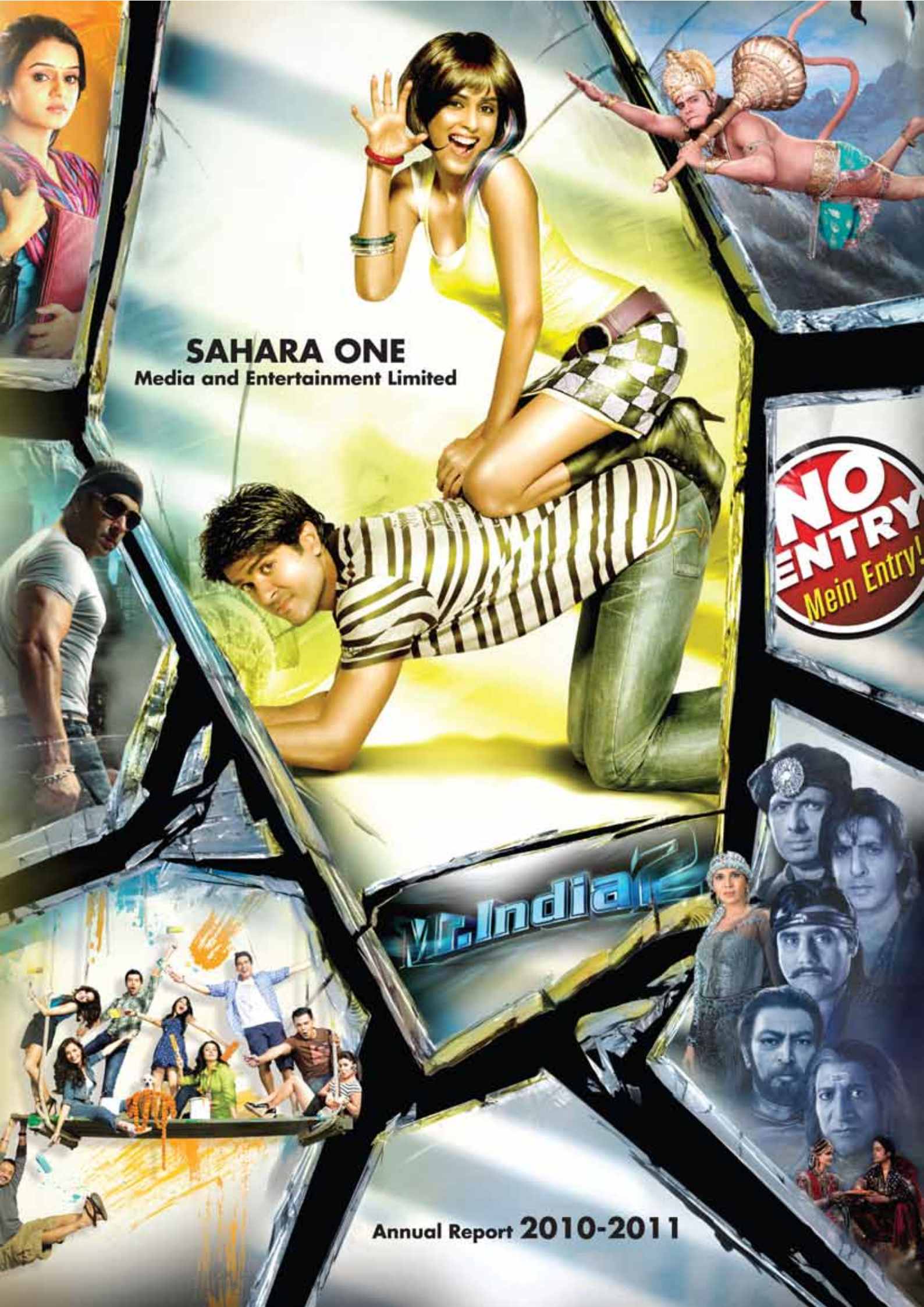




SAHARA ONE
Media and Entertainment Limited

Mr. India

Annual Report 2010-2011

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BOARD OF DIRECTORS

Shri Subrata Roy Sahara - CHAIRMAN

Smt. Swapna Roy

Shri Om Prakash Srivastava

Shri Ranvir Singh Rathore

Shri Amitabha Ghosh

Shri Brijendra Sahay

Shri Jagdish Narain Roy

Shri Boney Surinder Kapoor

MANAGER AND PRINCIPAL OFFICER

Shri Suresh Mishra

CHIEF OPERATING OFFICER (Motion Pictures)

Shri Deepak Segal

CHIEF FINANCIAL OFFICER

Shri Sanjay Garg

COMPANY SECRETARY

Shri S. C. Tiwari

STATUTORY AUDITORS

M/s S. R. Batliboi & Associates

CHARTERED ACCOUNTANTS

INTERNAL AUDITORS

M/s Chaturvedi & Co.

CHARTERED ACCOUNTANTS

BANKERS

The ICICI Bank Ltd. (Formerly The Bank of Rajasthan Ltd.)
HDFC Bank Limited
IDBI Bank Limited
Punjab National Bank

REGISTERED OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

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

BRANCH / DIVISION / UNITS

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

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

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Thirtieth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2011.

FINANCIAL / OPERATIONAL RESULTS

(Rs. in Millions)

FOR THE YEAR ENDED	31st March 2011	31st March 2010
Total income	1415.82	2023.06
Total expenses	1409.99	1886.56
Profit Before tax	5.83	136.50
Provision for taxation (Current, Deferred, earlier year Fringe Benefit tax and others)	5.30	47.18
Prior Period income/ (expenses)	-	-
Surplus after tax and extraordinary items for the Year	0.54	89.32
Surplus carried to the Balance Sheet	575.88	575.34

In the reporting fiscal, the Net Profit of company substantially decreased to Rs.0.54 million as compared to Rs. 89.32 million in last year due to poor performance of Motion Pictures Segment during the year and substantial increase in personnel cost of the Company.

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 2010- 2011.

CAPITAL ISSUE

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

SAHARA ONE

Sahara one television aims at endowing its viewers with a wide variety of fresh and distinctive programming. We had a high voltage line-up of our popular fiction shows which included Woh Rehne Wali Mehlon Ki, Ganesh Leela, Retake with Pratibha Advani, Kesariya Balam Aavo Hamare Des and Shorr depicting a collage of traditional and contemporary stances with a spectrum of emotions. Some of our new shows which were launched during reporting period are as follows:

'Ganga Kii Dheej' marked the return of internationally renowned star Kabir Bedi to the small screen. Supported by Ashwini Kalsekar, Leena Jhumani, Saurabh Pandey and Mohit Raina, 'Ganga Kii Dheej' follows the journey of a young girl Pakhi (Leena Jhumani) residing in Kaliganj whose life changes because of rituals blindly followed by the community. Before they get married, they have to undergo a purity test in the name of religion, which is conducted by the village priestess, Maha Mai (Ashwini Kalsekar), who is feared by all the villagers Failing the test means banishment from the village. Then one day Pakhi decides to stand up against the practice.

'Hamaari Beti Raaj Karegi' a story of Anjali Shukla (Akansha Juneja), her dreams and her journey of life. Anjali is an educated and cultured girl from a simple well to do Brahmin family of Lucknow. A final year B.A. student, Anjali wishes to complete her studies before taking the matrimonial plunge. She has a younger sister Sneha (Mrinalini) who is pursuing engineering. Anjali's father Uma Shankar Shukla (Debashish Naha) is a honest man. Like any other father, he desires to get both his daughters educated and dreams of getting them married in an educated and cultured household.

Anjali's marriage is fixed with Vikram (Shashank Sharma), son of Shashidhar Chaturvedi (Shekhar Sharma). Vikram's family even refrains from asking anything more than just Anjali's hand for their son. Anjali is happy as she feels that she has found her dream life partner in Vikram. Uma Shankar Shukla, Anjali's father, feels blessed to have found the perfect household where his daughter would be treated like a queen!

However, the mask comes off when Shashidhar Chaturvedi comes to know that Uma Shankar has lost the court case for property worth several crores, and calls off the marriage. Uma Shankar pleads and begs with Shashidhar but Shashidhar is unrepentant. Anjali's heart breaks to see her father at Shashidhar's feet. How Anjali faces the situation makes for a gripping series.

Hi! Padosi...Kaun Hai Doshi? is a rib-tickling comedy from the Sahara One stable. A high-octane comic caper that tickles your funny bones **Hi! Padosi...Kaun Hai Doshi?** narrates the life of two families, that move into Ram Bharose Co-operative Housing Society. This housing society stands on the site of a "tabela" (buffalo stable) in a suburb of Mumbai that was once owned by Ram Bharose.

Dr. Harbans Lal Mehta a typical loud Punjabi and Advocate Hasmukh Lal Mehta, the archetypal Gujarati end up as neighbors sharing the same initials "H. L. Mehta", giving rise to mix-ups that entangle the two Mehta families and the other wacky residents of Ram Bharose society in a series of comic escapades!

The veteran king of comedy, Kader Khan, essays the character of Ram Bharose. He happens to be the guardian of Ram Bharose Co-Op hsg soc and the sutradhar of **Hi! Padosi...Kaun Hai Doshi?** The other lead characters are Sanjeeda Sheikh (Sejal Mehta), Munni Jha (Adv. Mehta) and Sejal Shah (Ketki Mehta) who represent the Gujarati Mehta family. Giriraj Kabra (Bittu), Neelu Kohli (Rano Mehta) and Govind Khatri (Dr. Mehta) essays the characters representing the Punjabi Mehta family.

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

This lavishly mounted serial portrays Lord Hanuman's life and service to humanity in delivering the world from the atrocities of invincible demons like Ravana, and mortal agonies like disease and evil influences. These form the central idea of the script of **Jai Jai Jai Bajrangbali**. The series is produced by Sagar Arts, known for its landmark series including *Ramayan*, which changed the television landscape, *Jai Ganga Maiya*, *Jai Mahalakshmi*, *Jai Maa Durga*, *Shri Krishna*, *Sai Baba*, and many others. Directed by Prem Sagar and with Shiv Sagar as the Creative Producer, the serial has a cast of handpicked actors essaying the principal roles.

"Kahani Chandrakanta Ki" takes a leap to the next generation, a generation where love grows amidst intrigue and dark secrets. However, as fate would have it, this love takes seed in the same earth that has been seeped with the poison of hatred and conspiracy through the ages.

Chunargarh and Shivgarh have been at loggerheads since time immemorial. But destiny has a different plan to take this enmity to an entirely different dimension, when Kunwar Inderjit Singh, the Prince of Chunargarh and Princess Kishori of Shivgarh fall in love. The path is not as easy as it seems. King Shivdutt of Shivgarh, Princess Kishori's father is burning in the fire of revenge to get back his love Chandrakanta, as well as the kingdom of Chunargarh itself. Shivdutt collects his allies and starts planning his strategy to get back his love and empire. An ace in the art of politics and warfare, Pandit Jagannath, and the warriors Badrinath, Nayantara and Bhavani Singh, form a formidable army.

On the other hand, the King of Chunargarh, Virendra Pratap Singh is also preparing to destroy Shivgarh for the last time. With a team of fearsome warriors, politicians, and mata haris, the ace in his sleeve is Abhimanyu the master spy. The chief of Virendra Singh's army, Paramvir Singh with Tej Singh and two beautiful magical mata haris, Chapla and Padmini have readied a strategy for war against Shivgarh. The war clouds are rolling in, and there is one man who can change the stakes of the game, a loyalist of Virendra Pratap Singh, Chandilal who revolts and joins Shivdutt. Amidst all this, Kroor Singh of Chunargarh is doing everything possible to make the two kingdoms fight, so he can get the beautiful Princess Chandrakanta.

“Rishton Ke Bhanwar Mein Uljhi... Niyati” deals with the dilemma that women face when they start a new life with their husband and his family.

