Sahara One Media and Entertainment Limited

Annual Report 2011-2012

SAHARA ONE

FILMY

FIRANGI
World Ki Best Kahaniyan

SAHARA
Motion Pictures

BOARD OF DIRECTORS

Shri Subrata Roy Sahara - CHAIRMAN

Smt. Swapna Roy

Shri Om Prakash Srivastava

Shri Boney Surinder Kapoor - WHOLE TIME DIRECTOR

Shri Ranvir Singh Rathore

Shri Brijendra Sahay

Shri Jagdish Narain Roy

MANAGER AND PRINCIPAL OFFICER

Shri Suresh Mishra

CHIEF FINANCIAL OFFICER

Shri Sanjay Garg

COMPANY SECRETARY

Shri S. C. Tiwari

STATUTORY AUDITORS

M/s S. R. Batliboi & Associates
CHARTERED ACCOUNTANTS

INTERNAL AUDITORS

M/s Chaturvedi & Co.
CHARTERED ACCOUNTANTS

ANNUAL REPORT 2011-2012

BANKERS

The ICICI Bank Limited

HDFC Bank Limited

IDBI Bank Limited

Punjab National Bank

REGISTERED OFFICE

Sahara India Point,
CTS 40-44, S.V. Road,
Goregaon (West), Mumbai-400 104

REGISTRAR & SHARE TRANSFER AGENT

M/s Link Intime India Pvt. Limited,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai-400 078

BRANCH / DIVISION / UNITS

Sahara India Bhawan,
1, Kapoorthala Complex,
Lucknow -226 024

Sahara India Complex,
C-2, C-3 & C-4, Sector XI,
Noida, U.P.- 201 301

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Thirty First Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2012.

FINANCIAL / OPERATIONAL RESULTS

(Rs. in Millions)

FOR THE YEAR ENDED	31st March 2012	31st March 2011
Total income	1309.88	1415.82
Total expenses	1304.02	1409.99
Profit Before tax	5.85	5.83
Provision for taxation (Current, Deferred, earlier year tax and others)	8.05	5.30
Prior Period income/ (expenses)	-	-
Surplus after tax and extraordinary items for the Year	(2.20)	0.54
Surplus carried to the Balance Sheet	573.68	575.88

In the reporting fiscal, the company has reported net loss of Rs.2.20 million as compared to net profit of Rs. 0.54 million in last year mainly due to substantial increase in Content costs to Rs. 1188.74 million as compared to Rs. 852.25 million during the previous financial year 2010-2011 and increase in current tax to Rs. 6.50 million as against Rs. 1.63 million during the previous financial year 2010-2011.

DIVIDEND

With a view to conserve resources with the company, the Board of Directors has decided not to recommend any dividend for the financial year 2011- 2012.

CAPITAL ISSUE

Company has not made any issue of Shares during the reporting period, hence the equity capital of the Company stands the same at Rs. 21,52,50,000=00.

SAHARA ONE

Sahara One offers its viewers a colorful spectrum of emotions through its wide-ranging programming for the woman of today. The first part of the year saw the launch of 'Jai Jai Jai Bajrangbali' from the House of Sagars. 'Kahani Chandrakanta Ki' and 'Neem Neem Shahad Shahad' were also launched. These offerings were followed by the launch of a powerful line-up of popular fiction shows in the latter part of the year which included Rajshri Productions' 'Jhilmil Sitaron Ka Aangan Hoga', and Entertainment Hub's 'Piya Ka Ghar Pyaara Lage'. Two new shows in the Horror genre were also launched, 'Haunted Nights' and 'Yeh Kaali Kaali Raatein'.

While the growing popularity of the mythological 'Jai Jai Jai Bajrangbali' from the House of Sagars, showed an increasing trend with the show delivering strong ratings, 'Rishton Ke Bhanwar Mein Uljhi… Niyati' continued to entice viewers with focus on family drama.

The channel continued on its growth path with a steady growth in the ratings. From 24 GRPs at the beginning of the financial year, the channel delivered 53 GRPs in the last week of March 2012. During the same period, the channel's reach also increased from 41 million to 52 million.

Details of the new shows which were launched during the reporting period are as follows:

'Jai Jai Jai Bajrangbali' – The series follows the story of Lord Hanuman from his birth to his meeting Shri Ram, the battle against Ravana and the rescue of Mata Sita, to his desire that he remains on earth as long as Rama's name is venerated by people. The story takes a new approach with focus on the purpose of Lord Hanuman's coming to the mortal world as the eleventh Rudravtar of Lord Shiva, the destroyer and transformer among the trinities.

The series is produced by Sagar Arts, known for its landmark series including the epic Ramayan, Jai Ganga Maiya, Jai Mahalakshmi, Jai Maa Durga, Shri Krishna, Sai Baba, and many others. The series is directed by Prem Sagar with Shiv Sagar as the Creative Producer, and a cast of select actors.

"Jhilmil Sitaron Ka Aangan Hoga" - After entertaining the audiences with their popular family drama 'Woh Rehne Waali Mehlon Ki', 'Jhilmil Sitaron Ka Aangan Hoga' marks Rajshri Productions' return to Sahara One. With the trademark Rajshri style and flavor in their depiction of love stories, but with a twist in the tale, the story revolves around Aakash who marries Angana, and enters the Raichand family as a Ghar Jamai. The show launched on 27th February, 2012 and airs Monday to Friday at 9 pm on Sahara One. The show has shown a steady increase in popularity amongst the viewers since the launch.

"Piya Ka Ghar Pyaara Lage" - The popularity of 'Hi! Padosi, Kaun Hai Doshi' lead to the channel exploring avenues to make the show more popular. The opportunity came about when the two main characters played by Sejal (Sanjeeda Sheikh) and Bitto (Giriraj Kabra) were to get married on the show. The treatment of the show was slowly changed from an all out comedy to a saas-bahu drama. With the change in genre from sitcom to a daily soap, the show was also rechristened to a more apt title 'Piya Ka Ghar Pyara Lage'. The show has since attracted viewers and is among the top shows on the channel delivering strong ratings.

'Haunted Nights' and **'Yeh Kaali Kaali Raatein'** - A horror band was created on weekdays at 11 pm. with the launch of two new shows, 'Haunted Nights' and 'Yeh Kaali Kaali Raatein', offering our viewers quality but 'Haunted' entertainment full of spine-chilling horror and diverse shades of romance, one of its unique kind. With star power from the small screen in its various stories, like Rashmi Desai, Shilpa Saklani, Manini De Mishra, Saakshi Tanwar and the likes, these shows have made a mark on the audience psyche garnering good viewership and ratings.

"Kahani Chandrakanta Ki" follows in the steps of the legendary success of 'Chandrakanta' on Doordarshan and takes a leap to the next generation, a generation where love grows amidst intrigue and dark secrets. However, as fate would have it, this love takes seed in the same earth that has been seeped with the poison of hatred and conspiracy through the ages. The thrilling adventures appeal to children as well as adults.

'Neem Neem Shahad Shahad': This series deals with the nuances of living in a traditional joint family system versus the new nuclear family arrangement. It is the story of two sisters – Sonali and Nirali who share a great bonding and can go to any extent to make each other happy but when it comes to marriage, their dreams are poles apart. The elder sister Sonali wishes to get married in a joint family with lots of family members around whereas the younger Nirali feels nauseated at the thought of a joint family and wants to have a nuclear family living separately with her husband and kids. The show explores the advantages and disadvantages of joint family vis-a-vis nuclear family through the life of these two sisters.

The weekly show on Astrology 'Forecast', was re-launched with a completely new look as 'Astrovani'.

The year was also marked by the World Satellite premiere of the critically acclaimed box-office successes 'Ragini MMS', 'Shor In the City' and 'Chala Mussadi Office Office', which delivered strong ratings.

Key matches of the Celebrity Cricket League were also telecast on the channel providing a dose of cricket mixed with glamour to our viewers.

SAHARA MOTION PICTURES

Sahara Motion Pictures (SMP) has been known for producing big budget movies from commercially acclaimed directors like Ram Gopal Verma, Anees Bazmee and Priyadarshan, and at the same time supporting the cause of good cinema with films directed by critically acclaimed directors like Shyam Benegal, Madhur Bhandarkar and Nagesh Kukunoor. While the first has lead to box office hits like 'No Entry', 'Wanted' and 'Malamaal Weekly', the second has lead to the movies receiving the highest recognition in Indian Cinema with 5 national Awards for Shyam Benegal's 'Bose - The Forgotten hero' and Madhur Bhandarkar's 'Page 3'.

The year was focused on sourcing and developing new scripts and building a better creative bank. Pre-production work started on the sequel to 'No Entry'.

'Love Breakups Zindagi' was released during the year on 7th October 2011 across 332 screens all over India in major centres. The film received critical acclaim.

Movie Released for the Year 2011-2012

Movie	Cast	Director	Rights	Released
Love Breakups Zindagi	Dia Mirza, Zayed Khan, Cyrus Sahukar, Tisca Chopra, Satyadeep Mishra, Pallavi Sharda	Sahil Sangha	Producer	2012

Films slated to release in 2012 - 2013 are:

- The Loving Doll: Directed by Pavan Kaul. Starring: Diana Hayden, Karan Singh Grover, Kitu Gidwani.
- It's My Life: Directed by Anees Bazmi. Starring: Harman Baweja, Genelia D'Souza.
- Mumbai Cutting: 11 esteemed Directors like Anurag Kashyap, Kundan Shah and Sudhir Mishra come together to present a collection of 11 short films. Starring Raima Sen, Soha Ali Khan, Jimmy Shergil and others
- Coffee Shop: A romantic film with a story showing that a lot can happen over a cup of coffee.

As of July 2012 SMP has finished shoot of their first in-house production tentatively titled 'The Loving Doll' -a horror film based on a strong relationship bond. The film is currently in post-production.

The way forward being stories with 'wholesome entertainment' SMP aims towards sustaining the title of a trustworthy and bankable banner in the field of movie entertainment.

The slate of films being worked upon in 2012- 2013 are:

Movie	Cast	Director	Production
Rang Birangi	Prabhudeva, Adnan Sami, Bipasha Basu, Lara Dutta, Baman Irani & Other	Sunil Agarwal	In association with BSK Entertainment
Untitled	Prateek Babar and two newcomers	Satish Kaushik	In association with BSK Entertainment
No Entry 2	Anil Kapoor, Salman Khan, Fardeen Khan & 3 Actresses	Anees Bazamee	In association with BSK Entertainment

FILMY

The channel highlights included:

- FILMY Premieres of new Bollywood films **'Ragini MMS', 'Shor In the City'** and **'Chala Mussadi Office Office'**
- Relaunch of the popular **'Meri Bhains Ko Anda Kyun Mara'** with new comic scenes from the most popular Hindi movies.
- Telecast of the **Celebrity Cricket League** matches. These matches with teams from Bollywood, as well as from the Tamil, Telugu and Bengali film industry, proved to be very popular.

FIRANGI

The channel was launched on DD Direct (Doordarshan DTH service) and select private DTH services, making it available to newer viewers on an all India basis. The channel offers dubbed Hollywood movies in the action and horror genre.

DIRECTORS

Shri Subrata Roy Sahara had been appointed as Director of the Company in the Annual General Meeting held on 31st August 2000 and his office shall not be liable to retire by rotation. He had been appointed as Chairman of the Company w.e.f. 29th June, 2000.

Shri O. P. Srivastava and Shri R. S. Rathore were re-appointed as Directors of the Company in the Annual General Meeting of the Company held on 28th September 2011 and are subject to retirement by rotation.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and article 89 of Company's Articles of Association, Smt Swapna Roy and Shri J.N. Roy, Directors of the Company are retiring by rotation and are eligible for re-appointment. The Board recommends their names for re -appointment as Directors of the Company in the ensuing Annual General Meeting.

