considered good		
Loans and advances to Employees	-	16,000
Prepaid Expenses	93,740	39,852
Balances with Government Authorities		
(i) Service Tax Credit Receivable	222,285	116,002
Advances to Suppliers	20,667	-
Advances recoverable in cash or in kind or for value to be received	1,273,586	-
Deposits	301,500	-
Total	1,911,778	171,854

Note 15 Revenue from operations

Particulars	As at 31 March, 2013	As at 31 March, 2012
Income from Post Production Activity	3,258,348	3,175,508
Income from Sale of IPR of Films	24,927,819	341,600,000
Income from Film Production & Distribution	54,900,000	-
Income from Sale of TV Serials	1,200,000	-
Other Operating Revenues	-	279,975
Total	84,286,167	345,055,483



Note 16 Other Income

Particulars	As at 31 March, 2013	As at 31 March, 2012
Interest income	10,409,178	13,245,462
Miscellaneous Income	66,274	246,835
Dividend on Long Term Investment	300	300
Total	10,475,752	13,492,597
Interest income	-	-
i) Interest Received on FD	8,062,908	7,134,749
ii) Interest Received on IT Refund	225,722	779,156
iii) Interest on Loans and Advances	2,120,548	5,331,557
Total	10,409,178	13,245,462

Note 17.a Cost of IPR of Films

Particulars	As at 31 March, 2013	As at 31 March, 2012
Opening Stock	78,505,366	249,931,250
Add: Purchases	8,895,478	136,949,985
	87,400,844	386,881,235
Less: Purchase Return	10,666,667	-
Less: Closing Stock (as taken, valued and certified by management)	53,279,041	78,505,366
Cost of IPR of Films (A)	23,455,136	308,375,869

Note 17.b Cost of Production and Distribution of Film & TV Serial

Particulars	As at 31 March, 2013	As at 31 March, 2012
Opening Stock of Under Production Film & TV Serial	57,613,809	10,650,203
Artists Cost	90,830,360	3,561,145
Technician Cost	13,033,164	35,704,877
Production & Post Production Expenses	20,063,426	7,697,584
T V Serials project	4,026,759	-
	185,567,518	57,613,809
Less: Stock of Under Production Film	139,688,840	57,613,809
Cost of Production of Film & TV Serial (B)	45,878,678	-
Total : (A + B)	69,333,814	308,375,869

Note 18 Employee benefits expense

Particulars	As at 31 March, 2013	As at 31 March, 2012
Salaries and Wages	1,588,499	1,545,175
Contribution to ESIC & Provision for Gratuity	175,966	90,086
Staff Welfare Expenses	65,333	130,842
Total	1,829,798	1,766,103

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

ANNUAL REPORT 2012-2013

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

Amount to be recognised in Balance Sheet As at 31st March 2013	Rs. 31.3.2013	Rs. 31.3.2012
Gratuity		
Present Value of Funded Obligations	-	-
Present Value of Unfunded Obligations	503,869	327,903
Fair Value of Plan Assets (managed by insurer)	-	-
Net Liability	503,869	327,903
Amounts in Balance Sheet		
Liability	503,869	327,903
Assets	-	-
Net Liability	503,869	327,903
Expenses to be recognised in the Statement of P&L		
Current Service Cost	45,875	39,577
Interest on Defined Benefit Obligation	32,518	24,940
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) Recognised in Year	97,572	4,286
Total, included in "Employee Benefit Expense"	175,966	68,803
Actual Return on Plan Assets	-	-
Reconciliation of Benefit Obligations & Plan Assets For the Period		
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	327,903	259,100
Current Service Cost	45,875	39,577
Interest Cost	32,519	24,940
Actuarial Losses/ (Gains)	97,572	4,286
Benefits Paid	-	-
Closing Defined Benefit Obligation	503,869	327,903
Change in Fair Value of Assets		
Opening in Fair Value of Plan Assets	-	-
Expected Return on Plan Assets	-	-
Actuarial Gains / (Losses)	-	-
Contributions by Employer	-	-
Benefits Paid	-	-
Closing Fair Value of Plan Assets	-	-
Principal Actuarial Assumptions (Expressed as Weighted Averages)		
Discount Rate (p.a.)	8.15%	8.70%
Expected Rate of Return on Assets (p.a.)	0	0
Salary Escalation Rate (p.a.)	6%	6%

