



25TH ANNUAL REPORT
2011 - 2012

REGISTERED OFFICE

Vatsa House, Fort,
Mumbai-400 001. INDIA
E-mail : vatsa.corpo@gmail.com
Website : www.vatsa.info

LEGAL ADVISORS

Law Firm 85

AUDITORS

S.M.BHAT & ASSOCIATES

Chartered Accountants

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NOTICE TO MEMBERS

NOTICE is hereby given that the 25th Annual General Meeting of Vatsa Corporations Limited will be held on Wednesday, 13th February, 2013, at the Registered Office of the Company at Vatsa House, Fort, Mumbai - 400 001, at 10.30 a.m. to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st October 2012, Profit and Loss Account for the year ended on that date and reports of Directors and Auditors.
2. To appoint a Director in place of Mr. Solomon Nadar, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED that M/s. S. M. Bhat & Associates., Chartered Accountants, (Membership No:030696) be and is hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

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 applicable provisions of the Articles of Association, Sections 198 and 269 as may be amended from time to time and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, consent and approval of the Company be and is hereby accorded for the re-appointment of Mr. Solomon Nadar, as Whole-time Director for a period of five years w.e.f. 1st March, 2013.

RESOLVED FURTHER that Mr. Solomon Nadar shall not be liable to retire by rotation.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution."

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

"RESOLVED that pursuant to applicable provisions of the Articles of Association, Sections 198 and 269 as may be amended from time to time and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, consent and approval of the Company be and is hereby accorded for the re-appointment of Mr. Samadhan Ogale, as Whole-time Director for a period of five years w.e.f. 1st March, 2013.

RESOLVED FURTHER that Mr. Samadhan Ogale, shall not be liable to retire by rotation.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The register of members and the share transfer register will be closed from Thursday, 7th February, 2013 to Wednesday, 13th February, 2013 both days inclusive.
3. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item nos. 2, 4 and 5 are annexed.
4. Members are advised to avail of nomination facility in respect of shares held by them. Nomination forms can be obtained from the Secretarial Department of the Company.
5. Members are requested to:
 - a. Intimate the Company changes, if any, in their registered addresses at an early date for shares held in physical form. For shares held in electronic form, changes if any may be communicated to respective DPs.
 - b. Quote ledger folio numbers/DP ID and Client ID numbers in all their correspondence.
 - c. To avoid inconvenience, get the shares transferred in joint names, if they are held in a single name and/or appoint a nominee.
 - d. Bring with them at the meeting a copy of the Annual Report and Attendance Slip.
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their communications to the Registered Office of the Company, so as to reach at least seven days before the date of the meeting, so that the required information can be made available at the meeting, to the extent possible.
7. Members, who hold shares in electronic form, are requested to bring their Client DP and ID numbers at the meeting for easier identification.

By Order of the Board of Directors

Sd/-

Samadhan Ogale
Chairman & Whole-time Director

Mumbai, 5th January, 2013

Registered Office

Vatsa House, Fort,
Mumbai-400 001. INDIA
E-mail : vatsa.corpo@gmail.com
Website : www.vatsa.info



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**ITEM NO. 2 and 4**

Mr. Solomon Nadar, Whole-time Director, is being treated as a Director liable to retire by rotation. His retirement by rotation and simultaneous re-appointment shall not affect his holding and continuing to hold office of Whole-time Director. A brief profile of Mr. Ogale and name of the Companies in which he is a Director are given in the Corporate Governance Report, which forms part of the Annual Report.

The present term of Mr. Solomon Nadar, Whole-time Director, would conclude on 28th February, 2013. Mr. Nadar is overall in-charge of the business operations of the Company, subject to the superintendence of the Board of Directors. Your Directors feel that it would be in the best interest of the Company to reappoint him as such for a period of five years with effect from 1st March, 2013.

Mr. Nadar does not hold any Equity Shares in the Company. None of directors, except Mr. Nadar can be considered to be interested in or concerned with the said resolution. The Board recommends passing of the resolution.