It is the story of Niyati Sharma, coming from a middle-class family from Nagpur... a practical girl who has grown up appreciating her father's hard work to get his daughters educated and her mother's sacrifices to supplement their meager family income.

When Niyati gets a job, she gets the opportunity to bring home her salary and give her parents some much needed relief from their incessant struggle to make ends meet.

A marriage proposal comes for Niyati from the Shastri family, a large joint family where all the sons including the married ones hand over their earnings to their mother, who rules the household with an authoritarian hand.

Niyati gets married and is a dutiful daughter-in-law. Continuing her job, she follows the family practice and hands over her earnings to her mother-in-law.

Then destiny takes a turn. Her father meets with an accident and is unable to continue with his job. Niyati decides to support her father financially, which brings her in confrontation with her domineering mother-in-law. With her father's financial situation worsening, Niyati faces the dilemma of choosing between her responsibility to her husband and his family and her duty as a daughter to her father.

Also launched were two non-fiction shows to cater to a Sunday morning audience, “Dream Destinations... Sapnon Ka Safar”, a travel show; “Young Jourknows”, a show shot and hosted by today's young generation; and “Forecast”, a show on astrology. In addition, a daily late night horror series “Kala Saya” also attracted viewership to the channel.

SAHARA MOTION PICTURES

Sahara Motion Pictures (SMP) has not only attracted commercially acclaimed directors like Ram Gopal Verma, Anees Bazmee and Priyadarshan, but also the critically acclaimed Shyam Benegal, Madhur Bhandarkar and Nagesh Kukunoor. The rewards - 5 National Awards, the highest recognition in Indian Cinema for Shyam Benegal's 'Bose - The Forgotten Hero' and Madhur Bhandarkar's 'Page 3'. And box office hits like Maalamal Weekly, Corporate, Sarkar, Darna Mana Hai , Ab Tak Chappan , Hanuman, No Entry and Wanted to name a few.

The year 2010, saw most producers taking massive hits owing to the recession whereas Sahara Motion Pictures took it head-on delivering the super-hit film of the year 'Wanted'. The policy to bank on one sure-shot project during the recession period rather than risk many projects proved to be a successful one. With lesser shoot-schedules during this period the time was utilized in sourcing and developing new scripts and building a better creative bank.

Movie Released for the Year 2010 – 2011

Movie	Cast	Director	Rights	Released
Kaccha Limboo	Sarika, Atul Kulkarni, Vinay Pathak, Taheer Suterwala	Sagar Bellary	Producer	2011

Films slated to release in 2011 – 2012 are:

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

As of July 2011 SMP has finished 80% shoot of their first in-house production 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 for the release in 2011- 2012:

Movie	Cast	Director	Production	Released
Rang Birangi	Prabhudeva, Adnan Sami, Bipasha Basu, Lara Dutta, Baman Irani & Other	Sunil Agarwal	In association with BSK Entertainment	TBD
The Loving Doll	Karan Singh Grover, Diana Hayden, Kitu Gidwani	Pavan Kaul	Sahara Motion Pictures	TBD
Untitled	Prateek Babar and two newcomers	Satish Kaushik	In association with BSK Entertainment	TBD
Love, Break – ups, Zindagi etc	Zayed Khan, Dia Mirza, Cyrus Sahukar, Tisca Chopra	Sahil Sangha	In association with Born-Free Entertainment	October 6, 2011
No Entry 2	Anil Kapoor, Salman Khan, Fardeen Khan & 3 Actresses	Anees Bazamee	In association with BSK Entertainment	TBD

FILMY

Apart from the monthly activities, following are the Highlights which are special shows/films that have been initiated, for the first time on the channel.

HIGHLIGHTS

- **'B TOWN BUZZ'** - 2nd October 2010 saw the launch of our Bollywood Magazine format show – **'B Town Buzz'**, a weekly, half hour show featuring the hottest gossips, events, music launches, mahurats and whatever is 'buzzing' in 'Bollywood'. The show is hosted by Sahara Samay Entertainment Editor, Garima Thakkar. The show airs every Saturday, 7:30 pm. The show will complete 42 successful and 'buzzing' episodes this 16th July 2011.
- **World Television Premiere** of Ram Gopal Verma's horror flick **'Darna Zaroori Hai'** on 16th January 2011, at 7pm.
- FILMY celebrated Valentine's day with a special show called **'Gabbar ka Valentine'** on 13th and 14th February. The show featured Gabbar Singh's funny and 'filmy' attempts to woo 'Basanti' by extracting 'love tips' from popular Bollywood characters like Saif Ali Khan, Shahrukh Khan, 'Chulbul Pandey' and Babu

Bhaiya (Paresh Rawal). The show was sponsored by **Cadbury's Dairy Milk Shots** and was well-received by our viewers.

- **FILMY BAND BAAJA** – A special morning slot featuring the best of Bollywood songs, from all eras. The show also celebrates special episodes like Legends special, Akshay Kumar special, Aishwarya Rai special etc.
- **FILMY FUNDA TICKERS** – These are GFX based tickers, featuring interesting trivia regarding Bollywood, its movies, actors/actresses, film makers etc. These tickers run on a daily basis, at various intervals, on the channel. These tickers were initiated for the first time, on the channel, since March 2011.
- July'10 celebrated **World Music Day** with special, GFX and VO based fillers, featuring interesting facts regarding 'Music', in a 'filmy' style.
- August'10 celebrated the **Independence Day** with special GFX and VO based factoids regarding the special day, in a 'filmy' way.
- October '10 celebrated the nine Days of Navratri with daily blockbuster movies like KHAMOSHI THE MUSICAL, SSSHHH, SINGH IS KING, GANGSTER, BEWAFHA, HUM TUMHARE HAI SANAM, NO ENTRY, MAIN HOON RAKHWALA & ZINDA.
- Christmas was made special for the kids with films like The Princess Diaries, Homeward Bound, Herbie: Fully Loaded, from 8:30 am to 6:30 pm
- On Republic Day, FILMY brought a line up of movies highlighting the patriotic spirit in very Indian, with movies like Jo Bole So Nihal, Hey Ram, Lakshya and The Legend of Bhagat Singh.
- FILMY celebrated the colourful Kites festival – Makar Sankranti, with a string of films highlighting the colourful culture of Gujarat and Rajasthan, the two main states where the Kites festival is celebrated. The films were Dor, Guru and Hum Dil De Chuke Sanam.

FIRANGI

The channel is being revitalized with new content and also is proposed to be distributed on DD Direct (Doordarshan DTH service), which will enable it to reach newer viewers on an all India basis.

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 Brijendra Sahay were re-appointed as Directors of the Company in the Annual General Meeting of the Company held on 23rd September 2010 and are subject to retirement by rotation.

Shri Amitabha Ghosh, Former Dy. Governor of Reserve Bank of India, has been appointed as Additional Director under section 260 of the Companies Act, 1956 with effect from 2nd day of August, 2011 and proposed to be appointed as Director of the Company liable to retire by rotation in the ensuing AGM, under section 257 of the Companies Act, 1956.

Shri Boney Surinder Kapoor has been appointed as Additional Director under section 260 of the Companies Act, 1956 and further subject to the approval of Shareholders of the Company in General meeting, he has also been appointed as Whole-Time Director designated as "Head-Sahara One Media and Entertainment Limited" under section 269, 198 and 309 and Schedule-XIII of the Companies Act, 1956, in the Board Meeting held on 2nd Day of August, 2011 with effect from same date and proposed to be appointed as Director of the company liable to retire by rotation in the ensuing AGM, under section 257 of the Companies Act, 1956.

In accordance with the provisions of Section 255 of the Companies Act, 1956 and article 89 of Company's Articles of Association, Shri O. P. Srivastava and Shri R. S. Rathore, Directors of the Company are retiring by rotation and are eligible for re-appointment. The Board recommends their names for re-appointment as Directors of the Company in the ensuing Annual General Meeting.

AUDIT COMMITTEE

The Board of Directors of the Company constituted a committee of Directors (in compliance with clause 49 of the Listing Agreement) known as Audit Committee in its meeting held on 30th January 2001 and further re-constituted the same on 29th June 2002, 29th July 2006, 29th April 2008, 30th June, 2009 and on 2nd day of August, 2011. Shri R. S. Rathore is continuing as Chairman of the Audit Committee since 10th March 2008. At present the Company has five Directors as members of Audit Committee viz., Shri R. S. Rathore, Shri O.P. Srivastava, Shri Amitabha Ghosh (appointed w.e.f. 2nd day of August, 2011), Shri Brijendra Sahay and Shri J. N. Roy and Company Secretary acts as Secretary to the Committee. Out of five committee members, four are Independent Directors and one is Promoter Director. The Chairman of the Audit Committee 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 14th February, 2011.

STATUTORY AUDITORS

M/s S. R. Batliboi & Associates, Chartered Accountants, Mumbai, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from M/s S. R. Batliboi & Associates of their willingness to continue as Statutory Auditor of the Company along with a certificate to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956. The Board recommends their name for re-appointment as Statutory Auditors of the Company for the Financial Year 2011-2012 in the ensuing Annual General Meeting of Company.

AUDITORS' REPORT

M/s S. R. Batliboi & Associates, Statutory Auditors, submitted their Audit Report for the Financial Year 2010-2011 which was self explanatory and contained following major observation which carries explanations of management as hereunder:

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

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

PUBLIC DEPOSITS

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

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

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

Foreign Currency Earnings (Accrual Basis)	-	Rs. 52,49,230=00
Foreign Currency Expenditures (Accrual Basis)	-	Rs. 16,53,500=00

PERSONNEL

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

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- 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.
- 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.
- 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.
- 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/-
Swapna Roy
(Director)

sd/-
O. P. Srivastava
(Director)

Place: Mumbai

Date : 2nd day of August, 2011

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

Name	Designation	Nature of Duties of the employee	Qualifications	Experience (years)	Date of Joining	Date of Resignation	Age (years)	Last Company	Total Remuneration (Per Annum Rs.)
SHRI DEEPAK SEGAL	COO- Motion Pictures -Chief General Manager	Dealing with business activities	B.Com., Dip. In Cinema	16	01.12.2009	N.A.	51	Fox TV Studios	1,09,31,834
SHRI AVINASH KAUL	CEO – Sahara One Channels - Chief General Manager	Dealing with business activities	B.E., M.M.S. Marketing	12	15.02.2010	02.08.2010	38	NDTV Media Ltd.	74,93,164

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 & Principal Officer appointed under the provisions of the Companies Act, 1956 and Sanjay Garg, CFO 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, 2011 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/-
Suresh Mishra
(Manager & Principal Officer)

Sd/-
Sanjay Garg
(CFO)

Place: Mumbai
Date: 2nd day of August, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE, DEVELOPMENT AND FUTURE OUTLOOK:

The Indian Media and Entertainment Industry (M&E) is comprised of various constituents like Television, Filmed Entertainment, Print, Online Radio, Music, OOH and Animation, Gaming & VFX which cumulatively drive the growth of the M&E industry.

Overcoming the gloom that had set in during the economic slowdown of 2008-09, the Indian Media & Entertainment(M&E) industry bounced back in 2010 registering a growth rate of 11 percent compared to a mere 1.4 percent in 2009. This growth was primarily driven by the resurgence of media spends by advertisers across media platforms.

2010 has been a year of resurgence. The year saw growth in advertising as well as subscription revenues, after a subdued performance in 2009.

For the M&E industry in India, it was also a year that witnessed a shift in favor of digital technologies as DTH touched 28 million net subscribers and digital music sales surpassed that of physical formats. With growing interest from advertisers and private equity firms, regional print markets continued to attract their share of attention. Animation and VFX companies geared up for the huge opportunity in film restoration and 2D to 3D conversion and the Commonwealth Games provided a unique platform for Outdoor advertising. Moreover, India also emerged as the seventh largest global market for social media consumption and as a consequence saw greater focus from companies to identify more relevant and personal ways of reaching out and engaging with their target audience.