AUDIT COMMITTEE

The Board of Directors of the Company constituted a committee of Directors (in compliance with clause 49 of the Listing Agreement) known as Audit Committee in its meeting held on 30th January 2001 and further re-constituted the same on 29th June 2002, 29th July 2006, 29th April 2008, 30th June, 2009, 2nd August, 2011 and 8th February 2012 . Shri R. S. Rathore is continuing as Chairman of the Audit Committee since 10th March 2008. At present the Company has four Directors as members of Audit Committee viz., Shri R. S. Rathore, Shri O.P. Srivastava, Shri Brijendra Sahay and Shri J. N. Roy and Company Secretary acts as Secretary to the Committee. Out of four committee members, three are Independent Directors and one is Promoter Director. The Chairman of the Audit Committee is an Independent Director which is in compliance with the Clause 49 of the Listing Agreement.

REMUNERATION COMMITTEE

The Board of Directors of the Company constituted a committee of Directors known as Remuneration Committee in its meeting held on 26th August, 2009 (pursuant to the requirement of Schedule XIII of Companies Act, 1956) to deal with matters related to managerial remuneration of company as may be required from time to time. The Committee consists of following members at present:

Shri O.P. Srivastava	**Chairman**
Shri R. S. Rathore	Member
Shri Brijendra Sahay	Member
Shri J. N. Roy	Member

During the year under review, the meeting of the Remuneration Committee of the Company was held on 27.05.2011, 02.08.2011 and 30.03.2012.

STATUTORY AUDITORS

M/s S. R. Batliboi & Associates, Chartered Accountants, Mumbai, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re -appointment. The Company has received a letter from M/s S. R. Batliboi & Associates of their willingness to continue as Statutory Auditor of the Company along with a certificate to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956. The Board recommends their name for re-appointment as Statutory Auditors of the Company for the Financial Year 2012 -2013 in the ensuing Annual General Meeting of Company.

AUDITORS' REPORT

M/s S. R. Batliboi & Associates, Statutory Auditors, submitted their Audit Report for the Financial Year 2011-2012 which was self explanatory and contained following major observation which carries explanations of management as hereunder:

The Company has given a guarantee amounting to Rs 525,000,000 in respect of loans taken by Sahara Sanchar Limited from a bank in respect of which it has not charged any commission nor was any adequate explanation provided to us of the benefit to the Company for giving such guarantee. There are no other guarantees given by the Company for loans taken by others from banks or financial institutions.

The Company does not foresee any risk for having given such Corporate Guarantee as the financials of Sahara Sanchar Limited are sound enough and able to meet its financial obligations.

PUBLIC DEPOSITS

The Company has not accepted any public deposit during the year under review.

PARTICULARS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Information required to be provided under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 in relation to Conservation of energy and technology absorption are currently not applicable to the Company. Particulars of foreign currency earnings and outgo during the year are given as hereunder:

Foreign Currency Earnings (Accrual Basis)	-	Rs. 28,61,182=00
Foreign Currency Expenditures (Accrual Basis)	-	Rs. 27,71,191=00

PERSONNEL

Information relating to employees pursuant to the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011 is annexed to this report.

CORPORATE GOVERNANCE

Corporate Governance Guidelines as specified in the Listing Agreement with Stock Exchanges is applicable to the Company from the Financial Year 2001-02. The Company has complied with the Guidelines of Corporate Governance and a separate report on the Corporate Governance is forming part of this Annual Report. A Certificate by Practicing Company Secretary on the compliance with the guidelines of the Listing Agreement on the Corporate Governance is forming part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representation received from the operating management, confirm that:-

a) in the preparation of the annual accounts the applicable accounting standards had been followed alongwith proper explanation relating to material departures, if any, and there is no material departure from following the accounting Standards.

b) they have, in selection of accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgment and estimates that are reasonable and prudent, so as to give true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit or Loss of the Company for that period.

c) they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.

d) they have prepared the annual accounts on a Going Concern basis.

ACKNOWLEDGEMENTS

Employees are our vital and most valuable assets. Your Directors value the professionalism and commitment of all employees of the Company and place on record their appreciation of the contribution made by employees of the Company at all levels that has contributed to your Company's success and enabled it to remain at the forefront of the media and entertainment business. Your Directors thank and express their gratitude for the

support and co-operation received from the Central and State Governments / regulatory authorities viz. the Ministry of Information & Broadcasting, the Department of Telecommunication, Ministry of Corporate Affairs, RBI, SEBI, Foreign Investment Promotion Board, the Stock Exchanges and Depositories and other stakeholders including viewers, producers and vendors.

For and on behalf of the Board of
Sahara One Media and Entertainment Limited

Sd/-	Sd/-
Swapna Roy	**O. P. Srivastava**
(Director)	(Director)

Place: Mumbai
Date: 3rd August, 2012

ANNEXURE RELATING TO INFORMATION OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) AMENDMENT RULES, 2011:

Name	Designation	Nature of Duties of the employee	Qualifications	Experience (years)	Date of Joining	Date of Resignation	Age (years)	Last Company	Total Remuneration (Per Annum Rs.)
SHRI DEEPAK SEGAL	COO- Motion Pictures -Chief General Manager	Dealing with business activities	B.Com., Dip. In Cinema	12	01.12.2009	31.10.2011	52	Fox TV Studios	55,30,000

Notes:
1. All employees are on permanent basis.
2. None of the employees are relatives of any Director or Manager of the Company.
3. None of the employees hold Equity Shares of 2% or above as required under section 217(2A)(a)(iii) of the Companies Act, 1956.

CERTIFICATION ON FINANCIAL STATEMENT OF THE COMPANY

We, Suresh Mishra, Manager and Principal Officer appointed under the provisions of the Companies Act, 1956 and Sanjay Garg, Chief Financial Officer of Sahara One Media and Entertainment Limited, certify that:

a) We have reviewed financial statements and the cash flow statement for the year ended on 31st March, 2012 and that to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies, if any, in the design or operation of internal controls, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the audit committee

   (i) significant changes in internal control during the year;

   (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Sd/-	Sd/-
Suresh Mishra	**Sanjay Garg**
(Manager & Principal Officer)	(CFO)

Place: Mumbai
Date: 3rd day of August, 2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE, DEVELOPMENT AND FUTURE OUTLOOK

The various segments of the Indian Media and Entertainment Industry (M&E) like Television, Film Entertainment, Print, Online Radio, Music, OOH and Animation, Gaming and VFX have cumulatively driven the growth of the Media and Entertainment Industry in the past year and are expected to maintain the pace going forward.

The past year has been a vibrant year for the Indian Media & Entertainment (M&E) industry with the industry transforming and showing greater impact of the digital revolution on the various segments. The industry has evolved keeping up with shifting consumer preferences and with business models developing to keep pace with increasing competition.

This was especially seen in the film industry, with digital distribution enabling wide releases at lesser costs due to saving on print costs. This enabled the motion picture businesses to capture larger revenues from theatrical segment faster.

In television, the Government mandated cable digitization. While the date for mandatory cable digitization in the metro cities of Delhi, Mumbai, Kolkata and Chennai has been pushed to 1st November 2012, it is hoped that the push to install set top boxes will continue to enable this to happen.

The music industry too saw a revival due to increased growth in the consumption of digital music with more music available for downloads legally from various sites.

However, going forward the outlook for the Indian Media and Entertainment industry remains conservative, keeping in view the subdued growth rates seen in the latter part of the year in the economy. However, the cost optimization due to recessionary pressures implemented in the recent past should enable the industry to face difficult times successfully.

The year ahead is expected to see growth in regional markets in print, radio and television driven by increasing consumption in tier 2 and 3 cities and increasing penetration of digital devices like smartphones, tablets and PCs. New media such as Animation / VFX, digital advertising, and gaming are expected to continue growing.

Indian media today provides huge opportunity to all the players with over 15 Crore television households viewing over 623 channels, over 80,000 newspapers with a readership of around 18 crores, and around 13 Crore Indian internet users.

The year saw the television distribution industry getting ready for the digitization process and broadcasters expanding their regional footprint to establish pan India networks. The print industry is getting ready for the new digital delivery formats especially on mobile and web. The digital advertising continued to grow at a very high rate.

The media and entertainment industry grew from INR 65200 Crore in 2010 to INR 72800 Crore in 2011, registering a 12% growth. This is estimated to grow at the same rate to touch INR 82300 crores in the current year, on the back of strong consumption in Tier 2 and 3 cities, growth in regional media and boom in new media businesses. Going forward, the sector is projected to grow at a strong CAGR of around 15% percent to reach INR 145700 Crore by 2016.

The dominant medium will continue to be television with strong support from animation, VFX, digital advertising and gaming. However, print is expected to continue to be the second largest in the Media and Entertainment industry. Radio should get a boost after the Phase 3 of FM is implemented.

FILM INDUSTRY

After a slowdown last year, due to the World Cup and IPL, the tide turned with blockbusters like “Bodyguard”, “Singham”, “Ready”, “Ra.One” and “Don 2”, there was a steady increase in the average ticket price due to the multiplex culture, content with mass connect, star-power and digital pan-India releases. The year was also marked by varied fare finding success at the box-office. Films without stars from independent film-makers also gained widespread acceptance. “Ragini MMS”, “Murder 2” and “Tanu weds Manu” performed well at the box office. Women oriented stories such as “No One Killed Jessica” and “The Dirty Picture”, horror based “Haunted”, urban stories like “Zindagi Na Milegi Dobara”, “Delhi Belly” and romance based “Love, Breakups Zindagi”, “Ladies v/s Ricky Bahl” were all box-office successes. A core contributor to this varied success was maturing of audience preferences leading to acceptability towards different content.

Regional cinema also performed well. “Jihne Mera Dil Luteya” (Punjabi), “22nd Srabon” (Bengali), “Engaeyum Eppothum” (Tamil) and “Traffic” (Malayalam) were critically acclaimed successes.

New overseas territories opened up in China, Taiwan, South Korea, Western Europe, Australia and Latin America. Cable and satellite revenues continued to account for a substantial pre-release recovery of Hindi as well as regional films.

The year was marked by aggressive marketing and promotion tactics, increased digital theatres, more releases in 3D, and increasing conversion of single screens to multiplexes.

But with all this, the commercial success ratio of films has remained roughly the same at around 15 to 20 percent. Films like Game, Patiala House, and Mausam did not do as well as anticipated despite having star casts, big marketing budgets.

With a focus on early capture of cash-flows driven by wide releases supported by high marketing budgets, the year ahead may be witness to films crossing INR 200 Crs at the domestic box office.

INDUSTRY PERFORMANCE AND PROJECTIONS

The Indian film industry was estimated to be INR 9300 crores in 2011 indicating a growth of 11.5% as against the previous year. Good content plus the digital wave improved the occupancy rates which in-turn increased domestic box-office collections. Aggressive bidding by satellite channels for film rights resulted in a 25% growth of Cable and satellite rights. Ancillary revenues also displayed good growth. The only dark cloud was the dip in the Home video revenues. The momentum is expected to sustain in the current year, growing at a CAGR of over 10% to touch INR 15000 crores in 2016.

KEY GROWTH DRIVERS

- Multiplex chains are increasing their focus on tier II/III cities to cash in on the increased disposable income from these cities.
- 3D films are gaining prominence both in Hindi and Hollywood films. This allows multiplexes to marginally increase ticket prices and provide a new diverse experience to the viewer. The advantage is also that this cannot be readily replicated on the television and internet.
- Even cricket has not dampened the response to good films. “Housefull 2”, “Vicky Donor”, “Hate Story” and “Ishaqzaade” have all done well in spite of being released in the IPL season. This augurs well for cinema this year.

