

It's Showtime.  
24 X 7.



Shemaroo Entertainment Private Limited.  
Annual Report 2009-10

Nisa to Aadi Life mein Dohra the bhagya hai. oJmpic ka race ho, Taa Pooke ka case ho.

Jab Yeh Dhai Kilo ka haath kisi par padtha hai na; to aadmi uthta nahi, uthh jaata hai

I can talk English, I can walk English, I can laugh English, because English is a very phunny language...  
Hum... Jahan khade ho jaate hain, line wahin se shuru hoti hai

Jali ko lag kehte hain, Bujhi ko raakh kehte hain, jis raakh se hand hane. nre Vishwanath kehte hain

Prem Naam hai mera... Prem Chopra

Sara sheher mujhe loin ke naam se jata hai

Mogambo khush hua



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# There's no business like show business.

Entertainment's business is to entertain. And it should be 24 x 7. Available all the time. Any time. And is it so?

Welcome to Shemaroo. We are part of the ₹ 578 billion entertainment business.

We entertain you 24 x 7.

We see the power to entertain finally getting the much desired wings. Over the last few years, we have seen what it takes to make entertainment available anytime, anywhere and everywhere. Quick, Click, Slick. The power of Internet finally getting unleashed through 3G, the iPad like-new gadgets and the emergence of content-led portals like Youtube are redefining entertainment. In many ways, we are not just a part of it, but we are making it happen too.

It's showtime!

Shemaroo is one of India's most respected and household names in entertainment. We have carefully and selectively built an entertainment business on the foundation

of solid content and distribution, where risk-reward favours us. More importantly, we have invested over the last couple of decades in building capabilities around delivering content anytime, anywhere.

Within the entertainment industry, broadcast syndication is the niche that we have leadership. We are the largest provider of compelling film content on television. We have over 2,000 titles. We have perpetual rights to over 165 Hindi films. We have the unique distinction of having sourced content from almost every film producer. Every TV channel that broadcasts films trusts us to provide the relevant content to them. TV channels are seeing higher revenues, thanks to digitization. And they are all set to spend more on acquiring film content.

It's showtime!

Time for 24 x 7 entertainment in India has just arrived. The convergence of mobile and 3G has created an opportunity of a lifetime for Shemaroo. With over 650 million mobile users and Internet on the go, our time has come. After music, it's now time for video. Shemaroo has been silently building capabilities for this day. Understanding video is a lot different to music. The barriers are high. And that's where we step in. Think video, anytime, anywhere, think Shemaroo. Shemaroo is all set to lead the video revolution on Digital Media. With strong content, a deep domain understanding and even deeper customer need understanding, it's showtime.

We are excited. It's showtime. It's 24 x 7. And it's our time.

Sit back. Relax. And enjoy the world of Shemaroo Entertainment.



## CONTENT IN NUMBERS

- OVER 2,000 TITLES, 1,100+ HINDI FILMS, 500+ NON-FILMS, 400+ REGIONAL.
- PERPETUAL RIGHTS TO OVER 500 TITLES, OF WHICH 165+ ARE HINDI FILMS.

It's not just about content. It's about compelling content.

It's about content that works. It's about content that delivers.

Simply put, it's about content ROI.

Understanding *compelling* content for TV is not simple. For instance one of the biggest hit of 2009 had few takers and has been shown on TV just once. And one of the biggest flops of 2009 has been shown over many, many times. Why? What's compelling for TV could be different from its box office performance. And knowing what is compelling is half the battle won.

It's showtime.

In our business, knowing what is compelling content, is important. Because that's what sells. There is both an art and a science to know this. And Shemaroo has acquired this understanding through years of experience. We have made many mistakes. And every mistake has taught us. And every learning has led Shemaroo to being the thought leader in broadcast syndication today.

At Shemaroo we buy content carefully. We say no more often, than we say yes. We have built systems and processes by which

we try and reduce making expensive mistakes. Every content purchase travels through hierarchy of management right upto the Board of Directors. Every content acquisition decision needs to demonstrate a minimum ROI. That's how we think.

Shemaroo is today one of the largest and the most respected compelling content providers. We have acquired content across varying periods and mediums. We have also acquired content that is perpetual. Further, we create content on a one-off basis. Our content library extends to over 2,000 titles spanning old Hindi films classics like Mughal-e-Azam, Shree 420, Mera Naam Joker, Madhumati, Aandhi, Jab Jab Phool Khile, Namak Halaal, Kaalia, new Hindi films like Ajab Prem Ki Ghazab Kahani, Omkara, Chandni Chowk to China, Blue, Slumdog Millionaire and regional titles in various languages.

This is how we have invested to deliver compelling content to TV 24 x 7.

Our inventory includes perpetual content rights to over 165 films. We expect to increase this by 235+ over the next 3 years to 400+.

Our inventory also includes content rights for a limited period for over 1,500 titles. We are investing over ₹ 150 Crore in additional working capital to further enhance our domination over the next 3 years.

We will be investing in selective projects for creating our own content through film production.

All put together we will be investing over ₹ 200 Crore in additional working Capital over the next three years to strengthen our content library and emerge as India's leading film content aggregator. We also turned around in 2009-10. Our profit after tax increased from a loss ₹ 12.96 Crore in 2008-09 to ₹ 1.29 Crore in 2009-10. And we will increase it to double digits in 2010-11. The show's just begun.





We built a de-risked distribution  
Our distribution landscape has  
Eat, Sleep, Drink Video. Don't worry.



# model that offered good returns. expanded dramatically since. 3G is here. And how.



We are the one of the largest providers of content to the TV broadcasters. When it comes to films on television, more often than not, you are watching films distributed by Shemaroo. We chose this distribution franchise as we saw very few players having an understanding of the viewership trends of the broadcast medium; something that we have developed over more than a decade. This helped us to distribute content that was targeted and hence compelling and relevant.

Because we know our end viewer better and which channel he watches, we created a bundled content strategy. Compelling (expensive to acquire) and not-so-compelling (affordable to cheap, to acquire) content is bundled to deliver the desired ROI on our investment.

This is an expertise that our broadcasters respect and trust. They know that we know. And we know that the TV broadcasters are experiencing strong tailwinds. The time spent on watching TV has increased from 119 minutes to 152 minutes in 3 years. And more people are watching films on TV today than a year

back. And most importantly, with DTH households expected to grow from 24 million currently to 40 million by 2014, the broadcasters' share of subscription revenue is expected to increase from 26% to 33% during the same period. The demand for compelling content is therefore set to rise.

And supply. That's the constraint. And now content is needed 24 x 7.

The quantum of compelling content is at best static. And knowing what is compelling is an entry barrier. It's showtime for Shemaroo.

But this is not all. As TV broadcasting syndication, our bread and butter business, is set to grow silently, we see our cheese coming.

It's time to move the content to anytime, anywhere. 24 x 7.

Video Content is the next big thing on mobile. In USA and Europe, we have seen video content driving consumptions and revenues in Mobile Value Added Services (MVAS) and Internet space, especially with 3G and 4G enabling internet access on the

GO. We expect this to be even more magnified in India, especially since wireless (3G/4G) Internet is expected to explode internet usage.

India is moving to real time content, 24 x 7 content. As India moves on to high speed Internet, it's video time. The challenges here are very different to music. Fragmented rights ownership, limited technical understanding of video and even more limited understanding of customers. What works and what doesn't. Time for video specialists. Time for Shemaroo.

As we see it, very few players in the industry understand video. But video is the need of the moment. More than ₹ 65,000 Crore has been spent on 3G licences. The operators need and want video to be seen, watched and downloaded. That's our expertise. To make it happen. 24 x 7. Such is the momentum in all our key businesses that we expect our revenues to triple from ₹ 103 Crore in 2009-10 to ₹ 350 Crore in 2013-14. With the operating leverage, we expect profits to grow from ₹ 1.29 Crore in 2009-10 to ₹ 30 Crore in 2013-14, barring unforeseen circumstances.!