ITEM NO. 5

The present term of Mr. Samadhan Ogale, Whole-time Director, would conclude on 28th February, 2013. Mr. Ogale is overall in-charge of the business operations of the Company, subject to the superintendence of the Board of Directors.

The Board of Directors have, vide their Resolution dated 5th January, 2013, re-appointed Mr. Ogale as the Whole-time Director of the Company.

Your Directors feel that it would be in the best interest of the Company to reappoint him as such for a period of five years with effect from 1st March, 2013.

Mr. Ogale does not hold any Equity Shares in the Company. None of directors, except Mr. Ogale can be considered to be interested in or concerned with the said resolution. The Board recommends passing of the resolution.

For and on behalf of the Board of Directors

Sd/-
Samadhan Ogale
Chairman & Whole-time Director

Mumbai, 5th January, 2013

Registered Office

Vatsa House, Fort,
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Industry structure and developments :

Uncertainty, confusion and caution were key factors that dominated the global economic situation in the year 2011-12. The Japanese earthquake and tsunami at the beginning of the year, followed by Standard & Poor's downgrading of the US debt outlook from stable to negative, and then months of caution and confusion over the Greece debt-repayment crisis were all factors that strongly affected the global economy, which grew at 3.8% in year 2011 as compared to 5.2% in the year 2010.

The centre of gravity of growth has clearly shifted to Asia. Asian giants China and India continued to muscle ahead, albeit with reduced force. The Chinese economy grew by 9.2% in 2011 compared to 10.3% in 2010. In February, China overtook Japan as the second largest economy in the world - a rank Japan had held for more than four decades.

In India, there was a marginal slowdown in growth due to a combination of the global economic slowdown and domestic issues like inflation, rising interest rates and a weakening of the rupee, which impacted all input costs. The reluctance of the government to implement many economic reforms also contributed significantly. GDP grew at 6.5% in financial year 2011-12 compared to over 8% in the preceding two years.

KEY DEVELOPMENT:

According to the PwC's latest report on Indian Entertainment and Media Outlook 2012 -

The Indian E&M industry, with revenues of about 805 billion INR (17.2 billion USD) in 2011, is set to grow robustly over the next few years on the back of steady macro-economic growth, rising spending power and positive demographic indicators. The industry revenues are expected to reach 1,764 billion INR (37.6 billion USD) by 2016, with a CAGR of about 17%¹ from 2012 to 2016.

Currently, India is only the 14th largest E&M market in the world with industry revenues contributing about 1% of its GDP. On the other hand, China is already the third-largest market in the world and is likely to surpass Japan over the next decade to become the second-largest market worldwide, after the US.

2011-12 was a mixed year for the Indian E&M industry. While traditional media businesses experienced a slowdown compared to the previous year, new media segments like VFX and animation, online and gaming witnessed strong to very strong growth. The Indian E&M industry grew from ` 652 billion in 2010 to ` 728 billion in 2011, registering a growth of almost 12%. The growth mainly came from higher consumption in tier 2 and 3 cities, and the growth of regional media and new media businesses. 2011 saw a number of significant developments: various films crossing the ` 100 crore mark at the box office and ` 30 crore mark in C&S rights; acceptance of the government's mandate on digitization by cable operators; and positive developments towards phase 3 for radio. Going forward, the overall E&M industry is expected to surpass ` 1,457 million by 2016, at a CAGR of almost 15% for the period 2011-16.

Overall Industry size in ₹ billion

Overall Industry Size In (Rs. Billion) (for calendar year)	2007	2008	2009	2010	2011	Growth In 2011 over 2010	2012P	2013P	2014P	2015P
TV	211.0	241.0	257.0	297.0	329.0	10.8%	380.0	435.0	514.0	618.0
Print	160.0	172.0	175.2	192.9	208.80	8.3%	226.0	246.80	270.0	294.90
Film	92.7	104.4	89.3	83.3	92.9	11.5%	100	109.70	121.1	134.50
Radio	7.4	8.4	8.3	10.0	11.5	15%	13	16	20	24
Music	7.4	7.4	7.8	8.6	9.0	4.7%	10.0	11.3	13.1	15.4
OOH	14	16.1	13.7	16.5	17.8	7.6%	19.5	21.5	23.6	26.0
Animation and VFX	14.0	17.5	20.1	23.6	31.0	31.2%	36.3	43.0	51.1	61.0
Gaming	4.0	7.0	8.0	10.0	13.0	30%	18.0	23.0	29.0	37.0
Digital Advertising	4.0	6.0	8.0	10.0	15.4	54%	19.9	25.8	33.5	43.7
Total	514	580	587	652	728	11.7%	823	932	1075	1255