Initiatives adopted in the previous year by industry players to optimize costs continued to benefit companies.

2011 is expected to be an exciting year with increasing penetration of traditional as well as new media aided by continuing evolution in delivery platforms.

Estimates for the industry indicate robust growth over next five years.

The next few years indicate tremendous potential for the M&E Industry.

The Indian M&E industry grew from INR 587 billion in 2009 to INR 652 billion in 2010, registering an overall growth of 11 percent. Backed by positive industry sentiment and growing media consumption, the industry is estimated to achieve growth of 13 percent in 2011 to touch INR 738 billion. As the industry braces for exciting times ahead, the sector is projected to grow at a CAGR of 14 percent to reach INR 1,275 billion by 2015.

While television and print continue to dominate the Indian M&E industry, sectors such as gaming, digital advertising, and animation VFX also show tremendous potential in the coming years. By 2015, television is expected to account for almost half of the Indian M&E industry revenues, and more than twice the size of print, the second largest media sector.

TV and Print are the largest sectors of the industry contributing to about 75 percent of the revenues.

The contribution of advertising revenue to overall industry pie is expected to increase from 38 percent in 2007 to 42 percent in 2012.

FILM INDUSTRY:

The Indian Film industry enjoys mass appeal in India and forms one of the most important content feeder systems to the Music, Radio and Television segment.

During the current fiscal, our company focused on starting production of a new slate of feature films including "No Entry 2", the sequel to the box-office superhit comedy "No Entry"; "The Loving Doll" (earlier titled "Lorie"), a psychological horror film; and "Love BreakUp Zindagi", a contemporary urban romance.

The company also released "Kaccha Limboo" directed by Sagar Bellary of "Bheja Fry" and the film performed averagely at the box office. The movies lined up for release in 2011-12 are "It's My Life", "Mumbai Cutting" and "Coffee Shop" in addition to the ones expected to be completed in the current fiscal.

The year 2010 was a year of learning and reflection for the Indian film industry. While there was no multiplex - producer standoff or prolonged black window for theatrical release, collections were poor, largely due to lack of quality content that was able to generate mass appeal. While movies with superstars and big budgets managed strong opening week collections, most did not succeed in sustaining footfalls across cinema halls in the weeks that followed.

However, movies with original storylines and content attuned to the evolving target audience gained wider acknowledgement, even if they were small-medium budget films. This was the flavor that dominated the Indian

film industry in 2010. Success of movies such as “Peepli Live”, “Udaan”, “Love Sex Aur Dhoka”, “Band Baaja Baraat”, “Tere Bin Laden”, “Phas Gaya Re Obama”, among others, appear to indicate an increasing audience demand for strong content. 2010 was a year that proved that there was a market for movies beyond “stars” and you could also bank on new talent to deliver success. These factors helped production houses build a renewed focus towards providing a platform for unique scripts and promoting newcomers.

The year also saw the release of several big budget movies such as “Kites”, “Raavan”, “Guzaarish”, “Action Replay”, “Khelein Hum Jee Jaan Sey”, “Tees Maar Khan”. While most of these films met with limited success at the box office, the opening weekend collections and presale of cable and satellite rights ensured moderate recovery for the filmmakers.

2010 was also a year of tapping previously untapped markets. This was well demonstrated by Fox Star Studios distribution of “My Name is Khan”. As on March 2011, the film had seen a theatrical release across 64 countries and is expected to open across other non traditional markets such as Korea in the coming months. 2010 was also the year of India’s greatest success with Rajnikant’s “Robot”, emerging as the highest grosser for an Indian film, breaking the previous records set by “3 Idiots”. Dwindling sales of home video, proposed copyright reforms in favor of music composers and lyricists, increased budgets for marketing and publicity, growing potential of cinema advertising and investments in better infrastructure were some of the other highlights of 2010.

With a low success rate and spiraling costs, filmmakers are expected to focus on profitability and build a stronger connect with the target audience. In the coming years, greater impetus is expected to be levied on leveraging alternate marketing and distribution platforms and tailoring content to suit changing consumer preferences.

2010 was a challenging year for the Indian film industry as most films failed to create a mark at the box office. The Indian film industry was estimated to be INR 83.3 billion in 2010, indicating a decline of 6.7 percent in overall industry revenues vis-a-vis 2009. The industry believes that lack of quality content led to an overall drop in occupancy levels and box office collections. While overseas theatrical revenues experienced some decline; it was the home video segment that witnessed a steep fall in revenues. Cable and Satellite rights experienced a healthy growth of 33 percent owing to growing demand from broadcasters. Ancillary revenue streams also witnessed a growth of 15 percent over 2009.

In 2011, as a consequence of the World Cup and IPL, fewer film releases are expected from February to May. However, with an interesting line up of films in the second half of the year the industry is estimated to achieve a 9 percent growth to touch INR 91 billion.

The Indian film industry is projected to grow at a CAGR of 9.6 percent to touch INR 133.5 billion in revenues by 2015.

The contribution of domestic theatrical revenues to the overall industry pie is expected to reduce slightly, while the Share revenues from cable and satellite rights is expected to increase going forward and account for 13 percent of overall industry size.

With economies of scale being a prime value driver in the film exhibition space, the film exhibition segment is expected to witness further consolidation.

KEY GROWTH DRIVERS

- **Urbanization and growing middle class:** Rising urbanization is expected to drive multiplex growth through two levers – (i) a population that increasingly spends on discretionary items such as entertainment, and (ii) availability of quality spaces such as malls which are suitable for multiplexes.
- **Under screened market:** When compared to global benchmarks such as USA, UK, France, Spain, India is a significantly under screened market. Mumbai and Bangalore have a higher number of screens per million at 23 and 21 respectively, while cities such as Hyderabad and Chennai have only about 6.
- **Better viewing experience:** Multiplexes offer a better viewing experience, audio capability and comfortable seating. Moreover, they also offer better hygiene and cleanliness making it a popular medium for cinema consumption.

KEY SECTOR CHALLENGES

- **Competing entertainment formats such as cricket:** Competition from sporting events, particularly cricket and IPL has created an 8 week black window for multiplexes. Some multiplex owners are now starting to screen alternative content such as India’s matches for the cricket world cup and thereby bring in audiences.

- **Escalating rental costs:** With a boom in the real estate market, rental costs have seen an upward trend for most multiplexes. These escalating costs are causing pressure on margins, thereby impacting their profitability.
- **Revenue share:** As the theatrical window for movies has reduced, the first two weeks now account for majority of the box office collections. The opening week collections account for as much as 50 percent of the revenues of box office collections for a movie at a multiplex. With the revised revenue sharing policy in 2009, multiplexes are now sharing slightly greater revenues with producers. Industry players believe, that as pressure on margins increases, we could once again expect a likely shift and renegotiation in the revenue sharing pattern.
- **Cannibalization of the market:** The last quarter of the calendar year has particularly seen a greater number of film releases in India. As a consequence, several movies are chasing the limited screen space, resulting to bunching of films that tends to result in cannibalization of the market.
- **Piracy:** Piracy continues to be a key challenge and has been one of the primary reasons for the decline of the home video market. The piracy market in India is estimated to account for 600 – 700 million unit sales for DVD each year. The distribution platform for the illegitimate market is estimated to be spread over 10000 vendors across India. Technological advancements such as digitization of film content and delivery have helped arrest piracy to a great extent. However, a concerted Public Private Partnership is needed to tackle the deep rooted bane of piracy.
- **Talent popularity and perception:** Negative change in the popularity of the leading pair can adversely impact the films business prospects.
- **Rising talent and production costs:** It is making a number of projects unviable. The talent cost in some cases, can constitute 40-60 percent of the total cost of a south Indian language film. Since regional cinema especially in South India is heavily dependent on male star power to attract audiences, high and rising talent cost poses a substantial challenge to film producers.
- **High talent costs:** Talent costs continue to demand a large portion of the overall budget. It is encouraging to see top talent partner with producers to take a percentage of profits rather than a stiff upfront fee, which strengthening the overall economics of the film.
- **Poor consumer understanding:** Despite being an industry that caters solely to end consumers, the film industry pays limited attention to understanding changing customer needs. Due to this many players across the value chain do not segment their intended audience base and do not reach out to their target audience. Going forward, the industry needs to understand their customer base and market their offering to the intended audience to garner better returns.
- **Cost inflation:** Over the last few years, costs have increased dramatically however, the associated revenues have not kept pace with the cost inflation. Going forward, the industry needs to enhance its production efficiencies and manage costs, especially talent costs.
- **Lack of good scriptwriters:** A script serves as the backbone of the film. If that is weak then no amount of marketing or high production values may be able to salvage the film. Stale content is one of the key reasons for the failure of a project. Going forward there needs to be an industry initiative to better train scriptwriters and place a greater importance on research and development to enable only quality scripts being made into films.
- **Intellectual Property (IP):** Poor enforcement of intellectual property laws hinders the ability to monetize creative works of the entire industry.
- **Continued reliance on domestic box office as a revenue source:** This not only makes such films risky but also prevents filmmakers from effectively monetizing their movies to its full potential.
- **Competition from Hollywood and regional movies:** This poses another challenge in certain regional markets such as Gujarat, Rajasthan, etc. where Hindi is well accepted.

T.V. INDUSTRY:

Indian TV industry has shown continued growth in reach. India is the world's third largest TV market with almost 138 million TV Households (HHs) next to China and USA. Cable and Satellite (C&S) penetration has reached close to 80 percent with the soaring growth shown by the DTH platform. New technologies like High Definition (HD), STBs (Set Top Boxes) with inbuilt recorders and delivery platforms like mobiles are rapidly evolving, creating further opportunities for innovation and growth.

The television and broadcasting industry has grown tremendously over the last two decades. The industry added almost 100 million viewers in 2010 to reach 600 million viewers and crossed the 550 channel mark from 460 in 2009. New players are entering the market with niche offerings like food channels and more channels in English Entertainment space. Viewers are able to access niche content easily on DTH platform even in smaller markets.

During the current fiscal, the company continued to keep its promise to its viewers with new socially relevant and entertaining TV programmes like “Ganga Kii Dheej”, “Hamari Beti Raaj Karegi”, “Bitto”, “Rishton Ke Bhanwar Mein Uljhi... Niyati” and “Hi! Padosi... Kaun Hai Doshi?”. Also launched were two non-fiction shows to cater to a Sunday morning audience, “Dream Destinations... Sapnon Ka Safar”, a travel show; “Young Jourknows”, a show shot and hosted by today’s young generation; and “Forecast”, a show on astrology. In addition, a daily late night horror series “Kala Saaya” also attracted viewership to the channel.

Television industry unable to match global counter parts in revenue and profits but potential for growth:

India is one of the largest media consuming markets in the world; however, the size and scale of industry is limited when compared with global M&E Industry. Majority of companies are still small in size or profits when compared to other growing sectors like Retail, Telecom or Information Technology.

However, the medium has many drivers in place for growth in the years ahead. India is the only country in the world with 88 million non TV households indicating the potential for growth in the market.

There are still more than 250 channels awaiting approval as there is growing optimism in the industry. There will be great demand for satellite bandwidth with the introduction of HD channels, the HITS platform, existing DTH channel expansion plans, new channel launches, and VSAT services. The consumers in India are less amenable to paying for content, compared to counterparts in other countries representing a gap which can be addressed. In advertising, only 10 percent of advertisers on print advertise on television currently and a portion of the remaining 90 percent still could be tapped for further growth of the medium.

Average time spent on TV is still low in India with two hours in a non metro market and 3 hours in a big metro market because in smaller towns capability and willingness to watch TV exists but the supply of power is an issue. In the US, the average time spent on TV is close to 5 hours in spite of fragmented viewing and in Asian countries like Philippines, Malaysia and Indonesia the average time spent watching television is higher than in India.

The number of channels consumed in a digital home has increased by 30% compared to the previous year largely as a result of increase in STBs.

