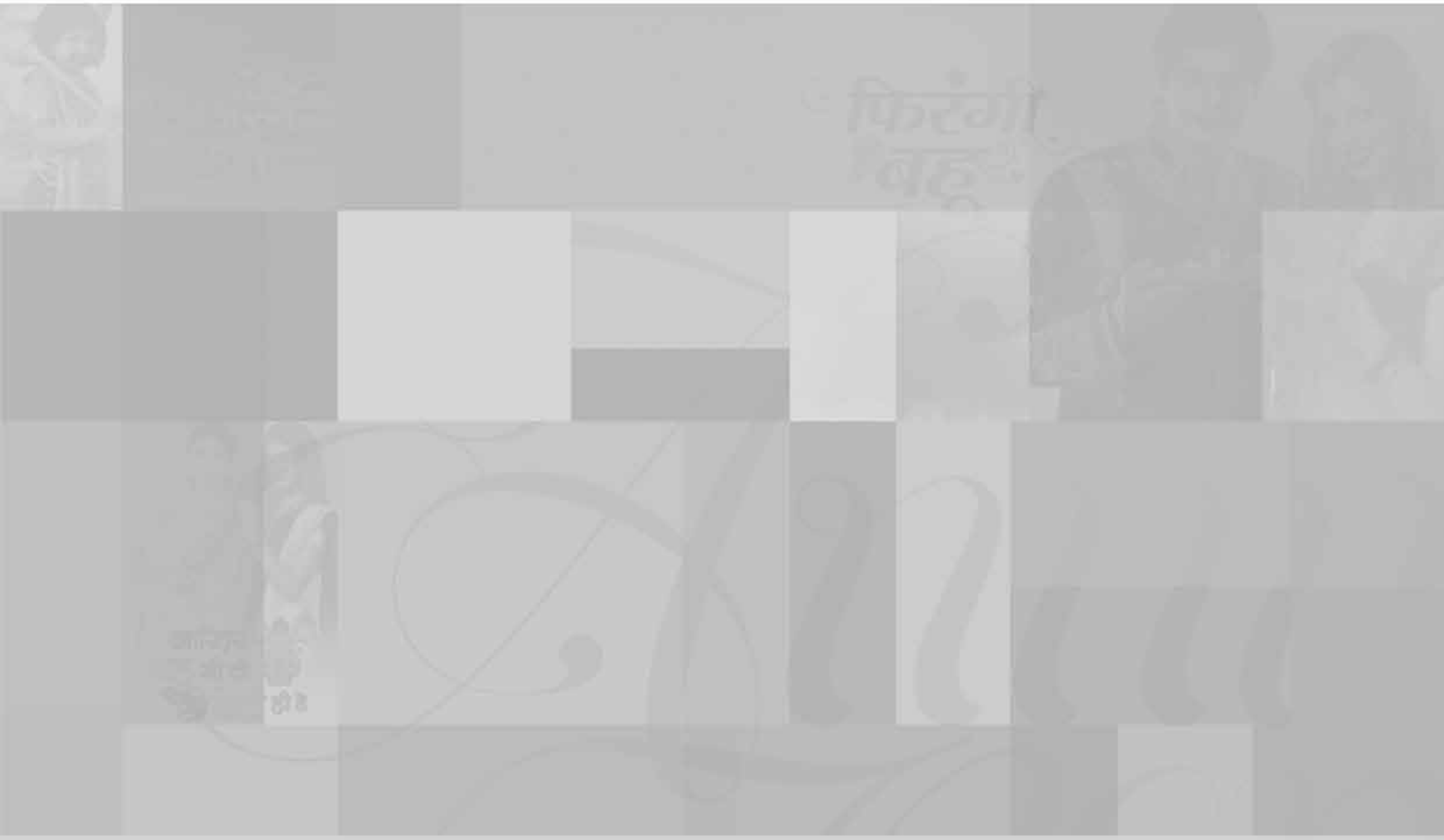
Annual Report

2013-2014

SAHARA ONE MEDIA AND ENTERTAINMENT LIMITED

SAHARA ONE FILMY FIRANGI World Ki Best Kahaniyan SAHARA Motion Pictures



BOARD OF DIRECTORS	Shri Subrata Roy Sahara - CHAIRMAN Shri Boney Surinder Kapoor Shri Om Prakash Srivastava Shri Ranvir Singh Rathore Shri Brijendra Sahay Shri Jagdish Narain Roy
MANAGER AND PRINCIPAL OFFICER	Shri Suresh Mishra
COMPANY SECRETARY	Shri S. C. Tiwari
CHIEF FINANCIAL OFFICER	Shri Sanjay Garg
STATUTORY AUDITORS	M/s D.S. Shukla & Company CHARTERED ACCOUNTANTS
INTERNAL AUDITORS	M/s Chaturvedi & Co. CHARTERED ACCOUNTANTS

BANKERS	The ICICI Bank Limited IDBI Bank Limited Punjab National Bank ING Vysya Bank
REGISTERED OFFICE	Sahara India Point, CTS 40 - 44, S.V. Road, Goregaon (West), Mumbai-400 104
REGISTRAR & SHARE TRANSFER AGENT	M/s Link Intime India Pvt. Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078
BRANCH / DIVISION / UNITS	Sahara India Bhawan, 1, Kapoorthala Complex, Lucknow -226 024 Sahara India Complex, C-2, C-3 & C-4, Sector XI, Noida, U.P.- 201 301

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Thirty Third Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2014.

FINANCIAL / OPERATIONAL RESULTS

(Rs. in Millions)

FOR THE YEAR ENDED	31st March 2014	31st March 2013
Total income	1014.26	1425.84
Total expenses	986.21	1347.49
Profit Before tax	28.05	78.35
Provision for taxation (Current, Deferred, earlier year tax and others)	9.22	25.43
Prior Period income/ (expenses)	0.98	-
Surplus after tax and extraordinary items for the Year	17.84	52.92
Surplus carried to the Balance Sheet	644.45	626.60

During the year under review, the company earned Net Profit after tax of Rs. 178.45 lacs as against profit of Rs. 529.20 lacs during last fiscal 2012-2013. The aforesaid decrease in profit occurred mainly due to substantial fall of about 32.17% in Income from Operations to Rs. 9,138.72 lacs as compared to Rs. 13,473.60 lacs during the previous financial year 2012-2013.

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 2013- 2014.

CAPITAL ISSUE

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

SAHARA ONE

Sahara One is Sahara One Media & Entertainment Limited's flagship brand in the GEC space in India and is a 24-hour Hindi entertainment channel. It offers its viewers a colorful and vast spectrum of emotions through its wide range of programming. We believe, Sahara TV is dedicated to promoting 'Cohesive viewing', through programmes like 'Jai Jai Jai Bajrangbali', 'Jhilmil Sitaron Ka Aangan Hoga', 'Rishton Ke Bhanwar Mein Uljhi… Niyati- season 2', 'Ghar Aaja Pardesi', 'Haunted Nights', 'Piya Ka Ghar' & 'Tujh Sang Preet Lagayi Sajna', we launched 2 new shows 'Akhir Bahu Bhu Toh Beti Hi Hai' & 'Firangi Bahu'.

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

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

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

Akhir Bahu Bhi Toh Beti Hi Hai - LAUNCH DATE - 30/09/2013:

The interaction between a mother in law and daughter in law has changed considerably. This leads them to have a difference of opinion that has to be negotiated with great sensitivity and patience. This show weaved all this into a story that had not just entertainment value, but had also started a lively debate. This show was made for viewers to look forward to a dynamic story line, characters and situations that they can relate to.

FIRANGI BAHU - LAUNCH DATE - 11/11/2013:

This show was about the journey of a British girl, Camili Jonathan, who marries into the conservative Desai family in Rajkot, Gujarat. The story starts with Pranay Desai (Rohit Bhardwaj), the youngest son of the Desai family, who is in London for higher studies and meets Camili Jonathan (Sippora).

Slowly through her eyes, Pranay begins to see India, his own country, in a new light. He begins to admire things that he had overlooked over the years, despite being an Indian himself. In the process, Pranay falls in love with Camili's simple lifestyle and her perspective of India.

MASAKALI - LAUNCH DATE - 31/03/2014:

This is the story of an unconventional girl "Chandani" who believes in Freedom of Speech and she also believes in fighting for the right. She is a happy go lucky, broad minded girl who has her own way of tackling any issue. She is witty and smart and speaks her mind which is always mistaken by the society as well as her chacha chachi as a bold, characterless approach. They keep telling her but she is firm in her approach which is only understood by her bua who has played a role more than her mother. The only person who Chandani is scared and also loves a lot is her father who is unlike her and very conservative and traditional in his approach. Chandani's father plans to get Chandani married with a well educated guy Shekhar who believes that he wants to know Chandani first and then may decide the future about their relationship.

PHIR JEENE KI TAMANNA HAI – LAUNCH DATE - 31/03/2014:

'Phir Jeene Ki Tamanna Hai' is the story of a girl Devyani who breaks the idea of the typical Indian woman who is considered only to be a good household worker. She is an aspiring Fashion designer who has completed her studies as well as looks forward to become a name in the same stream. She is a complete package of well behaved Sanskaari Girl who is also career oriented and can balance both the worlds well.

WAY FORWARD - SAHARA ONE 2014:

KISMAT CONNECTION - SUNDEEP KOACHAR KE SAATH - LAUNCH DATE: 07/04/2014:

'Kismat Connection' is the first Indian astrological fiction show based on real life stories. This show will not only educate people about astrology but also erase the superstitions related to Astrological norms that currently exist. Astrology in India has many versions varying according to different regions, being a diversified country. Hence, we bring you the very well known Astrologer 'Sundeep Koachar' who will host this show as well as change the definition of Astrology which is more like a science than a superstition. He will orate the meaning of Astrology as a science which if read in the right way can depict the reasons for happenings in an individual's life and how it can be a way of life if accepted the way it actually is. The format of the show would be five episodes that would denote one story. And every week there would be new incidents and new dimensions of astrology that will be explored in the show.

NEW PACKAGING AND CONTENT REVISED:

Sahara One will be seeing a total revamp as far as the look is concerned from the 7th of July. The entire packaging and color combination has been revised except for the significant logo. Shows are going through a dramatic content change to keep the viewers hooked and in future new improved good quality shows are planned.

FILMY

The group is committed towards family entertainment in Bollywood cinema space. Filmy continues to fascinate the film buffs of India with variety of films library ranging from comedy, romance, action, and thrillers, romantic and patriotic films.

The coming year will see some changes in the packaging of the channel. Besides this we also plan to launch new interstitials to help our viewers relish the taste of world class entertainment content in films genre. Our library includes famous films like Ragini MMS, Gair, Devdas, Indra-The Tiger, Darna Jaruri Hai , Mangal Pandey , Kabhi Haan Kabhi Na , Dum Maro Dum , Shadi Number1, Tum Mile and many more ...way forward

Wake up Sid, Musafir, Ek Duje Ke Liye, Kaminey, Jodha Akbar, Delhi 6, Dil Chata Hai, and many more.