KEY SECTOR CHALLENGES

- One of the main challenges is to ensure a continuous supply of quality content and promotions that will drive footfalls, especially on weekdays.
- Increase in property prices coupled with recessionary conditions, have slowed down the expansion of malls consequently affecting the growth in multiplexes. However, Government approval for FDI in retail may come as a boost to multiplex chains as this would promote the growth in multiplexes.
- As films are being premiered early on television, to reduce the effect of piracy on revenues, often within weeks of its release, this leaves limited time for the film to earn revenue at the box-office.
- Piracy remains a challenge with both the illegitimate DVD market and online piracy increasing.

T.V. INDUSTRY

India is the third largest TV market after USA and China with around 15 crore television households. Television continues to be the largest medium for media delivery in India in terms of revenue, representing around 45% of the total media industry. In spite of this, the industry continues to have room for further growth as television penetration in India is still at approximately 60% of total households. Cable and Satellite (C&S) penetration of television households is close to 80% with DTH driving growth in the last year. With impending digitization, penetration level of digital households is expected to increase going forward.

OUTLOOK FOR THE TV INDUSTRY

The over-all television industry was estimated to be INR 32900 crore in 2011, and is expected to grow at a CAGR of 17 percent over the next few years to reach INR 73500 crores in 2016. The share of subscription to the total industry revenue is expected to increase from 65 percent currently to 69 percent in 2016. The total number of TV channels in India has gone up to 623, and many more channels are awaiting approval for broadcast. There has been a significant increase in demand for satellite bandwidth, with the introduction of HD channels, DTH expansion, and new channel launches. This also increases options to the consumer.

However in spite of increase in advertisement inventory, advertisement rates have remained flat, with advertisers cutting ad budgets due to the economic slowdown. Potential lies in accessing those advertisers currently using only the print platform.

Average television viewing time in India continues to be low vis-a-vis developed economies. Thus, there is potential for growth not only in terms of penetration / reach, but also in terms of viewing time.

But the real game changer will be digitisation. Cable operators in a digital regime would be legally bound to transmit only digital signals, accessible through a set-top-box equipped with a conditional access card, and using a subscriber management system. Digital television is expected to provide the consumer access to a higher number of TV channels, customized tariffs, availability of broadband and other value-added-services, and enhanced user experience through better viewing quality and consumer service.

The content production industry, i.e. the various television production houses function on a cost-plus basis, with incentives based on achieving ratings. While revenues and costs are linked to inflation, the future digitization of cable is expected increase focus on good and differentiated content in response to changing demands of the consumer. The challenge will then be to deliver this at reasonable prices.

The broadcasting industry is expected to witness positive growth in both advertising and subscription revenues. The long-term outlook is still optimistic especially with digitization of cable around the corner. This is expected to considerably increase the subscription revenues while simultaneously rationalizing carriage. However, increasing viewer fragmentation remains a key challenge with competition not only from the increasing number of TV channels, but also from new media.

The distribution segment holds great potential as current TV penetration is only 61%. Digitization is expected to change the game and affect the entire value chain. All players including broadcasters, MSOs and DTH operators are expected to benefit, while the LCO's bargaining power is expected to decrease.

KEY CHALLENGES AND RISKS

The key challenges and risks remain the same as the previous year with the addition of the new digital challenge across media.

The lack of transparency in sharing of revenues by distributors is being addressed by the digitization mandate and is expected to significantly reduce under declaration of the subscription numbers and increase revenues for both broadcasters and MSOs, as well as result in rationalization of carriage fees. However, the increase in number of channels is likely to result in pressure on carriage and placement fees, especially as DTH operators have also introduced carriage fees.

TAM, the dominant television broadcasting rating agency in India has begun broadening its coverage and geographic reach, especially of digital homes. The Broadcast Audience Research Council (BARC) has been registered to provide an alternate method of measurement of reach of different mediums for consumption by the industry but it will take time to start operations and establish itself as acceptable to the advertising industry.

GENERAL OPPORTUNITIES, THREATS, RISK AND CONCERNS

Convergence though now more visible than ever is still a challenge due to lack of infrastructure. The consumption of media is currently through television, wireless mobile devices and the computer. The television set is being used for multiple purposes like watching TV programmes, Movies, playing Video Games, watching of content on demand through DTH or which is downloaded from the internet. Smart TVs enabling access through USB ports as well as the internet have changed the way a television set is used and brought us closer to convergence. Such an easy access of T.V. for multifarious uses will enhance the number of viewers drastically, and in turn boost the demand for T.V. content, Movies and other media content. Content consumed on these convergent platforms- which consist of home video, TV networks, TV Distribution, digital music downloads, mobile music, internet, advertising and online gaming will represent a significant component of the future Entertainment and Media (E&M) market.

The Government has also got into action with regulations being enacted to help the Indian M&E Industry grow faster. Some amongst there are appointment of TRAI in 2004, introduction of Conditional Access System (CAS) in television, granting Industry Status to Indian Film Sector in 2000 and permitting FDI in film related activities, Entertainment Tax exemptions to multiplexes, massive reform in Radio Licensing Policy in 2005, etc. Reforms are continuing.

The fiscal 2011-2012 looks bright for industry players. The business imperatives in these hard times need to undergo changes with increased focus a new digital world with its corresponding challenges.

Media and Entertainment companies in India have implemented robust internal processes with a view to have safeguards from business risk and keeping strategic objectives in view especially for revenue realization.

The Film Industry also suffers due to being highly fragmented with independent producers and single screen theaters dominating the value chain, poor infrastructure facility, high entertainment taxes and long theatrical windows, resulting in India being a highly under-screened and under priced market.

Further the challenges it may suffer amongst others, are managing cost of production and arresting the fall in profitability levels, increased competition from other media and major events like IPL affecting occupancy rates in theaters, increased pressure for supply of film content causing the quality of content to suffer, home video piracy and illegal movie downloads affecting the legitimate revenue collections, regulatory hurdles like different entertainment tax rates in different states, antiquated Indian Cinematograph Act, etc.

The major challenges which the TV segment is likely to suffer amongst others are content fragmentation, growing ability and eagerness of individuals to create their own content for no cost or at a very negligible cost, piracy, digital migration and distribution, under declaration of subscribers by cable operators resulting in large subscription revenue losses for the broadcasters, lower growth in TV advertising due to the economic slowdown and the consequent cut in ad spends, delay in implementation of mandatory CAS in other parts of the country, inhibiting growth of digital cable, increasing content costs for TV channels as the broadcasting space gets overcrowded, intense competition and inability of DTH companies to increase average revenue per users (ARPUs) thus affecting their bottomlines, shift of advertising shares from major sectors like TV and print towards alternate fast growing sector like radio and internet.

Growth in the industry is expected to be driven by growth in both subscription and advertising revenues. The subscription market is likely to be driven by enhanced penetration and expansion of digital delivery infrastructure.

Rising disposable incomes of the working population and increased spend on discretionary items, not only in Tier 1 but also Tier 2 and 3 cities is expected to continue impacting the M&E industry favourably. Also, growth of newer delivery platforms with superior technology and functionality is likely to expand horizons for the M&E business. Aspirations of Indian players to go global and foreign players entering the industry are likely to help the industry target a double digit growth in next five years. The role of the new media is becoming increasingly important in the distribution portfolio of advertisers. A strong focus on talent development, consumer research and innovation can help players in differentiating themselves amidst growing competition.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place adequate Internal Control systems & procedures commensurate with the size and the nature of its business for the purchase of goods, TV programmes, films / programme rights, equipment and other assets and for the sale of goods. The Management also keeps close watch on the Internal Control system and consistently takes necessary corrective steps, wherever necessary, to further strengthen the Internal Control systems and procedures of the Company.

HUMAN RESOURCES

The Company strongly believes in manpower being superior to money power and therefore, recognizes and respects the individual capacities and capabilities of its employees. The Company's Human Resource processes ensure building a competent team of motivated employees. It is the Company's first priority to enrich its employees by promoting learning and enhancing their knowledge with special emphasis on internal and external training. The proper synchronization between the goals of the individual and that of the organization is a critical aspect and is delicately managed by the HR department. The Company has stressed strongly on performance management linked to compensation. To recognize and reward good performance, the Company has been successfully practicing the concept of performance-based variable compensation. The reward and recognition system is duly followed through a performance appraisal system on an annual basis.

(SOURCES: FICCI FRAMES AND KPMG REPORT 2012)

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

(For the F.Y. ended 31.03.2012)

The Company's operating businesses are organized and managed seperately according to the nature of services provided, with each segment representing a strategic business unit that serves different markets. The Company's principal business is sale of television programmes and motion pictures production and distribution.

	Continuing Operations				Consolidated	
	Television		Motion Pictures		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Revenue						
External sales	978,486,084	1,064,902,057	122,118,856	175,187,347	1,100,604,940	1,240,089,404
Other income	27,020,749	41,749,150	-	-	27,020,749	41,749,150
Inter-segment sales	-	-	-	-	-	-
Total revenue	**1,005,506,833**	**1,106,651,207**	**122,118,856**	**175,187,347**	**1,127,625,689**	**1,281,838,554**
Results						
Segment result	43,221,553	16,732,830	(97,408,743)	42,322,416	(54,187,190)	59,055,246
Unallocated expenses					(82,987,044)	(65,289,932)
Operating profit					(137,174,234)	(6,234,686)
Finance costs					(39,037,414)	(121,916,734)
Other income including finance income					182,064,795	133,985,454
Exceptional Items					-	-
Profit before tax					5,853,147	5,834,034
Income taxes					(8,050,559)	(5,297,165)
Net profit					**(2,197,412)**	**536,869**
Segment assets	674,445,343	253,522,298	765,599,355	843,632,164	1,440,044,698	1,097,154,462
Unallocated assets					1,870,283,800	2,792,359,859
Total assets					3,310,328,498	3,889,514,321
Segment liabilities	(316,834,790)	(435,705,034)	(152,177)	(1,782,626)	(316,986,967)	(437,487,660)
Unallocated liabilities					(119,560,138)	(576,047,856)
Total liabilities					(436,547,105)	(1,013,535,516)
Other segment information Capital expenditures :						
Tangible assets					-	15,250
Depreciation	44,576	44,576			2,345,298	2,875,148
Other non-cash expenses (Provision for doubtful advances)	-	-	13,450,000	-	13,450,000	245,000

Geographical Segments – The Company operates in one geographical segment, i.e. India.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Company believes in adopting good Corporate Governance in its all spheres of activities and follows in true sense. Corporate Governance is about commitment to values and Systematic ethical business control. This includes organization's corporate structures, cultures, policies and the manner in which it deals with various stakeholders, Consumers, Govt. authorities. Good transparent Corporate Governance ensures that the Company is managed and monitored in a responsible manner geared towards value creation. Accountability and transparency are the fundamental principles to good Corporate Governance. In the current era of rigorous corporate regulations mandated by the Company Law statute, Corporate Governance is the manifestation of personal benefits and values, which configures the organizational values, benefits and actions of employees of the Company. Company is committed to be open and transparent as much as possible with respect to its internal financial reporting, control systems and decision making processes. Company believes that by taking this approach we are respecting the guidelines laid down in the Code and ensuring that our stakeholders benefit from a clearer understanding of how our business is managed. Company feels that this open approach is the best in the interests of our investors, associates, consumers, employees and partners and that they will be assured that our business is being run professionally, ethically and with consistent regard for best practice in Corporate Governance.

BOARD OF DIRECTORS

The Board of the Company is broad -based consisting of Seven Directors out of which three are independent Directors.