Global trends have indicated the dominance of TV in terms of media consumption inspite of new mediums like internet and mobile. It is expected to be the most dominant in terms of time spent by the average Indian consumer, inspite of growing penetration of other mediums. Window between theatrical release and TV screening becoming narrow and Bollywood integrated even more strongly into Television.

Some major happenings in TV Sector during 2010 are as under:

- 53% of ad volumes on TV happening on regional channels; up from 47% in 2009.
- 24% growth in TV ad volumes over 2009. However, ad rates remained flat.
- DTH subscribers were about 28 million at the end of 2010 witnessing a growth of 14 million as compared to 2009.
- IPL was again a big success on the television garnering big TRPs and huge advertisements.

Further the number of channels has increased from 120 in 2003 to over 550 in 2010. The number of genres and niches expanded as well with increased presence in news, kids, infotainment and lifestyle. The industry also saw significant growth in the number of regional channels. In addition to broadcasting, TV distribution evolved greatly with the growth of digital mediums and associated offerings to viewers like Digital cable, DTH and IPTV.

Outlook for the TV industry

Overall the industry grew from INR 257 billion in 2009 to INR 297 billion in 2010 recording a growth rate of 15 percent compared to 7 percent last year, owing to resurgence after the recessionary pressures of last year. It is expected to reach a size of INR 630 billion in next five years i.e. by 2015 at a CAGR of 17 percent. The growth in advertisement revenues in 2010 happened at a rate of 17 percent owing to resurgence witnessed in the industry. The growth estimates till 2015 are in a similar range as projected last year, as the underlying drivers remain the same, adjustments being an even faster growth in subscriber base for DTH and a lower growth rate for the Digital cable platform and lowering of ARPU expectations for digital cable as well. This revision has come about in light of industry dynamics as DTH penetration is happening at a much faster rate than expected due to continued investments by the DTH players. This is not true of digital cable as not enough investment has gone into building the infrastructure needed. However, if addressability occurs as per the timetable laid out by the government, the

dynamics of the business could change. The growth of 13% in market size which was expected for 2010 last year has increased to 15 percent, driven by the rise in both subscription revenues due to increase in number of DTH subscribers and advertisement revenues.

Key challenges and risks

Lack of transparency in sharing of revenues by distributors:

The lack of transparency in case of analog cable systems has traditionally been a challenge for the broadcasters. Local Cable Operators (LCOs) still garner almost 75 percent of the subscription revenues due to under declaration of the subscription numbers, broadcaster gets around 20 percent and MSO gets around 5 percent.

Carriage fee

1. With limited bandwidth available to cable operators, there has been a sharp increase in carriage fees and placement fees paid to DTH, MSOs and LCOs over the last two-three years. The fee is negotiated based on the type of band and popularity of the channel.
2. Even with the advent of digitization leading to higher bandwidth, increase in number of new channels is likely to continue to cause carriage and placement fees to be a matter of concern for broadcasters. This is especially as DTH operators have also introduced carriage fees. (This can be compared to FMCG companies paying for shelf space to retailers).
3. However as digital platforms gain an increasing share, there will be a softening impact on carriage and placement costs. Consolidation at the distribution end along with better revenues to the MSOs and LCOs from addressability is also expected to facilitate rationalization of carriage fees paid by the broadcasters.

Competition amongst broadcasters leading to drop in GRPs for channels in the HSMs

The dispersion of leaders in the Hindi GEC space may impact the ability of all leading channels to hold ad rates and does dilute their negotiating position vis-à-vis advertisers.

Increased competition in digital distribution industry

It is difficult to increase ARPUs in a scenario of intense competition within the industry. With six players operating in the DTH sector and increasing competition in the digital cable industry, the market is witnessing hyper competition.

Measurement systems

TAM, the dominant television broadcasting rating agency in India has announced plans to broaden its coverage and geographic reach, especially coverage of digital homes. The IBF (Indian Broadcasting Federation) has also registered The Broadcast Audience Research Council (BARC) as not-for-profit body to provide an alternate method of measurement of reach of different mediums for consumption by the industry.

Television broadcasting

The rationalization of the existing portfolios by the broadcasters through a focus on core competencies and exit from segments witnessing hyper competition in 2009, leading to initiatives to optimize costs, continued to benefit the industry players in 2010. The year saw good recovery with growth in advertising and subscription revenues, boding well for the next fiscal.

GENERAL OPPORTUNITIES, THREATS, RISK AND CONCERNS:

The consumption of media is based on three hardware platforms- the television set, wireless mobile devices and the computer each of which now has multiple wide users. The use of the television set is being done for multiple purposes like watching TV programmes, Movies, Video Games, watching of content on demand which is downloaded from the internet. Such an easy access of T.V. for multifarious uses, Film and media content to mass of people will enhance the number of viewers drastically and in turn the demand for T.V. content, Movies and other media content will render substantial boost up. Content consumed on these convergent platforms- which consist of home video, TV networks, TV Distribution, digital music downloads, mobile music, internet, advertising and online gaming will represent a significant component of the future Entertainment and Media (E&M) market.

The Regulatory Actions by Government have also given hope for acceleration of growth of Indian M&E Industry amongst which some are appointment of TRAI in 2004, Introduction of Conditional Access System (CAS) in television, granting Industry Status to Indian Film Sector in 2000 and permitting FDI in film related activities, Entertainment Tax exemptions to multiplexes, massive reform in Radio Licensing Policy in 2005 etc. However still

numerous reforms are still required from Government so that it may bring in new waves of growth.

The fiscal 2010-2011 spells caution for industry players. The business imperatives in these hard times need to undergo changes with increased focus on User Segmentation, Innovation and Flexibility, Optimizing margins, Leveraging IP, Selected Market Expansion, Greater Accountability, Effective Corporate Governance, Differentiation of Brand and production of Salient Contents.

Media and Entertainment Companies in India today are operating in a much more turbulent and volatile environment than their predecessors and requires to implement a robust internal processes with a view to have comprehensive business risk understanding and safeguards, strategic objective for design of business processes, revenue realization, monitoring of critical success factors and key performance parameters and good oversight functions to ensure that established functions are working the way they should be and are able to propel the whole operating system towards determined goal/objectives of the Industry.

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

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

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

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCES

The Company strongly believes in manpower being superior to money power and therefore, recognizes and respects the individual capacities and capabilities of its employees.

The Company's Human Resource processes ensure building a competent team of motivated employees. It is the Company's first priority to enrich its employees by promoting learning and enhancing their knowledge with special emphasis on internal and external training. The proper synchronization between the goals of the individual and that of the organization is a critical aspect and is delicately managed by the HR department.

The Company has stressed strongly on performance management linked to compensation. To recognize and reward good performance, the Company has been successfully practicing the concept of performance-based variable compensation. The reward and recognition system is duly followed through a performance appraisal system on an annual basis.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

(For the F.Y. ended 31.03.2011)

The Company is 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's principal business is sale of television programmes and motion pictures production and distribution.

	Continuing Operations				Consolidated	
	Television		Motion Pictures		Total	
	2011	2010	2011	2010	2011	2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
REVENUE						
External sales	1,064,902,057	1,516,313,703	175,187,347	299,736,068	1,240,089,404	1,816,049,771
Inter-segment sales	-	-	-	-	-	-
Total revenue	1,064,902,057	1,516,313,703	175,187,347	299,736,068	1,240,089,404	1,816,049,771
RESULT						
Segment result	16,732,830	198,635,131	42,322,416	(54,534,204)	59,055,246	144,100,927
Unallocated corporate expenses (net of other income)					(61,102,023)	(74,133,082)
Operating profit					(2,046,777)	69,967,845
Interest expenses					(121,854,494)	(127,602,460)
Interest income					129,735,305	194,132,416
Income taxes					(5,297,165)	(47,177,659)
Profit from ordinary activities					536,869	89,320,142
Extraordinary item, net					-	-
Net profit					536,869	89,320,142
OTHER INFORMATION						
Segment assets	253,522,298	846,140,474	843,632,164	770,746,587	1,097,154,462	1,616,887,061
Unallocated corporate assets					2,782,832,912	2,739,946,576
Total assets					3,879,987,374	4,356,833,637
Segment liabilities	(435,705,034)	(441,767,750)	(1,782,626)	(119,512,272)	(437,487,660)	(561,280,022)
Unallocated corporate liabilities					(566,520,909)	(920,111,679)
Total liabilities					(1,004,008,569)	(1,481,391,701)
Capital expenditures					15,250	3,777,753
Depreciation					2,875,148	2,548,204
Other non-cash expenses					245,000	1,372,875

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

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

BOARD OF DIRECTORS

The Board of the Company is broad -based consisting of eight Directors out of which four are Independent Directors, which is in line with the requirements of the Code of Corporate Governance.

Category of Directors	No. of Directors
Executive Directors	1
Non-Executive Non Independent Directors (ie Promoter Directors)	3
Independent Directors	4
Total	8

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

Shri Subrata Roy Sahara	Chairman, Promoter Non-Executive Director
Smt. Swapna Roy	Promoter Non-Executive Director
Shri O. P. Srivastava	Promoter Non-Executive Director
Shri R. S. Rathore	Independent Non-Executive Director, Ex-Chairman, Central Board of Direct Taxes & Special Secretary, Ministry of Finance and Ex-Chairman of the Bank of Rajasthan Ltd. (now ICICI Bank Ltd.)
*Shri Amitabha Ghosh	Independent Non-Executive Director, Former Dy. Governor of Reserve Bank of India.
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.
*Shri Boney Surinder Kapoor	Executive Director (WTD)

*Note – Shri Boney Surinder Kapoor And Shri Shri Amitabha Ghosh, have been appointed as Additional Director under section 260 of the Companies Act, 1956 w.e.f., 2nd day of August, 2011 and further Shri Boney Surinder Kapoor has also been appointed, subject to the approval of Shareholders in the ensuing AGM, as Whole Time Director w.e.f 2nd day of August, 2011.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

During the F.Y. 2010-2011, meetings of the Board of Directors of the Company were held four times on 22.05.2010, 09.08.2010, 11.11.2010 and 14.02.2011. 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 31.03.2011 are as under:

Directors	Attendance (Total 4 Board Meetings)	Attendance (29th AGM held on 23.09.2010)	Directorship in other Companies	Number of membership in other Companies Committee(s) (excluding Chairmanship)	Number of Chairmanship in other Companies Committee(s)
Shri Subrata Roy Sahara	00	–	14	03	1
Smt. Swapna Roy	00	–	14	02	1
Shri O. P. Srivastava	04	Yes	14	08	–
Shri R. S. Rathore	04	Yes	–	–	–
Shri Brijendra Sahay	02	Yes	02	02	–
Shri J. N. Roy	04	Yes	01	–	–
Shri Amitabha Ghosh	Appointed w.e.f. 2 nd day of August, 2011		13	4	5
Shri Boney Surinder Kapoor	Appointed w.e.f. 2 nd day of August, 2011		–	–	–

Note:

The Directorships shown above are the directorships of the Indian Public Limited Companies including Private Limited Companies which are subsidiary of Public Companies and do not include the Directorship on the Board of other Private Limited Companies or Section 25 Companies. Memberships and Chairmanship of Committees 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 and on 2nd day of August, 2011.

At present, Company has five directors as members of Audit Committee, out of which one Director is Promoter Non-Executive Director and rest four 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 the Company: During the F.Y. 2010-2011, the meetings of the Audit Committee were held eight times on 29th April, 2010, 22nd May, 2010, 09th August, 2010, 23rd September, 2010, 11th November, 2010, 09th December, 2010, 14th February, 2011 and 28th March, 2011. Details of the attendance of the Committee members in the Audit Committee meetings of Company during the F.Y. 2010-2011 are as under:

DIRECTORS	CATEGORY	ATTENDANCE (TOTAL 8 MEETINGS)
Shri R. S. Rathore, Chairman	Independent Non-Executive Director	08
Shri O. P. Srivastava	Promoter Non-Executive Director	07
*Shri Amitabha Ghosh	Independent Non-Executive Director	N/A
Shri Brijendra Sahay	Independent Non-Executive Director	06
Shri J. N. Roy	Independent Non-Executive Director	08

*Note: appointed w.e.f 2nd day of August, 2011

The role and power of the Audit Committee are as per Section 292A of the Companies Act, 1956 and as prescribed in 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 attends 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, the meeting of Remuneration Committee of the Company was held one time on 14th February, 2011.