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

FIRANGI

The channel was launched on DD Direct (Doordarshan DTH Service) and select private DTH services, making it available to newer viewers on an all India basis. The channel offers dubbed international shows and dubbed world movies at present. The channel is in the process of transformation- it will be a free to air channel in the GEC genre available on analog cable.

Bollywood music content has formidable impact on its consumers. India has gathered recent success stories in the form of television and radio content around retro music this is going to be India's first scientifically designed retro music channel that is true to its format. The channel intends to cater to retro music lovers their favorite Bollywood music 24 x 7… With almost 46% of total population of India with age 25 and above, Retro market has strong available viewers and we are planning to get their attention by giving them properly designed Retro music channel.

SAHARA MOTION PICTURES

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

The year was focused on sourcing and developing new scripts and building a better creative bank. Pre-production work started on the sequel of "No Entry " as Salman Khan's has allotted dates from mid 2014.

Films slated to release in 2014 - 2015 are:

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

During 2013-14 SMP has finished shoot of their first in-house production and currently the post production work is on and is tentatively titled 'The Loving Doll' -a horror film based on a strong relationship bond.

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

The slate of films being worked upon in 2014- 2015 are:

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

DIRECTORS

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

Shri Boney Surinder Kapoor and Shri Brijendra Sahay were re-appointed as Directors of the Company in the Annual General Meeting of the Company held on 27th September 2013 and are liable to retirement by rotation.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and article 89 of Company's Articles of Association, Shri O. P. Srivastava and Shri R. S. Rathore, Directors of the Company are retiring by rotation and are eligible for re-appointment. However as per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years and shall not be liable to retire by rotation.

Hence the Board recommends name of Shri O. P. Srivastava for re-appointment as Director of the Company in the ensuing Annual General Meeting, who will be liable to retire by rotation.

Board also recommends the name of Shri R.S.Rathore, Shri J. N. Roy and Shri Brijendra Sahay, in respect of whom a notice under section 160 has been received from Shareholders proposing their candidature as Independent Directors, for appointment for a period of five consecutive years and whose period of office shall not be liable to retire by rotation. Accordingly, resolutions proposing appointment of Independent Directors form part of the Notice of the Annual General Meeting.

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

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

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

STATUTORY AUDITORS

M/s D. S. Shukla & Co., Chartered Accountants, Mumbai, was appointed as the Statutory Auditors of the Company for the financial year 2013-14 at a meeting held on 27th September 2013 who holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. However as per section 139 of the Companies Act, 2013, the Individual Statutory Auditors shall be appointed for one term of five years and Firm of Auditors shall be appointed two terms of five years each subject to ratification at every Annual General Meeting. Hence Board recommends the name of M/s D. S. Shukla & Co., Chartered Accountants, Mumbai for appointment as Statutory Auditors for a period of Four year commencing from the date of this Annual General Meeting and upto the Conclusion of 37th Annual General Meeting of the company.

AUDITORS' REPORT

M/s D. S. Shukla & Co., Statutory Auditors, submitted their Audit Report for the Financial Year 2013-2014 which was self explanatory and contained no major observation.

PUBLIC DEPOSITS

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

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

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

Foreign Currency Earnings (Accrual Basis) - Rs. 8,381,802/-
Foreign Currency Expenditures (Accrual Basis) - Rs. 246,733/-

PERSONNEL

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

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

ACKNOWLEDGEMENTS

Employees are our vital and most valuable assets. Your Directors value the professionalism and commitment of all employees of the Company and place on record their appreciation of the contribution made by employees of the Company at all levels that has contributed to your Company's success and enabled it to remain at the forefront of the media and entertainment business. Your Directors thank and express their gratitude for the support and co-operation received from the Central and State Governments / regulatory authorities viz. the Ministry of Information & Broadcasting, the Department of Telecommunication, Ministry of Corporate Affairs, RBI, SEBI, Foreign Investment Promotion Board, the Stock Exchanges and Depositories and other stakeholders including viewers, producers and vendors.

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

Sd/-	Sd/-
O. P. Srivastava	Boney Kapoor
(Director)	(Director)
Place: Delhi & NCR	
Date: 11th August, 2014	

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 employees	Qualifications	Experience (years)	Date of Joining	Date of Resignation	Age	Last Company	Total Remuneration (Per Month Rs.)	Total Remuneration (Rs.) (2013-14)
Shri. Suresh Mishra	Asst. Director Worker	Dealing with business activities	M. Com, MPA	23	1-Jul-91	N.A.	44	–	545628	6518613
Shri. Rajeev Berry	Head - Marketing & Revenue	Dealing with business activities	B.A., PG (PR & ADV)	23	11-Feb-13	31-Mar-14	46	GroupM	504000	6048000
Shri. Arpit Agarwal	Business Head - Sahara One Television	Dealing with business activities	Class X	18	29-Dec-11	31-Mar-14	42	Fremantle India Television Production Pvt. Ltd.	582584	6991008

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

CERTIFICATION ON FINANCIAL STATEMENT OF THE COMPANY

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

a) We have reviewed financial statements and the cash flow statement for the year ended on 31st March, 2014 and that to the best of our knowledge and belief:

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

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

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

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

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

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

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

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

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

Place: Delhi & NCR
Date: 11th day of August, 2014

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

An overview

Sahara One Media and Entertainment Limited (BSE Code: 503691) is engaged in sale of television programmes and motion pictures production and distribution. The Television business operates in three television channels namely: SAHARA ONE which is a General Entertainment Channel (GEC), FILMY which is a Hindi movie channel and FIRANGI which offers dubbed international shows and movies is proposed to be changed to a new channel named 'Hitz Music' which will be a retro music channel.

INDUSTRY STRUCTURE, DEVELOPMENT AND FUTURE OUTLOOK:

2014 is a landmark year for India. An election year that is likely to set the direction of the country going forward and determine whether we resume our journey towards our aspirations.

The Media and Entertainment Industry in India is a big part of sparking this ambition, widening horizons, and helping transform lives. The more we, as industry players, can enable the growth of this industry, the more people across the country can be made aware of issues, be educated and entertained, see how other parts of the country and world are and connect with others.

Today, India's M&E industry reaches millions of people. 161 million TV households, 94,067 newspapers (12,511 dailies), close to 2000 multiplexes, 214 million internet users out of which 130 million are mobile internet users –all these are platforms that could drive change and be transformational catalysts.

KEY TRENDS AND THEMES FOR GROWTH:

Digitisation:

The phased progress in digitisation has been the stepping stone for the industry's growth and success, thereby bringing about a paradigm shift in key indicators, particularly within the domains of TV and film sectors. The Ministry of Information and Broadcasting (MIB) introduced several initiatives with a view to harness the power of technology and create a framework to drive growth in the existing broadcasting landscape in India. With phases one (top four cities in the country) and two (the next 38 cities) nearly complete, the industry is now committed to complete phase three (all remaining urban areas) of digitisation of TV signals' transmission by the end of this year. Successful completion of the digitisation process will result in the complete closure of analogue transmission and could act as an enabler to add value and to increase profits at each level in the value chain.

Increasing HD Channels

Increasing digitalization and need for differentiation coupled with penetration of LCD and LED screens would propel more channels to launch HD feeds. 2013 saw launch of many HD specific channels targeted specifically urban audiences. The competition amongst broadcasters is expected to increase further with Government approving some more licenses for launch of new channels or re launch of existing channels in HD.

Continued growth in Regional Media: Regional media in India has demonstrated strong growth over last few years and continues to have a positive outlook. Given the size and diversity of the Indian market, media owners and advertisers are increasingly adding a regional element to their strategies. As a result, regional markets have grown in size and importance. The key drivers of growth in the regional media space continue to be a better cultural fit for regional content, focus on socio- political issues related to particular regions and stronger engagement with customers in contrast to national Hindi programming.

Social media: India is a rather young country with a median age of 24, and 31 percent of population in the 0-14 age group. This presents a significant opportunity for social media platforms with opportunity to attract additional users onto their platforms. Further, mobile is increasingly becoming an important medium for social media platforms.

The need for youth to stay socially connected through media Social has become one of the most effective and influential mediums today, with an increase of over 37 per cent in the user base in 2013. Though India is lagging behind the global average of social media user penetration, it is expected to grow rapidly thanks to social media applications on smart phones.

Growing contribution of live events in M&E industry

As India builds larger venues to accommodate world class events and the appetite for live events grows, this sector will increasingly grow in size and impact. Still extremely fragmented, the sector has shown signs of maturity and scale has been achieved by a few players in the industry. Coming on the back of the slowing economy from 2008 to 2012, 2013 was sluggish in terms of live events and recorded a growth of less than 10 per cent over the previous year.

Necessity of regulatory support

To achieve its vast potential, the Indian M&E industry needs a well thought through, consistent and long term policy from the Government. In the past few years, Indian M&E players have amended their business models, business strategies and content strategies according to consumption habits of users, ever changing competitive landscape and rules and regulations of the Ministry of Information and Broadcasting (MIB), TRAI and other related bodies. In many cases, the regulatory agencies have had a positive impact on the industry – the biggest example being the digitisation of cable TV in the country which was mandated by the government to be rolled out in a phased manner. The media industry agrees that it couldn't have achieved this nationwide change without the support of the government.

KEY AREAS TO BE FOCUSED ON FOR GROWTH

➢ **Development in terms of quality and quantity:**

The demand drivers clearly point toward a requirement for substantial manpower both in terms of quantity and quality. For a sector that is still evolving, the challenge to get a skilled workforce commensurate with growth is immense. Industry players are yet to fully recognize the importance of training, skill development or education in media. The students trained in a media course industry continues to hire general stream graduate students at the entry level who are expected to learn on the job.

There is clearly a gap in the number of quality institutions, given India's size and the concentration of education institutions in tier-I cities. A lot of production houses in television, films, animation and news, in both print and broadcast, have in-house training schools but they lead to creation of a captive talent pool and do not benefit the industry at large.

➢ **Content Management:**

The Internet has forced M&E content creators to reengineer content-related processes. New content types require newer content management capabilities. Designing the 'next best product' can be done through implementing analytics solutions on past data. Search and browse requirements need metadata tagging and SEO.

➢ **Distribution Channel:**

The emerging digital world requires new methods of distributing content. Identifying the optimum distribution channel mix is expected to reduce a lot of operational expenditure for the media and entertainment organisation. With the advent of kindle and smart phones, 'any content on any device at any time' becomes the expectation. Providing an active role for the readers in defining their products could decide the success rate of the distribution channel.

FILMS:

The film industry recorded a double digit growth, although slower than in 2012, with multiple movies scoring big on box office collections. Approximately 90-95 per cent movie screens are now digitised in the country, with a shift in focus to tier II and III cities. Going forward, multiplex growth is expected to slow down, in line with the overall delays and future expectations for retail sector and commercial real estate development, impacting box office growth in the short term.