Category of Directors	No. of Directors
Promoter Directors	3
Professional Director	1
Independent Directors	3
Total	**7**

The Board of Directors of the Company comprise of the following:-

Shri Subrata Roy Sahara	Chairman, Promoter Non-Executive Director
Smt. Swapna Roy	Promoter Non-Executive Director
Shri O. P. Srivastava	Promoter Non-Executive Director
Shri Boney Surinder Kapoor	Professional Director (Whole Time Director)
Shri R. S. Rathore	Independent Non-Executive Director, Ex-Chairman, Central Board of Direct Taxes & Special Secretary, Ministry of Finance and Ex-Chairman of Bank of Rajasthan Ltd (Now ICICI Bank).
Shri Brijendra Sahay	Independent, Non-Executive Director, Former Chief Secretary to the Government of U.P.
Shri J. N. Roy	Independent Non-Executive Director, Former Commissioner of Security, Ministry of Civil Aviation, Government of India

BOARD MEETINGS AND ANNUAL GENERAL MEETING

During the F.Y. 2011-2012, Meetings of the Board of Directors of the Company were held four times on 27.05.2011, 02.08.2011, 12.11.2011 and 08.02.2012. The gaps between the Board meetings were well within the maximum time gap of 4 months prescribed in Clause 49 of the Listing Agreement.

Details of the attendance of the Directors at the Board meetings and Annual General Meeting and also details of Directorship and membership of Committee (s) in other Companies as on 31.03.2012 are as under:

Directors	Attendance (Total 4 Board Meetings)	Attendance (30th AGM held on 28.09.2011)	Directorship in other Companies	Number of membership in other Companies Committee(s)	Number of Chairmanship in other Companies Committee(s)
Shri Subrata Roy Sahara	00	–	21	02	01
Smt. Swapna Roy	01	–	21	02	02
Shri O. P. Srivastava	04	No	17	07	01
Shri Boney Surinder Kapoor	02	Yes	1	–	–
Shri R. S. Rathore	04	Yes	–	–	–
Shri Brijendra Sahay	02	Yes	02	02	–
Shri J. N. Roy	04	Yes	02	02	–

Note:

The Directorships shown above are the directorships of the Indian Companies including Private Limited Companies and do not include the Directorship on the Board of Foreign Companies. Memberships of Committee in other Companies are of Audit Committee and Shareholders and Investors Grievance Committee.

All the Board meetings were called with advance notice to the Directors and wherever required notices were sent to Stock exchanges where the Company is listed. Agenda papers and all back up papers prepared by Company Secretary were circulated to the Board members well in advance. Chief Executive Officer, Finance head (CFO), Group head Finance and Group head Statutory are normally invited to the Board meeting.

The Board of Directors has adopted a Code of Conduct for members of the Board of Directors and senior management of the Company. The Code has been posted on the Company's website www.sahara-one.com.

AUDIT COMMITTEE

The Board of Directors of the Company constituted a committee of Directors known as audit Committee in its meeting held on 30th January 2001 and further reconstituted on 29th June 2002, 29th July 2006, 29th April 2008, 30th June, 2009, 2nd August, 2011 and 8th February 2012. At present, Company have Four Directors as members of Audit Committee, out of which one Director is Promoter Non Executive Director and rest three are Independent Non-Executive Directors, and Company Secretary Acts as Secretary to the Committee. Shri R. S. Rathore, Independent Director is a Chairman of Audit Committee. During the F.Y. 2011-2012, meetings of the Audit Committee members of the Company were held seven times on 27.05.2011, 29.06.2011, 02.08.2011, 11.11.2011, 12.11.11, 08.02.2012 and 30.03.2012. Details of the attendance of the Committee members in the Audit Committee meetings of company during F.Y. 2011-2012 are as under:

DIRECTORS	CATEGORY	ATTENDANCE (TOTAL 7 MEETINGS)
Shri R. S. Rathore, **Chairman**	Independent Non-Executive Director	06
Shri O. P. Srivastava	Promoter Non-Executive Director	06
Shri Brijendra Sahay	Independent Non-Executive Director	05
Shri J. N. Roy	Independent Non-Executive Director	07

The role and power of the Audit Committee are as per Section 292A of the Companies Act, 1956 and as prescribed in the Clause 49 of the Listing Agreement. Audit Committee Meetings are held periodically. Statutory Auditors, Internal Auditors, Group head Finance, Group head (Statutory) and Manager and Principal Officer normally attend the Audit Committee Meetings.

REMUNERATION COMMITTEE

The Board of Directors of the Company constituted a committee of Directors known as Remuneration Committee in its meeting held on 26th August, 2009 (pursuant to the requirement of Schedule XIII of Companies Act, 1956) to deal with matters related to managerial remuneration of company as may be required from time to time. The Committee is consisting of following members at present:

Shri O.P. Srivastava	**Chairman**
Shri R. S. Rathore	Member
Shri Brijendra Sahay	Member
Shri J. N. Roy	Member

During the year under review, meetings of Remuneration Committee of the Company were held on 27.05.2011, 02.08.2011 and 30.03.2012.

SHAREHOLDERS AND INVESTORS GRIEVANCES COMMITTEE

The Board of Directors of Company had constituted Share Transfer Committee on 10th March, 2000 which was later renamed as Shareholders and Investors Grievances Committee and was further re-constituted on 3rd April, 2001, 30th January, 2002, 29th July, 2006, 23rd October, 2008, 21st March 2009 and 24th March 2010.

Following are the members of the committee at present
1. Smt Swapna Roy - **Chairman** 2. Shri Brijendra Sahay 3. Shri J. N. Roy

Shri S. C. Tiwari, Company Secretary acts as Secretary / Convener of the committee.

During the period under review, the Company has not received any complaint from the Shareholders/Investors. Meetings of Shareholders/Investor Grievance Committee of the Company were held on 02.08.2011 and 25.08.2011.

The Shareholders/Investors Grievance Committee Meetings are held whenever required in case the Grievances of Investors stand unresolved by the Registrar and Share Transfer Agent of company M/s Link Intime India Pvt. Ltd.

GENERAL BODY MEETINGS

The details of date, time & venue of the last three Annual General Meetings of the Company are as given below:-

AGM	DATE & TIME	VENUE	SPECIAL RESOLUTION
28th AGM	24th September 2009 at 11.30 A.M	Sahara India Point, CTS 40 - 44, S.V. Road , Goregaon (West), Mumbai 400104	**One** Resolution u/sec. 372A for Corporate Guarantee of Rs.52.50 Crores was passed by postal ballot process for loan availed by Sahara Sanchar Limited. Shri TSVP Panduranga Sharma was scrutinizer. Resolution was passed with 5268209 votes in favour and 217 votes cast against the resolution
29th AGM	23rd September 2010 at 11.45 A.M.	Sahara India Point, CTS 40 - 44, S.V. Road ,Goregaon (West), Mumbai 400104	**NIL**
30th AGM	28th September 2011 at 2.30 P.M.	Sahara India Point, CTS 40 - 44, S.V. Road ,Goregaon (West), Mumbai 400104	**One** Resolution u/s 269 read with schedule XIII for approval of increment in remuneration of Shri Suresh Mishra, Manager of the Company
			Second Resolution u/s 269 read with schedule XIII for appointment of Shri Boney Surinder Kapoor as Head-Sahara One Media And Entertainment Limited

DISCLOSURES

The Company is making adequate disclosure to the shareholders through the Annual Report. Further there is no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relative's etc. that may have potential conflict with the interests of Company at large.

There is no non -compliance by the Company, penalties imposed on the Company by Stock Exchange or Securities and Exchange Board of India (SEBI) or any other Statutory Authority, on any matter related to capital markets, during the last three years.

Though there is no formal whistle blower policy, the company takes cognizance of the complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken.

MEANS OF COMMUNICATION

Disclosure of the financial performance is at core of good governance. This includes consistent, comparable, relevant and reliable information on financial performance of the Company. Towards this end, the Company is providing annual Report on the working of the Company to each of its shareholders. Further the quarterly / half Yearly Financial Results of the Company are forwarded to Bombay Stock exchange where the Securities of the Company are listed and published in widely circulated newspapers.

In compliance with newly added Clause 54 of Listing Agreement, the Company has disclosed on its website the relevant details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the company who are responsible for assisting and handling investor grievances, details of agreements entered into with the media companies and/or their associates, etc. and the contents of the said website are updated on regular basis.

Further, in view of recent circular of SEBI, the Company has started the system of processing of investor complaints in a centralized web based complaints redress system 'SCORES'.

Management Discussion and Analysis Report forms part of this Annual Report. The relevant information is also available at Company's website www.sahara-one.com. Investors can also lodge their complaints with the Company at investors@sahara-one.com / cssubhashtiwari@sahara-one.com.

NAME, DESIGNATION AND ADDRESS OF COMPLIANCE OFFICER:

Shri S. C. Tiwari
Company Secretary

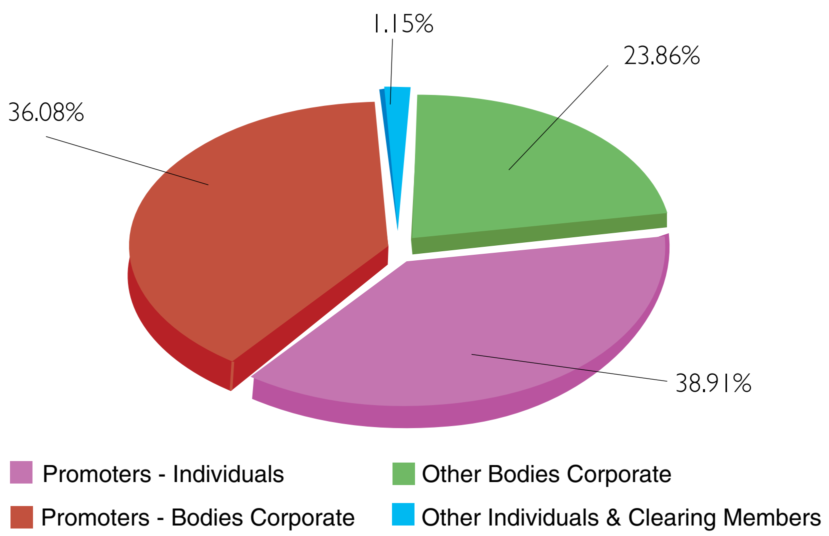
Sahara One Media and Entertainment Limited
Sahara India Point, CTS 40 - 44, S. V. Road,
Goregaon (West), Mumbai 400104.

