SAHARA ONE MEDIA AND ENTERTAINMENT LIMITED

ANNUAL REPORT 2012-2013

SAHARA ONE

FILMY

FIRANGI

SAHARA Motion Pictures

BOARD OF DIRECTORS

Shri Subrata Roy Sahara - CHAIRMAN

Shri Boney Surinder Kapoor - WHOLE TIME DIRECTOR

Shri Om Prakash Srivastava

Shri Ranvir Singh Rathore

Shri Brijendra Sahay

Shri Jagdish Narain Roy

MANAGER AND PRINCIPAL OFFICER

Shri Suresh Mishra

COMPANY SECRETARY

Shri S. C. Tiwari

CHIEF FINANCIAL OFFICER

Shri Sanjay Garg

STATUTORY AUDITORS

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

INTERNAL AUDITORS

M/s Chaturvedi & Co.
CHARTERED ACCOUNTANTS

BANKERS

The ICICI Bank Limited
IDBI Bank Limited
Punjab National Bank
ING Vysya Bank

REGISTERED OFFICE

Idea Square, Plot No - B-42,
CTS No – 660, Veera Industrial Estate,
Off New Link Road, Andheri (West),
Mumbai-400 053

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 Second Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2013.

FINANCIAL / OPERATIONAL RESULTS

(Rs. in Millions)

FOR THE YEAR ENDED	31st March 2013	31st March 2012
Total income	1425.84	1309.88
Total expenses	1347.49	1304.02
Profit Before tax	78.35	5.85
Provision for taxation (Current, Deferred, earlier year tax and others)	25.43	8.05
Prior Period income/ (expenses)	-	-
Surplus after tax and extraordinary items for the Year	52.92	(2.20)
Surplus carried to the Balance Sheet	626.60	573.68

In the reporting fiscal, the company has earned net profit after tax of Rs. 529.20 lacs as against loss of Rs.21.97 lacs during last fiscal 2011-2012. The aforesaid profit took place mainly due to substantial increase of about 22.42% in Income from Operations to Rs.13,473.60 lacs as compared to Rs. 11,006.05 lacs during the previous financial year 2011-2012 and reduction in Other Expenses to Rs. 759.15 lacs as against Rs. 1,169.29 lacs during the previous financial year 2011-2012. Further Finance Cost has reduced from Rs. 389.54 lacs during the previous financial year 2011-2012 to Rs. 26.72 lacs during the financial year 2012-2013 mainly due to final settlement of term loans taken from various Banks

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 2012- 2013.

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/-.

SAHARA ONE

Sahara One is Sahara One Media and Entertainment Ltd.'s flagship brand in the GEC space in India and is a 24-hour Hindi entertainment channel. It offers its viewers a colorful and vast spectrum of emotions through its wide range of programming. We believe, Sahara TV is dedicated to promoting 'Cohesive viewing', through programmes like 'Jai Jai Jai Bajrangbali', 'Jhilmil Sitaron Ka Aangan Hoga', 'Rishton Ke Bhanwar Mein Uljhi… Niyati', 'Ghar Aaja Pardesi', 'Haunted Nights', 'Piya Ka Ghar' & 'Tujh Sang Preet Lagayi Sajna'.

With a strong focus on quality content and innovative programming and promotions, Sahara One Television is poised for a position of strength amongst the mainstream Hindi General Entertainment Channels in India.

'Jai Jai Jai Bajrangbali' from the house of Sagars is one of the most popular shows of our channel. The growing popularity of this mythological show has shown an increasing trend with the show delivering good ratings. 'Rishton Ke Bhanwar Mein Uljhi… Niyati', 'Jhilmil Sitaron Ka Aangan Hoga' & 'Ghar Aaja Pardesi' continues to entice viewers with focus on family drama.

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

Sur-Kshetra was a singing talent show, a musical battle between teams of two neighboring countries: Pakistan and India. The show was launched on 8th September 2012 and the finale was held on 29th December 2012. It was a 1 hour format simulcast on Colors & Geo TV in Pakistan.

It had the biggest names from the Indian and Pakistani music industry judging and mentoring 20 contestants. After a strenuous round of auditions in the major cities of both the countries, 10 shortlisted contestants each from India and Pakistan sang their way to musical supremacy. The 10 singing stars from India were captained by Himesh Reshammiya, whereas Atif Aslam was the captain of the Pakistani team. These 20 contestants were judged by music icons and stalwarts from India (Asha Bhosle), Pakistan (Abida Parveen) and Runa Laila (Bangladesh). Apart from these judges, guest judges like Suresh Wadkar, Ismail Darbar, Alka Yagnik, Ghulam Ali, Sajjad Ali, Hadiqa Kiani made their presence felt on the show. Indian actor Ayesha Takia took over the reins of anchoring this show.

Through various rounds that tested the musical ability of the contestants, Nabeel Shaukat Ali from Pakistan was crowned as the best singing star of the two countries. Every episode had a different theme that kept the contestants on their toes as the judges ensured that they do not hit even a single wrong note. Sur-Kshetra brought together music stalwarts and aspiring singers together in a way to uphold its tagline 'Where Music Wins'.

'Ghar Aaja Pardesi' was launched on 28th Jan 2013 and marked the debut of non-fiction czar Gajendra Singh in the fiction genre on Indian television.

Ghar Aaja Pardesi talks of a daughter's quest for her long lost father at a turning point in her life while glorifying the sacrifice of her mother amidst intense opposition from her grandfather.

The show portrays Bhavani Shankar Mishra (Vikram Gokhale), patriarch of a respectable family of Benaras and the conflict of thought he shares with his family members, most of whom represent today's generation, who want to question the very foundation of thoughts on which Bhavani Shankar Mishra's, "Parampara' and ''Aadarshvaad' rest. His wife Janki Mishra (Smita Jaykar) is the embodiment of her name and tries always to find answers to life's questions in the holy book of the Ramayan. She has never gone against her husband's wishes as she believes her husband to be akin to God. The story traverses two generations spanning across two continents overseeing his own son Raghav (Mahesh Thakur) and daughter-in-law Sajni (Anita Kulkarni) to his grand-daughters Devika (Ruchi Savarn) and Rudrani (Pooja Bannerji) raised in extreme contrasting backgrounds.

Bhavani Shankar Mishra permanently disowns his rebel son, Raghav, who severs ties with his wife and the Mishra family forever after fallout with his father over values and tradition. When Bhavani Shankar Mishra realizes that his entire family has kept Raghav alive in their hearts hoping for his return one day, to the dismay of everyone he announces the last rites of his living son ruthlessly ignoring the feelings of Raghav's wife Sajni and his grand-daughter Devika. Bhavani Shankar's imposition of his will on the family finally makes Devika stand against her own grand-father. She vows to find her father Raghav Mishra and marry only when he performs her kanyadaan.

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 of "No Entry " as Salman Khan's has allotted dates from mid 2014.

Films slated to release in 2013 - 2014 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.
- Bhopal

As of July 2013 SMP has finished shoot of their first in-house production and currently the post production work is on and is tentatively titled 'The Loving Doll' -a horror film based on a strong relationship bond.

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 2013- 2014 are:

Movie	Cast	Director	Production
No Entry 2	Anil Kapoor, Salman Khan, Fardeen Khan & 10 Actresses	Anees Bazmee	In association with BSK Entertainment

FILMY

Filmy continues to Enthrall and Entertain its audiences with its library of films which touch upon varied Genres, Comedy, Romance, Action, Thrillers, Patriotic, with all time and evergreen hits like:

Sarkar, Hum Dil De Chuke Sanam, Ram Aur Shyam, Abhimaan, Bandit Queen, Ab Tak Chappan, Bose - The Forgotten Hero, No Entry, Page 3, amongst many others.

Mere Bhains Ko Anda kyo Mara Is an iconic humorous show which makes the audiences laugh and brings them back to the channel again and again. Filmy, besides adding value to the entire bouquet of TV channels is also a force which backs up the sales team adding to the Gross revenue.

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 International shows and dubbed world movies at present. The channel is in the process of transformation - it will be a free to air channel in the GEC genre available on analog cable.

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.

Smt Swapna Roy and Shri J. N. Roy were re-appointed as Directors of the Company in the Annual General Meeting of the Company held on 25th September 2012 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, Shri Boney Surinder Kapoor and Shri Brijendra Sahay, 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. Smt Swapna Roy has resigned from the Directorship of the Company w.e.f 08.11.2012.

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 08.11.2012.

STATUTORY AUDITORS

M/s S. R. Batliboi & Associates, Chartered Accountants, Statutory Auditors had converted their status from Partnership firm to Limited Liability Partnership firm pursuant to section 58(1) of Limited Liability Partnership Act, 2008 w.e.f. 1st April 2013.

M/s S. R. Batliboi & Associates LLP, Chartered Accountants, Mumbai, Statutory Auditors of the Company, will hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from M/s S. R. Batliboi & Associates LLP showing their unwillingness to be re-appointed as Statutory Auditors of the Company after conclusion of their present term in the ensuing Annual General Meeting.

The Company has received a letter of Consent and Certificate from M/s D. S. Shukla & Co, Chartered Accountant, Mumbai to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956. Hence the Board recommends the Name of M/s D. S. Shukla & Co, Chartered Accountant, Mumbai for appointment as Statutory Auditors of the Company, for the Financial Year 2013 -2014, in place of M/s S. R. Batliboi & Associates LLP, Chartered Accountants, mumbai, who shown their unwillingness for re-appointment, in the ensuing Annual General Meeting of Company.

AUDITORS' REPORT

M/s S. R. Batliboi & Associates LLP, Statutory Auditors, submitted their Audit Report for the Financial Year 2012-2013 which was self explanatory and contained no major observation.