Films had slower growth in 2013, than in 2012 and returned to the mean as far as growth rates go. Multiplex expansion, ticket prices growth and the expansion of digital screens are all likely to slow down in the near term – challenging the industry to find new avenues to maintain momentum. However, India is a heavily under-screened country and the macro story for the film industry remains strong.

`The big hope for the future of the M&E industry continues to be digital. With a fast growing internet user base of over 200 million internet users, the potential of the industry to enhance engagement with customers and generate revenue from digital media is indeed vast. 2013 saw a few tipping points for digital; the telecom companies began to focus on data as a revenue driver, as contribution from voice slowed, and the advertising agencies began a furious competition to acquire digital and social media boutiques. All of these point to a bright future for this sector. This year we also cover several new interesting aspects of the M&E sector. Over the years, live events has been emerging as a robust category. Last year saw Indian audiences flocking to shows by international DJs, musicians and comedians. IP driven shows also show record viewership and attendance. Live events have become a major source of revenue for artistes and a credible avenue for sponsors. Several companies in this space are heading towards critical mass and are poised to take the sector forward.

Movies play a more dominant role in the content mix on South Indian regional GECs than on Hindi GECs. Apart from showing movies, comedy clips and music from movies also comprise a significant component of the content mix. The Music genre occupied a 3.646 per cent viewer ship share in CS 4+ All India in 2013.

So our Company planned to launch a new music Channel named Hitz Music. The Music genre has benefited from digitisation with increased shelf space for music channels driving penetration in untapped markets. Regional and youth music consumption have emerged as attractive avenues for players in the genre. Channels are attempting to create an identity for themselves through innovation in content and packaging and enhanced consumer engagement via digital media in order to break free from the cluttered music space.

Consumption of TV content on screens other than the television, such as PCs, mobile phones and tablets is a growing phenomenon. Online video viewership has witnessed significant traction in India, with 6054 million people having watched online videos on their PCs, a growth of 1654 per cent between December 2012 and December 2013, indicating the growth potential for online viewership of TV in India. Further growth in online consumption of TV content is dependent on developments across different aspects of the ecosystem – content, platforms, devices, data services and payment mechanisms. Broadcasters are looking at various options to make their content available to users on multiple screens, including You Tube.

KEY ELEMENTS FOR GROWTH

(i) New shows to sustain in competitive Industry:

The launch of new shows across network channels and current series rights of programs has helped the channel to sustain in the competitive industry and grew its dominance. The Company aims to further enhance the market share through a planned content line up and launch of new shows.

(ii) Concentrate on additional revenues from digital pay platforms:

India is a fast digitising market and the consumer shift towards digital services is exhibited through the rampant expansion of digital homes. Digital homes now account for almost half of the total Pay TV homes in the Country.

(iii) Rationalize on costs across different heads:

The company has always believed that higher spends will not necessarily result in sustained incremental viewership. Even in the wake of competition, the network maintained its cost structures, though with increased competition our costs also moved up. Better negotiations with suppliers and stricter control on distribution spends will help in further keeping costs under check.

(iv) Corporate Governance:

Sahara one media and entertainment firmly believes that good governance is critical to sustaining corporate development, increasing productivity and competitiveness and creating shareholder wealth. The governance process should ensure that the available resources are utilised in a manner that meets the aspirations of all its stakeholders. Your Company's essential charter is shaped by the objectives of transparency, professionalism and accountability. The Company continuously endeavours to improve on these aspects on an ongoing basis. While the increasing emphasis on transparency and accountability, standards have been set by various governing bodies on disclosure as well as judiciousness in conduct. Our Company has always tried to go a step further in this direction.

KEY CHALLENGES

➢ **Competition from other players:**

The Company operates in highly competitive environment that is subject to innovations, changes and varying levels of resources available to each player in each segment of business.

➢ **Ever changing trends in Media sector:**

It may not be possible to consistently predict changing audience tastes. People's tastes vary quite rapidly along with the trends and environment they live in. This makes it virtually impossible to predict whether a particular show or serial would do well or not. With the kind of investments made in ventures, repeated failures would have an adverse impact on the bottom line of the Company.

➢ **Cost of programming mix might affect its bottom line:**

The urge to compete and provide the best content to viewers, company would have to incur high expenditure to provide an impetus on its programming front from time to time. The increase in costs might not necessarily perk up its revenues in the same proportion.

➢ **Investments in new channels:**
The Company may from time to time launch new channels. Content for these channels is obtained from its existing library as well as from programmes acquired in the normal course of its business.

➢ **Macroeconomic environment:**
Macroeconomic environment can be a potential source of risk. Moderating growth, along with high inflation, can adversely impact advertising revenues of the Company, which forms the largest component of the Company's revenues.

➢ **Slowdown in DTH/Digital rollout:**
The uptake of pay digital services by subscribers has been a very encouraging sign for all broadcasters. Internationally most broadcasters derive a greater share of their revenues from the subscription revenues whereas in India the under-declaration in the analogue cable system has led to broadcasters being more dependent on advertising revenues, which tend to be cyclical in nature and more affected by the macro economic factors.

➢ **Increased competitive environment in the Hindi General Entertainment Space:**
The Hindi GEC genre is amongst the key genres for all advertisers and hence is most lucrative to all the TV broadcasters. Any new competition in the space can have an impact on the Company's revenues.

➢ The success of any new channel depends on various factors, including the quality of programming, price, extent of marketing, competition etc. There can be no assurance that the Company will be as successful in launching new channels as it has been the case of its existing channels.

TELEVISION:

2013 was also the year of the regulator, whether it was capping duration of commercial time on television channels or driving ahead digitisation. The Telecom Regulatory Authority of India (TRAI) put pressure on everyone in the TV ecosystem to ensure progress of digitisation. This was apparent at every stage, that is, rolling out of digital cable set top boxes (STBs) in Phase I and II cities, pursuing MSOs to complete collection of customer application forms (CAF), introducing gross billing and rolling out channel packages.

It is estimated to bring about a further drop in the carriage fees, and drive growth in ARPUs (Average Rate Per Users), thereby increasing profitability and allowing content producers to focus on better content. In the film sector as well, digitisation has enabled better monetisation for the industry, as a single film can be distributed across thousands of screens and locations in a short period of time.

Outlook for TV Industry

Digitisation of cable saw the television industry still on the path of progress, with the mandatory Digital Access System (DAS) rollout almost complete in Phase II cities. The impact was felt to the extent that carriage fees saw a reduction of 15-20 per cent overall, however the anticipated increase in ARPUs and subscription revenues for broadcasters and MSOs (Multi System Operators) is expected to be realised only over the next 2-3 years as MSOs begin the process of becoming B2C organisations from B2B organisations. The introduction of packaging is key to raising revenue. Other key highlights in 2013 were the inclusion of LC1 (less than class I) markets in TV ratings, the 12 minute advertising cap ruling and the shift from TRP to TVT ratings.

Content production

- Content production industry continues to be fragmented, given the low barriers to entry and highly creative nature of the industry
- In general, production costs continued to increase, not only linked to inflation but also to improvement in production quality. Increased competition has also led to higher investments in production quality.
- Digitisation is expected to create significant opportunities for growth for content providers, including improvement in content quality, localised content and niche channels.
- Increasingly, content producers are recognising the need for owning intellectual property (IP) rights for content so as to be able to monetise it better. IP rights also provide a barrier to entry in an extremely fragmented industry with several small players.

Broadcasting

- 2013 continued to be a challenging year for broadcasters, with a lower-than-expected advertising revenue growth driven by the weak operating environment and TRAI's 12 minute ad cap regulations.

- Among the various genres, Hindi and Regional General Entertainment Channels (GECs) performed the best in 2013 with ad spend flowing to mainstream channels considered to be safer bets in an environment of slow advertising growth.
- The long-term outlook for TV advertising remains positive and advertising revenues are expected to grow at a 13 per cent CAGR from 2013-18.
- Subscription revenues increased in 2013, partly due to higher subscription revenues from Phase I & II cities and partly due to better negotiation through consolidated channel aggregators.
- While some benefits of digitisation were seen in 2013, real benefits in terms of growth in subscription revenues and decline in carriage fees are expected to be seen over 2014 and 2015.
- In digitised areas, carriage costs appear to have declined. At the same time, TAM's increased coverage of LC1 markets has resulted in some of the carriage savings being redirected to increase reach in LC1 markets.
- Growth is expected to be driven by a sharp increase in net subscription revenues, driven by better ARPU shares and lower carriage fees.

Distribution

- Industry discussions suggest that the rollout of STBs in Phase I and Phase II cities has been completed to a large extent, except in Chennai, Coimbatore and Hyderabad. Deployment of STBs in Phase II cities was smoother than that in Phase I cities on account of learnings from Phase I experience.
- While customer verification is mostly complete in Phase I cities, the process is ongoing in Phase II cities, with varying degrees of success across different cities.
- MSOs are now focusing on updating their systems and moving subscribers to gross billing from net billing before different ARPU packages are deployed. MSOs are likely to consolidate in Phase I and II before moving their focus to Phases III & IV cities.
- While analogue subscriber churn to DTH was lower than expected, DTH has shown strong performance in ARPU growth, increasing by 12-15 per cent in 2013 driven largely by price hikes and increase in subscription of high definition (HD) channels, premium channels and value added services. Once MSOs start introducing tiering in Phase 1 and 2 markets another round of package and feature set wars is expected to occur between DTH and digital cable.
- It is important to continue the momentum and ensure that digitisation of cable in Phases III & IV gets completed, else there may be a risk that even Phase I and II cities may regress to a melange of analogue and digital cable.