DISTRIBUTION OF SHAREHOLDING

As on 31/03/2012 the shareholding pattern of the Company is as detailed below: -

No of Equity Shares	Shareholders		Shares	
	Number	% of Holders	Numbers	% of Shares
1-500	1843	95.0980	101277	0.4705
501-1000	24	1.2384	19245	0.0894
1001- 2000	20	1.0320	29402	0.1366
2001-3000	4	0.2064	9855	0.0458
3001- 4000	4	0.2064	14123	0.0656
4001-5000	3	0.1548	13255	0.0616
5001-10000	10	0.5160	68662	0.3190
10001-**********	30	1.5480	21269181	98.8115
Total:	**1938**	**100.0000**	**21525000**	**100.0000**

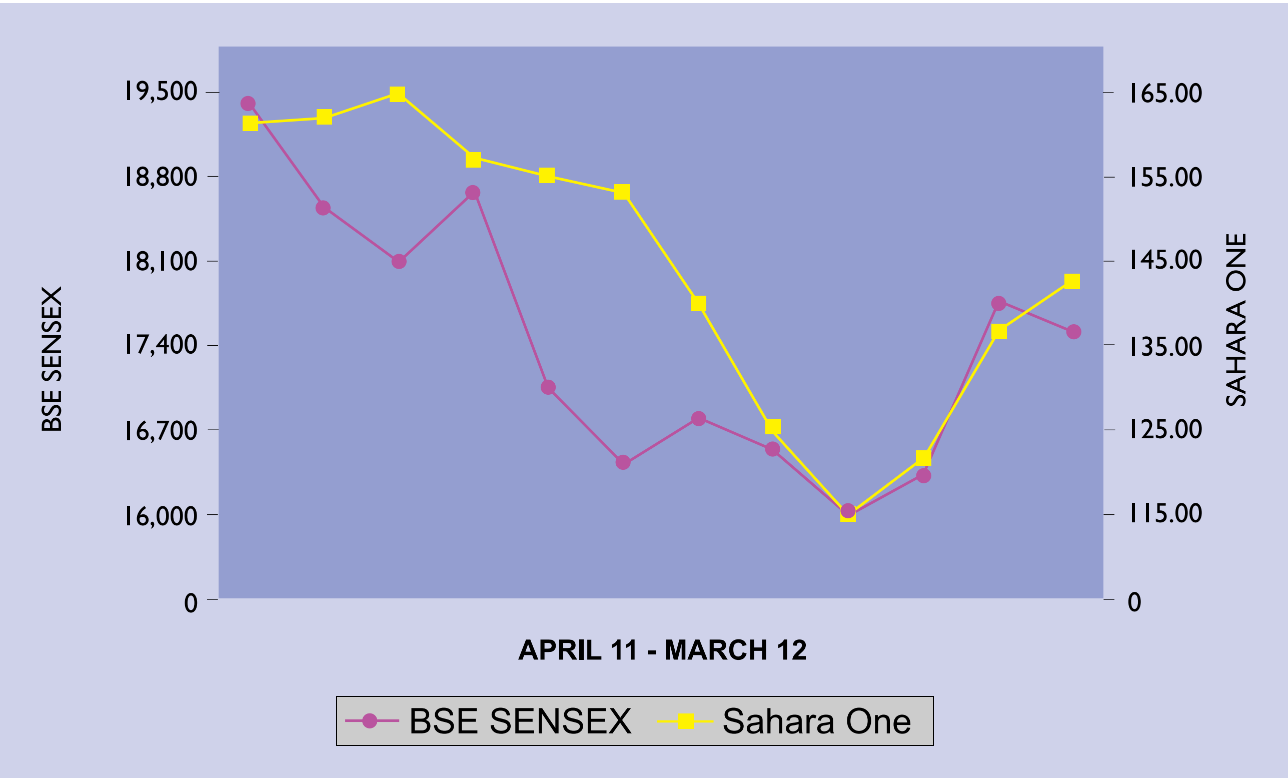
Category	No of Shares
Promoters - Individuals	8,375,000
Promoters - Bodies Corporate	7,766,702
Other Bodies Corporate	5,136,832
Other Individuals & Clearing Members	246,466
Total	**2,15,25,000**



SHARE PRICE MOVEMENT OF COMPANY AND SENSEX MOVEMENT OF BSE

Movement in Company's Share Price during the year 2011-2012 on BSE and Sensex movement of BSE for the same period is as under:-

	SAHARA ONE SHARE PRICE			BSE SENSEX		
MONTH	HIGH (Rs.)	LOW (Rs.)	AVERAGE (Rs.)	HIGH (Rs.)	LOW (Rs.)	AVERAGE (Rs.)
Apr-11	177.00	147.05	162.03	19811.14	18976.19	19393.67
May-11	180.00	145.55	162.78	19253.87	17786.13	18520.00
Jun-11	184.00	145.70	164.85	18873.39	17314.38	18093.89
Jul-11	175.00	140.00	157.50	19131.70	18131.86	18631.78
Aug-11	182.90	128.20	155.55	18440.07	15765.53	17102.80
Sep-11	182.00	125.00	153.50	17211.80	15801.01	16506.41
Oct-11	160.00	121.50	140.75	17908.13	15745.43	16826.78
Nov-11	154.80	95.00	124.90	17702.26	15478.69	16590.48
Dec-11	138.00	92.50	115.25	17003.71	15135.86	16069.79
Jan-12	142.50	101.05	121.78	17258.97	15358.02	16308.50
Feb-12	144.95	128.35	136.65	18523.78	17061.55	17792.67
Mar-12	156.70	130.25	143.48	18040.69	16920.61	17480.65



CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

I have examined the compliance of the conditions of Corporate Governance by Sahara One Media and Entertainment Limited having its Registered Office at Sahara India Point, CTS 40-44, S. V. Road, Goregaon (West), Mumbai 400 104; for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement entered into by the said Company with the Stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the Financial Statement of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

I state that in respect of investor grievances received during the year ended March 31, 2012, no investor grievances are pending against the Company as on June 30, 2012 as per the records maintained by the Company and presented to the Shareholders and Investors Grievance Committee.

I 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 **Amrita D.C. Nautiyal & Associates**
Company Secretary

Sd/-
(Amrita D.C. Nautiyal)
Proprietor
FCS: 5079
C.P. No.7989

Place: Mumbai
Date: 1st August, 2012

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for each of its Director and Senior management personnel. The Code of Conduct is available on the Company's website www.sahara-one.com.

I confirm that the Company has in respect of the financial year ended March, 31, 2012 received from the Senior management team members of the company and the members of the Board, a declaration of compliance with the code of conduct as applicable to them.

For the purpose of this declaration, Senior management team members are comprised of the category of General Manager and above, including all Functional Heads.

Place : Mumbai
Date : 3rd August, 2012

Sd/-
Suresh Mishra
Manager & Principal Officer

GENERAL SHAREHOLDERS INFORMATION

Date	25th September, 2012
Time	2:30 P.M.
Venue	Sahara India Point, CTS 40 – 44, S.V. Road, Goregaon (West), Mumbai 400 104.
Date of Book closure	18th September, 2012 to 25th September, 2012 (both days inclusive).
Last date of receipt of proxy forms	23rd September, 2012 by 2:30 P.M.
Financial Calendar	1st April, 2011 to 31st March, 2012
Last Annual General Meeting	28th September, 2011
Registrar and Share Transfer Agents	M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B. S. Marg, Bhandup (West), Mumbai – 400 078.
Share Transfer System	Shares received for physical transfer on dematerialization or rematerialization requests are generally registered and returned within a period of 21 days from the date of receipt of complete and validly executed documents. The Shareholders / Investors Grievances Committee meet at adequate intervals to approve the Share transfer and dematerialization requests.
Dematerialisation of shares and liquidity	Equity Shares of the Company can be traded in dematerialized forms. To facilitate the trading in dematerialized form, the Company has entered into agreements with both the depositories viz. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As of date approximately 99.82% of the Equity Shares of the Company are in dematerialized form.
Listing on Stock Exchanges	The Bombay Stock Exchange (BSE)
BSE Stock Code	503691
ISIN No.	INE479B01016
Addresses for correspondence	Sahara India Point, CTS 40 – 44, S.V. Road, Goregaon (West), Mumbai 400 104.

AUDITORS' REPORT

To

The Members of Sahara One Media and Entertainment Limited

1. We have audited the attached Balance Sheet of Sahara One Media and Entertainment Limited ('the Company') as at March 31, 2012 and also the Statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
   - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   - iii. The balance sheet, Statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
   - iv. In our opinion, the balance sheet, Statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
   - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
   - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
     - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
     - b) in the case of the Statement of profit and loss, of the loss for the year ended on that date; and
     - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **S.R. BATLIBOI & ASSOCIATES**
Firm registration number: 101049W
Chartered Accountants

per **Govind Ahuja**
Partner
Membership No.: 48966
Place: Mumbai
Date: May 25, 2012

ANNEXURE REFERRED TO IN PARAGRAPH [3] OF OUR REPORT OF EVEN DATE

Re: Sahara One Media and Entertainment Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 ('the Act'). Accordingly, the provisions of clause 4(iii) (b) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(f) and (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. The Company has not sold any goods during the year.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. The provisions relating to excise duty are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to excise duty are not applicable to the Company.

(c) According to the records of the Company, the dues outstanding of income-tax, customs duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs'000)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax	2,729	1999-2000 and 2008-2009	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Income tax	330,852	2002-2003 and 2007-2008	Income Tax Appellate Tribunal
Income-tax Act, 1961	Tax Deducted at Source	60,303	2007-2008 to 2009-2010	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Income tax	13,025	2000-2001	High Court
Customs Act, 1962	Customs Duty	445	2008-2009	Income Tax Appellate Tribunal

According to the information and explanation given to us, there are no dues of sales-tax, wealth tax and service tax which have not been deposited on account of any dispute. The provisions relating to excise duty are not applicable to the Company.

(x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues in respect of a financial institution. The Company has not issued any debentures.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) The Company has given a guarantee amounting to Rs 525,000,000 in respect of loans taken by Sahara Sanchar Limited from a bank for which the Company has not charged any commission nor was any adequate explanation provided to us of the benefit to the Company for giving such guarantee. There are no other guarantees given by the Company for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money from public issues during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & ASSOCIATES
Firm registration number: 101049W
Chartered Accountants

per Govind Ahuja
Partner
Membership No.: 48966
Place: Mumbai
Date: May 25, 2012

Balance Sheet as at 31 March 2012

	Notes	31 March 2012 Rs.	31 March 2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	215,250,000	215,250,000
Reserves and surplus	4	2,658,531,393	2,660,728,805
		2,873,781,393	2,875,978,805
Non-current liabilities			
Long-term borrowings	5	–	28,314,000
		–	28,314,000
Current liabilities			
Trade payables	6	293,265,347	313,257,286
Other current liabilities	7	128,472,929	660,712,847
Short-term provisions	8	14,808,829	11,251,383
		436,547,105	985,221,516
TOTAL		**3,310,328,498**	**3,889,514,321**
ASSETS			
Non-current assets			
Fixed assets - tangible assets	9	11,369,670	13,714,968
Non-current investments	10	11,120,300	11,120,300
Deferred tax assets	11	35,656,083	31,911,945
Long-term loans and advances	12	559,219,976	619,417,780
		617,366,029	**676,164,993**
Current assets			
Current investments	13	1,036,500,587	22,737,668
Inventories	14	376,422,456	220,031,705
Trade receivables	15.1	17,859,328	28,660,228
Cash and bank balances	16	203,581,123	2,060,408,401
Short-term loans and advances	12	1,058,548,715	851,935,570
Other current assets	15.2	50,260	29,575,756
		2,692,962,469	**3,213,349,328**
TOTAL		**3,310,328,498**	**3,889,514,321**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates**
Firm Registration No.101049W
Chartered Accountants

per **Govind Ahuja**
Partner
Membership No.48966
Mumbai: May 25, 2012

For and on behalf of the Board of Directors of Sahara One Media and Entertainment Limited