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. 4,31,86,317/-
Foreign Currency Expenditures (Accrual Basis)	-	Rs. 1,63,97,940/-

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/-
O. P. Srivastava
(Director)

Sd/-
Boney Kapoor
(Director)

Place: Mumbai
Date: 13th August, 2013

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	Last Company	Total Remuneration (Per Month Rs.)	Total Remuneration (Rs.) (2012-13)
Shri. Suresh Mishra	Asst. Director Worker	Dealing with business activities and general administration	M. Com, MPA, LLB	22	1-Jul-91	N.A.	44	-	537087	6438444
Shri. Rajeev Berry	Head - Marketing & Revenue	Dealing with business activities	B.A., PG (PR & ADV)	23	11-Feb-13	N.A.	46	GroupM	504000	828000

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, 2013 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: 13th day of August, 2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE, DEVELOPMENT AND FUTURE OUTLOOK:

The various external and internal factors have slowed down the overall Indian economy in 2012. Domestically, the monetary and fiscal stimulus provided by the Government of India post financial-crisis led to strong growth in demand and consumption in 2009-10 and 2010-11. However, this resulted in higher inflation and a powerful monetary response that slowed consumption demand. Moreover, corporate and infrastructure investment were also pulled down by the tightened monetary policy as well as the policy bottlenecks. Externally, a slowing global economy weighed down by the continued crisis in the Euro area and uncertainty in the US fiscal policy also increased risks to growth. These factors resulted in a challenging year for the M&E industry, with reductions in advertising budgets across sectors.

The Indian media and entertainment industry grew from INR 728 billion in 2011 to INR 821 billion in 2012, registering an overall 12.6% growth. With some improvement is likely in global economy in 2013 and also given the impetus introduced by digitization, continued growth of regional media, strength of the film sector, fast growing new media businesses and upcoming general elections, the industry is estimated to grow at 11.8 % in 2013 to touch INR 917 billion. The sector is expected to grow at a healthy CAGR of 15.2 percent to reach INR 1661 billion by 2017.

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 achieved 77% digitization of screens and expects to be close to 100% digitized in next 18 months to 2 years. Today 80-90 percent of films are distributed digitally vis a vis 50 percent physical prints in 2010 .

Television continues to be dominant segment; a strong growth was seen in new media sectors, animation, VFX and a comeback in the films and music sectors on account of strong content and benefits of digitization.

The benefits of Phase 1 cable digital access system (DAS) rollout, and continued Phase 2 rollout are expected to contribute significantly to strong continued growth in the TV sector revenues and its ability to invest in and monetize content.

Advertisers continue to see higher growth in consumption from key regional markets. Hence regional media continues on a strong growth path especially in the print and television sectors. 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.

KEY TRENDS AND THEMES FOR GROWTH:

- Digitization of distribution has brought in the promise of more sustainable and profitable business models across media sectors. Phase 1 saw significant progress in implementation of mandatory digital access system (DAS) across the four metros. Phase 2 saw digitisation across the next 38 cities that enable the film sector to make a comeback in this year. Overall, digital technology is expected to drive the M&E sector's growth in a challenging macro environment, by spurring on end-user spending and transparency.
- Better uptake of 3G connections and the beginnings of the 4G rollout are expected to spur growth further. 4G technologies are expected to enable greater uptake in services including Live TV, HD video/ audio streaming, real time online gaming, high speed data downloads and uploads and thus enable introduction of new innovative offerings.
- Live music events/ festivals have been successful in attracting widespread audiences and engaging youth across key cities.
- M&E is still an advertising dependent industry in India. Established practices, competitive pressures from within the sector and from TV, and the threat of digital migration, are likely to keep prices under pressure.
- Anticipated developments in 2013 such as continued cable DAS rollout, Phase 3 licensing for Radio, and 4G rollout, will spur growth from the medium term.
- The M&E sector could be a noteworthy employer across creative, technical and business areas. Under the National Skill Development Policy 2009, National Skill Development Council (NSDC) has constituted a Media and Entertainment Skill Council (MESC), which will focus on the television, print, films, radio, animation, gaming and advertising industries. It plans to setup Institutes focusing on technical, creative and business talent.

FILM INDUSTRY:

After several years of muted growth, 2012 was an exciting year for the Indian film industry with the audience returning to the theaters. Indian cinema has continued to enchant the Indian audience for almost a century now and it is expected to continue on its growth trajectory and be worth INR 193.3 billion by 2017. India's domestic theatrical revenues grew by 23.8 percent Y-o-Y, contributing 76 percent to the INR 112.4 billion film industry.

Digital distribution played a significant role in increasing the reach of the industry at an affordable cost and in a secure environment. Distributors are now able to capture revenues in a shorter time frame by having same-day release across theatres and pre-selling C&S rights. Most films now garner about 60-80 percent of their revenue in the first week of release. The number of screens available for releasing a film is also rising, aided by greater use of digital prints. Digital technology is now enabling reaching the un-served population which sits near the bottom of the pyramid. The key advantages of digital technology are – affordability, security, timely access is facilitating the emergence of a new category of exhibitors.

Film marketing activities have progressed beyond posters and promos with the aggressive use of new marketing tools on social media, portals, search engines and even activation. Use of social media has become an important component of pre-release marketing strategy for any movie. Some players have gone a step ahead and developed mobile apps for promoting their movie. For instance, Disney UTV's marketing team developed a mobile app for 'Barfi' which was used to create a strong connect between the protagonist and the audience. In 2012, on an average 60 percent of print & advertising budgets were spent on promotion and advertising of the film.

In 2012, the average film marketing costs ranged anywhere between INR 80-120 million. For high budget films, this went up to INR 150 million and for low budget films, in some cases, it exceeded their production cost. As per industry estimates, for a low budget film, a minimum budget of INR 35 to 50 million is required to ensure a decent commercial release for the film. To cash in on the increasing footfalls and maximize profits, multiplex operators have increased ticket prices by 15 to 20 percent. The average ticket price for multiplexes is now INR 160, compared with INR 60 at single screens.

In 2012, the industry added 152 new screens with major growth coming from expansion of multiplexes. With many metros and tier-I markets getting close to saturated, the focus is now shifting to the next 40 cities which are experiencing rapid urbanization and greater economic growth.

Single screens continue to face challenging times with as many as 97 screens shutting down in 2012. The year saw single-screen theatres making efforts to re-invent themselves and upgrading their existing infrastructure to provide enhanced movie watching experience.

An interesting fact about 2012 was that not only did 'big budget, big star-cast' movies top the charts, but small-budget movies with unique stories also drew crowds to the theatres. Films such as 'Vicky Donor' and 'OMG - Oh My God' all enjoyed box office success. The approach has shifted from producing pure star driven films to experimenting with content and providing a platform to newer talent. Films such as 'Paan Singh Tomar' and 'Gangs of Wasseypur' have pushed the envelope on the kind of content that works in India and have managed to achieve unanticipated box office success.

The performance of Hollywood movies varies widely by genres. While franchises and big action movies such as 'Spiderman', 'Avengers' or 'Skyfall' are succeeding because of their mass appeal; dramas and comedies still find it difficult to grab audiences at a pan-India level. The strong box office performance of 'Life of Pi' was an exception to the drama genre.

The industry also saw studios tapping into the regional opportunity. Reliance Big Pictures, Disney UTV Motion Pictures and Eros International are increasingly investing in the regional space. Actor-Producer Akshay Kumar is also venturing into Marathi, Gujarati and Punjabi film production. Favorable cost economics could be one of the drivers. Regional movies are not only cheaper to produce but also have low marketing costs and longer theatrical windows.

While the domestic theatrical business performed extremely well, the overseas segment experienced moderate growth this year. The market witnessed a growth of 9 percent in 2012. UK, USA and Middle East together generated about 70 percent of the international revenues for the top 20 Bollywood movies of 2012. This year also saw relatively low budget movies with strong content do well overseas. 'Barfi' generated revenues of INR 320 million and 'English Vinglish' garnered revenues of INR 97.5 million overseas.

Revenue from Cable and satellite (C&S) rights grew at 20 percent in 2012. While the satellite rights of 'Ek Tha Tiger' were sold at INR 750 million, 'Student of the Year' and 'Dabangg 2' were sold at INR 500 million each, satellite rights of 'Kahaani' were sold for as low as INR 80 million. However, industry is of the view that satellite right rates may remain flat for a while, but are likely to increase in the medium to long run. This is keeping in mind the increasing competition among movie channels, the limited supply of 'appropriate' movies for TV given censor guidelines and the rising trend of pre-release selling and bundling of C&S rights of movies. While big budget films draw in handsome amounts for satellite rights, small budget films with no star cast struggle to sell their rights to satellite channels and are usually bundled with larger films.

KEY GROWTH DRIVERS

The advent of organized funding:

Sourcing of film financing has been largely unorganized due to high risk nature of the business. However, with scaling up of revenues, Indian films are increasingly attracting private equity / venture capital funding from institutions directly. Cinema Capital, a venture capital fund focused on the film and entertainment sector has recently funded films like 'Heroine', 'Bol Bachchan', 'Chakravyuh' and 'Dabangg2'.

Independent filmmakers embrace crowd funding:

Crowd funding is a financing model where a project is funded by small contributions from a large number of individuals or communities, usually through Internet portals or social networks, rather than seeking substantial sums from a small number of investors.