Source : FICCI-KPMG Report 2012



OPPORTUNITIES

The ever-changing and fast advancing world of technology has penetrated each and every aspect of the media value chain, and media companies are eager to harness latest innovations. New devices like smartphones, tablets and even smart televisions have deeply impacted and disrupted traditional content delivery as well as content consumption patterns.

Internationally, films with 3D and a high content of VFX and/or animation are being produced for an increasingly demanding audience. Helped by digitization, DTH and Home 3D, these technologies are now proliferating in homes as well as cinemas, as more and more content producers use them. The use of VFX and animation in advertisement has also grown phenomenally. All these point to a very obvious growth trajectory in the near future for 3D, VFX and animation, and digitization.

India has the advantage of low cost of production in animation as compared to other countries like North America, Korea and the Philippines. This advantage, coupled with other factors like English speaking artists, technical knowledge and a strong telecom infrastructure, is making India the preferred destination for animation outsourcing. Animation production cost in India is 35% lower than other major animation producing regions like North America and Far-East.

The films segment in India is poised to grow in the coming years with more acceptance of 3D cinema in the country, growth in digitization, an increase in the number of multiplexes, and the rising trend of cinema advertising.

Digitization and the increase in TV households will lead to more consumption of content and minimal leakage in revenue as each user is uniquely identifiable to the service provider. Digitization will increase the number of TV channels and this will lead to customised tariffs, enhanced user experience through better viewing quality, and consumer service leading to increase in ARPU. In India, TV households are estimated to be around 146 million. The TV penetration in the country is at approximately 60%, which is lower than other developing countries like China (98%), Indonesia (78%) and Brazil (90%). TV penetration in the India is expected to touch 70% in 2016.

RISK MANAGEMENT

Risk and its management are critical for any organisation in delivering long term value to its investors as well as other shareholders. Indeed, how early a risk is

identified, and how effectively it is managed and mitigated, differentiates successful companies. As such, the Company has identified the following risks and acted appropriately for their mitigation and management:

(a) Macro Economic trend

Inflation and other factors are having an adverse effect on the Indian economy, which is driven by domestic consumption and investments. The stagnation of the economy could lead to reduction in consumer spending.

(b) Geographical Risk

Geographical risk is defined as the risk of concentration of revenue from a particular region.

OUTLOOK :

The Indian E&M market is also poised for strong growth by 12.4 per cent cumulatively over the next five years.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

There is an adequate internal control system commensurate with the size of the Company and the nature of its business.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :

During the year under review the sales of the Company remained the same at Rs. 16,100/-. The Company has generated Rs. 9,10,240/- from other income. The Company has earned profit of Rs. 1,00,993/- against loss of Rs. 8,10,395/- in previous year. Other income was earned by commission income.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

The Company was finding difficult to find talent and retaining of existing staff.

For and on behalf of the Board of Directors

Sd/-

Samadhan Ogale

Chairman & Whole-time Director

Mumbai, 5th January, 2013



CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance:

The Company's corporate governance philosophy rests on the pillars of integrity, accountability, equity, transparency and environmental responsibility that conform fully with laws, regulations and guidelines. The company's philosophy on corporate governance is to achieve business excellence and maximizing shareholder value through ethical business conduct. The Company's philosophy also includes building partnerships with all stakeholders - employees, customers, vendors, service providers, local communities and government. The Company has

always set high targets for the growth, profitability, customer satisfaction, safety and environmental performance and continues its commitment to high standards of corporate governance practices. During the year under review, the Board continued its pursuit of achieving its objectives through the adoption and monitoring of corporate strategies and prudent business plans.