Swapna Roy
Director

O. P. Srivastava
Director

R. S. Dubey
Group Head (Finance)

Suresh Mishra
Assistant Director

Sanjay Garg
Chief Financial Officer

S. C. Tiwari
Company Secretary

Statement of Profit and Loss for the year ended 31 March 2012

	Notes	31 March 2012 Rs.	31 March 2011 Rs.
REVENUE			
Revenue from operations	17	1,100,604,940	1,240,089,404
Other income	18	209,272,886	175,734,604
TOTAL		**1,309,877,826**	**1,415,824,008**
EXPENSES			
Purchase of content	19	1,188,737,490	852,253,600
(Increase)/ decrease in inventories	20	(157,709,816)	232,900,199
Employee benefits expense	21	114,768,694	136,912,375
Other expenses	22	116,929,493	62,949,158
Investment written off		-	245,000
Depreciation	9	2,345,298	2,875,148
Finance costs	23	38,953,520	121,854,494
TOTAL		**1,304,024,679**	**1,409,989,974**
Profit/(loss) before tax		5,853,147	5,834,034
Tax expenses:			
Current tax		6,500,000	1,630,000
Deferred tax		(3,744,138)	3,667,165
Tax for earlier years		5,294,697	-
Total tax expense		8,050,559	5,297,165
Net profit/(loss) for the year		**(2,197,412)**	**536,869**
Earnings per equity share [nominal value of share Rs. 10 (31 March 2011: Rs. 10)]			
Basic and Diluted	24	(0.10)	0.02
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates**
Firm Registration No.101049W
Chartered Accountants

per **Govind Ahuja**
Partner
Membership No.48966
Mumbai: May 25, 2012

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Assistant Director

Sanjay Garg
Chief Financial Officer

S. C. Tiwari
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 Rs.	31 March 2011 Rs.
Cash flow from operating activities		
Net profit before tax	5,853,147	5,834,034
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	2,345,298	2,875,148
Unrealized foreign exchange loss	149,465	2,906
Investment written off	-	245,000
Provision for doubtful advances	13,450,000	-
Credit balances written back	(11,063,906)	-
Net gain on sale of current investments	(142,309,608)	-
Interest expenses	38,953,520	121,854,494
Interest income	(27,218,905)	(129,735,305)
Dividend income	(1,453,310)	(1,035,756)
Operating profit before working capital changes	**(121,294,299)**	**40,521**
Movements in working capital :		
Increase/ (decrease) in trade payables	(8,928,033)	(187,109,821)
Increase / (decrease) in long-term provisions	-	675,560
Increase / (decrease) in short-term provisions	3,557,446	-
Increase/ (decrease) in other current liabilities	(85,019,477)	163,705,843
Decrease / (increase) in long-term loans and advances	(2,942,857)	18,990,965
Decrease / (increase) in trade receivables	10,642,674	255,607,611
Decrease / (increase) in inventories	(156,390,751)	232,900,199
Decrease / (increase) in short-term loans and advances	(220,063,145)	36,494,054
Cash generated from /(used in) operations	**(580,438,442)**	**521,304,932**
Direct taxes paid (net of refunds)	51,345,964	(19,303,911)
Net cash flow from/ (used in) operating activities (A)	**(529,092,478)**	**502,001,021**
Cash flows from investing activities		
Purchase of fixed assets	-	(15,250)
Purchase of current investments	(1,871,453,311)	(1,035,756)
Proceeds from sale of current investments	1,000,000,000	-
Investments in bank deposits (having original maturity of more than three months)	(1,055,269)	(1,048,498)
Maturity of bank deposits (having original maturity of more than 3 months)	1,048,498	1,840,000,000
Interest received	56,744,401	152,131,628
Dividends received	1,453,310	1,035,756
Net cash flow from/ (used in) investing activities (B)	**(813,262,371)**	**1,991,067,880**
Cash flows from financing activities		
Interest paid	(41,145,961)	(129,835,208)
Repayment of long-term borrowings	(473,342,000)	(446,674,000)
Net cash flow from/ (used in) in financing activities (C)	**(514,487,961)**	**(576,509,208)**
Net increase in cash and cash equivalents (A + B + C)	(1,856,842,810)	1,916,559,693
Effect of exchange differences on cash & cash equivalents held in foreign currency	8,761	(673)
Cash and cash equivalents at the beginning of the year	2,059,359,903	142,800,883
Cash and cash equivalents at the end of the year	**202,525,854**	**2,059,359,903**
Components of cash and cash equivalents		
Cash on hand	120,673	269,897
With banks -		
on current account	202,336,298	57,129,884
on Exchange earners' foreign currency account	68,883	60,122
on deposit account	1,055,269	2,002,948,498
Cash and cash equivalents	203,581,123	2,060,408,401
Less - Fixed deposits not considered as cash equivalents as having maturity of more than three months	(1,055,269)	(1,048,498)
Total cash and cash equivalents	**202,525,854**	**2,059,359,903**

Summary of significant accounting policies 2.1

For **S.R. Batliboi & Associates**
Firm Registration No.101049W
Chartered Accountants

per **Govind Ahuja**
Partner
Membership No.48966
Mumbai: May 25, 2010

For and on behalf of the Board of Directors of Sahara One Media and Entertainment Limited

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Director

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Director

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Group Head (Finance)

Suresh Mishra
Asst. Director

Sanjay Garg
Chief Financial Officer

S.C. Tiwari
Company Secretary

Notes to financial statements for the year ended 31 March 2012

1. Corporate information

Sahara One Media And Entertainment Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is a television content provider and also produces and distributes films.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statement has been prepared on an accrual basis and under the historical cost convention, except for impairment.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained in 2.1(a) below.

2.1 Summary of significant accounting policies

(a) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods

(c) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The company has used the following rates to provide depreciation on its fixed assets.

Fixed assets	Estimated Life	Rate(SLM)
Buildings	61 years	1.63%
Plant and Machinery	21 Years	4.75%
Computers	6 Years	16.21%
Shooting Equipment	14 Years	7.07%
Furniture & Fittings	16 Years	6.33%
Vehicles	11 Years	9.5%

(e) Leases:

Where the Company is the lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Notes to financial statements for the year ended 31 March 2012

(f) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

(g) Impairment of assets

The carrying amounts 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 recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(h) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(i) Inventories

Inventories comprise television programmes and films held for sale. Inventories are valued at lower of cost or net realisable value.

Cost of Satellite rights of motion picture films, television programmes and events are amortised over a period of four years based on their pattern of utilisation.

Inventory of film raw stock are valued at lower of cost or estimated net realizable value. Cost is taken on First in First out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

i. Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer i.e. when the television programme and film are delivered to the customers. The company collects service taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

Revenue from sale of satellite/television broadcasting rights, music and home video rights in respect of films and programmes are recognized in accordance with the contract/arrangement upon delivery of content to the customers.

Theatrical revenue for films is recognized on sale of tickets in accordance with the terms of the contract.

ii. Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Notes to financial statements for the year ended 31 March 2012

iii. Dividends

Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date.

(k) Foreign currency transactions

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(l) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the Trust set up by Sahara Group.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation projected unit credit (PUC) method made at the end of each financial year. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit and is provided on the basis of estimates. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(m) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Notes to financial statements for the year ended 31 March 2012

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(n) Segmental Reporting Policies

Identification of segments
The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Allocation of common costs
Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items
Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies
The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

(o) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(p) Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(r) Cash and Cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Notes to financial statements for the year ended 31 March 2012

3. Share Capital

	31 March 2012 Rs.	31 March 2011 Rs.
Authorized Shares		
35,000,000 (31 March 2011: 35,000,000) equity shares of Rs. 10 each	350,000,000	350,000,000
Issued, subscribed and fully paid-up shares		
21,525,000 (31 March 2011: 21,525,000) equity shares of Rs. 10 each	215,250,000	215,250,000
Total issued, subscribed and fully paid-up share capital	**215,250,000**	**215,250,000**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

	31 March 2012		31 March 2011	
	No.	Amount	No.	Amount
At the beginning of the period	21,525,000	215,250,000	21,525,000	215,250,000
Issued during the period	–	–	–	–
Outstanding at the end of the period	**21,525,000**	**215,250,000**	**21,525,000**	**215,250,000**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

During the year ended 31 March 2012, the amount of per share dividend recognized as distributions to equity shareholders was Nil (31 March 2011: Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the company

Name of the shareholder

	31 March 2012		31 March 2011	
	No.	% holding in the class	No.	% holding in the classs
Equity shares of Rs.10 each fully paid				
Shri Subrata Roy Sahara	5,200,000	24.16	5,200,000	24.16
Sahara India Financial Corporation Limited	3,076,912	14.29	3,076,912	14.29
Sahara Prime City Limited	3,261,790	15.15	3,261,790	15.15
Bennett Coleman & Co. Limited	1,100,000	5.11	1,100,000	5.11

As per records of the Company, including its register of shareholders/ members, the above shareholding represents both legal and beneficial ownerships of shares.

4. Reserves and surplus

	31 March 2012 Rs.	31 March 2011 Rs.
Securities premium account		
Balance as per the last financial statements	2,084,850,000	2,084,850,000
Closing Balance	**2,084,850,000**	**2,084,850,000**
Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statements	575,878,805	575,341,936
Profit/(loss) for the year	(2,197,412)	536,869
Net surplus in the statement of profit and loss	573,681,393	575,878,805
Total reserves and surplus	**2,658,531,393**	**2,660,728,805**

Notes to financial statements for the year ended 31 March 2012

5. Long-term borrowings

	Non-current portion		Current maturities	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Term loans				
Indian rupee loan from banks (secured)	-	28,314,000	28,314,000	223,342,000
Indian rupee loan from banks (unsecured)	-	-	-	250,000,000
	-	28,314,000	28,314,000	473,342,000

The above amount includes

	Non-current portion		Current maturities	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Secured borrowings	-	28,314,000	28,314,000	223,342,000
Unsecured borrowings	-	-	-	250,000,000
Amount disclosed under the head “other current liabilities” (note 7)	-	-	(28,314,000)	(473,342,000)
Net amount	**-**	**28,314,000**	**-**	**-**

1) Term loan of Rs. 4,000 lacs has been obtained from Punjab National Bank during the financial year 2009-10 and with a rate of interest of Bench mark prime lending rate plus 2.25% p.a. The loan is repayable in 30 equal monthly installments. The first installment was due on November 1, 2009. The said loan has been secured by way of first charge on the entire programme library, telecast rights of TV serials, book debts of the company and charge on assets (Film rights and TV serials) to be purchased from this corporate loan and also secured by corporate guarantee and equitable mortgage of immovable property of Sahara India Commercial Corporation Limited situated at Sahara Mall, Gurgaon and letter of personal guarantee signed by director of the Company Shri O P Srivastava. The balance installments aggregating to Rs. 133.14 Lacs is due in financial year 2012-13 [previous year: Rs. 1,733.42 Lacs due in financial year 2011-12 and Rs. 133.14 lacs due in financial year 2012-13].

2) Term loan of Rs. 1,900 lacs has been obtained from IDBI Bank Ltd during the financial year 2007-08 and with a rate of interest of Bench mark prime lending rate p.a. The loan is repayable in 16 monthly installments after a period of one year. The first installment was due on January 1, 2009. The said loan has been secured by first charge on films with satellite rights to the extent of Rs.12,500 lacs and pledge of 15 lacs equity shares of the Company held by promoters. The balance installments aggregating to Rs. 150 Lacs is due in financial year 2012-13 [previous year: Rs. 500 Lacs due in financial year 2011-12 and Rs. 150 lacs due in financial year 2012-13].

3) Term loan of Rs. 5,000 lacs has been obtained from ICICI Bank (erstwhile ‘The Bank of Rajasthan Limited’) during the financial year 2009-10 and carries a rate of interest of 15% p.a. The loan is repayable in 4 quarterly installments and the first installment was due on November 1, 2010. The said loan has been secured by Corporate Guarantee and equitable mortgage of immovable property of Sahara India Commercial Corporation Limited and letter of personal guarantee signed by directors of the Company Shri Subrata Roy Sahara and Shri O P Srivastava. As at March 31, 2011, the total loan outstanding was Rs. 2,500 lacs. The loan has been fully repaid in the current year.