'I Am', the National Award winning film has given a boost to the idea of crowd funding of movies. Being a film that dealt controversial subject matter, it was not able to get backing of any studio. Therefore it turned towards the crowd sourcing model for funds. The film aggressively used social media campaigning to attract investors

Hollywood studios embrace Indian co-productions:

India is emerging as a M&E hot spot for international studios. Realizing the growth prospect Hollywood studios such as Disney, Fox, Sony and Warner Brothers have entered into co-production deals and distribution deals with domestic production houses. Fox Star co-produced five films in 2012— 'Bol Bachchan', 'Jannat 2', 'Raaz 3', 'London Paris New York' and 'Ekk Deewana Tha'. Fox Star Hindi film line-up for 2013 includes Jolly LLB (co-production with Subhash Kapoor) and Murder 3 (a co-production with Mahesh and Mukesh Bhatt's Vishesh Films). Viacom18 now distributes Paramount Pictures films in India, and is also producing Hindi films.

Co-productions between actors and studios:

Many actor-turned producers are tying up with large studios to share the cost of production and mitigate risk. For example, Akshay Kumar's Grazing Goat Pictures partnered with Viacom18 Motion Pictures to co-produce 'Oh My God'. Instead of charging acting fees, the actor-producer takes a pre-agreed share of profits. So, if a film earns profits, both the actor and the studio gain, and if it fails to perform well, the studio at least saves on the hefty cost of a star lead-actor.

Multiplexes – slicing the audience and creating service differentiation

Large formats

International exhibitor, Cinépolis, will soon open its large multiplex format called Megaplex (mega multiplex) in India. Large format megaplexes allow for more titles to be played and for titles to stay in theatre for a longer first run. The 15-screen megaplex which will be launched in Pune is designed to have 3 Cinepolis VIP screens (a luxurious and ultra premium cinema experience) and 12 regular screens. The megaplex will run 75 shows per day or 1 new show every 10 minutes offering patrons with unprecedented choice of film titles and show timings.

KEY INDUSTRY CHALLENGES

- The issue of piracy remains a critical issue for the Indian film industry. However, there are some changes that have helped the industry battle this issue aggressively. Currently the theatre-to-television window has been reduced to less than 3 months.

  The TV premier of 'Ek Tha Tiger' happened only 3 months after its theatrical release; while it happened in only 2 months for 'Son of Sardar' which in turn had some effect on the business of pirated DVDs. With the shift in consumer preference to the Internet the physical format (VCDs and DVDs) is disappearing and pirates are therefore shifting online.

  As per the Motion Pictures Distributors Association (MPDA), India is among the top nations in the world in terms of video piracy. MPA India estimates that the loss due to piracy in 2012 was USD 1.1 billion, an increase of 15.79 percent from that in 2008.

  The initiatives of Telugu film industry are a significant step in that direction:

- Andhra Pradesh Film Chamber of Commerce (APFCC) and MPDA have formed an alliance to promote content protection. In June 2012, a joint operation by MPDA and APFCC revealed two major organized criminal syndicates that cost the film industry about INR 250 million in lost revenues.
- The Anti Video Piracy Cell (AVPC) of the APFCC has also designed a web application to detect and report online piracy. Such efforts will be recognized and rewarded by the industry.

While the Government and other affiliated agencies have made progress in developing response procedures to copyright infringement, strict enforcement is lacking.

- While India leads world averages in terms of the number of films produced each year and attendance, the under penetration of theatre screens in India remains the biggest challenge for the industry. There are just 8 screens per million people, unlike in the United States, where there are 117 per million.
- High entertainment tax acts as a major impediment to the growth of exhibition industry, as the overall tax implication is as high as 40-50 percent in states like Maharashtra, Uttar Pradesh, Bihar and Karnataka. Hence, it is imperative that the entertainment tax structure across the country be rationalized by bringing down rates of entertainment taxes.
- Service tax on lease of immovable property is another financial burden for exhibitors.
- Ticket pricing in many states is regulated by state governments. The industry expects the governments to relax regulations on fixed number of shows and cap on ticket pricing and let the exhibitors decide on the admission rates according to demand. Flexible pricing will also help to reduce black-marketing of tickets since theatre owners will have freedom to revise the rates according to the audience inflow.

T.V. INDUSTRY

The year 2012 was a challenging year for the industry, with companies conserving capital and cutting advertisement spends in the face of a soft macro-economic environment. The TV sector also witnessed consolidation and exits, paving the way for a more sustainable, profitable future.

Despite the current challenges, the long-term outlook remains positive, and India continues to remain a key strategic market for leading international broadcasters.

Further, in a reflection of India's growing Diaspora, Indian channels have also been aggressively increasing their presence across international markets. Industry discussions suggest that while the US, UK and Canada markets are close to saturation in terms of penetration, the Middle East and Africa continue to offer significant growth opportunities. In addition to the Indian diaspora, offerings are also targeted at the local population, primarily through dubbed or sub-titled content.

The TV Distribution segment has historically been plagued by a number of inefficiencies which are impediments to value creation. These, hopefully, will iron themselves out as the TV value chain realigns because of digitization and FDI. There have, this past year, been notable transactions in this space which include the acquisition of a 1.14 percent stake in DEN Networks by Reliance Strategic Investments Limited, the investment arm of Reliance Industries Limited, and the acquisition of a 90 percent stake in Digicable Network by the Sahara Group.

Outlook for the TV industry

Digitisation of cable is expected to bring in transparency and increase subscription revenues for Multi System Operators (MSOs) and broadcasters. It is also expected to reduce carriage fees, building a case for the launch of niche channels and investment in content for existing channels. Developments and refinements in viewer ship measurement systems may affect the way advertising is distributed among channels. Approximately 14 million television sets were sold in India in 2012, a large proportion of which represent replacement of old television sets, institutional TV sales, and a second or third TV set entering a household. The number of C&S households in India increased by 11 million in 2012, to reach 130 million.

CONTENT PRODUCTION

- In general, production costs continue to be linked to inflation; artist costs however, have increased
- Cable digitisation is expected to create significant opportunities for content providers, including:
  - Existing channels investing in content, and upgrading content quality
  - Narrower targeted offerings, to segments which are currently served by 'one size fits all' offerings, which will require more localised content
  - Launch of new niche channels, which may see a viable business case on the back of reduced carriage fees

- Broadcasters believe that content is under-invested and with the improving economics on account of digitisation, investment in content is expected to grow.

BROADCASTING

- 2012 continued to be a challenging year for the industry, with a lower-than-expected advertising revenue growth. However, the long-term outlook remains positive and the industry expects advertising revenues to grow at a 14 percent CAGR from 2012-17.
- Subscription revenues increased in 2012, but this seems to be attributable to better negotiation through consolidated entities (MediaPro, One Alliance, India Cast etc.), rather than to digitisation in Phase 1.
- The benefit of phase 1 and phase 2 digitisation in terms of growth in subscription revenues is expected to be seen over 2013 and 2014.
- In digitised areas, carriage costs appear to have declined. At the same time, TAM's increased coverage of Less than Class I (LC1) markets has resulted in some of the carriage savings being redirected to increase reach in LC1 markets.
- Growth is expected to be driven by a sharp increase in subscription revenues, while carriage costs are expected to rationalize in metro markets.

DISTRIBUTION

- Phase 1 of cable digitisation kick-started, and met with varying degrees of success in the four metros. However, the consumer has warmed to the concept of digitisation
- Industry discussions suggest that the digitisation in Phase 1 cities may not all be addressable yet. MSOs are in the process of verifying their customer base, and updating their systems before packages are deployed
- Completion of Phase-2 digitisation is likely to get delayed by 9 to 12 months. Out of the 38 cities identified for phase-2 digitisation, approximately 40 percent of C&S households are already digitised
- It is important to continue the momentum and ensure that digitisation of cable gets completed; else there may be a risk that even Phase 1 cities may regress to a mélange of analogue and digital cable

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. Industry discussions suggest that while homes in Phase 1 have been seeded with STBs as indicated above, these homes are not necessarily addressable.

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), a not-for-profit body to provide an alternate method of measurement of reach of different mediums for consumption by the industry, has been registered but will take time to start operations and establish itself as acceptable to the advertising industry.

GENERAL OPPORTUNITIES, THREATS, RISK AND CONCERNS:

2013 will be the year in which the promise of wireless broadband starts to find fulfillment. There is a renewed push on 3G and limited launches of 4G services – which are likely to go wider this year. This should provide content companies a whole new platform on which to reach, entertain and – engage its audience of a billion.

There have been implementation challenges and delays in complete digitisation of four metros. At the same time, while boxes have been seeded in homes, these are not necessarily addressable. Several broadcasters have indicated that timely digitisation along with consumer addressability is the most important development needed by the television industry. Aided by digitisation and the consequent increase in ARPUs (Average Revenue Per User), the share of subscription revenue to the total industry revenue is expected to increase from 66 percent in 2012 to 72 percent in 2017. The television industry in India is estimated at INR 370 billion in 2012, and is expected to grow at a CAGR of 18 percent over 2012-17, to reach INR 848 billion in 2017.

Pursuant to Finance Bill 2013, imports of set-top-boxes have become costlier, with effect from 1 March 2013, since the Basic Customs Duty on import of the set-top boxes has been increased from 5 percent to 10 percent. An increase in duty at the critical phase of the digitization process may impact set-top-box penetration and add to the financial burden of DTH and Cable companies.

The M&E sector has tremendous growth potential and prudent fiscal legislation would help it to perform at its full potential. While the Government has taken certain steps to address some of the issues affecting the industry, it may help the cause of the industry if the Government can take further steps to resolve the issues highlighted in this Report so as to enable the Indian M&E sector to reach new heights and become truly global.

There is a steady rise in the dynamism and confidence in India's film sector. Increasing consumption in tier II and III cities, growing importance of regional markets, greater focus on market research, innovation in content and evolution of marketing and delivery platforms to serve different niches- all point towards a very positive future for the industry. Films saw robust growth of close to 21 percent on the back of content that addressed various consumer segments. The digitisation of theatres is close to 80 percent and projected to be nearly complete in 18-24 months – improving access for audiences and the economics for the business as a whole. Also, macro factors will enable the film industry in India to continue with its robust growth for years to come – rapid urbanization, headroom for multiplex growth and increasing sophistication in production and marketing will continue to drive revenue at near 11 percent for the next several years. We are not far from achieving our next benchmark – the INR 10 billion box-office film!