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. The Committee was reconstituted in the Board meeting of the Company held on 3rd April, 2001, 30th January, 2002, 29th July, 2006, 23rd October, 2008, 21st March 2009 and 24th March 2010. Smt Swapna Roy, Director acts as Chairman of the Committee.

Following are the members of the committee at present:

1. Smt Swapna Roy
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 received only one complaint from the Shareholders/investors which was dealt within prescribed time period and manner. Further there is no shareholders complaint pending against the Company as on date.

The Shareholders/investor 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
27th AGM	27th September 2008 at 11.00 A.M.	Sahara India Point, CTS 40 - 44, S.V. Road , Goregaon (West), Mumbai 400104	One Resolution u/sec. 372A for Corporate Guarantee of Rs. 6.67 Crore was passed by postal ballot process for loan availed by Sahara Hospitality Limited. Shri TSVP Panduranga Sharma was scrutinizer. Resolution was passed with 15752896 votes in favour and 52 votes cast against the resolution.
28th AGM	24th September 2009 at 11.30 A.M	Sahara India Point, CTS 40 - 44, S.V. Road , Goregaon (West), Mumbai 400104	One Resolution u/sec. 372A for Corporate Guarantee of Rs.52.50 Crore was passed by postal ballot process for loan availed by Sahara Sanchar Limited. Shri TSVP Panduranga Sharma was scrutinizer. Resolution was passed with 5268209 votes in favour and 217 votes cast against the resolution.
29th AGM	23rd September 2010 at 11.45 P.M.	Sahara India Point, CTS 40 - 44, S.V. Road, Goregaon (West), Mumbai 400 104.	NIL

DISCLOSURES

The Company is making adequate disclosures 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 other. 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 the Bombay Stock Exchange where the Securities of the Company are listed and published in widely circulated newspapers.

In compliance with newly added Clause 53 of Listing Agreement, the Company has furnished relevant details of Advertisement Agreement of Company with Media Company M/s Bennett, Coleman & Co. Ltd.

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

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

NAME, DESIGNATION AND ADDRESS OF COMPLIANCE OFFICER:

Shri S. C. Tiwari
Company Secretary

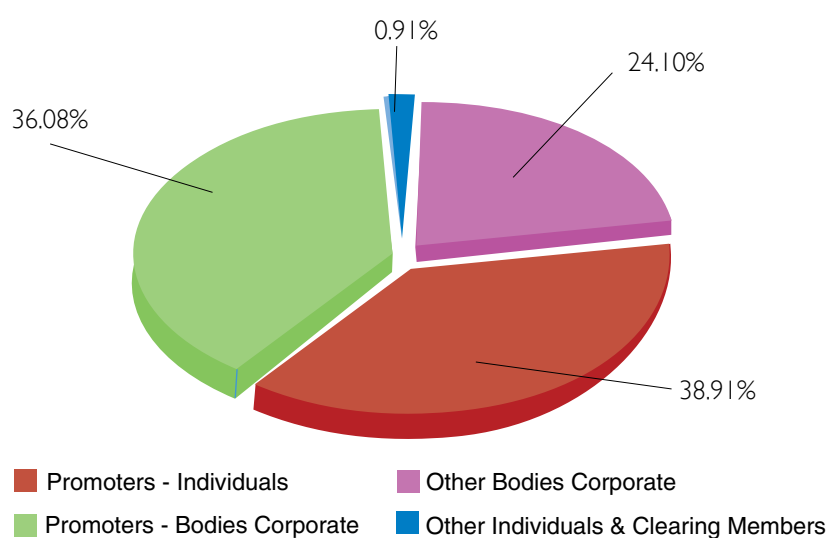
Sahara One Media and Entertainment Limited,
Sahara India Point, CTS 40 - 44, S. V. Road,
Goregaon (West), Mumbai - 400 104.

DISTRIBUTION OF SHAREHOLDING

As on 31/03/2011 the shareholding pattern of the Company is as detailed below: -

No of Equity Shares	Shareholders		Shares	
	Number	% of Holders	Numbers	% of Shares
1-500	1898	95.0430	104355	0.4850
501-1000	29	1.4520	22448	0.1040
1001-2000	22	1.1020	32249	0.1500
2001-3000	3	0.1500	7825	0.0360
3001-4000	4	0.2000	14123	0.0660
4001-5000	2	0.1000	9069	0.0420
5001-10000	10	0.5010	68358	0.3180
10001-9999999999	29	1.4520	21266573	98.7990
TOTAL :	1997	100.0000	215250000	100.0000

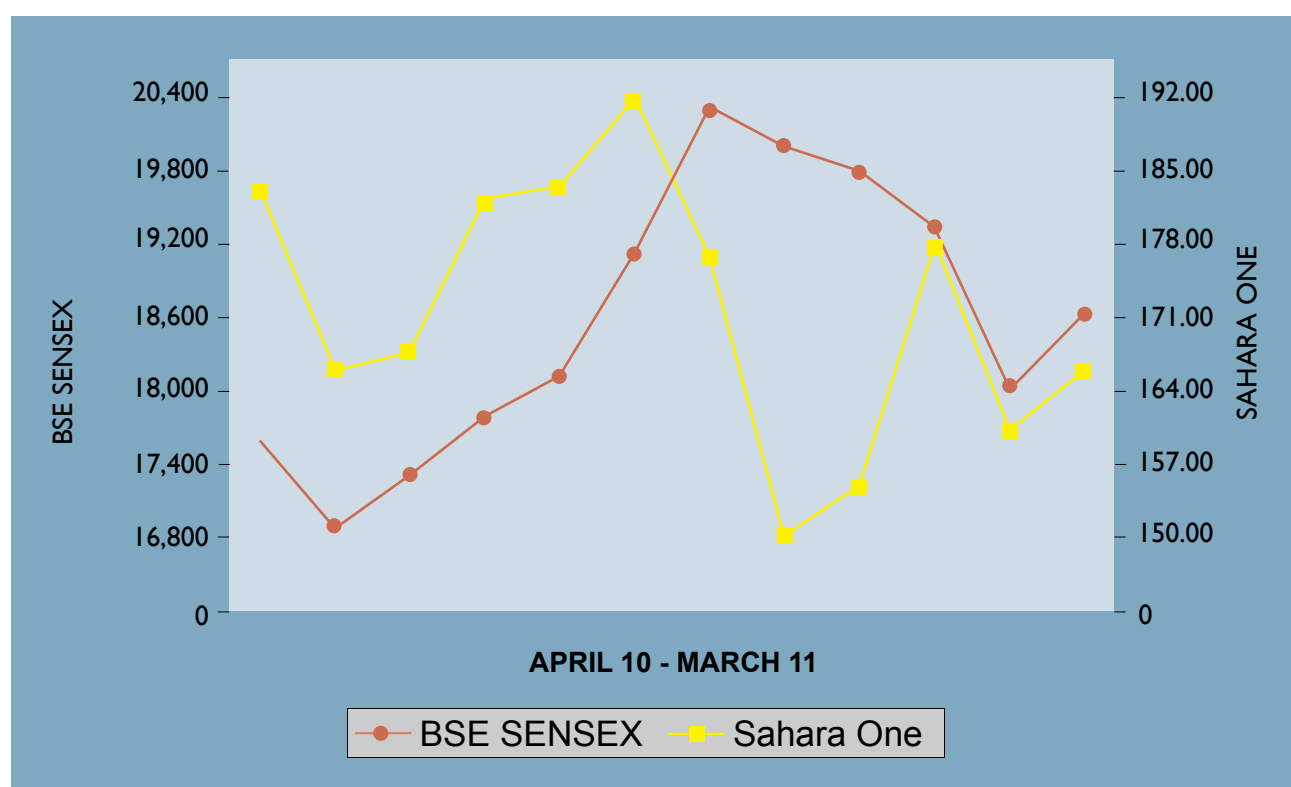
Category	No of Shares
Promoters - Individuals	8,375,000
Promoters - Bodies Corporate	7,766,702
Other Bodies Corporate	5,188,233
Other Individuals & Clearing Members	195,065
Total	2,15,25,000



SHARE PRICE MOVEMENT OF COMPANY AND SENSEX MOVEMENT OF BSE

Movement in Company's Share Price during the year 2010-2011 on BSE and Sensex movement of BSE for the same period is as under:-

MONTH	SAHARA ONE SHARE PRICE			BSE SENSEX		
	HIGH (Rs.)	LOW (Rs.)	AVERAGE (Rs.)	HIGH (Rs.)	LOW (Rs.)	AVERAGE (Rs.)
Apr-10	199.95	165.05	182.50	18,047.86	17,276.80	17,662.33
May-10	181.00	152.10	166.55	17,536.86	15,960.15	16,748.51
Jun-10	185.00	151.25	168.13	17,919.62	16,318.39	17,119.01
Jul-10	204.00	162.60	183.30	18,237.56	17,395.58	17,816.57
Aug-10	207.00	162.00	184.50	18,475.27	17,819.99	18,147.63
Sep-10	222.00	162.00	192.00	20,267.98	18,027.12	19,147.55
Oct-10	189.70	165.00	177.35	20,854.55	19,768.96	20,311.76
Nov-10	184.90	117.00	150.95	21,108.64	18,954.82	20,031.73
Dec-10	185.00	125.45	155.23	20,552.03	19,074.57	19,813.30
Jan-11	212.00	144.00	178.00	20,664.80	18,038.48	19,351.64
Feb-11	198.00	123.00	160.50	18,690.97	17,295.62	17,993.30
Mar-11	192.65	140.00	166.33	19,575.16	17,792.17	18,683.67



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

1. We have examined the compliance of the conditions of Corporate Governance by the Sahara One Media and Entertainment Limited having its Registered Office at Sahara India Point, CTS 40-44, S. V. Road, Goregaon (W), Mumbai 400104; for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing agreement entered into by the said Company with the Stock exchange(s).
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statement of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the Listing agreement.
4. We state that in respect of investor grievances received during the year ended March 31, 2011 no investor grievances are pending against the Company as on June 30, 2011 as per the records maintained by the Company and presented to the Shareholders and investors Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **US Mondal & Co.**
Company Secretary

Sd/-
(Uma Sunil Mondal)
Proprietor, CP no. 5544

Place : Mumbai
Date : 23rd day of July, 2011

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, 2011 received from the Senior management team members of the company and the members of the Board, a declaration of compliance with the code of conduct as applicable to them.

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

Place : Mumbai
Date : 2nd day of August, 2011

Sd/-
Suresh Mishra
Manager & Principal Officer

GENERAL SHAREHOLDERS INFORMATION

Date of AGM	28th September, 2011
Time	2:30 P.M.
Venue	Sahara India Point, CTS 40 – 44, S.V. Road, Goregaon (West), Mumbai 400 104.
Date of Book closure	22nd September, 2011 to 28th September, 2011 (both days inclusive).
Last date of receipt of proxy forms	26th September, 2011 by 2:30 P.M.
Financial Calendar	1st April, 2010 to 31st March, 2011.
Last Annual General Meeting	23rd September, 2010.
Registrar and Share Transfer Agents	M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B. S. Marg, Bhandup (West), Mumbai – 400 078.
Share Transfer System	Shares received for physical transfer on dematerialization or rematerialization requests are generally registered and returned within a period of 21 days from the date of receipt of complete and validly executed documents. The Shareholders / Investors Grievances Committee meet at adequate intervals to approve the Share transfer and dematerialization requests.
Dematerialisation of shares and liquidity	Equity Shares of the Company can be traded in dematerialized forms. To facilitate the trading in dematerialized form, the Company has entered into agreements with both the depositories viz. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As of date approximately 89.36% of the Equity Shares of the Company are in dematerialized form.
Listing on Stock Exchanges	The Bombay Stock Exchange (BSE)
BSE Stock Code	503691
ISIN No.	INE479B01016
Addresses for correspondence	Sahara India Point, CTS 40 – 44, S.V. Road, Goregaon (West), Mumbai 400 104.