6. Trade payables

	31 March 2012 Rs.	31 March 2011 Rs.
Trade payables (including acceptances) (refer note 32 for details of dues to micro and small enterprises)	293,265,347	313,257,286
	293,265,347	**313,257,286**

Notes to financial statements for the year ended 31 March 2012

7. Other current liabilities

	31 March 2012 Rs.	31 March 2011 Rs.
Other liabilities		
Advance from customers	78,204,057	172,235,158
Current maturities of long-term borrowings (note 5)	28,314,000	473,342,000
Interest accrued but not due on borrowings	383,668	2,576,109
TDS payable	18,493,222	10,082,357
Other payables	3,077,982	2,477,223
	128,472,929	**660,712,847**

8. Provisions

	Long-term		Short-term	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Provision for employee benefits				
Provision for gratuity	-	-	65,368	297,226
Provision for leave benefits	-	-	1,337,267	1,427,210
	-	-	1,402,635	1,724,436
Other provisions				
Provision for taxation {net of advance tax of Rs. 44,093,806 (31 March 2011: Rs. 41,473,053)}	-	-	13,406,194	9,526,947
	-	-	13,406,194	9,526,947
	-	**-**	**14,808,829**	**11,251,383**

9. Tangible assets

	Buildings	Office equipment	Shooting equipment	Computers	Furniture and Fixtures	Vehicles	Total
COST OR VALUATION							
At 1 April 2010	2,087,780	659,910	630,500	10,082,920	1,787,523	12,498,558	27,747,191
Additions	-	-	-	-	15,250	-	15,250
Disposals	-	-	-	-	-	-	-
At 31 March 2011	2,087,780	659,910	630,500	10,082,920	1,802,773	12,498,558	27,762,441
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 March 2012	**2,087,780**	**659,910**	**630,500**	**10,082,920**	**1,802,773**	**12,498,558**	**27,762,441**
DEPRECIATION							
At 1 April 2010	231,708	136,122	323,512	5,708,279	635,307	4,137,397	11,172,325
Charge for the year	34,031	31,346	44,576	1,473,009	104,822	1,187,364	2,875,148
Disposals	-	-	-	-	-	-	-
At 31 March 2011	265,739	167,468	368,088	7,181,288	740,129	5,324,761	14,047,473
Charge for the year	34,031	31,346	44,576	1,046,118	104,906	1,084,321	2,345,298
Disposals	-	-	-	-	-	-	-
At 31 March 2012	**299,770**	**198,814**	**412,664**	**8,227,406**	**845,035**	**6,409,082**	**16,392,771**
NET BLOCK							
At 31 March 2011	1,822,041	492,442	262,412	2,901,632	1,062,644	7,173,797	13,714,968
At 31 March 2012	**1,788,010**	**461,096**	**217,836**	**1,855,514**	**957,738**	**6,089,476**	**11,369,670**

Notes to financial statements for the year ended 31 March 2012

10. Non-current investments

	31 March 2012 Rs.	31 March 2011 Rs.
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
1,108,280 (31 March 2011: 1,108,280) shares of Rs. 10 each fully paid - up in Sahara India Life Insurance Company Limited	11,082,800	11,082,800
3,750 (31 March 2011: 3,750) shares of Rs. 10 each fully paid-up in Sahara Care Limited	37,500	37,500
	11,120,300	**11,120,300**
Aggregate amount of quoted investments (Market value: Nil (31 March 2011: Nil))	–	–
Aggregate amount of unquoted investments	11,120,300	11,120,300

11. Deferred tax asset

	31 March 2012 Rs.	31 March 2011 Rs.
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	4,469,601	4,782,077
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	433,415	532,851
Provision for doubtful debts and advances	30,753,067	26,597,017
Deferred tax asset	**35,656,083**	**31,911,945**

12. Loans and advances

	Non-current		Current	
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
Security deposit				
Unsecured, considered good	1,175,500	675,500	725,000	1,970,000
	1,175,500	675,500	725,000	1,970,000
Advances recoverable in cash or kind				
Secured considered good	-	-	449,077,108	-
Unsecured considered good	-	-	604,644,772	847,206,220
Doubtful	-	-	65,471,245	52,021,245
	-	-	1,119,193,125	899,227,465
Provision for doubtful advances	-	-	(65,471,245)	(52,021,245)
	-	**-**	**1,053,721,880**	**847,206,220**
Other loans and advances				
Advance income-tax {net of provision for taxation of Rs. 118,398,972 (31 March 2011: Rs. 244,714,492)}	90,851,702	153,992,363	-	-
Prepaid expenses	-	-	637,631	436,278
Advance to employees	-	-	3,464,204	2,323,072
Balances with statutory / government authorities	467,192,774	464,749,917	-	-
	558,044,476	**618,742,280**	**4,101,835**	**2,759,350**
	559,219,976	**619,417,780**	**1,058,548,715**	**851,935,570**
Advances recoverable in cash or kind due from directors				
Shri Boney Kapoor	-	-	22,500,000	-
Advances recoverable in cash or kind includes dues from related parties, in which directors are interested				
S K Film Enterprises	-	-	456,777,108	-
BSK Network and Entertainment Pvt. Ltd	-	-	3,000,000	-

Notes to financial statements for the year ended 31 March 2012

13. Current investments

	31 March 2012 Rs.	31 March 2011 Rs.
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Quoted mutual funds		
23,601.41 (31 March 2011: 22,184.14) mutual fund units of Rs. 1,000 each fully paid-up of Sahara liquid fund	24,190,978	22,737,668
516,685.69 (31 March 2011: Nil) mutual fund units of Rs. 1,000 each fully paid-up of Sahara liquid fund variable pricing growth option	1,012,309,609	-
	1,036,500,587	**22,737,668**
Aggregate amount of quoted investments (Market value: Rs 1,037,682,660 (31 March 2011: Rs 22,737,668))	1,036,500,587	22,737,668
Aggregate amount of unquoted investments	-	-

14. Inventories (valued at lower of cost and net realisable value)

	31 March 2012 Rs.	31 March 2011 Rs.
Stock in trade {refer note 2.1 (i)}		
- Films	222,747,866	32,616,697
- Television programmes	153,674,590	186,095,943
Print positive raw stock	-	1,319,065
	376,422,456	**220,031,705**

15. Trade receivables and other assets

15.1 Trade receivables (unsecured)

	31 March 2012 Rs.	31 March 2011 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	13,189,085	10,927,845
Doubtful	34,053,243	34,053,243
	47,242,328	**44,981,088**
Provision for doubtful receivables	(34,053,243)	(34,053,243)
	13,189,085	**10,927,845**
Other receivables		
Unsecured, considered good	4,670,243	17,732,383
	4,670,243	**17,732,383**
	17,859,328	**28,660,228**

15.2 Other assets

	31 March 2012 Rs.	31 March 2011 Rs.
Others		
Interest accrued on fixed deposits	50,260	29,575,756
	50,260	**29,575,756**

Notes to financial statements for the year ended 31 March 2012

16. Cash and bank balances

	31 March 2012 Rs.	31 March 2011 Rs.
Cash and cash equivalents		
Balance with banks		
- On current accounts	202,336,298	57,129,884
- Deposits with original maturity of less than three months	-	2,001,900,000
- Exchange earners' foreign currency account {US $ 1,346.50 (Previous Year : US$ 1,346.50)}	68,883	60,122
Cash on hand	120,673	269,897
	202,525,854	**2,059,359,903**
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	1,055,269	1,048,498
	1,055,269	**1,048,498**
	203,581,123	**2,060,408,401**

17. Revenue from operations

	31 March 2012 Rs.	31 March 2011 Rs.
Television revenue	978,486,084	1,064,902,057
Motion picture revenue	122,118,856	175,187,347
	1,100,604,940	**1,240,089,404**

18. Other income

	31 March 2012 Rs.	31 March 2011 Rs.
Interest income on		
Bank deposits	17,561,632	129,735,305
Other	9,657,273	-
Dividend income on Current investments	1,453,310	1,035,756
Net gain on sale of current investments	142,309,608	-
Credit balances written back	11,063,906	2,099,820
Recovery of employee costs	27,020,749	41,749,150
Miscellaneous income	206,408	1,114,573
	209,272,886	**175,734,604**

19. Purchase of content

	31 March 2012 Rs.	31 March 2011 Rs.
Television content		
Programme purchase	729,060,000	759,079,516
Films purchase	298,847,500	35,327,834
Dubbing & censor expenses	690,500	1,846,250
Motion picture content		
Film production	160,139,490	56,000,000
	1,188,737,490	**852,253,600**

20. (Increase)/ decrease in inventories

	31 March 2012 Rs.	31 March 2011 Rs.	(Increase)/ Decrease Rs.
Inventories at the beginning of the year			
Films	32,616,697	227,706,658	195,089,961
Television programmes	186,095,943	223,906,181	37,810,238
	218,712,640	**451,612,839**	**232,900,199**
Inventories at the end of the year			
Films	222,747,866	32,616,697	(190,131,169)
Television programmes	153,674,590	186,095,943	32,421,353
	376,422,456	**218,712,640**	**(157,709,816)**

Notes to financial statements for the year ended 31 March 2012

21. Employee benefits expense

	31 March 2012 Rs.	31 March 2011 Rs.
Salaries, wages and bonus	110,632,545	133,783,952
Contribution to provident and other funds	1,656,574	1,837,714
Staff welfare expenses	2,414,207	798,125
Gratuity expense	65,368	492,584
	114,768,694	**136,912,375**

22. Other expenses

	31 March 2012 Rs.	31 March 2011 Rs.
Power and fuel	5,170,838	4,973,712
Rent	1,415,337	272,010
Rates and taxes	427,583	213,714
Insurance	803,339	1,089,807
Repairs and maintenance - others	751,144	1,103,597
Advertising and sales promotion	42,266,875	4,479,260
Print cost	4,396,926	790,965
Travelling and conveyance	14,425,917	7,625,002
Communication costs	3,856,748	5,387,129
Legal and professional fees	22,154,289	26,926,980
Directors' sitting fees	1,220,000	940,000
Payment to auditor (Refer details below)	2,144,704	2,118,735
Exchange difference (net)	216,162	2,906
Provision for doubtful advances	13,450,000	-
Bank charges	83,894	62,240
Miscellaneous expenses	4,145,737	6,963,101
	116,929,493	**62,949,158**
Payment to auditor		
As auditor:		
Audit fee	1,400,000	1,400,000
Limited Review	600,000	600,000
Reimbursement of expenses	144,704	118,735
	2,144,704	**2,118,735**

23. Finance costs

	31 March 2012 Rs.	31 March 2011 Rs.
Interest		
on term loans	35,969,886	121,279,281
others	2,983,634	575,213
	38,953,520	**121,854,494**

24. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2012 Rs.	31 March 2011 Rs.
Net profit/ (loss) for calculation of basic & diluted EPS	(2,197,412)	536,869
Weighted average number of equity shares in calculating basic & diluted EPS [nominal value of share Rs. 10 (31 March 2011: Rs. 10)]	21,525,000	21,525,000

Notes to financial statements for the year ended 31 March 2012

25. Gratuity and other post-employment benefit plans:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	31 March 2012 Rs.	31 March 2011 Rs.
Current service cost	351,519	466,861
Interest cost on benefit obligation	259,856	241,591
Expected return on plan assets	(246,259)	(236,109)
Net actuarial(gain) / loss recognised in the year	(299,748)	20,241
Net benefit expense	65,368	492,584
Actual return on plan assets	272,935	249,226

Balance sheet

Benefit asset/ liability

	Gratuity	
	31 March 2012 Rs.	31 March 2011 Rs.
Defined benefit obligation	3,570,229	3,359,270
Fair value of plan assets	3,504,861	3,062,044
Net asset/(liability) recognised in balance sheet	(65,368)	(297,226)

The plan assets comprises of 26.96% (previous year 27.26%) investments in Government of India Securities, 66.19% (previous year 71.60%) investments in high quality corporate bonds and 6.84% (previous year 1.14%) in Fixed Deposits with Bank.