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

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 2013)

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

(For the F.Y. ended 31.03.2013)

The Company's 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	
	2013	2012	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue						
External sales (net of service tax)	1,321,320,473	978,486,084	1,527,644	122,118,856	1,322,848,117	1,100,604,940
Other income	29,177,434	27,020,749	-	-	29,177,434	27,020,749
Inter-segment sales	-	-	-	-	-	-
Total revenue	**1,350,497,907**	**1,005,506,833**	1,527,644	122,118,856	1,352,025,551	1,127,625,689
Results						
Segment result	126,170,157	43,221,553	(18,764,420)	(97,408,743)	107,405,737	(54,187,190)
Unallocated expenses					(100,198,221)	(83,070,938)
Operating profit					7,207,517	(137,258,128)
Finance costs					(2,671,764)	(38,953,520)
Other income including finance income					73,814,887	182,064,795
Exceptional Items						-
Profit before tax					78,350,639	5,853,147
Income taxes					(25,430,199)	(8,050,559)
Net profit					**52,920,440**	**(2,197,412)**
Segment assets	829,940,051	674,445,343	861,999,199	765,599,355	1,691,939,250	1,440,044,698
Unallocated assets					1,612,584,745	1,870,283,800
Total assets					3,304,523,994	3,310,328,498
Segment liabilities	(342,029,314)	(316,834,790)	(1,138,470)	(152,177)	(343,167,784)	(316,986,967)
Unallocated liabilities					(34,654,377)	(119,560,138)
Total liabilities					(377,822,161)	(436,547,105)
Other segment information						
Capital expenditures :						
Tangible assets					66,900	-
Depreciation	44,576	44,576	-	-	2,140,846	2,345,298
Other non-cash expenses	-	-	229,897	13,450,000	786,616	13,450,000

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

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Company defines Corporate Governance as a systematic process by which companies are directed and controlled to enhance their wealth generating capacity. 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, and Government 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.

Traditional views of Governance as a Regulatory and compliance requirement have given way to adoption of governance tailored to the specific needs of the company. Clause 49 has set the benchmark compliance rules for a listed company and the baseline for governance standards. Sahara One not only adheres to the prescribed corporate practices as per clause 49 but is constantly striving to adopt emerging best practices worldwide. It is our endeavor to achieve higher standards and provide oversight and guidance to management in strategy implementation and risk management and fulfillment of stated goals and objectives.

Corporate governance has indeed been an integral part of the way we have done business for several decades. This emanates from our strong belief that strong governance is integral to creating value on a sustainable basis. 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 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. Therefore corporate governance is a journey for constantly improving sustainable value creation and is an upward moving target.

BOARD OF DIRECTORS

The Board of the Company is broad -based consisting of Six Directors out of which three are independent Directors, which is in line with the requirements of the Code of Corporate Governance.

Category of Directors	No. of Directors
Promoter Directors	2
Professional Director	1
Independent Directors	3
Total	**6**

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

Shri Subrata Roy Sahara	Chairman, Promoter Non-Executive Director
Shri O. P. Srivastava	Promoter Non-Executive Director
Shri Boney Surinder Kapoor	Professional Director (WTD)
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. 2012-2013, Meetings of the Board of Directors of the Company were held four times on 25.05.2012, 03.08.2012, 08.11.2012 and 05.02.2013. 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 31.03.2013 are as under:

Directors	Attendance (Total 4 Board Meetings)	Attendance (31^{st} AGM held on 25.09.2012)	Directorship in other Companies	Number of membership in other Companies Committee(s)	Number of Chairmanship in other Companies Committee(s)
Shri Subrata Roy Sahara DIN - 00431905	00	No	11	02	Nil
Shri O. P. Srivastava DIN - 00144000	04	No	12	08	01

Shri Boney Surinder Kapoor DIN - 01627097	04	Yes	Nil	Nil	Nil
Shri R. S. Rathore DIN - 00265568	04	Yes	Nil	Nil	Nil
Shri Brijendra Sahay DIN - 00017600	03	No	02	02	Nil
Shri J. N. Roy DIN - 02132227	04	No	02	02	Nil

Note:

The Directorships shown above are the directorships of the Indian Companies including subsidiary of Public Companies and do not include the Directorship on the Board of Private Companies, Section 25 Companies and 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 1 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. At present, the following members constitute the Audit Committee of Company:

1. Shri R. S. Rathore, Chairman
2. Shri O. P. Srivastava
3. Shri Brijendra Sahay
4. Shri J. N. Roy

During the F.Y. 2012-2013, meetings of the Audit Committee members of the Company were held six times on 25.05.2012, 03.08.2012, 26.09.2012, 08.11.2012, 05.02.2013 and 12.03.2013. Details of the attendance of the Committee members in the Audit Committee meetings of company during F.Y. 2012-13 are as under

DIRECTORS	CATEGORY	ATTENDANCE (TOTAL 6 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	03
Shri J. N. Roy	Independent Non-Executive Director	05

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, Chief Executive Officer, Chief Financial Officer, Group Head- Finance and Group Head- Statutory 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 a meeting of Remuneration Committee of the Company was held on 08.11.2012.

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, 24th March 2010 and 08th November 2012. The Committee was reconstituted by inducting Shri O. P. Srivastava, Director of the Company as Member and Chairman of the Committee w.e.f 08.11.2012 in place of Smt. Swapna Roy whose membership ceased due to her resignation from Directorship of Company.

Following are the members of the Committee at present

1. Shri O.P. Srivastava - **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. No Meetings of Shareholders/Investor Grievance Committee of the Company were held during the financial year 2012-2013.

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
29th AGM	23rd September 2010 at 11.45 A.M.	Sahara India Point, CTS 40 - 44, S.V. Road, Goregaon (West), Mumbai 400 104	NIL
30th AGM	28th September 2011 at 2.30 P.M.	Sahara India Point, CTS 40 - 44, S.V. Road, Goregaon (West), Mumbai 400 104	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
31st AGM	25th September 2012 at 2.30 P.M	Sahara India Point, CTS 40 - 44, S.V. Road, Goregaon (West), Mumbai 400 104	One Resolution u/s 269 read with schedule XIII for approval of reappointment of Shri Suresh Mishra, Manager / Principal Officer of the Company

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 relatives 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 shareholder. 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 furnished 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

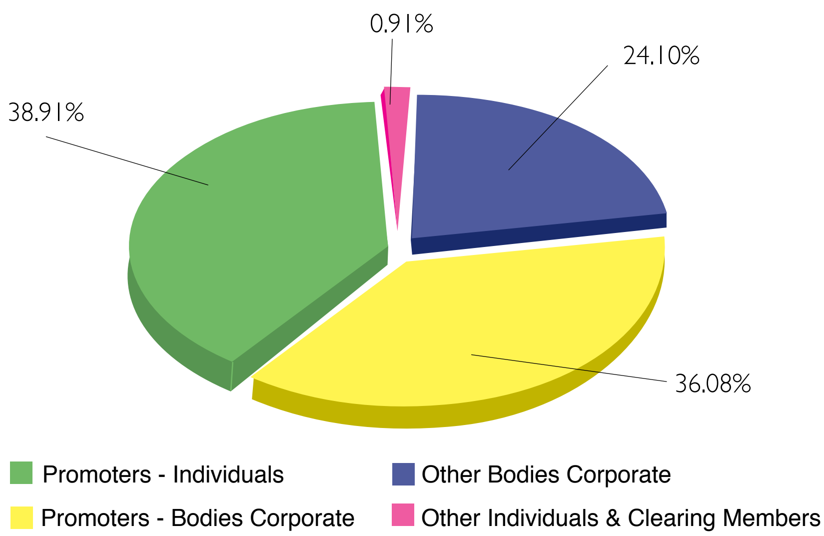
Sahara One Media And Entertainment Limited
Idea Square, Plot No - B-42, CTS No – 660,
Veera Industrial Estate, Off New link Road,
Andheri (West), Mumbai – 400053

DISTRIBUTION OF SHAREHOLDING

As on 31/03/2013 the shareholding pattern of the Company is as detailed below: -

No of Equity Shares	Shareholders		Shares	
	Number	% of Holders	Numbers	% of Shares
1-500	1829	95.3101	101378	0.4710
501-1000	25	1.3028	20082	0.0933
1001-2000	19	0.9901	28134	0.1307
2001-3000	4	0.2084	9855	0.0458
3001-4000	4	0.2084	14123	0.0656
4001-5000	3	0.1563	13663	0.0635
5001-10000	10	0.5211	68718	0.3192
10001-*********	25	1.3028	21269047	98.8109
Total:	**1919**	**100.0000**	**21525000**	**100.0000**