AUDITORS' REPORT

To

The Members of Sahara One Media and Entertainment Limited

1. We have audited the attached Balance Sheet of Sahara One Media and Entertainment Limited ('the Company') as at March 31, 2011 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **S.R. BATLIBOI & ASSOCIATES**

Firm Registration Number-101049W

Chartered Accountants

per **Govind Ahuja**

Partner

Membership No.: 48966

Place : Mumbai

Date : May 27, 2011.

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

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

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
 - (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii)
 - (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii)
 - (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. 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 goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. The Company has not sold any services during the year.
- (v)
 - (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
 - (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix)
 - (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. The provisions relating to excise duty are not applicable to the Company.
Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to excise duty are not applicable to the Company.
 - (c) According to the records of the Company, the dues outstanding of income-tax, customs duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs'000)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax	1,555	2002-2003 to 2007-2008	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Tax Deducted at Source	65,303	2007-2008 to 2009-2010	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Tax Deducted at Source	952	2005-2006	High Court
Income-tax Act, 1961	Income tax	16,411	2000-2001 and 2001-2002	Income Tax Appellate Tribunal
Customs Act, 1962	Customs Duty	410	2008-2009	Income Tax Appellate Tribunal

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

- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or banks. The Company has not issued any debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) *The Company has given a guarantee amounting to Rs 525,000,000 in respect of loans taken by Sahara Sanchar Limited from a bank in respect of which it has not charged any commission nor was any adequate explanation provided to us of the benefit to the Company for giving such guarantee. There are no other guarantees given by the Company for loans taken by others from bank or financial institutions.*
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the 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 issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. BATLIBOI & ASSOCIATES**
Firm Registration Number-101049W
Chartered Accountants

per **Govind Ahuja**
Partner
Membership No.: 48966
Place : Mumbai
Date : May 27, 2011.

Balance Sheet as at March 31, 2011

	Schedule	March 31, 2011 Rs.	March 31, 2010 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	215,250,000	215,250,000
Reserves and surplus	2	2,660,728,805	2,660,191,936
		2,875,978,805	2,875,441,936
Loan Funds			
Secured loans	3	251,656,000	448,330,000
Unsecured loans	4	250,000,000	500,000,000
TOTAL		3,377,634,805	3,823,771,936
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	27,762,441	27,747,191
Less : Accumulated Depreciation		(14,047,473)	(11,172,325)
Net block		13,714,968	16,574,866
Investments	6	33,857,968	33,067,212
Deferred Tax Assets	7	31,911,945	35,579,110
Current Assets, Loans and Advances			
Inventories	8	220,031,705	452,931,904
Sundry debtors	9	28,660,228	284,270,072
Cash and bank balances	10	2,060,408,401	1,982,800,883
Other current assets	11	29,575,756	51,972,079
Loans and advances	12	1,461,826,403	1,499,637,511
(A)		3,800,502,493	4,271,612,449
Less: Current Liabilities and Provisions	13		
Current liabilities		500,628,133	532,012,825
Provisions		1,724,436	1,048,876
(B)		502,352,569	533,061,701
Net Current Assets (A-B)		3,298,149,924	3,738,550,748
TOTAL		3,377,634,805	3,823,771,936
Notes to Accounts	19		

The Schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

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

per **Govind Ahuja**
Partner
Membership No.48966
Mumbai: May 27, 2011

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

Swapna Roy
Director

Suresh Mishra
Manager
(Assistant Director)

O. P. Srivastava
Director

Sanjay Garg
Chief Financial Officer

R. S. Dubey
Group Head (Finance)

S. C. Tiwari
Company Secretary

Profit and Loss Account for the year ended March 31, 2011

	Schedule	March 31, 2011 Rs.	March 31, 2010 Rs.
INCOME			
Turnover		1,240,089,404	1,816,049,771
Other income	14	175,734,604	207,009,852
TOTAL		1,415,824,008	2,023,059,623
EXPENDITURE			
Content costs		852,253,600	1,461,857,978
Personnel expenses	15	136,912,375	114,196,296
Operating and other expenses	16	62,886,918	150,742,647
Decrease in inventories	17	232,900,199	24,542,144
Depreciation	5	2,875,148	2,548,204
Investment written off		245,000	—
Financial expenses	18	121,916,734	132,674,552
TOTAL		1,409,989,974	1,886,561,821
Profit before tax		5,834,034	136,497,802
Provision for tax:			
Current tax		1,630,000	53,600,000
Deferred tax charge/ (release)		3,667,165	(6,487,859)
Fringe benefit tax		—	65,519
Net profit for the year		536,869	89,320,142
Balance brought forward from previous year		575,341,936	486,021,794
Profit available for appropriation		575,878,805	575,341,936
Surplus carried to Balance Sheet		575,878,805	575,341,936
Earnings per share			
Basic and Diluted (Nominal value of shares Rs. 10/- (Previous Year: Rs. 10/-) (Refer Note 12 on Schedule 19)		0.02	4.15
Notes to Accounts	19		

The Schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account

As per our report of even date

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

per **Govind Ahuja**
Partner
Membership No.48966
Mumbai: May 27, 2011

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

Swapna Roy
Director

Suresh Mishra
Manager
(Assistant Director)

O. P. Srivastava
Director

Sanjay Garg
Chief Financial Officer

R. S. Dubey
Group Head (Finance)

S. C. Tiwari
Company Secretary

Schedules attached to and forming part of the Balance Sheet as at March 31, 2011

	March 31, 2011 Rs.	March 31, 2010 Rs.
Schedule 1		
Share Capital		
Authorised:		
35,000,000 (Previous year: 35,000,000) equity shares of Rs. 10 each	350,000,000	350,000,000
Issued, Subscribed & Paid up		
21,525,000 (Previous year: 21,525,000) equity shares of Rs. 10 each, fully paid-up	215,250,000	215,250,000
	215,250,000	215,250,000
Schedule 2		
Reserves and Surplus		
Securities Premium Account	2,084,850,000	2,084,850,000
Profit and Loss Account	575,878,805	575,341,936
	2,660,728,805	2,660,191,936
Schedule 3		
Secured Loans		
Term loan from IDBI Bank Ltd. {Secured by first charge on films with satellite rights to the extent of Rs.1,250,000,000 (Previous year: Rs.1,250,000,000) and pledge of 1,500,000 shares (Previous year: 1,500,000 shares) of the Company, held by promoters}	65,000,000	115,000,000
Term loan from Punjab National Bank {Secured by first charge on the entire programme library and telecast rights of TV serials and book debts of the company plus charge on assets (Film rights and TV serials) to be purchased from this corporate loan and also secured by corporate guarantee and equitable mortgage of immovable property of Sahara India Commercial Corporation Limited situated at Sahara Mall, Gurgaon and letter of personal guarantee signed by director of the Company Shri O P Srivastava}	186,656,000	333,330,000
	251,656,000	448,330,000
Schedule 4		
Unsecured Loans		
Term Loan from ICICI Bank (erstwhile 'The Bank of Rajasthan Ltd.')	250,000,000	500,000,000
{Secured by Corporate Guarantee and equitable mortgage of immovable property of Sahara India Commercial Corporation Limited and letter of personal guarantee signed by directors of the Company Shri Subrata Roy Sahara and Shri O P Srivastava}		
Due within one year Rs.250,000,000 (Previous year: Rs.250,000,000)	250,000,000	500,000,000

Schedules attached to and forming part of the Balance Sheet as at March 31, 2011

Schedule 5

Fixed Assets

Refer Note 2 (c) & 2 (d) of Schedule 19

Particulars	Gross Block			Depreciation			Net Block	
	At 01.04.2010	Additions	Deduction	At 31.03.2011	At 01.04.2010	For the year	Deletion	At 31.03.2011
Tangible Assets								
Residential Building	2,087,780	-	-	2,087,780	231,708	34,031	-	1,822,041
Plant and Machinery	659,910			659,910	136,122	31,346	167,468	492,442
Shooting Equipment	630,500	-	-	630,500	323,512	44,576	-	262,412
Computers	10,082,920		-	10,082,920	5,708,279	1,473,009	-	2,901,632
Furniture and Fittings	1,787,523	15,250	-	1,802,773	635,307	104,822	-	1,062,644
Vehicles	12,498,558	-	-	12,498,558	4,137,397	1,187,364	-	7,173,797
TOTAL	27,747,191	15,250	-	27,762,441	11,172,325	2,875,148	-	13,714,968
Previous Year	23,996,428	3,777,753	26,990	27,747,191	8,624,121	2,548,204	-	16,574,866
								15,372,307

Schedules attached to and forming part of the Balance Sheet as at March 31, 2011

	March 31, 2011 Rs.	March 31, 2010 Rs.
Schedule 6		
Investments		
Other than trade		
(Refer Note 2 (g) of Schedule 19)		
Long Term Investments (At cost)		
Unquoted		
Equity shares		
1,108,280 (Previous year: 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 (Previous year: 3,750) shares of Rs. 10 each fully paid-up in Sahara Care Limited	37,500	37,500
Nil (Previous year: 24,500) shares of Rs. 10 each fully paid-up in Sahara India Entertainment Management Company Limited	—	245,000
	11,120,300	11,365,300
Current Investments		
(At lower of cost and market value) (Quoted)		
Mutual Funds		
22,184.14 (Previous year: 21,174.12) mutual fund units of Rs. 1,000 each fully paid-up of Sahara Liquid Fund	22,737,668	21,701,912
	22,737,668	21,701,912
	33,857,968	33,067,212
Aggregate amount of quoted investments	22,737,668	21,701,912
Aggregate amount of unquoted investments	11,120,300	11,365,300
Market value of quoted investments	22,737,668	21,701,912
Schedule 7		
Deferred Tax Assets		
(Refer Note 2 (l) of Schedule 19)		
Differences in depreciation in block of fixed assets as per tax books and financial books	4,782,077	5,657,276
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	532,851	356,513
Provision for doubtful debts and advances	26,597,017	29,565,321
	31,911,945	35,579,110

Schedules attached to and forming part of the Balance Sheet as at March 31, 2011

	March 31, 2011 Rs.	March 31, 2010 Rs.
Schedule 8		
Inventories (at lower of cost and net realisable value) (Refer Note 2 (h) of Schedule 19)		
Finished goods - Content comprising television programmes and films		
– Films	32,616,697	227,706,658
– Television programmes	186,095,943	223,906,181
Print positive raw stock	1,319,065	1,319,065
	220,031,705	452,931,904
Schedule 9		
Sundry Debtors (Unsecured, considered good, unless otherwise stated)		
Debts outstanding for a period exceeding six months:		
Unsecured, considered good	10,927,845	11,142,365
Unsecured, considered doubtful	34,053,243	34,053,243
Other debts		
Unsecured, considered good	17,732,383	273,127,707
	62,713,471	318,323,315
Less: Provision for doubtful debts	(34,053,243)	(34,053,243)
	28,660,228	284,270,072
Included in Sundry Debtors are:		
i) Dues from companies under the same management		
Sahara India Commercial Corporation Limited	–	265,171,707
{Maximum amount outstanding during the year Rs. 227,471,707 (Previous year: Rs. 364,668,991)}		
Schedule 10		
Cash and Bank Balances		
Cash on hand	269,897	101,006
Balance with scheduled banks		
– on current accounts	57,129,884	77,194,605
– on deposit accounts	2,002,948,498	1,905,444,477
– Exchange earners' foreign currency account {US \$ 1,346.50 (Previous year: US\$ 1,346.50)}	60,122	60,795
	2,060,408,401	1,982,800,883