The Company is in compliance with all the requirements of the corporate governance code as per Clause 49 of the Listing Agreement with the Stock Exchanges

2. Board of Directors

Sl. No.	Name of the director	Whether Promoter/ Executive/ Independent	No. of Board Meetings held during the year		Attendance at the last AGM	Number of Directorships of other companies	Member/ Chairman of Committees other than those of the Company
			Held	Attended			
1.	Mr. Samadhan Ogale	E.D.	5	5	Yes	2	2
2.	Mr. Solomon Nadar	E.D.	5	5	Yes	----	----
3.	Mr. Ratnadeep Waghmare	I.D.	5	5	Yes	----	----
4.	Mr. Gauram Sonavale	I.D.	5	5	Yes	----	----

Notes: -

a. E.D.: Executive Director and I.D.: Independent Director.

meetings were held on 26th November, 2012, 28th February, 2013, 17th May, 2013, 29th August, 2013, and 23rd January, 2013.

Board Meetings

The Board plays a pivotal role in ensuring good corporate governance. It directs and guides the activities of the management towards set goals. Board members express their opinions and bring up matters for discussion at Board meetings. Comprehensive notes providing information on related subjects is circulated with agenda papers. Minutes of the meetings of the Board are circulated to all Directors and confirmed at the subsequent Board meeting. Copies of the minutes of the Committees of Directors are circulated at Board meetings.

Details of Board Meetings

Board meetings were held at least once in every quarter, and the time gap between two meetings was not more than four months. During the year, five Board

Brief Profiles, other Directorships and Committee Memberships etc., of Directors: -

Mr. Samadhan Ogale, Chairman & Whole-time Director:

Mr. Samadhan Ogale, is Dalit Political Leader, Social Worker and successful business man. Mr. Ogale has over 21 years of rich experience in the running and managing of manufacturing and trading business. Mr. Ogale is well contacted with the entertainment industry. Mr. Ogale has good hand on Tax and Corporate Law.

He is the member of the Audit Committee, Shareholders' / Investors' Grievances Committee and the Remuneration Committee.

Mr. Samadhan Ogale does not hold any equity share in the Company.



Sl. No.	List of other Directorships	Chairman/Member of the Committees of the Board of the Companies in which he is a Director
1	Vatsa Music Limited	Audit Committee, Shareholders/ Investors' Grievances Committee and Remuneration Committee
2	Vatsa Education Limited	Audit Committee, Shareholders/ Investors' Grievances Committee and Remuneration Committee

Mr. Solomon Nadar, Professional Independent Director

Mr. Solomon Nadar is specialised in legal and administration and expert in preparing legal briefs and instructing and managing and administrations of Legal work at all the courts.

He is a member of the Shareholders/Investors Grievance Committee.

Mr. Nadar does not hold any equity share in the Company.

Sl. No.	List of other Directorships	Chairman/Member of the Committees of the Board of the Companies in which he is a Director
-----	-----N.A.-----	-----

Mr. Ratnadeep Waghmare, Independent Director

Ratnadeep is associated with training programme of Poorest of Poor into developing the skills of first time in employment and training people to earn their bread and butter.

Mr. Waghmare is a Chairman of the Shareholders/ Investors Grievance Committee and the Member of Audit Committee and Remuneration Committee.

Mr. Ratnadeep Waghmare does not hold any equity share in the Company.

Sl. No.	List of other Directorships	Chairman/Member of the Committees of the Board of the Companies in which he is a Director
-----	-----N.A.-----	-----

Mr. Gautam Sonavale, Independent Director

Mr Gautam Sonavale is Social worker and is General Secretary of a Registered political party working in the area of Buddha community and Dalit in India Working for the uplifting of Poorest of The poor

Mr. Sonavale is the Chairman of the Audit Committee and the Remuneration Committee and a member of the Shareholders/Investors Grievance Committee.

Mr. Gautam Sonavale does not hold any Equity Shares in the Company.