KEY CHALLENGES AND RISKS:

- Lack of fresh talent pool. Creative profiles like actors and writers are mostly in short supply. This can impact not only costs but quality and differentiation as well, since most of the available talent pool is used across a range of productions. Few media schools imparting courses in creative writing or ideation leading to paucity of content creation in the television industry, where number of channels have grown exponentially.
- Most courses in media marketing and sales are not very popular with media schools and the industry often has to look to other sectors to hire manpower for these job roles. FMCG tends to be a key poaching ground for the media industry
- Budget constraints which tend to limit creativity and often hamper the possibility of exploring innovative concepts or formats

Increasing digitisation across sub-sectors of M&E industry, rate increases in TV, channel packaging by MSOs, innovative strategies to monetise digital content, rapid growth of new media powered by increasing smartphone penetration, and campaign spending during the general elections are likely to be the key levers of growth for the Indian M&E industry in 2014. A well thought out, consistent and long term outlook on regulation is also the key to create an M&E industry that is world class in scale and plays its part in transforming India.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCES

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

(SOURCES: FICCI FRAMES AND KPMG REPORT 2014)

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

(For the F.Y. ended 31.03.2014)

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

	Continuing Operations				Consolidated	
	Television		Motion Pictures		Total	
	2014	2013	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue						
External sales (net of s	913,738,054	1,321,320,473	133,660	1,527,644	913,871,714	1,322,848,117
Other income	34,548,552	29,177,434	-	-	34,548,552	29,177,434
Inter-segment sales	-	-	-	-	-	-
Total revenue	**948,286,606**	**1,350,497,907**	**133,660**	**1,527,644**	**948,420,266**	**1,352,025,551**
	Continuing Operations				Consolidated	
	Television		Motion Pictures		Total	
	2014	2013	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Results						
Segment result	80,119,531	126,170,157	(7,344,641)	(18,764,420)	72,774,890	107,405,737
Unallocated expenses					(110,153,449)	(100,198,221)
Operating profit					(37,378,560)	7,207,517
Finance costs					(408,698)	(2,671,764)
Other income including finance income					65,838,541	73,814,887
Exceptional Items					-	
Profit before tax					28,051,284	78,350,639
Income taxes					(9,223,347)	(25,430,199)
Net profit					**18,827,937**	**52,920,440**
Segment assets	1,147,447,794	829,940,051	876,336,474	861,999,199	2,023,784,268	1,691,939,250
Unallocated assets					1,296,545,749	1,612,584,745
Total assets					3,320,330,017	3,304,523,994
Segment liabilities	(324,078,183)	(342,029,314)	(213,213)	(1,138,470)	(324,291,396)	(343,167,784)
Unallocated liabilities					(51,686,561)	(34,654,377)
Total liabilities					(375,977,957)	(377,822,161)
Other segment information Capital expenditures :						
Tangible assets					29,650	66,900
Depreciation	44,576	44,576	-	-	2,008,360	2,140,846
Other non-cash expenses	-	-	-	229,897	1,759,614	786,616

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

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its stakeholders aspirations and societal expectations. Good governance practices stem from the culture and mindset of the organization and the commitment to meet the aspirations of all the stakeholders. This is demonstrated in shareholder returns, high credit ratings, governance processes and an entrepreneurial, performance focused work environment.

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

Corporate Governance is the manifestation of personal benefits and values, which configures the organizational values, benefits and actions of employees of the Company. Company is committed to be open and transparent as much as possible with respect to its internal financial reporting, control systems and decision making processes.

Corporate Governance is an integral part of the philosophy of the Company in its pursuit of excellence, growth and value creation. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal control and promotion of ethics at work place have been institutionalized. The Company recognizes that good governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all its stakeholders.

BOARD OF DIRECTORS

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

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

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

Shri Subrata Roy Sahara	Chairman, Promoter Non-Executive Director
Shri O. P. Srivastava	Promoter Non-Executive Director
Shri Boney Surinder Kapoor	Non-Promoter and 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 Bank of Rajasthan Ltd (Now ICICI Bank).
Shri Brijendra Sahay	Independent, Non-Executive Director, Former Chief Secretary to the Government of U.P.
Shri J. N. Roy	Independent Non-Executive Director, Former Commissioner of Security, Ministry of Civil Aviation, Government of India

BOARD MEETINGS AND ANNUAL GENERAL MEETING

During the F.Y. 2013-2014, Meetings of the Board of Directors of the Company were held four times on 27.05.2013, 13.08.2013, 12.11.2013 and 07.02.2014. 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 31.03.2014 are as under:

Directors	Attendance (Total 4 Board Meetings)	Attendance (32nd AGM held on 27.09.2013)	Directorship in other Companies	Number of membership in other Companies Committee(s)	Number of Chairmanship in other Companies Committee(s)
Shri Subrata Roy Sahara DIN - 00431905	00	–	18	03	01
Shri O. P. Srivastava DIN - 00144000	03	–	13	07	–
Shri Boney Surinder Kapoor DIN - 01627097	03	Yes	–	–	–
Shri R. S. Rathore DIN - 00265568	04	Yes	01	01	01

Shri Brijendra Sahay DIN - 00017600	03	Yes	03	04	–
Shri J. N. Roy DIN - 02132227	04	Yes	02	01	–

Note:

The Directorships shown above are the directorships of the Indian Companies including subsidiaries of Public Companies and Private Companies but do not include the Directorship on the Board of Section 25 Companies and foreign companies. Memberships 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's securities are listed. Agenda papers and all back up papers prepared by Company Secretary were circulated to the Board members well in advance. Chief Executive Officer, Finance head (CFO), Group Head Finance and Group Head Statutory are normally invited to the Board meeting.

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

AUDIT COMMITTEE

The Board of Directors of the Company constituted a committee of Directors known as Audit Committee in its meeting held on 30th January 2001 and further reconstituted on 29th June 2002, 29th July 2006, 29th April 2008, 30th June, 2009, 2nd August, 2011 and 8th February 2012. At present, Company have four Directors as members of Audit Committee, out of which 1 Director is promoter non-executive director and rest three are independent non-executive directors and Company Secretary acts as Secretary to the Committee. Shri R. S. Rathore, Independent Director is the Chairman of Audit Committee. At present, the following members constitute the audit Committee of company:

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

During the F.Y. 2013-2014, meetings of the Audit Committee members of the Company were held five times on 27th May 2013, 13th August 2013, 27th September 2013, 12th November 2013 and 7th February 2014. Details of the attendance of the Committee members in the Audit Committee meetings of company during F.Y. 2013-14 are as under:

DIRECTORS	CATEGORY	ATTENDANCE (TOTAL 5 MEETINGS)
Shri R. S. Rathore, **Chairman** (DIN: 00265568)	Independent Non-Executive Director	05
Shri O. P. Srivastava (DIN : 00144000)	Promoter Non-Executive Director	03
Shri Brijendra Sahay (DIN : 00017600)	Independent Non-Executive Director	04
Shri J. N. Roy (DIN : 02132227)	Independent Non-Executive Director	05

The role and power of the Audit Committee are as per Section 292A of the Companies Act, 1956 and as prescribed in the Clause 49 of the Listing agreement. Audit Committee meetings are held periodically. Statutory Auditors, Chief Executive Officer, Chief Financial Officer, Group Head - Finance and Group Head - Statutory normally attend the Audit Committee Meetings.

REMUNERATION COMMITTEE

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

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

No Meetings of Remuneration Committee of the Company were held during the financial year 2013-2014.

SHAREHOLDERS AND INVESTORS GRIEVANCES COMMITTEE

The Board of Directors of Company had constituted Share Transfer Committee on 10th March, 2000 which was later renamed as Shareholders and Investors Grievances Committee and was further re-constituted on 3rd April, 2001, 30th January, 2002, 29th July, 2006, 23rd October, 2008, 21st March 2009, 24th March 2010 and 8th November 2012.

Following are the members of the committee at present:
1. Shri O.P. Srivastava- Chairman 2. Shri Brijendra Sahay 3. Shri J. N. Roy

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

During the period under review, the Company has not received any complaint from the Shareholders/Investors. No Meetings of Shareholders/Investor Grievance Committee of the Company were held during the financial year 2013-2014.

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

GENERAL BODY MEETINGS

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

AGM	Date & time	Venue	Special Resolution(s)
30th AGM	28th September 2011 at 2.30 P.M.	Sahara India Point, CTS 40 - 44, S.V. Road, Goregaon (West), Mumbai 400 104	**One** Resolution u/s 269 read with schedule XIII for approval of increment in remuneration of Shri Suresh Mishra, Manager of the Company. **Second** Resolution u/s 269 read with schedule XIII for appointment of Shri Boney Surinder Kapoor as Head-Sahara One Media and Entertainment Limited.
31st AGM	25th September 2012 at 2.30 P.M	Sahara India Point, CTS 40 - 44, S.V. Road, Goregaon (West), Mumbai 400 104	**One** Resolution u/s 269 read with schedule XIII for approval of reappointment of Shri Suresh Mishra, Manager / Principal Officer of the Company.
32nd AGM	27th September 2013 at 12.30 P.M.	Idea Square, Plot No.-B-42, CTS No.-660, Veera Industrial Estate, Off New Link Road, Andheri (West), Mumbai – 400 053.	**Nil**

DISCLOSURES

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

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

In compliance with requirements of section 177 (9) of the Companies Act, 2013, every listed Company shall establish a Vigil Mechanism / Whistle Blower Policy for Directors and employees of Company to report genuine concerns and grievances and to provide for adequate safeguards against victimization of the Directors and Employees of the Company who avail of the Vigil Mechanism. Offences of serious nature may be brought to the attention of the Chairman of the Audit Committee of the Company who shall after hearing the concerned person, award appropriate punishment to the offender and suitable relief to the person(s) who avail of the Vigil Mechanism.

MEANS OF COMMUNICATION

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

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

Further, in view of circular of SEBI, the Company has started the system of processing of investor complaints in a centralized web based complaints redressal 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:

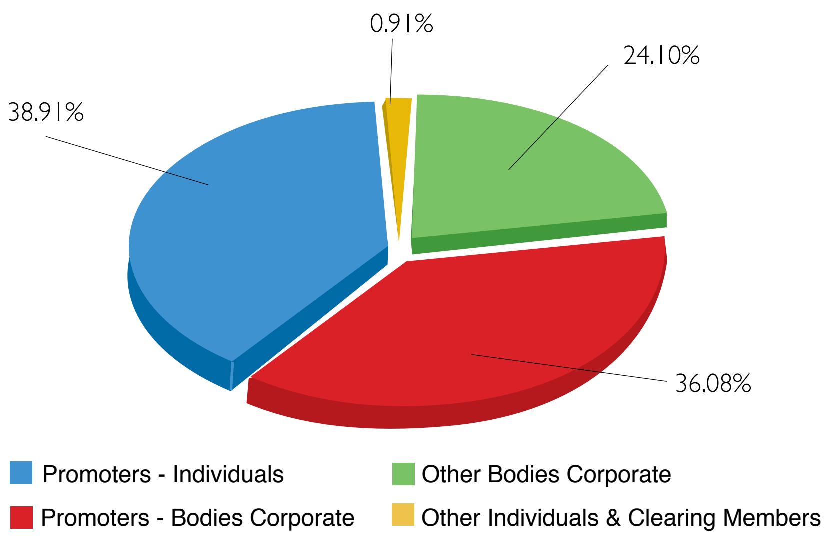
Shri S. C. Tiwari
Company Secretary & Compliance Officer
Sahara One Media and Entertainment Limited
Sahara India Point, CTS 40 - 44,
S.V. Road, Goregaon (West),
Mumbai 400 104