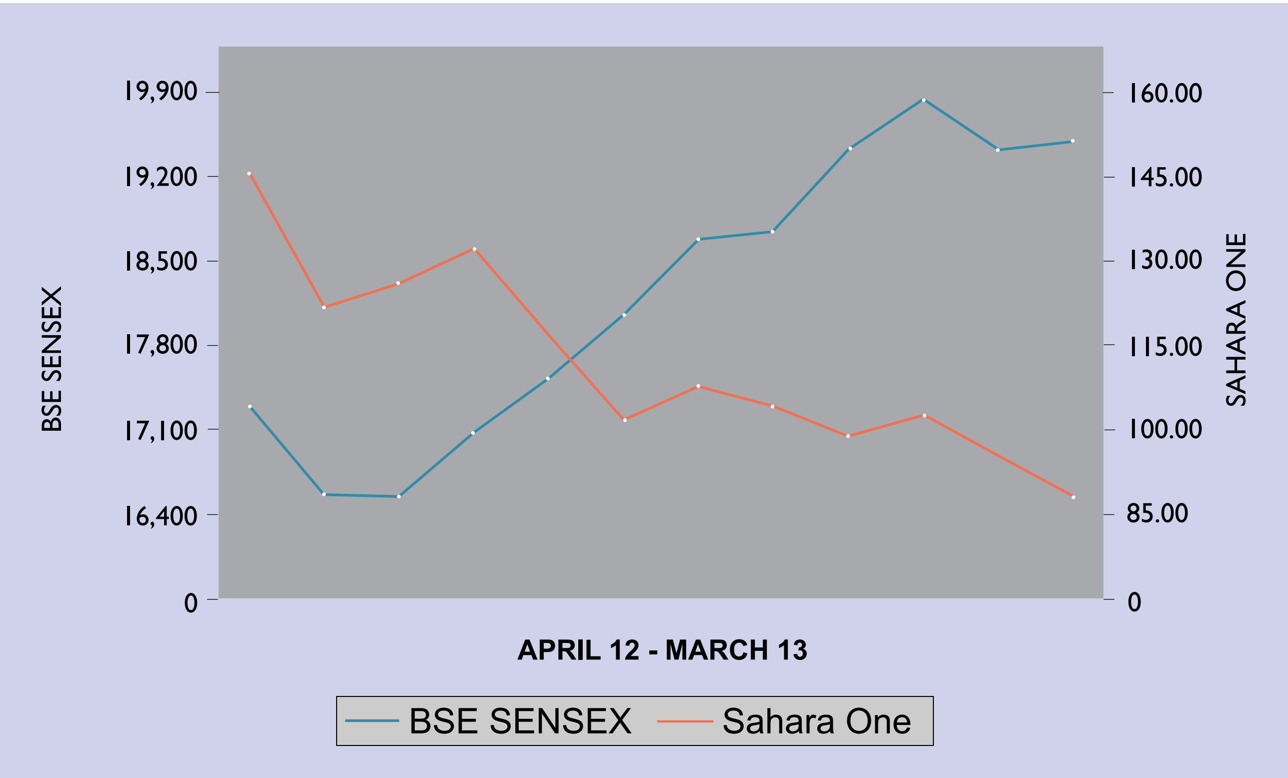
Category	No of Shares
Promoters – Individuals	8,375,000
Promoters – Bodies Corporate	7,766,702
Other Bodies Corporate	5,188,472
Other Individuals and Clearing Members	194,826
Total:	**21,525,000**



SHARE PRICE MOVEMENT OF COMPANY AND SENSEX MOVEMENT OF BSE

Movement in company's Share Price during the year 2012-2013 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.)
April-2012	157.30	135.00	146.15	17,664.10	17,010.16	17,337.13
May-2012	135.00	111.00	123.00	17,432.33	15,809.71	16,621.02
June-2012	138.25	114.05	126.15	17,448.48	15,748.98	16,598.73
July-2012	145.80	121.30	133.55	17,631.19	16,598.48	17,114.84
Aug-2012	135.40	98.95	117.18	17,972.54	17,026.97	17,499.76
Sept-2012	120.00	87.75	103.88	18,869.94	17,250.80	18,060.37
Oct-2012	117.95	95.75	106.85	19,137.29	18,393.42	18,765.36
Nov-2012	115.35	95.15	105.25	19,372.70	18,255.69	18,814.20
Dec-2012	106.80	92.25	99.53	19,612.18	19,149.03	19,380.61
Jan-2013	111.00	94.75	102.88	20,203.66	19,508.93	19,856.30
Feb-2013	109.00	82.10	95.55	19,966.69	18,793.97	19,380.33
Mar-2013	103.85	76.10	89.98	19,754.66	18,568.43	19,161.55



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, Idea Square, Plot no - B/42, CTS No – 660, Veera Industrial Estate, Off New Link road, Andheri (west), Mumbai – 400053 for the year ended on March 31, 2013, 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, 2013, no investor grievances are pending against the Company as on June 30, 2013 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**
Company Secretary

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

Place: Mumbai
Date: 12th August, 2013

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, 2013 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.

Sd/-
Suresh Mishra
Manager & Principal Officer

Place : Mumbai
Date : 13th August, 2013

GENERAL SHAREHOLDERS INFORMATION

Date	27th September, 2013
Time	12:30 P.M.
Venue	Idea Square, Plot No - B-42, CTS No – 660, Veera Industrial Estate, Off New Link Road, Andheri (West), Mumbai - 400 053
Date of Book closure	20th September, 2013 to 27th September, 2013 (both days inclusive).
Last date of receipt of proxy forms	25th September, 2013 by 12:30 P.M.
Financial Calendar	1st April, 2012 to 31st March, 2013
Last Annual General Meeting	25th September, 2012
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 15 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	Idea Square, Plot No - B-42, CTS No – 660, Veera Industrial Estate, Off New Link Road, Andheri (West), Mumbai - 400 053

INDEPENDENT AUDITORS' REPORT

To
The Members of Sahara One Media and Entertainment Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:
   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
   (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

per **Govind Ahuja**
Partner
Membership No.: 48966
Place: Mumbai
Date: May 27, 2013

ANNEXURE REFERRED TO IN PARAGRAPH [1] 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. Accordingly, the provisions of clause 4(iii)(a) 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 Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (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 activities of the Company do not involve the sale of goods.

(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 Companies Act, 1956 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 of the Company 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) 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 have generally been regularly deposited with the appropriate authorities *though there has been delay in a few cases.* 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 Statue	Nature of Dues	Amount (Rs'000)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	5,103	1999-2000, 2008-2009 and 2009-2010	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	119,735	2007-2008 to 2010-2011	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 explanations given to us, there are no dues of sales-tax, wealth tax, service tax, customs duty and cess 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 has no accumulated losses at the end of the financial year 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 Order 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 Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) The Company did not have any term loans outstanding during the year.

(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 Companies Act, 1956.

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

(xx) The Company has not raised any money from public issue 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 27, 2013

Balance Sheet as at 31 March 2013

	Notes	31 March 2013 Rs.	31 March 2012 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	215,250,000	215,250,000
Reserves and surplus	4	2,711,451,833	2,658,531,393
		2,926,701,833	2,873,781,393
Non-current liabilities			
Long-term borrowings	5	–	–
		–	–
Current liabilities			
Trade payables	6	347,810,037	293,265,347
Other current liabilities	7	18,136,952	128,472,929
Short-term provisions	8	11,875,172	14,808,829
		377,822,161	436,547,105
TOTAL		**3,304,523,994**	**3,310,328,498**
ASSETS			
Non-current assets			
Fixed assets - tangible assets	9	9,295,724	11,369,670
Non-current investments	10	11,120,300	11,120,300
Deferred tax assets	11	35,725,884	35,656,083
Long-term loans and advances	12	519,399,646	559,219,976
		575,541,554	617,366,029
Current assets			
Current investments	13	25,706,784	1,036,500,587
Inventories	14	424,120,591	376,422,456
Trade receivables	15.1	363,121,124	17,859,328
Cash and bank balances	16	992,110,785	203,581,123
Short-term loans and advances	12	917,751,474	1,058,548,715
Other current assets	15.2	6,171,682	50,260
		2,728,982,440	**2,692,962,469**
TOTAL		**3,304,523,994**	**3,310,328,498**
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 LLP**
Firm Registration No.101049W
Chartered Accountants

per **Govind Ahuja**
Partner
Membership No.48966
Mumbai: May 27, 2013

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

O. P. Srivastava
Director

Boney Kapoor
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 2013

	Notes	31 March 2013 Rs.	31 March 2012 Rs.
REVENUE			
Revenue from operations (gross)	17	1,347,360,098	1,100,604,940
Less: Service tax		24,511,981	–
Revenue from operations (net)		1,322,848,117	1,100,604,940
Other income	18	102,992,321	209,272,886
TOTAL		**1,425,840,438**	**1,309,877,826**
EXPENSES			
Purchase of content	19	1,202,693,523	1,188,737,490
(Increase)/ decrease in inventories	20	(47,698,135)	(157,709,816)
Employee benefits expense	21	111,766,699	114,768,694
Other expenses	22	75,915,102	116,929,493
Depreciation	9	2,140,846	2,345,298
Finance costs	23	2,671,764	38,953,520
TOTAL		**1,347,489,799**	**1,304,024,679**
Profit/(loss) before tax		78,350,639	5,853,147
Tax expenses:			
Current tax		25,500,000	6,500,000
Deferred tax		(69,801)	(3,744,138)
Tax for earlier years		-	5,294,697
Total tax expense		25,430,199	8,050,559
Net profit/(loss) for the year		**52,920,440**	**(2,197,412)**
Earnings per equity share [nominal value of share Rs. 10 (31 March 2012: Rs. 10)]			
Basic and Diluted	24	2.46	(0.10)
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 LLP**
Firm Registration No.101049W
Chartered Accountants