It's showtime. 24 x 7!



## Who we are

Founded in 1962 in Mumbai as a book circulating library, Shemaroo has today evolved into one of India's largest and most trusted content owner, aggregator and distributor of film-based copyrights and other entertainment rights. Today, the brand "Shemaroo" is synonymous with quality entertainment generating an immense amount of respect, trust and goodwill from the entire entertainment eco system.

Over the years, Shemaroo has successfully managed format transformation from Video VHS to VCD to DVD and expansion of film watching theatrical to films on TV, cable and DTH.

Shemaroo is also leading the distribution of video on new media platforms like MVAS, Internet, VOD and IPTV.



## Our Vision

To create a leading global entertainment business eco-system that delights consumers and builds value for all through a variety of world class innovative products, services and platforms enabling us to shape the future and reach the unreached.



## Mission

### Market

Expanding and diversifying markets to reach all audiences globally and emerge as market leaders in sync with local nuances.

### People

Creative talent across the globe working professionally in sync to commit, drive and deliver 'Shemaroo - a global brand' with a holistic approach.

### Communication and Positioning

Induce the pulse of Shemaroo across... Reach the unreached.

### Products and Services

Innovate and create a wide variety of world class products and services having a global appeal, establishing trust, delighting and entertaining our consumers.

### Processes

Creating world class process, infrastructure and timely decision that get globally communicated and facilitate the creation of benchmarkable quality of products.

### Strategy

Create and nurture a leading, self sustaining global entertainment business eco-system / network that helps define the future of the industry.



## Our Library

Over 2,000 titles,  
1,100+ Hindi films,  
500+ non-films,  
400+ regional.  
Perpetual Rights to over 500 titles,  
of which 165+ are Hindi films.



## Our People

The 250 strong Shemaroo team is a group of young and highly motivated and committed people. This is mixed with people of strong domain expertise and experience. We consider people our biggest asset.



## Our Processes

We have efficient processes and systems in place that help us work better and effectively. We have invested in setting up an ERP platform. Our latest technology platforms allow us to stay ahead of the curve in the industry.

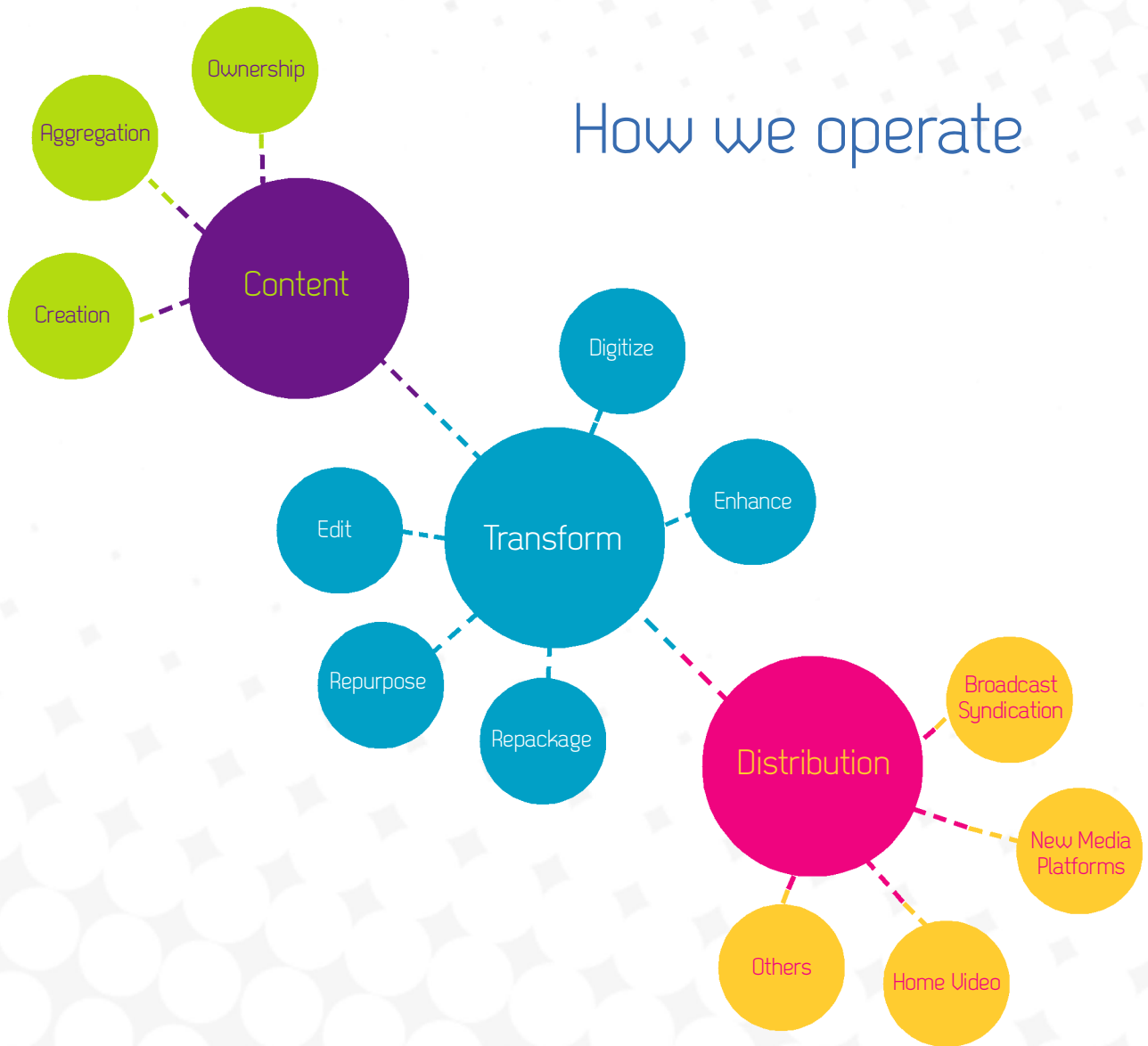


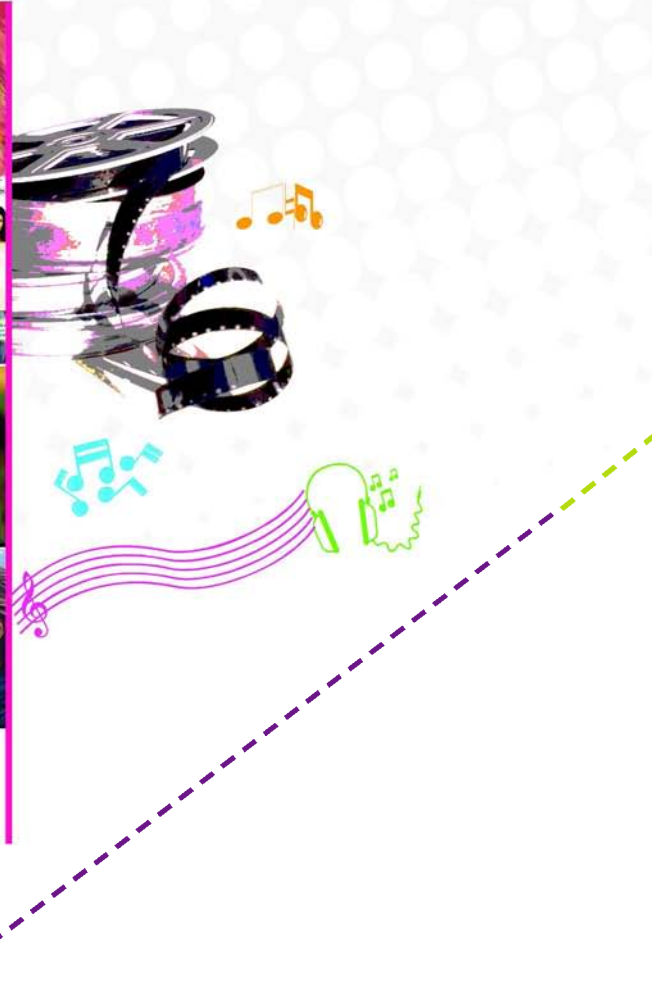
## Our Infrastructure

We operate out of our owned infrastructure of approx. 30,000 sq.ft. located in Mumbai. Our modern digital postproduction studio is equipped with highly sophisticated, state-of-the-art, technical equipments.