DISTRIBUTION OF SHAREHOLDING

As on 31/03/2014 the shareholding pattern of the Company is as detailed below: -

No of Equity Shares	Shareholders		Shares	
	Number	% of Holders	Numbers	% of Shares
1-500	1826	95.1537	98008	0.4553
501-1000	28	1.4591	22072	0.1025
1001-2000	19	0.9901	28482	0.1323
2001-3000	4	0.2084	9855	0.0458
3001-4000	4	0.2084	14123	0.0656
4001-5000	2	0.1042	9069	0.0421
5001-10000	11	0.5732	75699	0.3517
10001-*********	25	1.3028	21267692	98.8046
Total:	**1919**	**100.0000**	**21525000**	**100.0000**

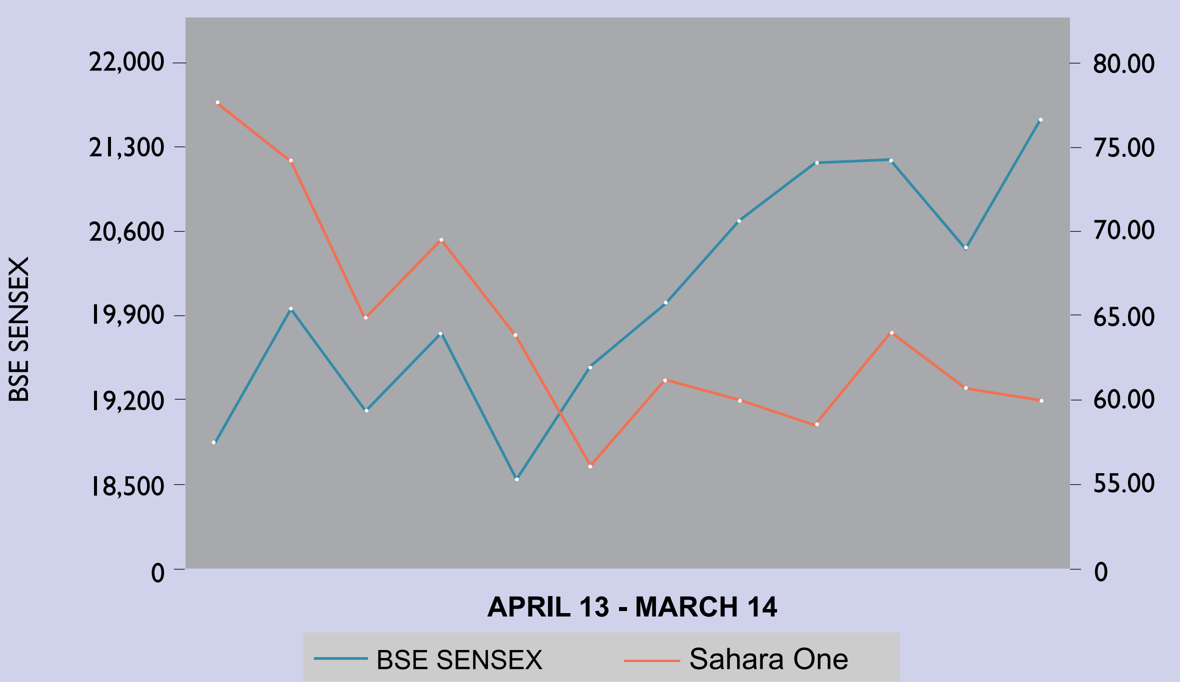
Category	No of Shares
Promoters – Individuals	8,375,000
Promoters – Bodies Corporate	7,766,702
Other Bodies Corporate	5,186,153
Other Individuals and Clearing Members	197,145
Total:	**21,525,000**



SHARE PRICE MOVEMENT OF COMPANY AND SENSEX MOVEMENT OF BSE

Movement in company's Share Price during the year 2013-2014 on BSE and SENSEX movement of BSE for the same period is as under:

	SAHARA ONE SHARE PRICE			BSE SENSEX		
MONTH	HIGH (Rs.)	LOW (Rs.)	AVERAGE (Rs.)	HIGH (Rs.)	LOW (Rs.)	AVERAGE (Rs.)
April-2013	81.9	72.9	77.4	19,622.68	18,144.22	18,883.45
May-2013	77.85	70.25	74.05	20,443.62	19,451.26	19,947.44
June-2013	66.8	63.5	65.15	19,860.19	18,467.16	19,163.68
July-2013	69.85	69.85	69.85	20,351.06	19,126.82	19,738.94
Aug-2013	66.4	59.95	63.175	19,569.20	17,448.71	18,508.96
Sept-2013	57	57	57	20,739.69	18,166.17	19,452.93
Oct-2013	65.05	59	62.025	21,205.44	19,264.72	20,235.08
Nov-2013	64.85	55.7	60.275	21,321.53	20,137.67	20,729.60
Dec-2013	61.9	55.5	58.7	21,483.74	20,568.70	21,026.22
Jan-2014	75	52.7	63.85	21,409.66	20,343.78	20,876.72
Feb-2014	64.85	58	61.425	21,140.51	19,963.12	20,551.82
Mar-2014	65.9	55.2	60.55	22,467.21	20,920.98	21,694.10



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

I have examined the compliance of the conditions of Corporate Governance by Sahara One Media and Entertainment Limited having its Registered Office at Idea Square, Plot No - B-42, CTS No – 660, Veera Industrial Estate, Off New Link Road, Andheri (West), Mumbai – 400 053; for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement entered into by the said Company with the Stock Exchange.

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

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

I state that in respect of investor grievances received during the year ended on March 31, 2014, no investor grievances are pending against the Company as on June 30, 2014 as per the records maintained by the Company and presented to the Shareholders and Investors Grievances Committee.

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

For **Amrita D.C. Nautiyal**
Company Secretary

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

Place: Mumbai
Date: 7th August, 2014

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, 2014 received from the Senior management team members of the company and the members of the Board, a declaration of compliance with the code of conduct as applicable to them.

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

Sd/-
Suresh Mishra
Manager & Principal Officer

Place : Delhi & NCR
Date : 11th August, 2014

GENERAL SHAREHOLDERS INFORMATION

Date	26th September, 2014
Time	2:30 P.M.
Venue	Sahara One Media and Entertainment Limited, Sahara India Point, CTS 40 - 44, S.V. Road, Goregaon (West), Mumbai 400 104.
Date of Book closure	19th September, 2014 to 26th September, 2014 (both days inclusive).
Last date of receipt of proxy forms	24th September, 2014 by 2:30 P.M.
Financial Calendar	1st April, 2013 to 31st March, 2014
Last Annual General Meeting	27th September, 2013
Registrar and Share Transfer Agents	M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B. S. Marg, Bhandup (West), Mumbai – 400 078.
Share Transfer System	Shares received for physical transfer on dematerialization or rematerialization requests are generally registered and returned within a period of 15 days from the date of receipt of complete and validly executed documents. The Shareholders / Investors Grievances Committee meet at adequate intervals to approve the Share transfer and dematerialization requests.
Dematerialisation of shares and liquidity	Equity Shares of the Company can be traded in dematerialized forms. To facilitate the trading in dematerialized form, the Company has entered into agreements with both the depositories viz. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As of date approximately 99.82% of the Equity Shares of the Company are in dematerialized form.
Listing on Stock Exchanges	The Bombay Stock Exchange (BSE)
BSE Stock Code	503691
ISIN No.	INE479B01016
Addresses for correspondence	Sahara One Media and Entertainment Limited, Sahara India Point, CTS 40 - 44, S.V. Road, Goregaon (West), Mumbai 400 104.

INDEPENDENT AUDITORS' REPORT

To
The Members of Sahara One Media And Entertainment Limited

Report on the Financial Statement

We have audited the accompanying financial statement of Sahara One Media And Entertainment Limited ('the company') which comprises the Balance sheet as at 31 March 2014 the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014; and
(ii) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;
(iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Attention is drawn to Note No. 32 to the financial statements in respect of the matter of attachment/freezing of some current and non-current assets of the company by the Securities and exchange Board of India (SEBI). Our opinion is not qualified in this regard.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227 (3) of the Act, we report that
   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b) in our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
   c) the Balance Sheet, and Statement of Profit and Loss dealt with by this Report are in agreement with the books of accounts;
   d) in our opinion, the Balance Sheet, Statement of Profit and Loss and cash flow statement comply with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
   e) on the basis of written representations received from the directors as on 31 March, 2014 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March, 2014, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
   f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **D. S. Shukla & Co.**
Chartered Accountants
Firm Registration No. 000773C
Delhi/NCR
21 May 2014

(A. K. Dwivedi)
Partner
Membership No. 078297

ANNEXURE TO AUDITORS' REPORT

The Annexure referred to in paragraph (1) our report to the members of Sahara One Media And Entertainment Limited ('the Company') for the year ended 31 March 2014.

(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 ha s conducted physical verification of inventory at reasonable intervals during the year.

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

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

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

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

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

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

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

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

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

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

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth-tax, service tax, customs duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been delay in a few cases. The provisions relating to excise duty are not applicable to the Company.

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

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

Name of the Statue	Nature of Dues	Amount (Rs'000)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	4,438	1999-2000, 2009-2010 and 2010-2011	Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	333,481	2002-2003, 2004-2005 to 2008-2009	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax deducted at source	61,254	2006-2007, 2008-2009 to 2010-2011	High Court
Income Tax Act, 1961	Tax deducted at source	59,432	2011-2012	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	13,025	2000-2001	High Court
Customs Act, 1962	Customs Duty	445	2008-2009	Custom Appellate Authority

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

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

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

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

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable to the Company.