per **Govind Ahuja**
Partner
Membership No.48966
Mumbai: May 27, 2013

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

O. P. Srivastava
Director

Boney Kapoor
Director

R. S. Dubey
Group Head (Finance)

Suresh Mishra
Assistant Director

Sanjay Garg
Chief Financial Officer

S. C. Tiwari
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	31 March 2013 Rs.	31 March 2012 Rs.
Cash flow from operating activities		
Net profit before tax	78,350,639	5,853,147
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	2,140,846	2,345,298
Unrealized foreign exchange loss	245,996	149,465
Provision for doubtful advances	–	13,450,000
Credit balances written back	(3,374)	(11,063,906)
Net gain on sale of current investments	(27,231,350)	(142,309,608)
Interest expenses	2,671,764	38,953,520
Interest income	(45,064,357)	(27,218,905)
Dividend income	(1,515,806)	(1,453,310)
Operating profit before working capital changes	**9,594,358**	**(121,294,299)**
Movements in working capital :		
Increase/ (decrease) in trade payables	54,548,064	(8,928,033)
Increase / (decrease) in long-term provisions	–	–
Increase / (decrease) in short-term provisions	(2,933,657)	3,557,446
Increase/ (decrease) in other current liabilities	(81,638,309)	(85,019,477)
Decrease / (increase) in long-term loans and advances	51,552,342	(2,942,857)
Decrease / (increase) in trade receivables	(345,507,792)	10,642,674
Decrease / (increase) in inventories	(47,698,135)	(156,390,751)
Decrease / (increase) in short-term loans and advances	140,797,241	(220,063,145)
Cash generated from /(used in) operations	**(221,285,888)**	**(580,438,442)**
Direct taxes paid (net of refunds)	(37,232,012)	51,345,964
Net cash flow from/ (used in) operating activities (A)	**(258,517,900)**	**(529,092,478)**
Cash flows from investing activities		
Purchase of fixed assets	(66,900)	-
Purchase of current investments	(1,515,806)	(1,871,453,311)
Proceeds from sale of current investments	1,039,540,959	1,000,000,000
Share application money paid	(900,000,000)	-
Share application money refunded	900,000,000	-
Investments in bank deposits (having original maturity of more than 3 months)	(1,057,664)	(1,055,269)
Maturity of bank deposits (having original maturity of more than 3 months)	1,055,269	1,048,498
Interest received	38,942,935	56,744,401
Dividend received	1,515,806	1,453,310
Net cash flow from/ (used in) investing activities (B)	**1,078,414,599**	**(813,262,371)**
Cash flows from financing activities		
Interest paid	(3,055,432)	(41,145,961)
Repayment of long-term borrowings	(28,314,000)	(473,342,000)
Net cash flow from/ (used in) in financing activities (C)	**(31,369,432)**	**(514,487,961)**
Net increase in cash and cash equivalents (A + B + C)	788,527,267	(1,856,842,810)
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	8,761
Cash and cash equivalents at the beginning of the year	202,525,854	2,059,359,903
Cash and cash equivalents at the end of the year	**991,053,121**	**202,525,854**
Components of cash and cash equivalents		
Cash on hand	412,427	120,673
With banks -		
on current account	126,640,694	202,336,298
on Exchange earners' foreign currency account	-	68,883
on deposit account	864,000,000	-
Total cash and cash equivalents	**991,053,121**	**202,525,854**
Summary of significant accounting policies 2.1		

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

per **Govind Ahuja**
Partner
Membership No.48966
Mumbai: May 27, 2013

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

O. P. Srivastava
Director

Boney Kapoor
Director

R. S. Dubey
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 2013

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.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

(a) 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

(b) 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.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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.

(c) 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%
Office equipment	21 Years	4.75%
Computers	6 Years	16.21%
Shooting Equipment	14 Years	7.07%
Furniture and Fittings	16 Years	6.33%
Vehicles	11 Years	9.5%

(d) Leases:

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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

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.

(i) 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 Rights

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 tax and value added tax (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

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

iii. Dividend

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

(j) Foreign currency transactions

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency

Notes to financial statements for the year ended 31 March 2013

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.

(k) 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.

(l) 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.

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.

Notes to financial statements for the year ended 31 March 2013

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

3. Share Capital

	31 March 2013 Rs.	31 March 2012 Rs.
Authorized Shares 35,000,000 (31 March 2012: 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 2012: 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**

Notes to financial statements for the year ended 31 March 2013

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

Equity shares

	31 March 2013		31 March 2012	
	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 2013, the amount of per share dividend recognized as distributions to equity shareholders was Nil (31 March 2012: 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 2013		31 March 2012	
	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 and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4. Reserves and surplus

	31 March 2013 Rs.	31 March 2012 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	573,681,393	575,878,805
Profit/(loss) for the year	52,920,440	(2,197,412)
Net surplus in the statement of profit and loss	**626,601,833**	**573,681,393**
Total reserves and surplus	**2,711,451,833**	**2,658,531,393**

5. Long-term borrowings

	Non-current portion		Current maturities	
	31 March 2013 Rs.	31 March 2012 Rs.	31 March 2013 Rs.	31 March 2012 Rs.
Term loans				
Indian rupee loan from banks (secured)	-	-	-	28,314,000
Amount disclosed under the head "other current liabilities" (note 7)	-	-	-	(28,314,000)
Net Amount	**-**	**-**	**-**	**28,314,000**

Notes to financial statements for the year ended 31 March 2013

1) Term loan of Rs. 4,000 lacs was obtained from Punjab National Bank during the financial year 2009-10 and with a rate of interest ranging between 13.25% p.a. to 16.50% p.a. The loan was repayable in 30 equal monthly installments of Rs 133.33 Lacs alongwith interest and the said loan was 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) and 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. The installments aggregating to Rs. Nil is due in financial year 2013-14 [previous year: Rs. 133.14 Lacs due in financial year 2012-13].

2) Term loan of Rs. 1,900 lacs was obtained from IDBI Bank Ltd during the financial year 2007-08 and with a rate of interest of 13.25% p.a. and was repayable in 16 monthly installments of Rs 125 Lacs each after a period of one year. This loan was 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 installments aggregating to Rs. Nil is due in financial year 2013-14 [previous year: Rs.150 lacs due in financial year 2012-13].

6. Trade payables

	31 March 2013 Rs.	31 March 2012 Rs.
Trade payables (including acceptances) (refer note 34 for details of dues to micro and small enterprises)	347,810,037	293,265,347
	347,810,037	**293,265,347**

7. Other current liabilities

	31 March 2013 Rs.	31 March 2012 Rs.
Other liabilities		
Advance from customers	3,376,286	78,204,057
Current maturities of long-term borrowings (note 5)	-	28,314,000
Interest accrued but not due on borrowings	-	383,668
Others		
TDS payable	9,380,514	18,493,222
Expences payable	5,380,152	3,077,982
	18,136,952	128,472,929

8. Provisions

	Long-term		Short-term	
	31 March 2013 Rs.	31 March 2012 Rs.	31 March 2013 Rs.	31 March 2012 Rs.
Provision for employee benefits				
Provision for gratuity	-	-	604,357	65,368
Provision for leave benefits	-	-	1,743,868	1,337,267
	-	-	2,348,225	1,402,635
Other provisions				
Provision for taxation {net of advance tax of Rs. 41,473,053 (31 March 2012: Rs. 44,093,806)}	-	-	9,526,947	13,406,194
	-	-	9,526,947	13,406,194
	-	**-**	**11,875,172**	**14,808,829**

9. Tangible assets

	Buildings	Office equipment	Shooting equipment	Computers	Furniture and Fixtures	Vehicles	Total
COST OR VALUATION							
At 1 April 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

Notes to financial statements for the year ended 31 March 2013

Additions	-	66,900	-	-	-	-	66,900
Disposals	-	-	-	-	-	-	-
At 31 March 2013	**2,087,780**	**726,810**	**630,500**	**10,082,920**	**1,802,773**	**12,498,558**	**27,829,341**
DEPRECIATION							
At 1 April 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
Charge for the year	34,031	33,083	44,576	861,045	104,906	1,063,205	2,140,846
Disposals	-	-	-	-	-	-	-
At 31 March 2013	**333,801**	**231,897**	**457,240**	**9,088,451**	**949,941**	**7,472,287**	**18,533,617**
NET BLOCK							
At 31 March 2012	1,788,010	461,096	217,836	1,855,514	957,738	6,089,476	11,369,670
At 31 March 2013	**1,753,979**	**494,913**	**173,260**	**994,469**	**852,832**	**5,026,271**	**9,295,724**

10. Non-current liabilities

	31 March 2013 Rs.	31 March 2012 Rs.
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
1,108,280 (31 March 2012: 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 2012: 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 2012: Nil))	–	–
Aggregate amount of unquoted investments	11,120,300	11,120,300

11. Deferred tax asset

	31 March 2013 Rs.	31 March 2012 Rs.
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	4,247,216	4,469,601
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	725,601	433,415
Provision for doubtful debts and advances	30,753,067	30,753,067
Deferred tax asset	**35,725,884**	**35,656,083**

12. Loans and advances

	Non-current		Current	
	31 March 2013 Rs.	31 March 2012 Rs.	31 March 2013 Rs.	31 March 2012 Rs.
Security deposit				
Unsecured, considered good	1,175,500	1,175,500	450,000	725,000
Advances to related parties (note 28)				
Secured considered good	-	-	449,077,108	449,077,108
Unsecured, considered good	-	-	45,314,791	43,209,597
Advances recoverable in cash or kind				
Unsecured considered good	-	-	420,749,266	561,435,175
Doubtful	-	-	65,471,245	65,471,245
	-	-	486,220,511	626,906,420
Provision for doubtful advances	-	-	(65,471,245)	(65,471,245)
	-	**-**	**420,749,266**	**561,435,175**