# How we operate





## CONTENT

In our business 'Content is King'. Over the years, we have gained a deep understanding of content consumption habits across various platforms and deep understanding of channel positioning. Shemaroo has worked with almost all reputed production houses, media houses and broadcasters. Managing and marketing content is the core DNA of the Company

### A. CONTENT OWNERSHIP

Shemaroo has built a strong library of content ownership through perpetual rights. Shemaroo has ownership of around 500 titles out of which 165+ are Hindi Movies. We have Perpetual Rights for Amitabh Bachchan classics like Amar Akbar Anthony, Namak Halaal, Kalia, Mahaan and other classics like Anari, Jab Jab Phool Khile, Neel Kamal, Kaajal, Shiva. Perpetual rights are owned for a perpetual period with worldwide ownership of all the rights. At Shemaroo, we continue our focus on acquiring Perpetual Rights.

## B. CONTENT AGGREGATION

Content aggregation is largely done through acquiring rights from various content owners and then aggregating and selling these rights across various distribution platforms. Shemaroo has been acquiring and aggregating content over the last 25 years and has emerged as a leading 'Content House'. Having worked with more than 100 producers of film and TV content, we have access to content trends across many Indian languages. We have acquired content rights across various genres including Films, Regional Content, Devotional Music and Special Interest.

Non-Theatrical film rights, especially Hindi films form the bulk of our content library. Hindi films form one of the most important content feeder systems to the Music, Radio and Television segments. The acquisition of rights is based on the box office performance of the movie, the star cast and the genre. With over 25 years of experience in dealing with almost every film content owner, we have acquired various rights for over 1,100 Hindi films. These rights are either for a particular period of time (usually for 5 years), for particular geographies or limited to the medium.

Regional content is a growing and an interesting diversification with

untapped potential and latent demand. We have a large presence in regional content with more than 50 labels and 2,000 titles. In addition to this, we have developed several titles in special interest category. These consist of genres like magic tricks, live concerts, regional plays, cartoons etc.

We have also aggregated content from more than 50 music labels, which forms a strong library for distributing on the MVAS platform. With an existing presence in the MVAS space and Hindi film music still the largest contributor to the Indian Music industry, we soon intend to start acquiring music rights for films.







# CONTENT

## C. CONTENT CREATION

Besides aggregating content, Shemaroo also produces movies, which provide an assured in-house product pipeline for distribution. We commenced production of movies in 2005 with a focus on mid-sized films and producing not more than one or two films a year. Film production has also ensured that we stay connected to the industry, keeping abreast with new talent and development.

We also saw a demand for content in the animation film space with more than 8 channels focusing on broadcasting animation content. We produced 4 successful animation films and we are now working on Direct-to-TV projects.

We also have a state-of-the-art in-house digital post-production facility for technical control and quality edge.





PANGAA  
GANG







## DISTRIBUTION

Having built a strong content library across various genres, we are a preferred partner to operators of various distribution platforms - Television, Internet, IPTV, Mobile and Home Video. Broadcast Syndication of films forms the bulk of revenues, while our music and audio content forms the key provider to the Mobile VAS Platform. Our strong Video Library will be the growth driver once 3G is launched.

## A. BROADCAST SYNDICATION

Shemaroo is a leading syndicator for broadcasting content on the television network, especially films. Having a library of over 2,000 films, Shemaroo is one of the largest broadcast syndicator for television networks.

Film broadcasting is the most popular programming format on television and

continues to be the major revenue driver and, is therefore, of great importance to every television channel. On Television, films are broadcasted largely across three platforms - Satellite TV (i.e. Hindi Movie Channels - STAR Gold, SET Max; General Entertainment Channels - SONY, Colors, Star Plus; Kids Channels - Pogo, Cartoon Network; Regional Channel - Star Pravah) Terrestrial TV (Doordarshan) and Cable (Hathway, Digicable, etc).

There is an ever increasing demand for

compelling content with a steady increase in the number of TV channels as well as Hindi movie channels commanding a strong viewership share of 17%, second only to Hindi GEC's. However, with only 200-250 Hindi films released each year, of which the ratio of successful films is limited, there is a shortage of content.

Shemaroo has worked with all leading broadcasters and enjoys strong respect and goodwill within the broadcasting fraternity.

## B. NEW AGE MEDIA

Media consumption pattern has dramatically changed over the last few years with rising mobile and internet penetration and emergence of newer distribution platforms due to digitization. Digital Cable, DTH, IPTV and mobile music, are changing the very fabric of this ever evolving industry.

Shemaroo has been a thought leader in the transformation of the industry from the physical format to the digital format. We are

Key content provider to leading online entertainment portals for Indian

content like Youtube, Tata Indicom, broadband, Big Flix, Jaman, WatchIndia, etc.

Amongst the top 5 Content Providers for most Indian Mobile operators across products like CRBT, ringtones, imagery, videos, etc.

Key content provider to all Indian IPTV operators in India including BSNL & MTNL franchises, Bharti Airtel, etc.

Music and audio content is our key revenue driver in the Mobile space, with a strong focus on regional and devotional content. Shemaroo has focused on CRBT (Caller Ring-Back Tone) and WAP (Wireless Application Protocol) content, with more

than 25,000 songs in 15 languages live on CRBT.

The future and the key growth driver of the new age media now lies in Video. With the advent of 3G, the mobile phone is now going to be a handy tool for accessing videos. Internet penetration in India is also steadily increasing, which is coupled with new devices and platforms like iPad, we view this opportunity as a strong growth driver for Shemaroo. We are extracting quality and consumable videos from our huge library of films as well as aggregating content from other players.

We expect to see over 100% CAGR in revenue from this segment over the next 5 years.

## C. HOME VIDEO

The home video has traditionally been the consumer face of the Company, giving us strong visibility and consumer connect. In 1980, we set up Mumbai's first video library and in 1986 we forayed into the Home Video distribution segment. Since then, we have grown to have a product

presence across 2,000+ retail stores across 125+ towns and cities. Our 1,300 titles are available through our network of more than 100 distributors. Over the years, we have successfully managed transformation of video formats from VHS to VCD, DVD and now look forward to moving to the Blu Ray platform.

## D. OTHERS

We also have a presence in the overseas distribution market, with an impressive catalogue of re-issue titles for more than 400 films. We have distributed products/ films to more than 50 countries.





## Letter from the Managing Director

Dear Shareholders,

Welcome to Shemaroo Entertainment Private Limited, a uniquely positioned company in the entertainment space with a great parentage and pedigree and a niche business model that has been carefully built within the entertainment space.

Over the last 48 years, Shemaroo has completely transformed itself to reach a fairly unique position. It has been a long and rewarding journey from a book library owner in 1962 to a large content owner, a leader in the broadcast syndication space and an emerging leader in the MVAS space through its expertise in video. As I look ahead, I see Shemaroo capitalizing on its strengths and position to create consistent shareholder value through high, de-risked and profitable growth in the entertainment space.