Changes in the present value of the defined benefit obligation are as follows:

	Gratuity	
	31 March 2012 Rs.	31 March 2011 Rs.
Opening defined benefit obligation	3,359,270	2,680,496
Interest cost	259,856	241,591
Current service cost	351,519	466,861
Benefits paid	(127,344)	(63,036)
Actuarial Losses/(Gains) on defined benefit obligation	(273,072)	33,358
Closing defined benefit obligation	3,570,229	3,359,270

Changes in the fair value of plan assets are as follows:

	Gratuity	
	31 March 2012 Rs.	31 March 2011 Rs.
Opening fair value of plan assets	3,062,044	2,840,680
Expected return on plan assets	246,259	236,109
Contributions by employer	297,226	35,174
Benefits paid	(127,344)	(63,036)
Actuarial Gain on plan assets	26,676	13,117
Closing fair value of plan assets	3,504,861	3,062,044

Notes to financial statements for the year ended 31 March 2012

The principal assumptions used in determining gratuity obligations for the company's plans are shown below:

	Gratuity	
	31 March 2012 Rs.	31 March 2011 Rs.
Discount rate	7.50%	7.50%
Expected rate of return on assets	8.00%	8.00%
Employee turnover	Varying between 2% per annum and 1% per annum depending on duration and age of the employees	Varying between 2% per annum and 1% per annum depending on duration and age of the employees

The expected rate of return on assets is taken on the basis of LIC rate and RBI Deep Discounting Rate.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous four periods are as follows:

	31 Mar 2012 Rs.	31 Mar 2011 Rs.	31 Mar 2010 Rs.	31 Mar 2009 Rs.	31 Mar 2008 Rs.
Defined benefit obligation	3,570,229	3,359,270	2,680,496	2,301,517	1,706,315
Plan assets	3,504,861	3,062,044	2,840,680	2,363,903	1,988,244
Surplus / (deficit)	(65,368)	(297,226)	160,184	62,386	281,929
Experience adjustments on plan liabilities	(273,072)	33,000	(147,000)	251,000	731,000
Experience adjustments on plan assets	26,676	13,000	33,000	39,000	(6,000)

26. Leases

Operating lease: company as lessee

The Company has entered into operating cancellable lease agreements for its office premises for a period of three years. There are no clauses relating to renewal / escalation. There are no subleases. The lease rental charged during the year is as follows:

	31 March 2012 Rs.	31 March 2011 Rs.
Lease payments recognized in statement of profit and loss account for the year	1,415,337	272,010
	1,415,337	**272,010**

27. Segmental Information:

Business Segments:

The Company operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that serves different markets. The Company principal business is sale of television programmes and motion pictures production and distribution.

	Continuing Operations				Consolidated	
	Television		Motion Pictures		Total	
	2012	2011	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue						
External sales	978,486,084	1,064,902,057	122,118,856	175,187,347	1,100,604,940	1,240,089,404
Other income	27,020,749	41,749,150	-	-	27,020,749	41,749,150
Inter-segment sales	-	-	-	-	-	-
Total revenue	**1,005,506,833**	**1,106,651,207**	**122,118,856**	**175,187,347**	**1,127,625,689**	**1,281,838,554**

Notes to financial statements for the year ended 31 March 2012

Results						
Segment result	43,221,553	16,732,830	(97,408,743)	42,322,416	(54,187,190)	59,055,246
Unallocated expenses					(82,987,044)	(65,289,932)
Operating profit					(137,174,234)	(6,234,686)
Finance costs					(39,037,414)	(121,916,734)
Other income including finance income					182,064,795	133,985,454
Exceptional Items					-	-
Profit before tax					5,853,147	5,834,034
Income taxes					(8,050,559)	(5,297,165)
Net profit					**(2,197,412)**	**536,869**
Segment assets	674,445,343	253,522,298	765,599,355	843,632,164	1,440,044,698	1,097,154,462
Unallocated assets					1,870,283,800	2,792,359,859
Total assets					3,310,328,498	3,889,514,321
Segment liabilities	(316,834,790)	(435,705,034)	(152,177)	(1,782,626)	(316,986,967)	(437,487,660)
Unallocated liabilities					(119,560,138)	(576,047,856)
Total liabilities					(436,547,105)	(1,013,535,516)
Other segment information Capital expenditures :						
Tangible assets					-	15,250
Depreciation	44,576	44,576			2,345,298	2,875,148
Other non-cash expenses (Provision for doubtful advances)	-	-	13,450,000	-	13,450,000	245,000

Geographical Segments – The Company operates in one geographical segment, i.e. India.

28. Related party disclosures

Related parties with whom transactions have taken place during the year

Related parties where control exists irrespective of whether transactions have occurred or not :- Major shareholders having control over the company	Shri Subrata Roy Sahara
Enterprises owned or significantly influenced by major shareholders, key management personnel or their relatives	Sahara India Commercial Corporation Ltd. Sahara Hospitality Ltd. Aamby Valley Ltd. Sahara India, partnership firm Sahara India Mass Communication, partnership firm Geon Studios Pvt. Ltd. Sahara India Financial Corporation Ltd. Sahara Sanchar Ltd. Aamby Hospitality Services (UK) Limited BSK Network & Entertainment Pvt. Ltd. (w.e.f. August 2, 2011) S K Film Enterprises (w.e.f. August 2, 2011)
Key Management Personnel	Shri Boney Kapoor, Director (w.e.f. August 2, 2011) Shri Suresh Mishra, Manager (Assistant Director) Shri Avinash Kaul, (CEO–Television Content Production) (till August 16, 2010) Shri Deepak Segal, (COO – Motion Picture) (till October 31, 2011) Shri Sanjay Garg, Chief Finance Officer

Notes to financial statements for the year ended 31 March 2012

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

A. Sale/ purchase of goods and services

	Year ended	Revenue from operations	Other income	Reimbursement of expenses	Other expenses	Amount payable to related parties
Sahara India Commercial Corporation Ltd.	31 March 2012 31 March 2011	1,079,234,137 1,123,969,441	27,020,749 41,749,150	17,325,000 –	4,862,590 5,202,724	75,622,400 169,919,895
Sahara India Financial Corporation Ltd.	31 March 2012 31 March 2011	- -	- 265,395	- -	- -	- -
Aamby Valley Ltd.	31 March 2012 31 March 2011	- -	- -	- -	61,913 279,745	61,913 -
Sahara Hospitality Ltd.	31 March 2012 31 March 2011	- -	- -	- -	510,841 628,741	137,240 80,239
Aamby Hospitality Services (UK) Ltd.	31 March 2012 31 March 2011	- -	- -	- -	705,064 -	705,064 -
Sahara India Mass Communication	31 March 2012 31 March 2011				- 18,473	- -
Sahara India	31 March 2012 31 March 2011				5,057,338* 6,255,403*	48,823,032 43,765,694

* Contribution for employee benefits paid through this entity

B. Advances given and repayment thereof

	Year ended	Advances given	Advances repaid	Amount receivable from related parties
Aamby Valley Ltd.	31 March 2012 31 March 2011	10,004,000 50,000,000	- 50,000,000	10,004,000 -
Geon Studios Pvt. Ltd.	31 March 2012 31 March 2011	- 2,100,000	- 79,60,000	- -
Sahara India Mass Communication	31 March 2012 31 March 2011	- -	- -	67,510 67,510
Shri Boney Kapoor	31 March 2012 31 March 2011	7,500,000 -	- -	22,500,000*
S K Film Enterprises	31 March 2012 31 March 2011	4,572,000 -	- -	456,777,108*

* Includes amount paid before Shri Boney Kapoor became a director of the Company.

C. Advances given by the Company and recovered by way of assignment

	Year ended	Advances given	Advances assigned to/ (recovered from)	Amount receivable from related parties
BSK Network and Entertainment Pvt. Ltd.	31 March 2012 31 March 2011	403,000,000 -	(400,000,000) -	3,000,000 -
Sahara India Commercial Corporation Ltd.	31 March 2012 31 March 2011	- -	400,000,000 199,048,350	- -

D. Advances taken and repayment thereof

	Year ended	Advances taken	Advances repaid	Amount owed to related parties
Aamby Valley Ltd.	31 March 2012 31 March 2011	- -	- 10,000,000	- -

Notes to financial statements for the year ended 31 March 2012

E. Guarantees outstanding

	Year ended	Outstanding guarantees
Sahara Sanchar Ltd.	31 March 2012 31 March 2011	525,000,000 525,000,000

F. Remuneration to key managerial personnel

	31 March 2012 Rs.	31 March 2011 Rs.
Shri Suresh Mishra	6,694,569	4,629,349
Shri Avinash Kaul	-	7,493,164
Shri Deepak Segal	5,775,552	10,931,834
Shri Sanjay Garg	5,531,862	3,054,557

29. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for, are Rs. Nil (31 March 2011: Rs. Nil)

As per management there is no material amount, which needs to be disclosed as other commitments.

30. Contingent liabilities

	31 March 2012 Rs.	31 March 2011 Rs.
a) Guarantees and Counter guarantees given by the Company :-		
Against loan availed by Sahara Sanchar Limited from a bank. Loan availed as at 31 March 2012 Rs.107,702,830 (31 March 2011 Rs.215,402,344).	525,000,000	525,000,000
b) Income Tax in respect of Assessment Years 2000-01 to 2009-10 in respect of which the Company has gone on appeal. Based on judicial pronouncements, the Company's claim is likely to be accepted by the appellate authorities.	356,280,219	101,816,371
c) Custom case pending at appellate authorities in respect of financial year 2008-09.	1,020,000	410,000

The Company is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

31. Unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Amount
Advance from customers	USD 40,943 (31 March 2011: USD 40,943) Rs 2,094,498 (31 March 2011: Rs 1,828,104)
Trade payables	USD Nil (31 March 2011: USD 70,344) Rs Nil (31 March 2011: Rs 3,176,032)
EEFC Bank Account (USD)	USD 1,346 (31 March 2011: USD 1,346) Rs 68,883 (31 March 2011: Rs 60,122)

Notes to financial statements for the year ended 31 March 2012

32. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises (MSMED) Act, 2006

As per the information available with the Company, no amounts are due to Micro, Small and Medium Enterprises as per MSMED Act, 2006 as at 31 March 2012. (31 March 2011: Nil)

33. Value of imports calculated on CIF basis

	31 March 2012 Rs.	31 March 2011 Rs.
Content Costs	-	19,307,838
	-	**19,307,838**

34. Expenditure in foreign currency (accrual basis)

	31 March 2012 Rs.	31 March 2011 Rs.
Legal & Professional Fees	2,001,200	-
Travelling and conveyance	64,927	519,663
Miscellaneous expenses	705,064	1,133,837
	2,771,191	**1,653,500**

35. Earnings in foreign currency (accrual basis)

	31 March 2012 Rs.	31 March 2011 Rs.
Exports at F.O.B. Value	2,861,182	5,249,230
	2,861,182	**5,249,230**

36. During the previous year, the Company had filed an application with the Commissioner of Sales Tax seeking clarification in respect of applicability of MVAT on the temporary transfer of copyrights/ license to a customer with effect from July 1, 2010. However, the response from the authority is currently awaited. The Company had obtained a legal opinion in the previous year stating that such transaction is subject to only service tax and hence MVAT is not applicable. Management believes that MVAT on such transaction is not applicable and hence MVAT has not been charged on such transactions.

For S.R. Batliboi & Associates
Firm Registration No.101049W
Chartered Accountants

per **Govind Ahuja**
Partner
Membership No.48966
Mumbai: May 25, 2012

For and on behalf of the Board of Directors of Sahara One Media and Entertainment Limited

Swapna Roy
Director

O. P. Srivastava
Director

R. S. Dubey
Group Head (Finance)

Suresh Mishra
Manager
(Assistant Director)

Sanjay Garg
Chief Financial Officer

S. C. Tiwari
Company Secretary

Sahara One Media and Entertainment Limited
Sahara India Point, CTS 40-44, S. V. Road, Goregaon (West), Mumbai- 400 104