Notes to financial statements for the year ended 31 March 2013

Other loans and advances				
Advance income-tax {net of provision for taxation of Rs. 156,398,972 (31 March 2012: Rs. 118,398,972)}	102,583,714	90,851,702	-	-
Prepaid expenses	-	-	564,433	637,631
Loans to employees	-	-	150,543	114,025
Advance to employees	-	-	1,445,333	3,350,179
Balances with statutory / government authorities	415,640,432	467,192,774	-	-
	518,224,146	**558,044,476**	**2,160,309**	**4,101,835**
	519,399,646	**559,219,976**	**917,751,474**	**1,058,548,715**
Loans and advances due by related parties				
Sahara India Mass Communication	-	-	67,510	67,510
Aamby Valley Ltd	-	-	9,447,281	9,942,087
Sahara Universal Minings Corporation Ltd	-	-	200,000	-
Loans and advances due by directors or other officers, etc.				
Shri Boney Kapoor	-	-	24,400,000	22,500,000
Loans and advances due by related parties, in which directors are interested				
S K Film Enterprises	-	-	456,777,108	456,777,108
BSK Network and Entertainment Pvt. Ltd	-	-	3,500,000	3,000,000

13. Current investments

	31 March 2013 Rs.	31 March 2012 Rs.
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Quoted mutual funds		
24,933.74 (31 March 2012: 23,601.41) mutual fund units of Rs. 1,000 each fully paid-up of Sahara liquid fund	25,706,784	24,190,978
Nil (31 March 2012: 516,685.69) mutual fund units of Rs. 1,000 each fully paid-up of Sahara liquid fund variable pricing growth option	-	1,012,309,609
	25,706,784	**1,036,500,587**
Aggregate amount of quoted investments (Market value: Rs 25,706,784 (31 March 2012: Rs 1,037,682,660))	25,706,784	1,036,500,587
Aggregate amount of unquoted investments	-	-

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

	31 March 2013 Rs.	31 March 2012 Rs.
Inventories		
- Films rights	260,781,492	222,747,866
- Television programmes	163,339,099	153,674,590
	424,120,591	**376,422,456**

Notes to financial statements for the year ended 31 March 2013

15. Trade receivables and other assets

15.1 Trade receivables (unsecured)

	31 March 2013 Rs.	31 March 2012 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	8,619,003	13,189,085
Doubtful	34,053,243	34,053,243
	42,672,246	**47,242,328**
Provision for doubtful receivables	(34,053,243)	(34,053,243)
	8,619,003	**13,189,085**
Other receivables		
Unsecured, considered good	354,502,121	4,670,243
	354,502,121	**4,670,243**
	363,121,124	**17,859,328**

15.2 Other assets

	31 March 2013 Rs.	31 March 2012 Rs.
Interest accrued on fixed deposits	6,171,682	50,260
	6,171,682	**50,260**

16. Cash and bank balances

	31 March 2013 Rs.	31 March 2012 Rs.
Cash and cash equivalents		
Balance with banks		
- On current accounts	126,640,694	202,336,298
- Deposits with original maturity of less than three months	864,000,000	-
- Exchange earners' foreign currency account {Nil (31 March 2012: US$ 1,346.50)}	-	68,883
Cash on hand	412,427	120,673
	991,053,121	202,525,854
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	1,057,664	1,055,269
	1,057,664	**1,055,269**
	992,110,785	**203,581,123**

17. Revenue from operations (gross)

	31 March 2013 Rs.	31 March 2012 Rs.
Television revenue	1,345,832,454	978,486,084
Motion picture revenue	1,527,644	122,118,856
	1,347,360,098	**1,100,604,940**

18. Other income

	31 March 2013 Rs.	31 March 2012 Rs.
Interest income on		
- Bank deposits	45,033,690	17,561,632
- Other	30,667	9,657,273
Dividend income on Current investments	1,515,806	1,453,310
Net gain on sale of current investments	27,231,350	142,309,608
Credit balances written back	3,374	11,063,906
Recovery of employee costs	29,141,769	27,020,749
Miscellaneous income	35,665	206,408
	102,992,321	**209,272,886**

Notes to financial statements for the year ended 31 March 2013

19. Purchase of content

	31 March 2013 Rs.	31 March 2012 Rs.
Television content		
Programme purchase	1,119,908,148	729,060,000
Films purchase	32,192,500	298,847,500
Dubbing & censor expenses	-	690,500
Motion picture content		
Film production	50,592,875	160,139,490
	1,202,693,523	**1,188,737,490**

20. (Increase)/ decrease in inventories

	31 March 2013 Rs.	31 March 2012 Rs.	(Increase)/ Decrease Rs.
Inventories at the end of the year			
Films	260,781,492	222,747,866	(38,033,626)
Television programmes	163,339,099	153,674,590	(9,664,509)
	424,120,591	**376,422,456**	**(47,698,135)**
Inventories at the beginning 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)**

21. Employee benefits expense

	31 March 2013 Rs.	31 March 2012 Rs.
Salaries, wages and bonus	107,093,929	110,632,545
Contribution to provident and other funds	1,900,250	1,656,574
Staff welfare expenses	2,233,531	2,414,207
Gratuity expense (note 25)	538,989	65,368
	111,766,699	**114,768,694**

22. Other expenses

	31 March 2013 Rs.	31 March 2012 Rs.
Power and fuel	6,293,101	5,170,838
Rent	18,863,200	1,415,337
Rates and taxes	1,197,492	427,583
Insurance	791,583	803,339
Repairs and maintenance - others	752,746	751,144
Advertising and sales promotion	3,031,903	42,266,875
Print cost	704,982	4,396,926
Travelling and conveyance	13,815,266	14,425,917
Communication costs	3,516,481	3,856,748
Legal and professional fees	19,076,277	22,154,289
Directors' sitting fees	960,000	1,220,000
Payment to auditor (Refer details below)	2,191,451	2,144,704
Exchange difference (net)	245,996	216,162
Provision for doubtful advances	-	13,450,000
Bad debts / advances written off	786,616	-
Bank charges	289,100	83,894
Miscellaneous expenses	3,398,908	4,145,737
	75,915,102	**116,929,493**
Payment to auditor		
As auditor:		
Audit fee	1,400,000	1,400,000
Limited Review	600,000	600,000
Reimbursement of expenses	191,451	144,704
	2,191,451	**2,144,704**

Notes to financial statements for the year ended 31 March 2013

23. Finance costs

	31 March 2013 Rs.	31 March 2012 Rs.
Interest		
- on term loans	780,986	35,969,886
- others	1,890,778	2,983,634
	2,671,764	**38,953,520**

24. Earnings per share (EPS)

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

	31 March 2013 Rs.	31 March 2012 Rs.
Net profit/ (loss) for calculation of basic & diluted EPS	52,920,440	(2,197,412)
Weighted average number of equity shares in calculating basic & diluted EPS [nominal value of share Rs. 10 (31 March 2012: Rs. 10)]	21,525,000	21,525,000

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 2013 Rs.	31 March 2012 Rs.
Current service cost	454,236	351,519
Interest cost on benefit obligation	359,711	259,856
Expected return on plan assets	(329,574)	(246,259)
Net actuarial(gain) / loss recognised in the year	54,616	(299,748)
Net benefit expense	538,989	65,368
Actual return on plan assets	314,137	272,935

Balance sheet

Benefit asset/ liability

	Gratuity	
	31 March 2013 Rs.	31 March 2012 Rs.
Defined benefit obligation	4,423,355	3,570,229
Fair value of plan assets	3,818,998	3,504,861
Net asset/(liability) recognised in balance sheet	(604,357)	(65,368)

The plan assets comprises of 27.56% (previous year 26.96%) investments in Government of India Securities, 58.71% (previous year 66.19%) investments in high quality corporate bonds and 13.73% (previous year 6.84%) in Fixed Deposits with Bank.

Notes to financial statements for the year ended 31 March 2013

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

	Gratuity	
	31 March 2013 Rs.	31 March 2012 Rs.
Opening defined benefit obligation	3,570,229	3,359,270
Interest cost	359,711	259,856
Current service cost	454,236	351,519
Benefits paid	-	(127,344)
Actuarial Losses/(Gains) on defined benefit obligation	39,179	(273,072)
Closing defined benefit obligation	4,423,355	3,570,229

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

	Gratuity	
	31 March 2013 Rs.	31 March 2012 Rs.
Opening fair value of plan assets	3,504,861	3,062,044
Expected return on plan assets	329,574	246,259
Contributions by employer	-	297,226
Benefits paid	-	(127,344)
Actuarial Gain on plan assets	(15,437)	26,676
Closing fair value of plan assets	3,818,998	3,504,861

The company expects to contribute Rs 525,071 to gratuity in the next year.

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

	Gratuity	
	31 March 2013	31 March 2012
Discount rate per annum compound	8.25%	7.50%
Expected rate of return on assets	9.00%	8.00%
Employee turnover	Varying between 8% 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 2013 Rs.	31 Mar 2012 Rs.	31 Mar 2011 Rs.	31 Mar 2010 Rs.	31 Mar 2009 Rs.
Defined benefit obligation	4,423,355	3,570,229	3,359,270	2,680,496	2,301,517
Plan assets	3,818,998	3,504,861	3,062,044	2,840,680	2,363,903
Surplus / (deficit)	(604,357)	(65,368)	(297,226)	160,184	62,386
Experience adjustments on plan liabilities	149,337	(273,072)	33,000	(147,000)	251,000
Experience adjustments on plan assets	(15,437)	26,676	13,000	33,000	39,000

Notes to financial statements for the year ended 31 March 2013

26. Leases

Operating lease: company as lessee

The Company has entered into operating cancellable lease agreements for its office premises/ Godown/ aircraft hire for a period of 3-5 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 2013 Rs.	31 March 2012 Rs.
Lease payments recognized in statement of profit and loss account for the year	27,187,768	8,488,137
	27,187,768	**8,488,137**