What Shemaroo will create tomorrow is a function of what we have built today. Shemaroo is today probably one of the most trusted names in entertainment space in India. Shemaroo represents best and fair practices in the world of entertainment. I feel Shemaroo is one of the most trusted brands in our industry. Shemaroo has very deep relationships with every production house in India. We are, perhaps, the only company to have sourced content from almost every major production house. This is because they trust our dealings. They respect our word. And commitment. The Shemaroo pedigree is built on this foundation of trust and fair practices.

Above all, we are very passionate about entertainment. We love the business we are in. This is the only business we have and we understand. We have our money where our mouth is. We have leveraged and used

leverage to acquire compelling content few can match. And we are at an inflection point.

To share the big picture with you, on the one hand, I see supply growing marginally at about 200-250 Hindi films annually. On the other hand, I see demand for compelling content in films growing exponentially. I see more TV channels. I see more TV channels showing more films. I see people watching more TV. And within this, I see people watching more films. I also see with digitization, TV channels making more money, both on subscription and advertising. I see Indian economy growing at 8% CAGR for the next five years. And with this, I see more media spend by advertisers. I see TV emerging as preferred media. Naturally, the money made by TV channels will be used to buy more compelling content.

"We are feeling confident. We are upbeat. We expect to grow our revenues by 3x and take profits to ₹ 30 Crore by FY 2014."

This is good news for us. We have an existing library of over 1,100 films and we expect returns on this library to increase over a period of time. What will be interesting is that compelling content will fetch much more. And this is where our experience comes. We believe a lot of our content is compelling. And with demand rising, this compelling content will help us bundle the not-so-compelling content too. And enhance returns.

We are content specialists. Our content is video and films.

And this is the next big opportunity for Shemaroo. 2010-11 is the year of big auction on 3G. We see 3G as a game changer. Based on what we have seen in developed markets like USA and Europe, business video VAS on mobile drives substantially higher ARPU's than audio VAS. The Indian MVAS audio market today is about ₹ 6,760 Crore. Imagine how big the video market could be? And Shemaroo has been silently building expertise on the distribution of video on mobile through 3G

connectivity which will make video a lot more exciting for users.

This is how I see Shemaroo.

We are feeling confident. Shemaroo has reported a profit after tax of ₹ 1.29 Crore in 2009-10 compared to a loss of ₹ 12.96 Crore in 2008-09. The endeavour is to report double digit profit in 2010-11 and ensure that we don't see red ever in our P&L. Our confidence stems from the fact that we have spent the last few years in building the organization through people, processes and infrastructure. Today, I am proud that we have successfully transformed from a family run organization to a professionally managed one. As we grow, the gains from this will be more visible and put us in a unique position.

We are upbeat. The industry tailwinds are in our favour. We have prepared for this. We are looking at investing aggressively to dominate our niche. We are even contemplating an equity infusion to further strengthen our long term resources and to prepare for planned investment in our core

business. We plan to invest more than ₹ 200 Crore over the next three years. With this, we expect to grow our revenues by 3x and to achieve profits to ₹ 30 Crore by FY 2014.

Before I conclude, I want to thank everyone who has helped us reach here. Every single consumer who bought a VCD or DVD, every single film producer who we sourced content from, every single technician and artist with whom we made films, our banks for showing the confidence in our business and lending to us, every single broadcaster, Doordarshan and cable operator who sources content from us, every cine goer and TV watcher, every single member of my Board for their guidance, every shareholder who has believed in us and our vision, and above all, Team Shemaroo for the passion, dedication and leadership.

Thank you.

With every good wish,

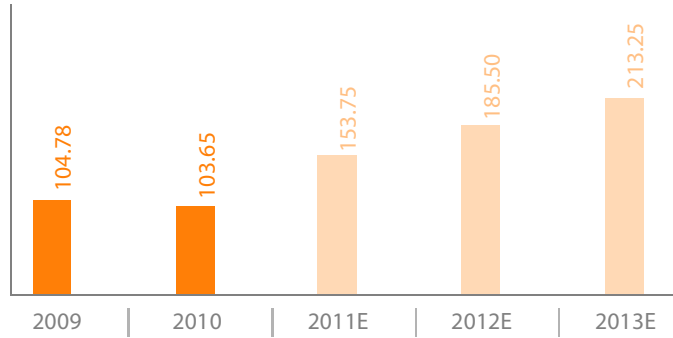
Raman Hirji Maroo  
(Managing Director)



# Financial Highlights

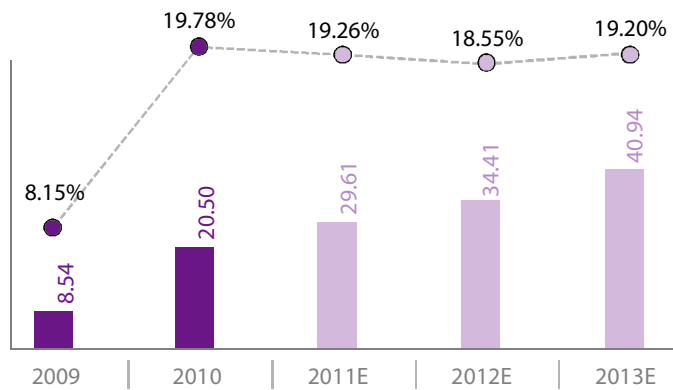
## TOTAL REVENUE (₹ CRORE)

For the year ended 31st March



## EBDITA

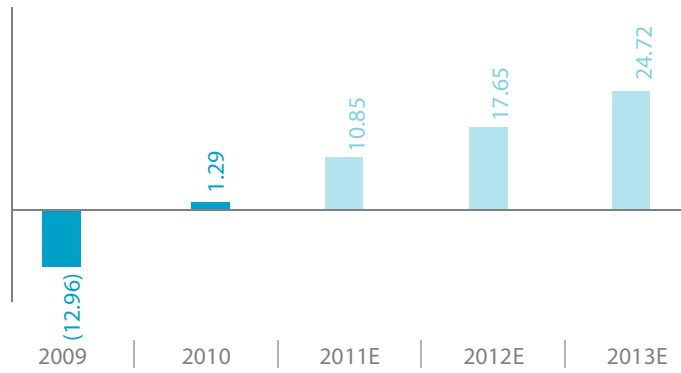
For the year ended 31st March





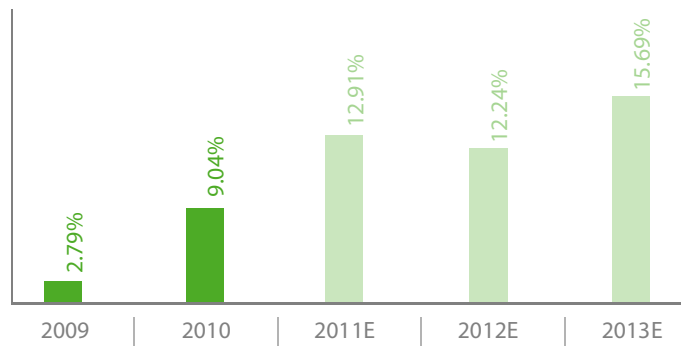
### PAT (₹ CRORE)

For the year ended 31st March



### ROCE %

For the year ended 31st March



# Highlights of 2009-10







# Corporate Information

## **NAME OF THE COMPANY**

Shemaroo Entertainment Private Limited

## **REGISTRATION NO. OF THE COMPANY**

U67190MH2005PTC158288

DATE OF INCORPORATION:

December 23, 2005

## **BOARD OF DIRECTORS**

Mr. Buddhichand Hirji Maroo

Mr. Raman Hirji Maroo

Mr. Atul Hirji Maru

Mr. Jai Buddhichand Maroo

Mr. Hiren Uday Gada

## **AUDITORS**

Gawande & Associates

Chartered Accountants

## **BANKERS**

N.K.G.S.B. Co-operative Bank Ltd.