Schedules attached to and forming part of the Balance Sheet as at March 31, 2011

	March 31, 2011 Rs.	March 31, 2010 Rs.
Schedule 11		
Other Current Assets		
Interest accrued on fixed deposits	29,575,756	51,972,079
	29,575,756	51,972,079
Schedule 12		
Loans and Advances		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered good	5,952,682	105,942,181
Considered doubtful	52,021,245	52,929,168
Advance to producers and talents	844,012,888	780,392,443
Less: Provision for doubtful advances	(52,021,245)	(52,929,168)
	849,965,570	886,334,624
Service tax receivable	464,749,917	483,740,882
Sundry deposits	2,645,500	2,770,500
Advance tax, net of provision [Rs 295,714,492 (Previous year: Rs 294,084,492)]	144,465,416	126,791,505
	1,461,826,403	1,499,637,511
Included in Loan and Advances are:		
i) Dues from companies under the same management		
Geon Studios Private Limited	—	5,860,000
{Maximum amount outstanding during the year Rs.7,960,000 (Previous year: Rs. 5,860,000)}		
Schedule 13		
Current Liabilities and Provisions		
Current Liabilities		
Sundry creditors (Other than Micro and Small Enterprises) (Refer Note 10 of Schedule 19)	485,492,444	502,682,370
Other liabilities	12,559,580	18,773,632
Interest accrued but not due on term loan	2,576,109	10,556,823
	500,628,133	532,012,825
Provisions		
Provision for gratuity (Refer Note 2 (k) and 8 of Schedule 19)	297,226	—
Provision for leave encashment (Refer Note 2 (k) of Schedule 19)	1,427,210	1,048,876
	1,724,436	1,048,876
	502,352,569	533,061,701

Schedules attached to and forming part of the Balance Sheet as at March 31, 2011

	March 31, 2011 Rs.		March 31, 2010 Rs.
Schedule 14			
Other Income			
Interest			
Bank deposits (Tax deducted at source Rs. 12,991,314; Previous year: Rs. 6,169,677)	129,735,305		60,556,759
On advances (Tax deducted at source Rs. Nil; previous year: Rs. 13,357,566)	—		133,575,657
Dividend from current investments - non trade	1,035,756		809,314
Exchange gain (net)	—		183,203
Credit balances written back	—		11,339,218
Miscellaneous income	44,963,543		545,701
	175,734,604		207,009,852
Schedule 15			
Personnel Expenses			
Employee Costs			
Salary, wages and bonus	133,575,751		111,502,641
Contribution to provident fund and other funds	2,538,499		1,907,883
Staff welfare expenses	798,125		785,772
	136,912,375		114,196,296
Schedule 16			
Operating and Other Expenses			
Electricity	4,973,712		4,478,783
Rent	272,010		272,016
Rates and taxes	213,714		887,965
Repairs and maintenance - others	1,103,597		1,603,561
Advertisement	4,479,260		7,640,366
Reimbursement of advertisement expenses	—		48,267,744
Print cost	790,965		203,079
Travelling and conveyance	7,625,002		6,661,703
Communication	5,387,129		4,720,475
Legal and professional fees	26,926,980		39,271,552
Directors' sitting fees	940,000		1,320,000
Payment to Auditor			
As auditor:			
Audit fee	1,400,000	1,400,000	
Limited Review	600,000	600,000	
Out-of-pocket expenses	118,735	28,438	2,028,438
Exchange difference (net)	2,906		—
Provision for doubtful advances	—		344,234
Provision for doubtful debts	—		23,547,187
Loss on sale of shares	—		1,372,875
Miscellaneous expenses	8,052,908		8,122,669
	62,886,918		150,742,647

Schedules attached to and forming part of the Balance Sheet as at March 31, 2011

	March 31, 2011 Rs.	March 31, 2010 Rs.
Schedule 17		
Decrease in inventories (Refer Note 2 (h) of Schedule 19)		
Opening Stock of Content		
Films	227,706,658	228,781,057
Television programmes	223,906,181	247,373,926
	451,612,839	476,154,983
Less : Closing Stock of Content		
Films	32,616,697	227,706,658
Television programmes	186,095,943	223,906,181
	218,712,640	451,612,839
	232,900,199	24,542,144
Schedule 18		
Financial Expenses		
Interest		
on term loans	121,279,281	126,745,316
on bank overdraft	—	666,402
Other interest	575,213	190,742
Bank charges	62,240	5,072,092
	121,916,734	132,674,552

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Schedule 19

1. Nature of Operations

Sahara One Media And Entertainment Limited is a television content provider and also produces and distributes movies.

2. Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

(d) Depreciation

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.

	Useful Life	Schedule XIV Rates (SLM)
Buildings	61 years	1.63%
Plant and Machinery	21 Years	4.75%
Computers	6 Years	16.21%
Shooting Equipment	14 Years	7.07%
Furniture and Fittings	16 Years	6.33%
Vehicles	11 Years	9.5%

(e) Impairment

- 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.

(f) Leases:

Where the Company is the lessee

Leases where the lesser 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 Profit

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Schedule 19 (contd.)

and Loss account on a straight-line basis over the lease term.

(g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried 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 recognise a decline, other than temporary, in the value of the investments.

(h) Inventories

Inventories comprise television programs and films held for sale. Inventories are valued at lower of cost or net realisable value. Management allocates the cost of 90% of the television program and films with perpetual rights to domestic market and 10% to the other markets.

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

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

(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.

i. Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer i.e. when the television program and film are delivered to the customers.

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

Theatrical revenue is recognized in accordance with the terms of the contract after release of the film.

ii. Interest

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

iii. Dividends

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 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 reported using the closing rate. 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.

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 benefits

i. Retirement benefits in the form of Provident Fund contributed to Trust set up by the employer is a defined benefit scheme and the payments are charged to the Profit and Loss Account of the year when the payments to the respective funds are due. Shortfall in the funds, if any, is adequately provided for by the Company. At the year-end, there are no other obligations other than the contribution payable to the respective trusts.

ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Schedule 19 (contd.)

projected unit credit (PUC) method made at the end of each financial year.

- iii. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is performed as per projected unit credit method at the end of every year.
- iv. Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

(l) Income Taxes

Tax expense comprises of 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. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised 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 realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets 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 realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a 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 realised. 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.

(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.

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:

Includes general corporate income and expense items which are neither attributable nor allocable to any business segment.

Segment Revenue and Expenses:

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as Segment Expenses.

Segment Assets and Liabilities:

Segment assets include all operating assets in respective segments comprising of net fixed assets and current assets, loans and advances. Segment liabilities include operating liabilities and provisions.

(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. 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 recognised when an enterprise has a present obligation as a result of past event; it is probable

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Schedule 19 (contd.)

that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(p) 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. 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.

4. Related Parties:

	Continuing Operations				Consolidated	
	Television		Motion Pictures		Total	
	2011	2010	2011	2010	2011	2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
REVENUE						
External sales	1,064,902,057	1,516,313,703	175,187,347	299,736,068	1,240,089,404	1,816,049,771
Inter-segment sales	-	-	-	-	-	-
Total revenue	1,064,902,057	1,516,313,703	175,187,347	299,736,068	1,240,089,404	1,816,049,771
RESULT						
Segment result	16,732,830	198,635,131	42,322,416	(54,534,204)	59,055,246	144,100,927
Unallocated corporate expenses (net of other income)					(61,102,023)	(74,133,082)
Operating profit					(2,046,777)	69,967,845
Interest expenses					(121,854,494)	(127,602,460)
Interest income					129,735,305	194,132,416
Income taxes					(5,297,165)	(47,177,659)
Profit from ordinary activities					536,869	89,320,142
Extraordinary item, net					-	-
Net profit					536,869	89,320,142
OTHER INFORMATION						
Segment assets	253,522,298	846,140,474	843,632,164	770,746,587	1,097,154,462	1,616,887,061
Unallocated corporate assets					2,782,832,912	2,739,946,576
Total assets					3,879,987,374	4,356,833,637
Segment liabilities	(435,705,034)	(441,767,750)	(1,782,626)	(119,512,272)	(437,487,660)	(561,280,022)
Unallocated corporate liabilities					(566,520,909)	(920,111,679)
Total liabilities					(1,004,008,569)	(1,481,391,701)
Capital expenditures					15,250	3,777,753
Depreciation					2,875,148	2,548,204
Other non-cash expenses					245,000	1,372,875
Other non-cash expenses					1,372,875	16,312,500

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

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Schedule 19 (contd.)

(a)	Related parties where control exists irrespective of whether transactions have occurred or not :- Major shareholders having control over the company	Shri Subrata Roy Sahara
(b)	Enterprise owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Company	• Sahara India Commercial Corporation Ltd. • Sahara Hospitality Ltd. • Aamby Valley Ltd. • Sahara India, partnership firm • Sahara India Mass Communication, partnership firm • Geon Studios Pvt. Ltd. • Sahara India Financial Corporation Ltd. • Sahara Sanchar Ltd.
(c)	Key Management Personnel Manager CEO–Television Content Production COO COO – Motion Picture Chief Financial Officer	Shri Suresh Mishra Shri Avinash Kaul (till August 16, 2010) Shri Sanjay Chitale (till November 30, 2009) Shri Deepak Segal (from December 01, 2009) Shri Sanjay Garg

The following other transactions were carried out with related parties mentioned in (b) & (c) above

	Key Management Personnel	
	2010-2011 (Rs.)	2009-2010 (Rs.)
Employee benefits paid		
Mr. Suresh Mishra	4,629,349	4,188,934
Mr. Avinash Kaul	7,493,164	5,118,030
Mr. Sanjay Chitale	-	9,515,182
Mr. Deepak Segal	10,931,834	3,011,711
Mr. Sanjay Garg	3,054,557	3,974,698

	Enterprise owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Company	
	2010-2011 (Rs.)	2009-2010 (Rs.)
Turnover		
Sahara India Commercial Corporation Ltd.	1,123,969,441	1,284,384,188
Rent paid		
Sahara India Commercial Corporation Ltd.	272,010	272,016
Miscellaneous Income		
Sahara India Commercial Corporation Ltd.	41,749,150	-
Sahara India Financial Corporation Ltd.	265,395	-
Interest on advances		
Sahara India Mass Communication	-	133,575,657
Operating and other expenses		
Sahara India Commercial Corporation Ltd.	4,930,714	4,813,475
Sahara India	-	17,620

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Schedule 19 (contd.)

Sahara India Mass Communication	18,473	-
Content cost		
Sahara India Commercial Corporation Ltd.	-	60,699,063
Operating and other expenses		
Sahara Hospitality Ltd.	628,741	365,646
Aamby Valley Ltd.	279,745	-
Advance given/ transferred		
Aamby Valley Ltd.	50,000,000	42,500,000
Geon Studios Pvt. Ltd.	2,100,000	5,860,000
Sahara India Commercial Corporation Ltd.	199,048,350	178,089,593
Advance taken		
Sahara India Commercial Corporation Ltd.	-	300,000,000
Aamby Valley Ltd.	-	10,000,000
Advance repaid by the Company		
Sahara India Commercial Corporation Ltd.	-	300,000,000
Aamby Valley Ltd.	10,000,000	-
Advance repaid to the Company		
Geon Studios Pvt. Ltd.	7,960,000	-
Aamby Valley Ltd.	50,000,000	42,500,000
Sahara India Commercial Corporation Ltd.	-	-
Guarantees given		
Sahara Sanchar Ltd.	-	525,000,000
Balance outstanding as at the year end		
Sundry Debtors		
Sahara India Commercial Corporation Ltd.	-	265,171,707
Sundry Creditors		
Sahara India Commercial Corporation Ltd.	169,919,895	-
Sahara India	43,765,694	37,510,290
Sahara Hospitality Ltd.	80,239	126,570
Aamby Valley Ltd.	-	10,004,000
Advances recoverable		
Sahara India Mass Communication	67,510	85,983
Geon Studios Pvt. Ltd.	-	5,860,000
Guarantees outstanding		
Sahara Sanchar Ltd.	525,000,000	525,000,000

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Schedule 19 (contd.)