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	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Revenue						
External sales (net of service tax)	1,321,320,473	978,486,084	1,527,644	122,118,856	1,322,848,117	1,100,604,940
Other income	29,177,434	27,020,749	-	-	29,177,434	27,020,749
Inter-segment sales	-	-	-	-	-	-
Total revenue	**1,350,497,907**	**1,005,506,833**	1,527,644	122,118,856	1,352,025,551	1,127,625,689
Results						
Segment result	126,170,157	43,221,553	(18,764,420)	(97,408,743)	107,405,737	(54,187,190)
Unallocated expenses					(100,198,221)	(83,070,938)
Operating profit					7,207,517	(137,258,128)
Finance costs					(2,671,764)	(38,953,520)
Other income including finance income					73,814,887	182,064,795
Exceptional Items						-
Profit before tax					78,350,639	5,853,147
Income taxes					(25,430,199)	(8,050,559)
Net profit					**52,920,440**	**(2,197,412)**
Segment assets	829,940,051	674,445,343	861,999,199	765,599,355	1,691,939,250	1,440,044,698
Unallocated assets					1,612,584,745	1,870,283,800
Total assets					3,304,523,994	3,310,328,498
Segment liabilities	(342,029,314)	(316,834,790)	(1,138,470)	(152,177)	(343,167,784)	(316,986,967)
Unallocated liabilities					(34,654,377)	(119,560,138)
Total liabilities					(377,822,161)	(436,547,105)
Other segment information						
Capital expenditures :						
Tangible assets					66,900	-
Depreciation	44,576	44,576	-	-	2,140,846	2,345,298
Other non-cash expenses	-	-	229,897	13,450,000	786,616	13,450,000

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

Notes to financial statements for the year ended 31 March 2013

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 Golden Line Studios Pvt. Ltd. (earlier known as Geon Studios Pvt. Ltd.) Sahara Sanchar Ltd. Sahara Universal Minings Corporation Limited 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 Deepak Segal, (COO – Motion Picture) (till October 31, 2011) Shri Sanjay Garg, Chief Finance Officer

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	Reimburse-ment received (netted off from other expenses)	Purchase of cotent	Other expenses	Amount payable/ (receivable) to/ from related parties
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sahara India Commercial Corporation Ltd.	31 March 2013 31 March 2012	1,075,979,136 1,079,234,137	29,141,769 27,020,749	18,900,000 17,325,000	- -	22,509,780 4,862,590	(330,863,926) 75,622,400
Aamby Valley Ltd.	31 March 2013 31 March 2012	- -	- -	- -	- -	- 61,913	- 61,913
Sahara Hospitality Ltd.	31 March 2013 31 March 2012	- -	- -	- -	- -	139,885 510,841	42,564 137,240
Aamby Hospitality Services(UK) Ltd	31 March 2013 31 March 2012	- -	- -	- -	- -	- 705,064	- 705,064
Sahara India	31 March 2013 31 March 2012	- -	- -	- -	- -	- 5,057,338*	4,176,013 48,823,032
Golden Line Studios Pvt. Ltd.	31 March 2013 31 March 2012				1,500,000 -	- -	- -

* Contribution for employee benefits paid through this entity

Notes to financial statements for the year ended 31 March 2013

B. Advances given and repayment thereof

	Year ended	Advances given Rs.	Advances repaid/ adjusted Rs.	Amount receivable from related parties Rs.
Aamby Valley Ltd.	31 March 2013 31 March 2012	- 10,004,000	556,719 -	9,447,281 10,004,000
Sahara Universal Mining Corporation Limited	31 March 2013 31 March 2012	200,000 -	- -	200,000 -
Sahara India Mass Communication	31 March 2013 31 March 2012	- -	- -	67,510 67,510
BSK Network and Entertainment Pvt. Ltd.	31 March 2013 31 March 2012	500,000 3,000,000	- -	3,500,000 3,000,000
Shri Boney Kapoor	31 March 2013 31 March 2012	1,900,000 7,500,000	- -	24,400,000* 22,500,000*
S K Film Enterprises	31 March 2013 31 March 2012	- 4,572,000	- -	456,777,108* 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 2013 31 March 2012	- 400,000,000	- (400,000,000)	- -
Sahara India Commercial Corporation Ltd.	31 March 2013 31 March 2012	- -	- 400,000,000	- -

D. Share application money given and refund thereof

	Year ended	Share application money given Rs.	Share application money refunded Rs.	Amount owed to related parties Rs.
Sahara Universal Mining Corporation Limited	31 March 2013 31 March 2012	900,000,000 -	900,000,000 -	- -

During November 2012, the Company has paid Rs. 90 Crores to Sahara Universal Minings Corporation Limited (or SUMCL) as share application money to subscribe 90,000,000 equity shares of face value of Rs.10 each at par. Subsequently, in January 2013, SUMCL has refunded the money as its board did not approve the allotment of the shares.

E. Guarantees outstanding

	Year ended	Outstanding guarantee Rs.
Sahara Sanchar Ltd.	31 March 2013 31 March 2012	- 525,000,000

F. Remuneration to key managerial personnel

	31 March 2013 Rs.	31 March 2012 Rs.
Shri Suresh Mishra	7,691,352	6,694,569
Shri Deepak Segal	-	5,775,552
Shri Sanjay Garg	4,201,516	5,531,862

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

Notes to financial statements for the year ended 31 March 2013

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 2012: Rs. Nil)

30. Contingent liabilities

	31 March 2013 Rs.	31 March 2012 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 2013 Rs.Nil (31 March 2012 Rs.107,702,830).	-	525,000,000
b) Income Tax in respect of Assessment Years 2000-01 to 2011-12 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.	483,388,673	356,280,219
c) Custom case pending at appellate authorities in respect of financial year 2008-09.	445,000	1,020,000

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. During the financial year 2010-2011, 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.

32. The Company has been charging service tax on sale of content under the category of 'copyright services' during the period July 2010 to June, 2012. With effect from July 1, 2012 copyright service has been exempted from payment of service tax under serial number 15 of Notification No.25/2012-ST, Company has decided to not to avail the exemption and the Company has charged service tax on content sale.

33. 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 2012: USD 40,943) Rs 2,226,861 (31 March 2012: Rs 2,094,498)
EEFC Bank Account (USD)	USD Nil (31 March 2012: USD 1,346) Rs Nil (31 March 2012: Rs 68,883)

34. 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 2013. (31 March 2012: Nil)

35. Expenditure in foreign currency (accrual basis)

	31 March 2013 Rs.	31 March 2012 Rs.
Content Costs	16,262,069	-
Legal & Professional Fees	-	2,001,200
Travelling and conveyance	135,871	64,927
Miscellaneous expenses	-	705,064
	16,397,940	**2,771,191**

Notes to financial statements for the year ended 31 March 2013

36. Earnings in foreign currency (accrual basis)

	31 March 2013 Rs.	31 March 2012 Rs.
Revenue from operations – sale of content	43,186,317	2,861,182
	43,186,317	**2,861,182**

37. Previous year's figures have been regrouped where necessary to conform to this year's classification.

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

per **Govind Ahuja**
Partner
Membership No.48966
Mumbai: May 27, 2013

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

O. P. Srivastava
Director

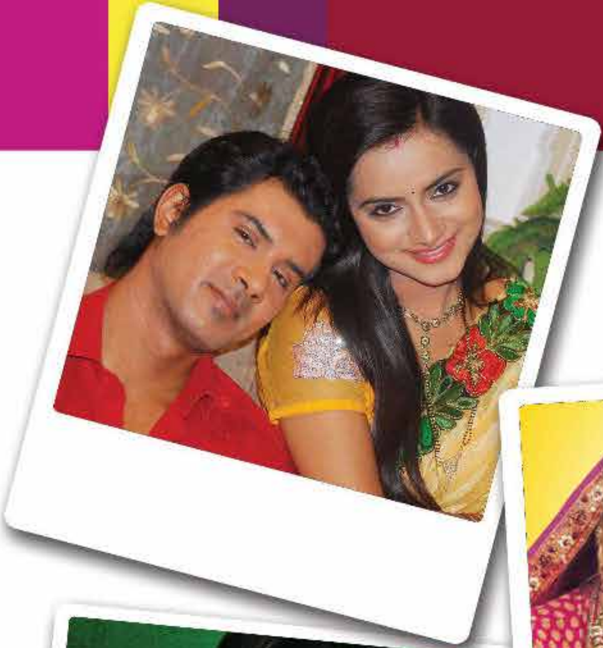
Boney Kapoor
Director

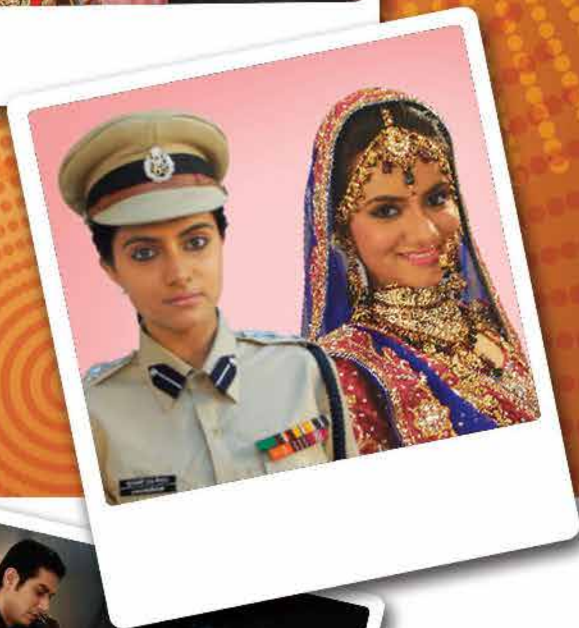
R. S. Dubey
Group Head (Finance)

Suresh Mishra
Manager
(Asst. Director)

Sanjay Garg
Chief Financial Officer

S.C. Tiwari
Company Secretary





Sahara One Media and Entertainment Limited

Idea Square, Plot No - B-42,
CTS No – 660, Veera Industrial Estate,
Off New Link Road, Andheri (West),
Mumbai - 400 053