Axis Bank Ltd.

Shamrao Vithal Co-op. Bank Ltd.

Deutsche Bank

IDBI Bank

## **REGISTERED OFFICE**

Shemaroo House, Plot No. 18,  
Marol Co-op. Industrial Estate,

Off. Andheri-Kurla Road,  
Andheri (E), Mumbai 400 059.

Tel. No. 022-28529911

Fax No. 022-28519770

Website: [www.shemaroo.com](http://www.shemaroo.com)

## **SUBSIDIARIES INFORMATION**

### **INTERNATIONAL**

#### **United Kingdom**

##### **Shemaroo Entertainment (UK) Private Limited**

Russell Bedford House

City Forum, 250 City Road

London EC1V 2QQ.

#### **United States of America**

##### **Shemaroo Entertainment INC**

303 Fifth Avenue Suite 909

New York NY 10016.



# Directors' Report

Your Directors hereby present the Annual Report on the business and operations of the Company together with the audited financial accounts for the year ended March 31, 2010.

(₹ in '000)

Results	Current Year 2009-10	Previous Year 2008-09
<b>Income:</b>		
Sales & Services	1,016,039	1,033,355
Other Income	20,460	14,453
<b>Total Income</b>	<b>1,036,499</b>	<b>1,047,808</b>
<b>Expenditure:</b>		
Direct Operational Expenses	642,765	759,837
Personnel Expenses	83,159	101,786
Administrative Expenses	65,638	64,787
Financial Expenses	165,032	178,452
Selling Expenses	39,917	35,993
Preliminary Expenditure written off	-	-
Depreciation	26,815	28,628
<b>Total expenditure</b>	<b>1,023,327</b>	<b>1,169,482</b>
<b>Profit Before Taxation</b>	<b>13,172</b>	<b>(121,674)</b>
Provision for Taxation	238	7,877
<b>Profit After Taxation</b>	<b>12,934</b>	<b>(129,551)</b>
Surplus b/fd.	(57,265)	65,149
<b>Profit available for Appropriation</b>	<b>(44,331)</b>	<b>(64,401)</b>
<b>Less: Appropriations</b>		
General Reserve	-	(7,506)
Proposed Dividend	-	-
Dividend Distribution Tax	-	-
Short Provision for Taxation of earlier years	-	370
<b>Surplus c/fd.</b>	<b>(44,331)</b>	<b>(57,265)</b>

## DIRECTORS

During the year under review there is no change in the composition of the Board of Directors.

## REVIEW OF OPERATION

During the year under review, the Sales & Other Income reduced to Rs. 1034.49 Million as compared to the previous years Rs. 1060.21 Million. The Company had a turnaround with a Net Profit After taxation of Rs. 12.93 Million as compared to the Net Loss after tax of Rs. 129.55 Million in the previous financial year.

## DIVIDEND

With a view to strengthen the Financial position of the Company and consolidate the resources of the Company, no dividend is proposed.

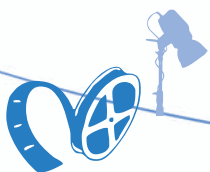
## PUBLIC DEPOSITS

The Company has not accepted any Public Deposit during the year under review.

## AUDITORS AND THEIR APPOINTMENT

The term of our Auditors M/s. Gawande & Associates, Chartered Accountants, expires at conclusion of the Annual General Meeting. A proposal has been received for the reappointment of M/s. Gawande & Associates, Chartered Accountants as the Auditors of the Company until the next Annual General Meeting.





Shemaroo Entertainment (P) Ltd.

### **SUBSIDIARY COMPANIES**

As on 31st March, 2010 the company have two subsidiary companies namely Shemaroo Entertainment INC (US) and Shemaroo Entertainment (UK) Private Limited. In compliance with the provisions of section 212 of the Companies Act, 1956 a statement of the holding Company's interest in the subsidiary and the financial statements of these subsidiary companies forms part of this Annual Report as a separate section.

The Financials for the UK Subsidiary Shemaroo Entertainment (UK) Private Limited attached herewith are Unaudited and Provisional, however the same has been approved by the Board of the Directors of the Shemaroo Entertainment (UK) Private Limited as such. The same has been submitted to Auditors for their report.

### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, the Directors hereby confirm:

- 1 that in the preparation of the Annual Accounts for the year ended March 31, 2010, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- 2 that the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a fair view of the state of affairs of the Company at the year ended March 31, 2010 and of the profit / loss of the Company for that period.

- 3 that the Directors 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 for preventing and detecting fraud and other irregularities.
- 4 that the Directors have prepared the Annual Accounts for the year ended March 31, 2010 on a going concern basis.

### **PARTICULARS OF EMPLOYEES**

The particulars of the employees having remuneration more than the limit prescribed under section 217 (2A) of the Companies Act, 1956 read with the rules there under are enclosed as per Annexure "A".

### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

The information under section 217 (i) (e) (read the Companies disclosure of particulars in the report of Board of Directors) Rule, 1988

#### **1 CONSERVATION OF ENERGY**

The requirement for disclosure with respect to conservation of energy, under Form A, is not applicable to the Company for the year under review.

#### **2 TECHNOLOGY ABSORPTION**

The company is engaged in trading activities and does not involve any specialized or innovative technology. As such there is nothing to report on Technology Absorption.



### 3 FOREIGN EXCHANGE EARNINGS & OUTGO

The information on foreign exchange earnings and outgo is given in the notes forming part of accounts at point Nos. 2(e), 2(f) and 2(g).

#### SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to Section 383A of the Companies Act 1956 and the rules made there under, your company has obtained the requisite Compliance Certificate from a Company Secretary in whole time practice to the effect that it has complied with the provisions of the Companies Act, 1956 as stated therein. The said Certificate is attached herewith as per Annexure "B".

#### HUMAN RESOURCES

Your Company enjoys cordial relations with its employees. The key focus of your Company is to attract, retain and develop talent. The Board wishes to place on record its appreciation of

the contributions made by all employees ensuring high levels of performance and growth during the year.

#### SOCIAL COMMITMENTS

Your Company is aware of its social responsibility and has been from time to time contributing to social issues.

#### ACKNOWLEDGEMENT

Your Directors would like to express the grateful appreciation for the assistance and co-operation received from its Bankers, Employees and Business associates during the year under review.

For and on behalf of the Board of Directors

MANAGING DIRECTOR

Place : Mumbai

Date : 9th July, 2010



Shemaroo Entertainment (P) Ltd.

### ANNEXURE 'A' to the Director's Report

Information as per Section 217[2A] read with the Companies [Particulars of Employees] Rules, 1975 and forming part of the Director's Report for the year ended 31st March 2010

(₹ in '000)

Name	Designation	Total Remunration	Net Remuneration	Qualification	Experience	Date of Commencement	Age	Last Employment
R. H. Maroo	Managing Director	5,400	3,854	B.Sc.	39 Yrs	23.12.2005	60	Shemaroo Holdings Pvt. Ltd.
A. H. Maru	Joint Managing Director	4,800	3,439	Int. Sc.	32 Yrs	23.12.2005	50	Shemaroo Holdings Pvt. Ltd.
B. H. Maroo	Executive Director	3,000	2,177	S.S.C.	47 Yrs	26.05.2008	71	Shemaroo Holdings Pvt. Ltd.
Hiren Gada	Executive Director	1,704	1,299	M.B.A.	9 Yrs	26.05.2008	35	Shemaroo Holdings Pvt. Ltd.
H. R. Karani	Vice President- Studio	2,977	2,230	B.com	22 Yrs	01.04.2007	46	Shemaroo Holdings Pvt. Ltd.
K. L. Maroo	Vice President- Film Production	2,603	1,894	B.com	25 Yrs	01.04.2007	44	Shemaroo Holdings Pvt. Ltd.