Sl. No.	List of other Directorships	Chairman/Member of the Committees of the Board of the Companies in which he is a Director
-----	-----N.A.-----	-----

3. Audit Committee :

The Audit Committee comprises Mr. Gautam Sonavale (Chairman) and Mr. Ratnadeep Waghmare, Independent Director, Mr. Samadhan Ogale, Whole-time Director. Chiefs of the finance function and accounts function and Statutory Auditors are invited at its meetings. The Audit Committee acts as the link between the statutory auditors and the Board. It addresses matters pertaining to the adequacy of internal controls, reliability of financial statements/management information, adequacy of provisions for liabilities, whether audit tests and checks are appropriate and scientifically carried out and that they were aligned with the business needs and realities, adequacy of disclosures and compliance with all relevant statutes and other facets vital to the Company's operations. The Committee performs the functions enumerated in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The matters deliberated upon by the Committee include: -



1	Overseeing and reviewing the Company's financial reporting process.
2	Fixation of audit fees and approval of various payments to statutory auditors for other services rendered by them.
3	Reviewing with the management and auditors, the financial statements before submission to the Board for approval, with particular reference to:
a)	Confirmation of matters enumerated in the Director's Responsibility Statement pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956.
b)	Major accounting entries involving estimates based on the exercise of judgment by management.
c)	Significant adjustments in the financial statements, arising out of audit findings.
d)	Compliance with listing and other legal requirements.
e)	Disclosure of related party transactions.
f)	Qualifications in the draft audit report, if any.
4	Reviewing with the management, performance of statutory auditors.
5	Discussion with statutory auditors about the nature and scope of audit.

The Committee also reviews other matters as required by the Listing Agreement and other laws, rules and regulations.

Details of Audit Committee Meetings

During the year, five meetings of the Audit Committee were held on 30th November, 2011, 28th February, 2012, 29th May, 2012, 31st July, 2012, and 12th January, 2012 and the attendance was as follows: -

Sl. No.	Name of the director	No. of Meetings	
		Held	Attended
1.	Mr. Gautam Sonavale	5	5
2.	Mr. Ratandeeep Waghmare	5	5
3.	Mr. Samadhan Ogale	5	5

4. Shareholders'/Investors' Grievances Committee:

The Shareholders'/Investors' Grievances Committee comprises Mr. Ratnadeep Waghmare (Chairman) and Mr. Gautam Sonavale, Independent Directors, Mr. Samadhan Ogale and Mr. Solomon Nadar, Whole-time Directors.

The Committee reviews matter relating to investors' complaints, communication with members, regulatory compliances, etc.

During the year, no complaints / grievances were received from members of the Company.

No request for dematerialization/rematerialisation remained unattended for more than two weeks.

Details of the Shareholders'/Investors' Grievances Committee Meetings

During the year, four meetings of the Shareholders'/Investors' Grievances Committee were held on 30th November, 2011, 28th February, 2012, 29th May, 2012 and 31st July, 2012, and the attendance was as follows:-

Sl. No.	Name of the director	No. of Meetings	
		Held	Attended
1.	Mr. Ratandeeep Waghmare	4	4
2.	Mr. Gautam Sonavale	4	4
3.	Mr. Solomon Nadar	4	4
4.	Mr. Samadhan Ogale	4	4

5. Remuneration Committee :

The Remuneration Committee comprises Mr. Gautam Sonavale (Chairman), and Mr. Ratnadeep Waghmare, Independent Directors and Mr. Samadhan Ogale, Whole-time Director. The Committee performs, inter alia, the functions specified in Clause 49 of the Listing Agreement and Schedule XIII of the Companies Act, 1956. The Company's remuneration policy is in line with the general trend in export houses. Factors such as the key position, experience and expertise, leadership qualities, responsibilities shouldered by the individual, as also the volume of the Company's business and profits earned by it are taken into consideration while fixing remuneration packages of Executive Directors.

Details of the Remuneration Committee Meetings

During the year, no meeting of the Remuneration Committee was held.

6. General Body Meetings:

Details of the last three Annual General Meetings are given below :-