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

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

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

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

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

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

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

For **D. S. Shukla & Co.**
Chartered Accountants
Firm Registration No. 000773C
Delhi/NCR
21 May 2014

(A. K. Dwivedi)
Partner
Membership No. 078297

Balance Sheet as at 31 March 2014

	Notes	31 March 2014 Rs.	31 March 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	215,250,000	215,250,000
Reserves and surplus	4	2,729,296,572	2,711,451,833
		2,944,546,572	2,926,701,833
Current liabilities			
Trade payables	5	410,190,325	347,810,037
Other current liabilities	6	32,285,410	18,136,952
Short-term provisions	7	14,136,232	11,875,172
		456,611,967	377,822,161
TOTAL		**3,401,158,539**	**3,304,523,994**
ASSETS			
Non-current assets			
Fixed assets - tangible assets	8	7,322,636	9,295,724
Non-current investments	9	11,120,300	11,120,300
Deferred tax assets	10	36,302,537	35,725,884
Long-term loans and advances	11	506,371,751	519,399,646
		561,117,224	575,541,554
Current assets			
Current investments	12	27,233,100	25,706,784
Inventories	13	502,621,350	424,120,591
Trade receivables	14.1	748,862,190	363,121,124
Cash and bank balances	15	692,140,718	992,110,785
Short-term loans and advances	11	852,810,292	917,751,474
Other current assets	14.2	16,373,665	6,171,682
		2,840,041,315	**2,728,982,440**
TOTAL		**3,401,158,539**	**3,304,523,994**
Summary of significant accounting policies	2.1		

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

As per our report of even date

For **D. S. SHUKLA & CO.**
Firm Registration No. 000773C
Chartered Accountants

A. K. Dwivedi
Partner
Membership No.78297
Delhi/NCR: May 21, 2014

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

O. P. Srivastava
Director

R. S. Rathore
Director

Suresh Mishra
Assistant Director

Sanjay Garg
Chief Financial Officer

S. C. Tiwari
Company Secretary

Statement of Profit and Loss for the year ended 31 March 2014

	Notes	31 March 2014 Rs.	31 March 2013 Rs.
REVENUE			
Revenue from operations (gross)	16	913,871,714	1,347,360,098
Less: Service tax		–	24,511,981
Revenue from operations (net)		913,871,714	1,322,848,117
Other income	17	100,387,093	102,992,321
TOTAL		**1,014,258,807**	**1,425,840,438**
EXPENSES			
Purchase of content	18	854,875,000	1,202,693,523
(Increase)/ decrease in inventories	19	(78,500,759)	(47,698,135)
Employee benefits expense	20	118,828,830	111,766,699
Other expenses	21	88,593,016	75,915,102
Depreciation	8	2,002,738	2,140,846
Finance costs	22	408,698	2,671,764
TOTAL		**986,207,523**	**1,347,489,799**
Profit/(loss) before tax		28,051,284	78,350,639
Tax expenses:			
Current tax		9,800,000	25,500,000
Deferred tax		(576,653)	(69,801)
Tax for earlier years		–	–
Total tax expense		9,223,347	25,430,199
Profit/(loss) for the year		**18,827,937**	**52,920,440**
Prior period items		983,198	-
Net profit/(loss) for the year		**17,844,739**	**52,920,440**
Earnings per equity share [nominal value of share Rs. 10 (31 March 2013: Rs. 10)]			
Basic and Diluted	23	0.83	2.46
Summary of significant accounting policies	**2.1**		

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

As per our report of even date

For **D. S. SHUKLA & CO.**
Firm Registration No. 000773C
Chartered Accountants

A. K. Dwivedi
Partner
Membership No.78297
Delhi/NCR: May 21, 2014

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

O. P. Srivastava
Director

R. S. Rathore
Director

Suresh Mishra
Asst. Director

Sanjay Garg
Chief Financial Officer

S. C. Tiwari
Company Secretary

Cash flow statement for the year ended March 31, 2014

	31 March 2014 Rs.	31 March 2013 Rs.
Cash flow from operating activities		
Net profit before tax	27,068,086	78,350,639
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	2,002,738	2,140,846
Unrealized foreign exchange loss	-	245,996
Provision for doubtful debts	511,101	-
Provision for doubtful advances	1,248,513	-
Credit balances written back	(1,793,981)	(3,374)
Net gain on sale of current investments	-	(27,231,350)
Interest expenses	408,698	2,671,764
Interest income	(61,903,910)	(45,064,357)
Dividend income	(1,526,316)	(1,515,806)
Operating profit before working capital changes	**(33,985,071)**	**9,594,358**
Movements in working capital :		
Increase/ (decrease) in trade payables	64,174,269	54,548,064
Increase / (decrease) in short-term provisions	2,261,060	(2,933,657)
Increase/ (decrease) in other current liabilities	14,148,458	(81,638,309)
Decrease / (increase) in long-term loans and advances	12,445,146	51,552,342
Decrease / (increase) in trade receivables	(386,252,167)	(345,507,792)
Decrease / (increase) in inventories	(78,500,759)	(47,698,135)
Decrease / (increase) in short-term loans and advances	63,692,669	140,797,241
Cash generated from /(used in) operations	**(342,016,395)**	**(221,285,888)**
Direct taxes paid (net of refunds)	(9,217,251)	(37,232,012)
Net cash flow from/ (used in) operating activities (A)	**(351,233,646)**	**(258,517,900)**
Cash flows from investing activities		
Purchase of fixed assets	(29,650)	(66,900)
Purchase of current investments	(1,526,316)	(1,515,806)
Proceeds from sale of current investments	-	1,039,540,959
Share application money paid	-	(900,000,000)
Share application money refunded	-	900,000,000
Investments in bank deposits (Freezed by SEBI)	(656,000,000)	-
Balance in Current account (Freezed by SEBI)	(15,658,387)	-
Investments in bank deposits (having original maturity of more than 3 months)	(62,878)	(1,057,664)
Maturity of bank deposits (having original maturity of more than 3 months)	1,057,664	1,055,269
Interest received	51,701,927	38,942,935
Dividend received	1,526,316	1,515,806
Net cash flow from/ (used in) investing activities (B)	**(618,991,324)**	**1,078,414,599**
Cash flows from financing activities		
Interest paid	(408,698)	(3,055,432)
Repayment of long-term borrowings	-	(28,314,000)
Net cash flow from/ (used in) in financing activities (C)	**(408,698)**	**(31,369,432)**
Net increase in cash and cash equivalents (A + B + C)	(970,633,668)	788,527,267
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	-
Cash and cash equivalents at the beginning of the year	991,053,121	202,525,854
Cash and cash equivalents at the end of the year	**20,419,453**	**991,053,121**
Components of cash and cash equivalents		
Cash on hand	134,039	412,427
With banks -		
on current account	20,285,414	126,640,694
on deposit account	-	864,000,000
Total cash and cash equivalents	**20,419,453**	**991,053,121**
Summary of significant accounting policies 2.1		

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

For **D. S. SHUKLA & CO.**
Firm Registration No. 000773C
Chartered Accountants

A. K. Dwivedi
Partner
Membership No.78297
Delhi/NCR: May 21, 2014

O. P. Srivastava
Director

R. S. Rathore
Director

Suresh Mishra
Asst. Director

Sanjay Garg
Chief Financial Officer

S. C. Tiwari
Company Secretary

Notes to financial statements for the year ended 31 March 2014

1. Corporate information

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

2. Basis of preparation

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

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

2.1 Summary of significant accounting policies

(a) Use of estimates

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

(b) Tangible fixed assets

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

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

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

(c) Depreciation on tangible fixed assets

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

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

(d) Leases:

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

(e) Borrowing costs

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

Notes to financial statements for the year ended 31 March 2014

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

(f) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

(g) Investments

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

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

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

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

(h) Inventories

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

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

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

(i) Revenue recognition

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

i. Sale of Rights

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

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

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

ii. Interest

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

iii. Dividend

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

(j) Foreign currency transactions

i. Initial recognition

Notes to financial statements for the year ended 31 March 2014

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

ii. Conversion

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

iii. Exchange differences

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

(k) Retirement and other employee benefits

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

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

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

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

(l) Income taxes

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

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

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

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

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

Notes to financial statements for the year ended 31 March 2014

(m) Segmental Reporting Policies

Identification of segments

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

Allocation of common costs

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

Unallocated items

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

Segment accounting policies

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

(n) Earnings Per Share

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

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

(o) Provisions

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

(p) Contingent liabilities

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

(q) Cash and Cash equivalents

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

3. Share Capital

	31 March 2014 Rs.	31 March 2013 Rs.
Authorized Shares 35,000,000 (31 March 2013: 35,000,000) equity shares of Rs. 10 each	350,000,000	350,000,000
Issued, subscribed and fully paid-up shares 21,525,000 (31 March 2013: 21,525,000) equity shares of Rs. 10 each	215,250,000	215,250,000
Total issued, subscribed and fully paid-up share capital	**215,250,000**	**215,250,000**

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

Equity shares

Name of the shareholder	31 March 2014 No.	31 March 2014 Amount	31 March 2013 No.	31 March 2013 Amount
At the beginning of the period	21,525,000	215,250,000	21,525,000	215,250,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	**21,525,000**	**215,250,000**	**21,525,000**	**215,250,000**

(b) Terms/ rights attached to equity shares

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

During the year ended 31 March 2014, the amount of per share dividend recognized as distributions to equity shareholders was Nil (31 March 2013: Nil).

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

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

Name of the shareholder	31 March 2014 No.	31 March 2014 % holding in the class	31 March 2013 No.	31 March 2013 % holding in the class
Equity shares of Rs.10 each fully paid				
Shri Subrata Roy Sahara	5,200,000	24.16	5,200,000	24.16
Sahara India Financial Corporation Limited	3,076,912	14.29	3,076,912	14.29
Sahara Prime City Limited	3,261,790	15.15	3,261,790	15.15
Bennett Coleman & Co. Limited	1,100,000	5.11	1,100,000	5.11

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4. Reserves and surplus

	31 March 2014 Rs.	31 March 2013 Rs.
Securities premium account		
Balance as per the last financial statements	2,084,850,000	2,084,850,000
Closing Balance	**2,084,850,000**	**2,084,850,000**
Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statements	626,601,833	573,681,393
Profit/(loss) for the year	17,844,739	52,920,440
Net surplus in the statement of profit and loss	**644,446,572**	**626,601,833**
Total reserves and surplus	**2,729,296,572**	**2,711,451,833**

5. Trade payables

	31 March 2014 Rs.	31 March 2013 Rs.
Trade payables (including acceptances) (refer note 34 for details of dues to micro and small enterprises)	410,190,325	347,810,037
	410,190,325	**347,810,037**

Notes to financial statements for the year ended 31 March 2014

6. Other Current Liabilities

	31 March 2014 Rs.	31 March 2013 Rs.
Other liabilities		
Advance from customers	2,963,450	3,376,286
Others		
TDS payable	15,141,233	9,380,514
Expenses payable	14,180,727	5,380,152
	32,285,410	**18,136,952**

7. Provisions

	Long-term		Short-term	
	31 March 2014 Rs.	31 March 2013 Rs.	31 March 2014 Rs.	31 March 2013 Rs.
Provision for employee benefits				
Provision for gratuity	-	-	926,181	604,357
Provision for leave benefits	-	-	2,029,839	1,743,868
	-	-	2,956,020	2,348,225
Other provisions				
Provision for taxation {net of advance tax of Rs. 49,619,788 (31 March 2013: Rs. 41,473,053)}			11,180,212	9,526,947
	-	-	11,180,212	9,526,947
	-	**-**	**14,136,232**	**11,875,172**