Note : Net remuneration is after deducting Income tax at Source under Section 192 of the Income Tax Act.



## ANNEXURE 'B' to the Director's Report

### SECRETARIAL COMPLIANCE CERTIFICATE

The Members,

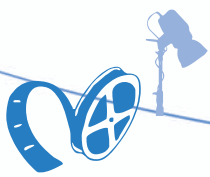
**SHEMAROO ENTERTAINMENT PRIVATE LIMITED**

Shemaroo House, Plot No. 18,  
Marol Co-operative Ind. Estate,  
Off. Andheri Kurla Road,  
Andheri (East),  
Mumbai – 400059.

We have examined the necessary registers, records, books and papers of SHEMAROO ENTERTAINMENT PRIVATE LIMITED (The Company) as required to be maintained under the Companies Act, 1956 (The Act), and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on March 31, 2010.

In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify in respect of the aforesaid financial year that:

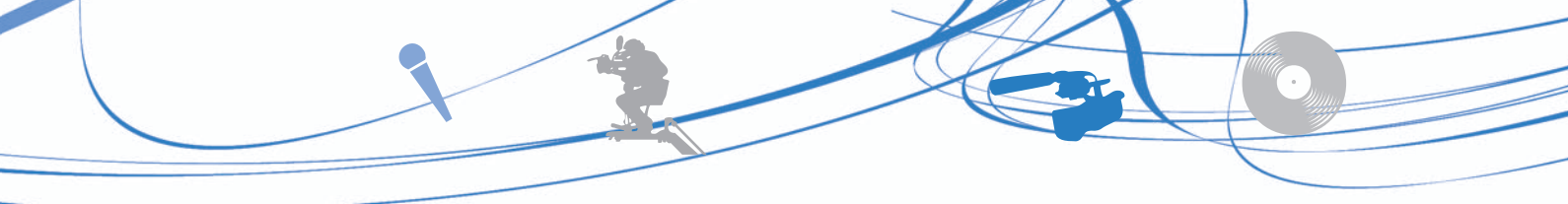
1. The company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or such other authorities within the time prescribed under the Act and the rules made there under and in case of delay by paying the prescribed additional filing fees.
3. The company being a Private Limited company has the minimum prescribed paid up capital and its maximum number of members during the said financial year has not exceeded 50 [Fifty] excluding its present and past employees and, the company, during the year under scrutiny:
  - i) has not invited public to subscribe for its shares or debentures; and
  - ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board duly met 13 times on 01.04.2009, 22.04.2009, 11.05.2009, 11.06.2009, 01.07.2009, 04.08.2009, 30.09.2009, 28.10.2009, 26.11.2009, 24.12.2009, 25.01.2010, 24.02.2010, 23.03.2010 in respect of which meetings proper notices were given and the proceedings were duly recorded and signed in the minute book maintained for the purpose.
5. The company was not required to close its Register of Members or Debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended March 31, 2009 was held on September 30, 2009 after giving due notice to the members of the company. The



### Shemaroo Entertainment (P) Ltd.

- resolutions passed thereat were recorded in the Minutes book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the Financial year under review.
  8. The Company being a Private Company, the provisions of Section 295 of the Act do not apply.
  9. The Company has complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
  10. The Company has made necessary entries in the register maintained under section 301 of the Act.
  11. The company has obtained necessary approvals from the Board of Directors, members and previous approval of the Central Government pursuant to section 314 of the Act wherever applicable.
  12. The company has not issued duplicate share certificates during the financial year under review.
  13. The Company has:
    - i. delivered the share certificates in time on allotment / transfer of shares during the financial year under review.
    - ii. not declared any dividend or interim dividend during the finance year.
    - iii. not posted warrants to any members of the company as no dividend was declared during the financial year.
  - iv. not required to transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have not remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund
  - v. duly complied with the requirements of Section 217 of the Act.
14. The Board of directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
  15. The Company being Private company provisions of section 269 of the Act with regard to appointment of Managing Director / Whole-time Director / Manager are not applicable.
  16. The company has not appointed any sole-selling agents during the financial year under review.
  17. As explained to us, the Company was not required to obtain any approvals from the Central Government, Company Law Board, Regional Director, Registrar of Companies and/ or such other authorities as may be prescribed under the various provisions of the Act.
  18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
  19. The Company has not issued any shares, debentures or other securities during the financial year.



- 
20. The company has not bought back any shares during the financial year under review.
  21. The company has not redeemed any preference shares / debentures during the financial year under review.
  22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
  23. The company has not invited/ accepted any deposits including any unsecured loans falling within the purview of the provisions of Sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the year under review.
  24. The Company being a Private Limited Company, the provisions of Section 293(1) (d) of the Act do not apply.
  25. The Company has made loans and investments to/ in Other Bodies Corporate in compliance with the provisions of the Act.
  26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny.
  27. The company has not altered the provisions of the Memorandum of Association with respect to the objects of the company during the year under scrutiny.
  28. The company has not altered the provisions of the Memorandum of Association with respect to name of the company during the year under scrutiny.
  29. The company has not altered the provisions of the Memorandum of Association with respect to share capital of the company during the year under scrutiny.
  30. The company has not altered its Articles of Association during the year under scrutiny.
  31. There was no prosecution initiated against or show cause notices received by the company for alleged offenses under the Act and no fines and penalties or any other punishment was imposed on the company during the financial year under review.
  32. The company has not received any money as security from its employees during the year under scrutiny.
  33. The Company has regularly deposited both employee's and employer's contribution to Provident Fund, with prescribed authorities, pursuant to Section 418 of the Act.

For Martinho Ferrao & Associates  
Company Secretaries

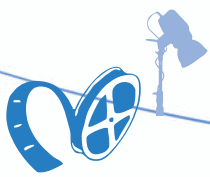
**Martinho Ferrao**

Proprietor

C P. No. 5676

Place: Mumbai

Dated: July 9, 2010



Shemaroo Entertainment (P) Ltd.

## ANNEXURE ' A '

(Refer Para 1)

No.	Registers as maintained by the Company	Under Section
1	Register of Members	150 [1]
2	Minutes Books of proceedings of	
	a) General Meeting	193 [1]
	b) Board of Directors	193
3	Register of Contracts, Companies & Firms in which directors are interested	301 [1]
4	Register of Directors	303 [1]
5	Register of Director Shareholding	307 [1]
6	Register of Transfer of Shares	
7	Register of Charges	143 [1]

## ANNEXURE ' B '

(Refer Para 2)

Returns filed by the Company with the Registrar of Companies, Maharashtra, Mumbai, during the Financial Year ending on March 31, 2010:

No	Form No.	Under Section	Purpose	When Filed with ROC
1.	Form 66	383 A	Secretarial Compliance Certificate (F.Y. 2008-09)	Vide Challan No.P44222727 dated December 28, 2009
2.	Form 20B	159	Annual Return as on F.Y. 2008-09	Vide Challan No. P44287282 dated December 29, 2009
3.	Form 23AC-ACA	220	Balance Sheet & Profit & Loss Account as on F.Y. 2008-09	Vide Challan No. P44318038 dated December 29, 2009



# Auditors' Report

Auditors' Report to the Members of

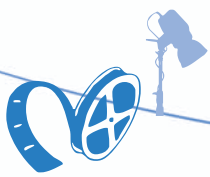
## **SHEMAROO ENTERTAINMENT PRIVATE LIMITED**

We have audited the attached Balance Sheet of SHEMAROO ENTERTAINMENT PVT. LTD. as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement for the financial year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report ) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and explanation given to us during the course of the audit, we enclose in the

Annexure statement on the matters specified in **paragraph 4 & 5 of the said order to the extent applicable to the company.**

3. Further to our comments in the Annexure referred to in paragraph '2' above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iv. In our opinion, the Balance Sheet Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v. Based on the representation made by the directors of the Company and the explanation as made available, the directors of the Company do not prima-facie have any disqualifications as referred to in clause (g) of sub-section (1) to section 274 of the Companies Act, 1956.