Note 19 Finance costs

Particulars	As at 31 March, 2013	As at 31 March, 2012
Interest Expense on:		
(i) Borrowings - Short Term	287,395	354,907
Other Interest	90,050	151,436
Bank Charges	324,406	349,440
Total	701,851	855,783



Note 20 Other Expenses

Particulars	As at 31 March, 2013	As at 31 March, 2012
Operating Expenses		
Annual Maintenance Contract	69,783	62,862
Electricity Expenses	468,252	415,698
Professional & Technical Fees	924,137	854,504
Studio Charges	24,500	41,367
Consumables and Transfer Charges	365,133	394,464
TOTAL	1,851,805	1,768,895
Selling and Distribution Expenses		
Advertisement Expenses	96,360	121,728
Provision for Doubtful Debts	-	132,000
Bad Debts Written Off	1,780,931	848,916
Brokerage & Commission	-	3,000,000
Other Expenses	13,307	203,173
Business Promotion Expenses	101,800	75,057
TOTAL	1,992,398	4,380,874
Administrative Expenses		
Communication Expenses	174,143	195,528
Computer Maintenance	-	16,157
Books and Periodicals	1,093	1,000
Food & Refreshment Expenses	145,034	197,682
Insurance Charges	61,044	51,340
Legal , Professional & Consultancy Charges	620,058	356,051
Membership & Subscription Expenses	144,190	215,121
Office Expenses	378,936	593,011
Postage & Telegram Expenses	16,202	31,294
Printing Stationery	81,260	108,602
Rates & Taxes	5,380	7,300
Repairs & Maintenance to Building	645,048	642,168
Repairs & Maintenance to others	96,492	51,285
Security charges	12,924	-
Other Expenses	435,064	426,062
Travelling & Conveyance Expenses	22,714	59,967
Payment to Auditors - Audit Fees	196,631	175,000
- Tax Audit Fees	25,000	25,000
- Other Matters	-	690,000
Loss on Sale of Fixed Assets	-	42,217
	3,061,213	3,884,785
Total	6,905,416	10,034,554

SIGNIFICANT ACCOUNTING POLICIES

(i) Background

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

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

(ii) (a) Basis of preparation

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

(b) Use of estimates

The Preparation of financial statements in conformity with GAAP (Generally Accepted Accounting Policies) requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(iii) Revenue Recognition

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

(iv) Fixed Assets

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



(v) Depreciation

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

(vi) Impairment

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

(vii) Inventories

a. Consumables

Consumables are valued at lower of cost and market value.

b. Intellectual Property Rights (Copy Rights)

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

c. Under Production Films

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

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

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

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

(viii) Taxation

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

ANNUAL REPORT 2012-2013

(ix) Foreign Currency Transactions

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

(x) Investments

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

(xi) Employee Benefits

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

(xii) Cash and Cash equivalents

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

(xiii) Contingencies / Provisions

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

(xiv) Earnings per share

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

OTHER NOTES TO ACCOUNTS

21 Contingent Liability –

- a. Show Cause cum Demand notice for Short Payment of Service Tax for the year 2007-08 – Rs. 67158/- plus interest.
- b. Show Cause cum Demand notice towards Penalty for Non Filing of Service Tax Return for the period from October, 2008 to March, 2011 – Rs. 100,000/-

The Company has contested both the demands before the Dy. Commissioner of Service Tax, Div IV, Mumbai II. The Company is confident that no liability will arise against both the demands except for Rs. 3541/- which has already been paid by the company.

22. Remuneration to Directors:

Remuneration paid during the year ended 31st March, 2013 to Chairman & Managing Director Rs. Nil (P.Y. Nil).