8. Tangible assets

	Buildings	Office equipment	Shooting equipment	Computers	Furniture and fixtures	Vehicles	Total
COST OR VALUATION							
At 1 April 2012	2,087,780	659,910	630,500	10,082,920	1,802,773	12,498,558	27,762,441
Additions	-	66,900	-	-	-	-	66,900
Disposals	-	-	-	-	-	-	-
At 31 March 2013	2,087,780	726,810	630,500	10,082,920	1,802,773	12,498,558	27,829,341
Additions	-	44,900	-	-	-	-	44,900
Disposals	-	-	-	-	15,250	-	15,250
At 31 March 2014	**2,087,780**	**771,710**	**630,500**	**10,082,920**	**1,787,523**	**12,498,558**	**27,858,991**
Depreciation							
At 1 April 2012	299,770	198,814	412,664	8,227,406	845,035	6,409,082	16,392,771
Charge for the year	34,031	33,083	44,576	861,045	104,906	1,063,205	2,140,846
Disposals	-	-	-	-	-	-	-
At 31 March 2013	333,801	231,897	457,240	9,088,451	949,941	7,472,287	18,533,617
Charge for the year	34,031	38,059	44,576	795,229	103,941	989,713	2,005,549
Disposals	-	-	-	-	2,811	-	2,811
At 31 March 2014	**367,832**	**269,956**	**501,816**	**9,883,680**	**1,051,071**	**8,462,000**	**20,536,355**
Net Block							
At 31 March 2013	1,753,979	494,913	173,260	994,469	852,832	5,026,271	9,295,724
At 31 March 2014	**1,719,948**	**501,754**	**128,684**	**199,240**	**736,452**	**4,036,558**	**7,322,636**

Notes to financial statements for the year ended 31 March 2014

9. Non-current investments

	31 March 2014 Rs.	31 March 2013 Rs.
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
1,108,280 (31 March 2013: 1,108,280) shares of Rs. 10 each fully paid-up in Sahara India Life Insurance Company Limited	11,082,800	11,082,800
3,750 (31 March 2013: 3,750) shares of Rs. 10 each fully paid-up in Sahara Care Limited	37,500	37,500
	11,120,300	**11,120,300**
Aggregate amount of quoted investments (Market value: Nil (31 March 2013: Nil))	–	–
Aggregate amount of unquoted investments	11,120,300	11,120,300
(As per the order of Hon'ble Supreme Court of India dated 21-11-2013 SEBI has attached / freezed the above Non-Current Investments of Rs. 11,120,300) (Refer Note. No. 32 for details)		

10. Deferred tax asset

	31 March 2014 Rs.	31 March 2013 Rs.
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	4,092,340	4,247,216
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	913,410	725,601
Provision for doubtful debts and advances	31,296,787	30,753,067
Deferred tax asset	**36,302,537**	**35,725,884**

11. Loans and advances

	Non-current		Current	
	31 March 2014 Rs.	31 March 2013 Rs.	31 March 2014 Rs.	31 March 2013 Rs.
Security deposit				
Unsecured, considered good	1,175,500	1,175,500	1,000,000	450,000
Advances to related parties (note 27)				
Secured considered good			449,077,108	449,077,108
Unsecured, considered good	-		35,667,510	45,314,791
Advances recoverable in cash or kind				
Unsecured considered good	-	-	365,394,183	420,749,266
Doubtful	-	-	66,719,758	65,471,245
	-	-	432,113,941	486,220,511
Provision for doubtful advances	-	-	(66,719,758)	(65,471,245)
	-	**-**	**365,394,183**	**420,749,266**

Notes to financial statements for the year ended 31 March 2014

Other loans and advances				
Advance income-tax {net of provision for taxation of Rs. 150,398,972 (31 March 2013: Rs. 156,398,972)}	102,000,965	102,583,714	-	-
Prepaid expenses	-	-	525,007	564,433
Loans to employees	-	-	173,699	150,543
Advance to employees	-	-	972,785	1,445,333
Balances with statutory / government authorities	403,195,286	415,640,432	-	-
	505,196,251	**518,224,146**	**1,671,491**	**2,160,309**
	506,371,751	**519,399,646**	**852,810,292**	**917,751,474**
Loans and advances due by related parties				
Sahara India Mass Communication	-	-	67,510	67,510
Aamby Valley Ltd	-	-	-	9,447,281
Sahara Universal Minings Corporation Ltd	-	-	-	200,000
Loans and advances due by directors or other officers, etc.				
Shri Boney Kapoor	-	-	24,400,000	24,400,000
Loans and advances due by related parties, in which directors are interested				
S K Film Enterprises	-	-	456,777,108	456,777,108
BSK Network and Entertainment Pvt. Ltd	-	-	3,500,000	3,500,000

12. Current investments

	31 March 2014 Rs.	31 March 2013 Rs.
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Quoted mutual funds		
26,408.37 (31 March 2013: 24,933.74) mutual fund units of Rs. 1,000 each fully paid-up of Sahara liquid fund	27,233,100	25,706,784
	27,233,100	**25,706,784**
Aggregate amount of quoted investments (Market value: Rs 27,411,341 (31 March 2013: Rs 25,706,784))	27,233,100	25,706,784
Aggregate amount of unquoted investments	-	-

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

	31 March 2014 Rs.	31 March 2013 Rs.
Inventories		
- Films rights	345,095,656	260,781,492
- Television programmes	157,525,694	163,339,099
	502,621,350	**424,120,591**

Notes to financial statements for the year ended 31 March 2014

14. Trade receivables and other assets

14.1 Trade receivables (unsecured)

	31 March 2014 Rs.	31 March 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	298,703,862	8,619,003
Doubtful	34,564,344	34,053,243
	333,268,206	**42,672,246**
Provision for doubtful receivables	(34,564,344)	(34,053,243)
	298,703,862	**8,619,003**
Other receivables		
Unsecured, considered good	450,158,328	354,502,121
	450,158,328	**354,502,121**
	748,862,190	**363,121,124**

14.2 Other assets

	31 March 2014 Rs.	31 March 2013 Rs.
Interest accrued on fixed deposits	16,373,665	6,171,682
	16,373,665	**6,171,682**

15. Cash and bank balances

	31 March 2014 Rs.	31 March 2013 Rs.
Cash and cash equivalents		
Balance with banks		
- On current accounts	20,285,414	126,640,694
- Deposits with original maturity of less than three months	-	864,000,000
Cash on hand	134,039	412,427
	20,419,453	**991,053,121**
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	62,878	1,057,664
Amount freezed by SEBI		
- On current accounts	15,658,387	-
- Deposits with original maturity of less than three months	656,000,000	-
	671,721,265	**1,057,664**
	692,140,718	**992,110,785**

As per order of Hon'ble Supreme Court of India dated 21-11-2013, SEBI has attached/freezed the above Fixed Deposit Receipts of Rs.656,000,000 and Current Account Bank Balance of Rs. 15,658,387. (refer note 32 for details)

16. Revenue from operations (gross)

	31 March 2014 Rs.	31 March 2013 Rs.
Television revenue	913,738,054	1,345,832,454
Motion picture revenue	133,660	1,527,644
	913,871,714	**1,347,360,098**

Notes to financial statements for the year ended 31 March 2014

17. Other income

	31 March 2014 Rs.	31 March 2013 Rs.
Interest income on		
- Bank deposits	61,878,077	45,033,690
- Other	25,833	30,667
Dividend income on Current investments	1,526,316	1,515,806
Net gain on sale of current investments	-	27,231,350
Credit balances written back	1,793,981	3,374
Exchange difference (net)	614,334	-
Recovery of employee costs	33,654,635	29,141,769
Miscellaneous income	893,917	35,665
	100,387,093	**102,992,321**

18. Purchase of content

	31 March 2014 Rs.	31 March 2013 Rs.
Television content		
Programme purchase	734,875,000	1,119,908,148
Films purchase	120,000,000	32,192,500
Motion picture content		
Film production	-	50,592,875
	854,875,000	**1,202,693,523**

19. (Increase)/ decrease in inventories

	31 March 2014 Rs.	31 March 2013 Rs.	(Increase)/ Decrease Rs.
Inventories at the end of the year			
Films	345,095,656	260,781,492	(84,314,164)
Television programmes	157,525,694	163,339,099	5,813,405
	502,621,350	424,120,591	(78,500,759)
Inventories at the beginning of the year			
Films	260,781,492	222,747,866	(38,033,626)
Television programmes	163,339,099	153,674,590	(9,664,509)
	424,120,591	**376,422,456**	**(47,698,135)**

20. Employee benefits expense

	31 March 2014 Rs.	31 March 2013 Rs.
Salaries, wages and bonus	114,656,113	107,093,929
Contribution to provident and other funds	2,567,916	1,900,250
Staff welfare expenses	678,620	2,233,531
Gratuity expense (refer note 24)	926,181	538,989
	118,828,830	**111,766,699**

Notes to financial statements for the year ended 31 March 2014

21. Other expenses

	31 March 2014 Rs.	31 March 2013 Rs.
Power and fuel	5,602,424	6,293,101
Rent	35,580,954	18,863,200
Rates and taxes	214,371	1,197,492
Insurance	747,589	791,583
Repairs and maintenance - others	835,996	752,746
Advertising and sales promotion	435,856	3,031,903
Print cost	-	704,982
Travelling and conveyance	12,919,220	13,815,266
Communication costs	4,142,033	3,516,481
Legal and professional fees	20,875,876	19,076,277
Directors' sitting fees	700,000	960,000
Payment to auditor (Refer details below)	2,288,638	2,191,451
Exchange difference (net)	-	245,996
Provision for doubtful advances	1,248,513	-
Provision for doubtful debts	511,101	-
Bad debts / advances written off	-	786,616
Bank charges	57,168	289,100
Miscellaneous expenses	2,433,277	3,398,908
	88,593,016	**75,915,102**

Payment to auditor

	31 March 2014 Rs.	31 March 2013 Rs.
As auditor:		
Audit fee	1,400,000	1,400,000
Limited Review	600,000	600,000
Auditors expenses	288,638	191,451
	2,288,638	**2,191,451**

22. Finance costs

	31 March 2014 Rs.	31 March 2013 Rs.
Interest		
- on term loans	-	780,986
- others	408,698	1,890,778
	408,698	**2,671,764**

23. Earnings per share (EPS)

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

	31 March 2014 Rs.	31 March 2013 Rs.
Net profit/ (loss) for calculation of basic & diluted EPS	17,844,739	52,920,440
Weighted average number of equity shares in calculating basic & diluted EPS [nominal value of share Rs. 10 (31 March 2013: Rs. 10)]	21,525,000	21,525,000
Earnings per share (basic & diluted)	0.83	2.46

24 Gratuity and other post-employment benefit plans:

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

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

Notes to financial statements for the year ended 31 March 2014

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	31 March 2014 Rs.	31 March 2013 Rs.
Current service cost	540,458	454,236
Interest cost on benefit obligation	447,942	359,711
Expected return on plan assets	(379,067)	(329,574)
Net actuarial(gain) / loss recognised in the year	283,854	54,616
Net benefit expense	32,994	538,989
Actual return on plan assets	346,073	314,137

Balance sheet

Benefit asset/ liability

	Gratuity	
	31 March 2014 Rs.	31 March 2013 Rs.
Defined benefit obligation	5,530,905	4,423,355
Fair value of plan assets	4,604,724	3,818,998
Net asset/(liability) recognised in balance sheet	(926,181)	(604,357)

The plan assets comprises of 25.22% (previous year 27.56%) investments in Government of India Securities, 55.63% (previous year 58.71%) investments in high quality corporate bonds and 19.15% (previous year 13.73%) in Fixed Deposits with Bank.