### Shemaroo Entertainment (P) Ltd.

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with statement on significant accounting policies and the notes thereon give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view;
- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
- b. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

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

For GAWANDE & ASSOCIATES  
Chartered Accountants  
ICAI FRN.: 112880W

V.V.RAO  
Partner

Membership No. 30916

Mumbai.

Dated: 09th July 2010.

## Annexure

### **Annexure to the Report of the Auditors to the Members of SHEMAROO ENTERTAINMENT PRIVATE LIMITED on the accounts for the year ended 31st March, 2010 (Referred to in paragraph 2 thereof)**

#### **1. Fixed Assets:**

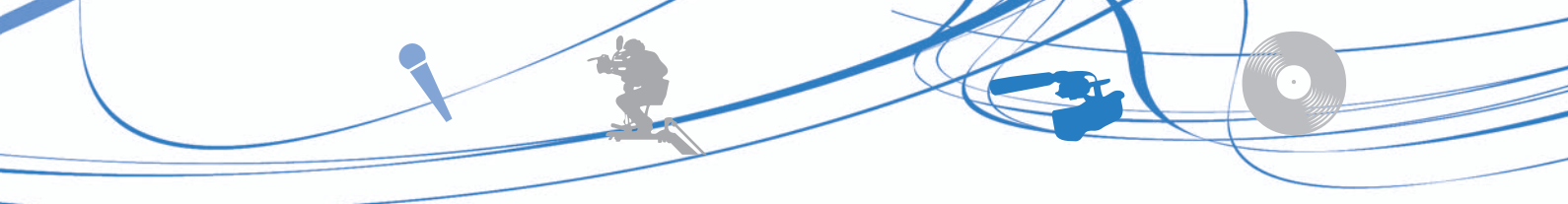
- a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets.

- c. No material discrepancies have been reported on such verification. The company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.

#### **2. Inventory:**

- a. As explained to us, inventories were physically verified during the year by the management at reasonable intervals. In our opinion the frequency of such verification is reasonable.
- 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.

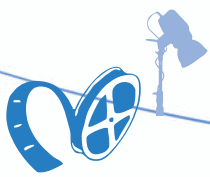


- 
- c. The Company is maintaining proper records of inventory and we were informed that the discrepancies noticed on such verification as compared to the book, records were not material and have been properly dealt with in the books of accounts.

### 3. Secured/Unsecured Loans:

- a. 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 Act. Hence the sub-clauses (a), (b), (c) and (d) of the clause 4(iii) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- b. The company has taken unsecured loans from twelve firms/parties covered in the register maintained under section 301 of the Companies Act, 1956. The total amount taken was Rs. 18,76,50,000. The maximum amount involved during the year was Rs. 18,76,50,000 and the year-end balance of loans taken from such parties was Rs. 13,31,00,000.
- c. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- d. The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any failure to correct major weakness in the internal control.
5. In our opinion and according to the information and explanations given to us,
- a. the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956, and the rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. As Informed to us, the maintenance of cost records has not been prescribed by the Central Government under section



## Shemaroo Entertainment (P) Ltd.

209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.

### 9. Statutory Dues

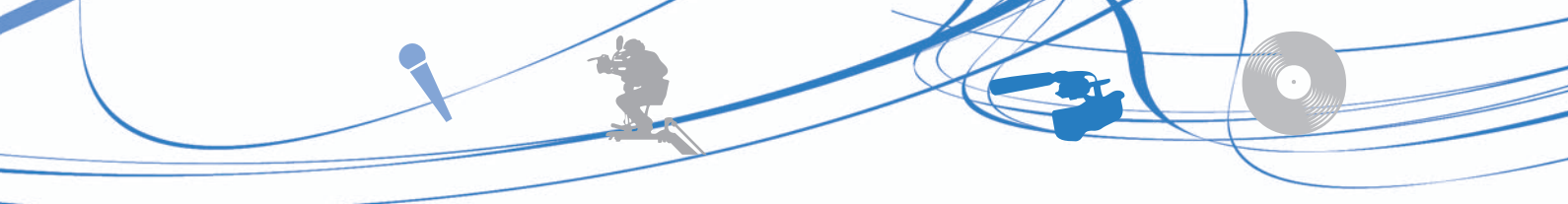
- a. According to the records of the company, the company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, investor education and protection fund, income tax, wealth tax, sales tax, service tax, custom duty, cess and other statutory dues applicable to it with the appropriate authorities.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax and customs duty were in arrears, as at March 31, 2010 for a period of more than six months from the date they became payable..

According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute as on March 31, 2010 except the following:

(Amount in Rs. '000)

Particulars	Period to which the amount relates	Forum where the dispute is pending	Amount
Sales Tax	FY 2004-05	Asst. Commissioner of Sales Tax	34,239

10. In our opinion, the accumulated losses at the end of the financial year of the company are not more than fifty per cent of its net worth. The company has not incurred any cash losses during the current financial year; however it has incurred cash losses of Rs. 9,49,46,013 during the immediately preceding financial year.
11. According to the information and explanations given to us and based on the documents and records produced to us and examined by us, the Company has not defaulted in repayment of any dues to banks or a financial institution as at the balance sheet date.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi, mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.



- 16.** In our opinion and according to the information and explanations given to us on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- 17.** According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that funds raised on short term basis during the year have not been used for long term investments.
- 18.** During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19.** The Company has not issued any debentures during the year.
- 20.** Since the company is a private limited company, the clause relating to the disclosure on the end use of money raised by public issues is not applicable to the company.
- 21.** During the course of our examination of the books and records of the company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have we been informed of any such case by the management.

For GAWANDE & ASSOCIATES  
Chartered Accountants  
ICAI FRN.: 112880W

V.V.RAO  
Partner

Membership No. 30916

Mumbai.

Dated: 09th July, 2010.



Shemaroo Entertainment (P) Ltd.

# Balance Sheet

(₹ in '000)

As at 31st March,	Schedule	2010	2009
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	4,557	4,557
Reserves and Surplus	B	834,307	834,307
		<b>838,864</b>	<b>838,864</b>
<b>Loan Funds</b>			
Secured Loans	C	833,534	1,083,050
Unsecured Loans	D	302,807	130,554
		<b>1,136,341</b>	<b>1,213,604</b>
<b>Deferred Tax Liability</b>			
		<b>41,603</b>	<b>41,365</b>
<b>Total</b>		<b>2,016,808</b>	<b>2,093,833</b>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	E	543,561	532,421
Less: Depreciation		181,122	154,588
<b>Net Block</b>		<b>362,438</b>	<b>377,833</b>
Capital Work-in-Progress		557	5,366
		<b>362,995</b>	<b>383,200</b>
<b>Investments</b>			
	F	<b>3,796</b>	<b>1,108</b>
<b>Current Assets, Loans and Advances</b>			
Inventories	G	514,400	537,336
Sundry Debtors	H	656,580	587,428
Cash and Bank Balances	I	185,197	146,817
Loans and Advances	J	451,041	463,733
		<b>1,807,218</b>	<b>1,735,315</b>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	K	201,532	83,055
		<b>201,532</b>	<b>83,055</b>
<b>Net Current Assets</b>		<b>1,605,686</b>	<b>1,652,260</b>
<b>Profit &amp; Loss Account</b>		<b>44,331</b>	<b>57,265</b>
<b>TOTAL</b>		<b>2,016,808</b>	<b>2,093,833</b>
Significant Accounting Policies and Notes to the Financial Statements	S		