Sitting Fees paid to Non- Executive/ Independent Directors –

Remuneration	2012-13 Rs.	2011-12 Rs.
Sitting Fees	3,40,000	3,40,000



23. Additional Information

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

	2012-13	2011-12
Earning in Foreign Currency		
- For Services	Nil	Nil
- For IPR of Films	Nil	Nil
Expenditure in Foreign Currency	Nil	Nil

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

26. Earning Per Share

Earning Per Share		2012-13	2011-12
Basic & Diluted EPS :			
Net Profit (Loss) after Tax for the year (Rs.)	A	8418928	23589167
Weighted Average No. of Shares	B	103200000	103200000
Basic & Diluted Earnings Per Share of Face Value of Re 1 Per Share.(after prior period tax adjustments)	C (A/B)	0.08	0.23
Prior Year Adjustments	D	862914	(176839)
Basic & Diluted Earnings Per Share of Face Value of Re 1 Per Share.(before prior period tax adjustments)	E ((A+D)/B)	0.09	0.23

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

A. List of related parties.

- a. Key Management Personnel
 - (i) Shri Gordhan P. Tanwani – Chairman & Managing Director.
- b. Other related parties (companies in which director or their relatives have significant influence)
 - a. Bhagwati Media Pvt. Ltd. (Formerly–Baba Entertainments Pvt. Ltd.)
 - b. Larry's Electronics Pvt Ltd.
 - c. Silgate Solutions Ltd.
 - d. Bhagwati Holdings Pvt. Ltd.
 - e. M/s. Baba Developers
 - f. M/s. Super Plast
 - g. M/s. Baba Digital
 - h. M/s. Om Enterprises

B. Details of transaction with related parties

Particulars	2012-13	2011-12
A. Key Managerial Personnel	Nil	Nil
B. Other Related Parties	Nil	Nil

ANNUAL REPORT 2012-2013

28. Disclosure as per clause 32 of The Listing Agreement

- a) Loans and Advances to subsidiary companies: Rs Nil
- b) Loans and Advances to associate companies: Rs Nil
- c) Loans and Advances to associate companies/ firms in which directors are interested (excluding subsidiary and associate companies): Rs Nil

29. Segment Information

The Company is at present engaged in main business segments of Trading in IPR of Films & Film Production in Hindi. These Business Segments have been identified in line with Accounting Standard (AS) – 17 “Segment Reporting”

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

(Rs. In Lacs)

Sr.No.	Particulars	2012-13	2011-12
1.	Segment Revenue (Net Sales)		
	a) IPR of Films	249.28	3418.80
	b) Production of Films	561.00	-
	c) Others	32.58	31.76
	Total Net Income From Operations	842.86	3450.55
2.	Segment Results – Profit before tax & Interest		
	a) IPR of Films	(33.01)	265.49
	b) Production of Films	85.79	(19.75)
	c) Others	(18.54)	(30.21)
	Total	34.24	215.53
	Less : Interest Expenses	(7.02)	(8.56)
	Other (Unallocable Income – Unallocable Exp)	104.76	137.79
	Total Profit Before Tax	131.98	344.76
3.	Capital Employed (Segmental Assets – Segmental Liabilities)		
	a) IPR of Films	1303.04	2575.43
	b) Production of Films	1875.97	526.81
	Add : Unallocated Net Assets	287.46	280.03
	Total Capital Employed	3466.47	3382.28

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

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

For and on behalf of the Board of Directors

Gordhan P. Tanwani
Chairman & Managing Director

Sanjiv Hinduja
Director

Pravin Karia
Director

Santosh A. Shah
Director

N.H.Mankad
Company Secretary

Place : Mumbai
Date : 20th May, 2013

BABA ARTS LIMITED

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

PROXY

Reg. Folio No. No. of Shares held

I/We

.....of.....

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

hereby appointof.....or

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

my/ our proxy to vote for me/ us on my behalf at the 14TH ANNUAL GENERAL MEETING of the Company to be held on Friday the 27th September, 2013 and at any adjournment thereof.

Signed this day of, 2013

Signature

Affix
Rupee. 1
Revenue
Stamp

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

BABA ARTS LIMITED

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

ATTENDANCE

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

14th Annual General Meeting - 27th September, 2013

I hereby record my presence at the 14TH ANNUAL GENERAL MEETING of the company held at Juhu Vile Parle Gymkhana Club, Oyster Hall, Ground Floor, Opp. Juhu Bus Depot, Juhu, Mumbai 400049 on Friday the 27th September, 2013, at 11.30 a.m.

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

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

No. of shares held.....

Full name of Proxy (IN BLOCK LETTERS)

.....

.....

.....

Member's / Proxy Signature

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