5. Leases:

The Company has taken the office premises on an operating lease from Sahara India Commercial Corporation Ltd. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

Operating Lease:

	2010-2011 (Rs.)	2009-2010 (Rs.)
Lease payment recognised during the year	272,010	272,016

Particulars	Minimum Future Lease Rentals			
	Due within Next One year 2010-2011 (2009-2010)	Due later than one year not later than five years 2010-2011 (2009-2010)	Due after five years 2010-2011 (2009-2010)	Amount recognised during the year 2010-2011 (2009-2010)
Office premises	— (—)	— (—)	— (—)	— (—)

6. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for are
Rs. Nil (2009-2010: Rs. Nil)

7. Contingent Liabilities not provided for:

Particulars	As at March 31, 2011 (Rs.)	As at March 31, 2010 (Rs.)
a) Guarantees and Counter guarantees given by the Company :- Against loan availed by Sahara Sanchar Limited from a bank. Loan availed as at 31-3-2011 Rs.215,402,344 (31-3-2010: Rs.310,402,762).	525,000,000	525,000,000
b) Income Tax of Rs. 101,816,371 in respect of Assessment Years 2000-01, 2002-03, 2004-05, 2005-06, 2006-07 and 2007-08 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	101,816,371	99,951,580
c) Custom case pending at Tribunal in respect of financial year 2008-09.	410,000	555,000

8. 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 summaries the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Schedule 19 (contd.)

Profit and Loss account

Net employee benefit expense (recognised in Employee Cost)

Rs.

	Gratuity	Gratuity
	2011	2010
Current service cost	466,861	423,572
Interest cost on benefit obligation	241,591	199,281
Expected return on plan assets	(236,109)	(208,183)
Net actuarial(gain) / loss recognised in the year	20,241	(178,768)
Past service cost	Nil	Nil
Net benefit expense	492,584	235,902
Actual return on plan assets	249,226	240,897

Balance sheet

Details of Provision for gratuity

	Gratuity	Gratuity
	2011	2010
Defined benefit obligation	3,359,270	2,680,496
Fair value of plan assets	3,062,044	2,840,680
Less: Unrecognised past service cost	Nil	Nil
Net asset/(liability) recognised in balance sheet	(297,226)	160,184

The plan assets comprises of 27.26% (previous year 26.20%) investments in Government of India Securities, 71.60% (previous year 73.58%) investments in high quality corporate bonds and 1.14% (previous year Nil) in Fixed Deposits with Bank.

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

	Gratuity	Gratuity
	2011	2010
Opening defined benefit obligation	2,680,496	2,301,517
Interest cost	241,591	199,281
Current service cost	466,861	423,572
Benefits paid	(63,036)	(97,820)
Actuarial Losses/(Gains) on defined benefit obligation	33,358	(146,054)
Closing defined benefit obligation	3,359,270	2,680,496

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

	Gratuity	Gratuity
	2011	2010
Opening fair value of plan assets	2,840,680	2,363,903
Expected return on plan assets	236,109	208,183
Contributions by employer	35,174	333,700
Benefits paid	(63,036)	(97,820)
Actuarial Gain on plan assets	13,117	32,714
Closing fair value of plan assets	3,062,044	2,840,680

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Company' plans are shown below:

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Schedule 19 (contd.)

	2011	2010
	%	%
Discount rate	7.5	7.5
Expected rate of return on assets	8.0	8.0

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

The Company expects to contribute Rs. 360,000 to gratuity in next year (Previous year Rs. 367,000).

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 periods are as follows:

	Gratuity			
	2011	2010	2009	2008
Defined benefit obligation	3,359,270	2,680,496	2,301,517	1,706,315
Plan assets	3,062,044	2,840,680	2,363,903	1,988,244
Surplus / (deficit)	(297,226)	160,184	62,386	281,929
Experience adjustments on plan liabilities	33,000	(147,000)	251,000	731,000
Experience adjustments on plan assets	13,000	33,000	39,000	(6,000)

Provident Fund

The Provident Fund being administered by a Trust is a defined benefit scheme whereby the Company deposits an amount determined as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employees is adjusted on an annual basis to conform to the interest rate declared by the Government for the Employees Provident Fund. The Guidance Note on implementing AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB) states that provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the company's actuary has expressed his inability to reliably measure the provident fund liability. There is no deficit in the fund.

9. Unhedged Foreign Currency Exposure

Particulars	Amount in Foreign Currency 2011 (2010)	Amount in Rupees 2011 (2010)
Sundry Creditors	USD: 111,287 (USD: 115,587) EURO: Nil (EURO: 18,316.74)	5,004,136 (5,218,753) Nil (1,095,158)
Sundry Debtors	USD: 16,625 (USD: 16,625)	742,290 (750,602)
Advances	USD: 1,363,264 (USD: 1,164,369)	57,378,231 (48,378,231)
EEFC Bank Account	USD: 1,346 (USD: 1,346)	60,122 (60,795)

10. 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 March 31, 2011. (March 31, 2010: Nil)

11. Additional information pursuant to the provisions of paragraphs 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 :

11.1 Quantitative Details

The Company is engaged in producing /procuring television programmes and supplying them to media companies. The production and sale of such programmes cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Schedule 19 (contd.)

11.2 Managerial Remuneration

	2010-2011 (Rs.)	2009-2010 (Rs.)
Salaries	3,893,349	3,675,717
Perquisites	709,600	126,817
Contribution to Provident fund	26,400	26,400
Total	4,629,349	4,188,934

Note: - As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

11.3 Value of imports calculated on CIF basis

	2010-2011 (Rs.)	2009-2010 (Rs.)
Content Costs	19,307,838	20,000,775
Total	19,307,838	20,000,775

11.4 Export of goods calculated on F.O.B. basis

	2010-2011 (Rs.)	2009-2010 (Rs.)
Turnover	5,249,230	9,454,940
Total	5,249,230	9,454,940

11.5 Expenditure in Foreign Currency (Accrual Basis)

	2010-2011 (Rs.)	2009-2010 (Rs.)
Operating and other expenses	1,653,500	2,622,272
Total	1,653,500	2,622,272

12. Earnings per share are calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period as under:

	2010-2011 (Rs.)	2009-2010 (Rs.)
Net profit (loss) for the year	536,869	89,320,143
Weighted average number of equity shares outstanding during the year	21,525,000	21,525,000
Basic / Diluted Earnings per share	0.02	4.15
Nominal value per share	10.00	10.00

13. During the current year, the Company has 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 has obtained a legal opinion 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 transaction.

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

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

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

per **Govind Ahuja**
Partner
Membership No.48966
Mumbai: May 27, 2011

Swapna Roy
Director

Suresh Mishra
Manager
(Asst. Director)

O. P. Srivastava
Director

Sanjay Garg
Chief Financial Officer

R. S. Dubey
Group Head (Finance)

S.C. Tiwari
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	March 31, 2011		March 31, 2010	
	Rupees	Rupees	Rupees	Rupees
A. Cash flow from operating activities				
Net profit before taxation		5,834,034		136,497,802
Adjustment for :				
Depreciation	2,875,148		2,548,204	
Foreign exchange (gain) / loss	2,233		(191,012)	
Exchange differences on Cash held in foreign currency	673		7,809	
Interest income	(129,735,305)		(194,132,416)	
Dividend income	(1,035,756)		(809,314)	
Loss on sale of shares	-		1,372,875	
Investment written off	245,000		-	
Loss on disposal of fixed Assets	-		26,990	
Provision for doubtful advances	-		344,234	
Provision for doubtful debts	-		23,547,187	
Credit balances written back	-		(11,339,218)	
Interest Expenses	121,854,494		127,411,718	
		(5,793,513)		(51,212,943)
Operating profit before working capital changes		40,521		85,284,859
Movements in Working Capital :				
Decrease in inventories	232,900,199		24,542,144	
Decrease / (Increase) in sundry debtors	255,607,611		(252,098,348)	
Decrease in loans and advances	55,485,019		1,624,104,753	
Increase / (Decrease) in current liabilities	(23,403,978)		(214,181,627)	
Increase / (Decrease) in provisions	675,560		(2,180,719)	
		521,264,411		1,180,186,203
Cash generated from operations		521,304,932		1,265,471,062
Direct Taxes paid		(19,303,911)		(75,185,942)
Net cash from operating activities		502,001,021		1,190,285,120
B. Cash flows from investing activities				
Purchase of Investments	(1,035,756)		(809,314)	
Sale of Investments	-		7,177,126	
Purchase of Fixed Assets	(15,250)		(3,777,753)	
Deposits (with maturity more than three months)	(1,000,000)		(1,850,000,000)	
Proceeds of deposits matured (with maturity more than three months)	1,840,000,000		200,000,000	
Interest Received	152,131,628		148,554,790	
Dividend Received	1,035,756		809,314	
Net cash from/ (used in) investing activities		1,991,116,378		(1,498,045,837)
C. Cash flows from financing activities				
Term loan	-		900,000,000	
Interest Paid	(129,835,208)		(118,852,378)	
Repayment of term loan	(446,674,000)		(429,170,000)	
Net cash (used in) / from financing activities		(576,509,208)		351,977,622
Net increase in cash and cash equivalents (A + B + C)		1,916,608,191		44,216,905
Cash and cash equivalents at the beginning of the year		142,800,883		98,591,787
Cash and cash equivalents at the end of the year		2,059,409,074		142,808,692
Components of cash and cash equivalents				
Cash on hand		269,897		101,006
With banks -				
on current account	57,190,006		77,255,400	
on deposit account	2,002,948,498	2,060,138,504	1,905,444,477	1,982,699,877
Cash and Bank Balances as per schedule 10		2,060,408,401		1,982,800,883
Less - Fixed deposits not considered as cash equivalents as having maturity of more than three months		(1,000,000)		(1,840,000,000)
Cash and cash equivalents in Cash Flow Statement		2,059,408,401		142,800,883
Less - Effect of exchange differences on Cash and Cash Equivalents held in foreign currency		(673)		(7,809)
Cash and cash equivalents in Cash Flow Statement		2,059,409,074		142,808,692

Notes :

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on "Cash Flow Statements" notified by Companies (Accounting Standards) Rules, 2006 (as amended).
- Previous years' figures have been regrouped/ rearranged to confirm with current years' classification.

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

per **Govind Ahuja**
Partner
Membership No.48966
Mumbai: May 27, 2011

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

Swapna Roy
Director

Suresh Mishra
Manager
(Asst. Director)

O. P. Srivastava
Director

Sanjay Garg
Chief Financial Officer

R. S. Dubey
Group Head (Finance)

S.C. Tiwari
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional Information pursuant to Part IV of Schedule VI to The Companies Act, 1956, of India

I Registration Details

State Code

Registration No.

Balance Sheet Date
Date Month Year

II Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue

Right Issue

Bonus Issue

Private Placement

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities (including Shareholders' Funds)

Total Assets

Sources of Funds
Paid up Capital

Reserves and Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

(Please tick appropriate box + for Positive, - for Negative)

+ - Net Current Assets
☒☐

Deferred Tax Assets

Accumulated Losses

IV Performance of Company (Amount in Rs. Thousands)

Income

Total Expenditure

(Please tick appropriate box + for Positive, - for Negative)

+ - Profit / Loss Before Tax
☒☐

+ - Profit / Loss After Tax
☒☐

+ - Earnings per Share in Rs.
☒☐

+ - Dividend Rate %
☒☐

V Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)

Production Description

Television Software (including News and Motion Picture Films)



FIRANGI



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