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

	Gratuity	
	31 March 2014 Rs.	31 March 2013 Rs.
Opening defined benefit obligation	4,423,355	3,570,229
Interest cost	447,942	359,711
Current service cost	540,458	454,236
Benefits paid	(164,704)	-
Actuarial Losses/(Gains) on defined benefit obligation	283,854	39,179
Closing defined benefit obligation	5,530,905	4,423,355

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

	Gratuity	
	31 March 2014 Rs.	31 March 2013 Rs.
Opening fair value of plan assets	3,818,998	3,504,861
Expected return on plan assets	379,067	329,574
Contributions by employer	604,357	-
Benefits paid	(164,704)	-
Actuarial Gain on plan assets	(32,994)	(15,437)
Closing fair value of plan assets	4,604,724	3,818,998

The company expects to contribute Rs 658,752 to gratuity in the next year.

Notes to financial statements for the year ended 31 March 2014

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

	Gratuity	
	31 March 2014	31 March 20123
Discount rate per annum compound	8.25%	8.25%
Expected rate of return on assets	9.00%	9.00%
Employee turnover	Varying between 8% per annum and 1% per annum depending on duration and age of the employees	Varying between 8% per annum and 1% per annum depending on duration and age of the employees

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

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

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

	31 Mar 2014 Rs.	31 Mar 2013 Rs.	31 Mar 2012 Rs.	31 Mar 2011 Rs.	31 Mar 2010 Rs.
Defined benefit obligation	5,530,905	4,423,355	3,570,229	3,359,270	2,680,496
Plan assets	4,604,724	3,818,998	3,504,861	3,062,044	2,840,680
Surplus / (deficit)	(926,181)	(604,357)	(65,368)	(297,226)	160,184
Experience adjustments on plan liabilities	(283,854)	149,337	(273,072)	33,000	(147,000)
Experience adjustments on plan assets	(32,994)	(15,437)	26,676	13,000	33,000

25. Leases

Operating lease: company as lessee

The Company has entered into operating cancellable lease agreements for its office premises/ Godown/ aircraft hire for a period of 3-5 years. There are no clauses relating to renewal / escalation. There are no subleases. The lease rental charged during the year is as follows:

	31 March 2014 Rs.	31 March 2013 Rs.
Lease payments recognized in statement of profit and loss account for the year	43,126,842	27,187,768
	43,126,842	**27,187,768**

26. Segmental Information:

Business Segments:

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

	Continuing Operations				Consolidated	
	Television		Motion Pictures		Total	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Revenue						
External sales (net of s	913,738,054	1,321,320,473	133,660	1,527,644	913,871,714	1,322,848,117
Other income	34,548,552	29,177,434	-	-	34,548,552	29,177,434
Inter-segment sales	-	-	-	-	-	-
Total revenue	**948,286,606**	**1,350,497,907**	**133,660**	**1,527,644**	**948,420,266**	**1,352,025,551**

Notes to financial statements for the year ended 31 March 2014

	Continuing Operations				Consolidated	
	Television		Motion Pictures		Total	
	2014	2013	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Results						
Segment result	80,119,531	126,170,157	(7,344,641)	(18,764,420)	72,774,890	107,405,737
Unallocated expenses					(110,153,449)	(100,198,221)
Operating profit					(37,378,560)	7,207,517
Finance costs					(408,698)	(2,671,764)
Other income including finance income					65,838,541	73,814,887
Exceptional Items					-	
Profit before tax					28,051,284	78,350,639
Income taxes					(9,223,347)	(25,430,199)
Net profit					**18,827,937**	**52,920,440**
Segment assets	1,147,447,794	829,940,051	876,336,474	861,999,199	2,023,784,268	1,691,939,250
Unallocated assets					1,296,545,749	1,612,584,745
Total assets					3,320,330,017	3,304,523,994
Segment liabilities	(324,078,183)	(342,029,314)	(213,213)	(1,138,470)	(324,291,396)	(343,167,784)
Unallocated liabilities					(51,686,561)	(34,654,377)
Total liabilities					(375,977,957)	(377,822,161)
Other segment information Capital expenditures :						
Tangible assets					29,650	66,900
Depreciation	44,576	44,576	-	-	2,008,360	2,140,846
Other non-cash expenses	-	-	-	229,897	1,759,614	786,616

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

27. Related party disclosures

Related parties with whom transactions have taken place during the year

Related parties where control exists irrespective of whether transactions have occurred or not :-	
Major shareholders having control over the company	Shri Subrata Roy Sahara
Enterprises owned or significantly influenced by major shareholders, key management personnel or their relatives	Sahara India Commercial Corporation Ltd. Sahara Hospitality Ltd. Aamby Valley Ltd. Sahara India, partnership firm Sahara India Mass Communication, partnership firm Golden Line Studios Pvt. Ltd. (earlier known as Geon Studios Pvt. Ltd.) Sahara Sanchar Ltd. Sahara Universal Minings Corporation Limited BSK Network & Entertainment Pvt. Ltd. S K Film Enterprises
Key Management Personnel	Shri Boney Kapoor, Director Shri Suresh Mishra, Manager (Assistant Director) Shri Sanjay Garg, Chief Finance Officer

Notes to financial statements for the year ended 31 March 2014

Related party transactions

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

A. Sale/ purchase of goods and services

	Year ended	Revenue from operations	Other income	Reimbursement received (netted off from other expenses)	Purchase of content	Other expenses	Amount payable/ (receivable) to/ from related parties
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sahara India Commercial Corporation Ltd.	31 March 2014 31 March 2013	882,630,002 1,075,979,136	33,654,635 29,141,769	18,900,000 18,900,000	- -	38,548,885 22,509,780	(727,492,292) (330,863,926)
Sahara Hospitality Ltd.	31 March 2014 31 March 2013	- -	- -	- -	- -	126,942 139,885	- 42,564
Sahara India	31 March 2014 31 March 2013	- -	- -	- -	- -	- -	7,042,460 4,176,013
Sahara Sanchar Ltd.	31 March 2014 31 March 2013					44,142 -	44,142 -
Golden Line Studios Pvt. Ltd.	31 March 2014 31 March 2013				- 1,500,000	- -	- -

* Contribution for employee benefits paid through this entity

B. Advances given and repayment thereof

	Year ended	Advances given	Advances repaid/ adjusted	Amount receivable from related parties
		Rs.	Rs.	Rs.
Aamby Valley Ltd.	31 March 2014 31 March 2013	- -	9,447,281 556,719	- 9,447,281
Sahara Universal Mining Corporation Limited	31 March 2014 31 March 2013	- 200,000	200,000 -	- 200,000
Sahara India Mass Communication	31 March 2014 31 March 2013	- -	- -	67,510 67,510
BSK Network and Entertainment Pvt. Ltd.	31 March 2014 31 March 2013	- 500,000	- -	3,500,000 3,500,000
Shri Boney Kapoor	31 March 2014 31 March 2013	- 1,900,000	- -	24,400,000* 24,400,000*
S K Film Enterprises	31 March 2014 31 March 2013	- -	- -	456,777,108* 456,777,108*

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

C. Share application money given and refund thereof

	Year ended	Share application money given	Share application money refunded	Amount owed to related parties
		Rs.	Rs.	Rs.
Sahara Universal Mining Corporation Limited	31 March 2014 31 March 2013	- 900,000,000	- 900,000,000	- -

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

Notes to financial statements for the year ended 31 March 2014

D. Remuneration to key managerial personnel

	31 March 2014	31 March 2013
	Rs.	Rs.
Shri Suresh Mishra	7,561,559	7,691,352
Shri Sanjay Garg	5,418,041	4,201,516

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

28. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for, are Rs. Nil (31 March 2013: Rs. Nil)

29. Contingent liabilities

	31 March 2014	31 March 2013
	Rs.	Rs.
a) Income Tax in respect of Assessment Years 2000-01 to 2011-12 in respect of which the Company has gone on appeal. Based on judicial pronouncements, the Company's claim is likely to be accepted by the appellate authorities.	485,354,530	483,388,673
b) Custom case pending at appellate authorities in respect of financial year 2008-09.	445,000	445,000

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

30. During the financial year 2010-2011, the Company had filed an application with the Commissioner of Sales Tax seeking clarification in respect of applicability of MVAT on the temporary transfer of copyrights/ license to a customer with effect from July 1, 2010. However, the response from the authority is currently awaited. The Company had obtained a legal opinion in the previous year stating that such transaction is subject to only service tax and hence MVAT is not applicable. Management believes that MVAT on such transaction is not applicable and hence MVAT has not been charged on such transactions.

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

32. In the matter of dispute in respect of repayment of Optionally Fully Convertible Debentures (OFCDs) by two group companies, namely M/s Sahara India Real Corporation Limited & Sahara Housing Investment Corporation Limited, the Hon'ble Supreme Court of India vide its order dated 21-11-2013 had directed the Securities & Exchange Board of India (SEBI) to attach/freeze several current and non-current assets of group companies and its Promoters. Accordingly, SEBI had attached/frozen the company's Fixed Deposit Receipts of Rs. 656,000,000/- Current Account Bank Balance of Rs. 15,658,387/- and Non Current Investment of Rs. 11,120,300/-. Since the proceedings in relation to the above matter are in process in the Hon'ble Supreme Court of India, SEBI has the power to retain and /or utilize these assets /funds towards the repayment of OFCD Liabilities of the said two group companies. However, the company's management is in discussion with the concerned group companies to provide matching assets as compensation in the event the company's attached/frozen assets are appropriated by SEBI.

33. Unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Amount
Advance from customers	USD 41,203 (31 March 2013: USD 40,943) Rs 2,476,292 (31 March 2013: Rs 2,226,861)

Notes to financial statements for the year ended 31 March 2014

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

As per the information available with the Company, no amounts are due to Micro, Small and Medium Enterprises as per MSMED Act, 2006 as at 31 March 2014. (31 March 2013: Nil)

35. Expenditure in foreign currency (accrual basis)

	31 March 2014	31 March 2013
	Rs.	**Rs.**
Content Costs	-	16,262,069
Legal & Professional Fees	-	-
Travelling and conveyance	246,733	135,871
Miscellaneous expenses	-	-
	246,733	**16,397,940**

36. Earnings in foreign currency (accrual basis)

	31 March 2014	31 March 2013
	Rs.	**Rs.**
Revenue from operations – sale of content	8,381,802	43,186,317
	8,381,802	**43,186,317**

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

As per our report of even date

For **D. S. SHUKLA & CO.**
Firm Registration No. 000773C
Chartered Accountants

A. K. Dwivedi
Partner
Membership No.78297
Delhi/NCR: May 21, 2014

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

O. P. Srivastava
Director

R. S. Rathore
Director

Suresh Mishra
Asst. Director

Sanjay Garg
Chief Financial Officer

S. C. Tiwari
Company Secretary

Sahara One Media and Entertainment Limited

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