As per our report of even date attached.  
For GAWANDE & ASSOCIATES  
Chartered Accountants  
ICAI FRN.: 112880W

For and on behalf of the Board

V. V. Rao  
Partner  
Membership No. 030916

Raman H. Maroo  
Managing Director

Atul H. Maru  
Jt. Managing Director

Place :- Mumbai  
Dated:- 9th July, 2010

Place :- Mumbai  
Dated:- 9th July, 2010



# Profit and Loss Account

(₹ in '000)

For the year ended 31st March,	Schedule	2010	2009
<b>Income</b>			
Turnover	L	1,016,039	1,033,355
Other Income	M	20,460	14,453
		<b>1,036,499</b>	<b>1,047,808</b>
<b>Expenditure</b>			
Direct Operational Expenses	N	642,765	759,837
Personnel Expenses	O	83,159	101,786
Administrative Expenses	P	65,638	64,787
Selling Expenses	Q	39,917	35,993
		<b>831,479</b>	<b>962,402</b>
<b>Profit before Interest, Depreciation and Taxation</b>			
Financial Expenses	R	205,020	85,406
<b>Profit / (Loss) before Depreciation and Taxation</b>			
Depreciation	E	39,987	(93,046)
<b>Profit/(Loss) before Taxation</b>			
<b>Less: Provision for Taxation</b>			
Deferred Tax		238	5,977
Fringe Benefit Tax		-	1,900
<b>Profit / (Loss) After Tax</b>			
Balance brought forward from previous years		(57,265)	65,149
<b>Amount available for appropriation</b>			
<b>Appropriations</b>			
Shortfall in Provision for Taxation in Earlier Years		-	370
Transfer to/(from) General Reserve		-	(7,506)
<b>Balance carried to Balance Sheet</b>			
<b>Earnings Per Share [Refer Note 2 (b) of Schedule S ] (In Rs.)</b>			
<b>(Face Value per equity share - Rs. 10/-)</b>			
- Basic		28.38	(315.20)
- Diluted		28.38	(315.20)
Significant Accounting Policies and Notes to the Financial Statements	S		

As per our report of even date attached.

For GAWANDE & ASSOCIATES

Chartered Accountants

ICAI FRN.: 112880W

V. V. Rao

Partner

Membership No. 030916

Place :- Mumbai

Dated:- 9th July, 2010

For and on behalf of the Board

Raman H. Maroo

Managing Director

Place :- Mumbai

Dated:- 9th July, 2010

Atul H. Maru

Jt. Managing Director



Shemaroo Entertainment (P) Ltd.

## Cash Flow Statement

(₹ in '000)

For the year ended 31st March,	2010	2009
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit Before Tax	13,172	(121,674)
Adjustments for:		
Depreciation & Amortisation	26,815	28,628
Interest Income	(9,970)	(12,918)
Financial Expenses	165,032	178,452
Dividend Income	(105)	(67)
Loss on sale of Fixed Asset	217	839
Unrealised Foreign Exchange (Gain)/Loss	825	(12,398)
Bad Debts written-off	981	6
Credit Balance Written-off	(358)	(196)
<b>Operating Profit Before Working Capital Changes</b>	<b>196,610</b>	<b>60,672</b>
<b>Adjustments for changes in Working Capital</b>		
(Increase)/Decrease in Inventories	22,936	(179,385)
(Increase)/Decrease in Debtors	(71,055)	(43,268)
(Increase)/Decrease in Other Receivables	14,841	21,175
Increase/(Decrease) in Sundry Creditors & Other Payables	119,172	(97,241)
<b>Cash Generated from Operations</b>	<b>282,503</b>	<b>(238,047)</b>
Taxes Paid	(238)	(34,847)
<b>Cash Flow from Operating Activities</b>	<b>282,265</b>	<b>(272,893)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Proceeds from sale of fixed assets	68	182
Purchase of Fixed assets	(6,897)	(11,295)
Proceeds from maturity of fixed deposits	109,393	19,620
Dividend Income	105	67
Interest Income	9,970	12,918
Investments made in subsidiaries	(2,688)	98
Loans given to Subsidiary and others	(2,149)	-
<b>Cash flow from Investing Activities</b>	<b>114,631</b>	<b>21,590</b>



**C. Cash Flow From Financing Activities:**

Proceeds from Issue of Share capital	-	306,308
Proceeds from Long term Borrowings	-	-
Proceeds from Short term Borrowings	-	154,386
Repayment of Long term Borrowings	(41,606)	(41,203)
Repayment of Short term Borrowings	(35,657)	-
Dividend Paid	-	(2,399)
Financial Expenses	(165,032)	(178,452)
<b>Cash flow from Financing activities</b>	<b>(242,295)</b>	<b>238,640</b>

**D. Net Increase/(Decrease) In Cash And Cash Equivalents**

	<b>147,772</b>	<b>(12,663)</b>
Cash & Cash Equivalents at the beginning	<b>19,475</b>	<b>32,138</b>
Cash & Cash Equivalents at the End	<b>167,247</b>	<b>19,475</b>

As per our report of even date attached.

For GAWANDE & ASSOCIATES

Chartered Accountants

ICAI FRN.: 112880W

V. V. Rao

Partner

Membership No. 030916

Place :- Mumbai

Dated:- 9th July, 2010

For and on behalf of the Board

Raman H. Maroo

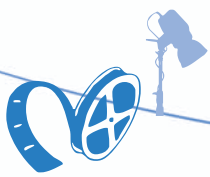
Managing Director

Place :- Mumbai

Dated:- 9th July, 2010

Atul H. Maru

Jt. Managing Director



Shemaroo Entertainment (P) Ltd.

## Schedules

(₹ in '000)

To the Financial Statement as at 31st March,	2010	2009
<b>Schedule A: Share Capital</b>		
<b>Authorised</b>		
500,000 (Previous Year 500,000) Equity Shares of Rs.10/- each	5,000	5,000
	<b>5,000</b>	<b>5,000</b>
<b>Issued, Subscribed and Paid - up</b>		
455,708 (Previous Year 455,708) Equity Shares of Rs.10/- each fully paid up	4,557	4,557
[Out of the above shares 350,714 (Previous Year 350,714) Equity Shares of Rs.10/- each fully paid-up have been issued for a consideration other than cash.]		
	<b>4,557</b>	<b>4,557</b>
<b>Schedule B: Reserves and Surplus</b>		
Capital Reserve on Demerger	(A) 528,204	528,204
Securities Premium	(B) 306,103	306,103
General Reserve		
As per last balance sheet	-	7,506
Add: Transferred to Profit and Loss Account	-	(7,506)
	(C) -	-
<b>Total</b>	<b>(A)+(B)+(C) 834,307</b>	<b>834,307</b>
<b>Schedule C: Secured Loans</b>		
<b>Loan from Banks</b>		
Overdraft Facility	-	94,161
(Secured by Fixed Deposit Receipts of the Company)		
Cash Credit Facility	506,808	485,558
[Secured by hypothecation of stock, book debts and collaterally secured by mortgage of property owned by the company and personal guarantee of some of the directors of the company]		
Term Loans	27,226	68,832
[Term loans secured by hypothecation of machinery and auto loans secured by hypothecation of the motor vehicles]		
Bill Discounting / Line of Credit	299,500	434,500
(Secured by hypothecation of book debt / film negatives)		
	<b>833,534</b>	<b>1,083,050</b>
<b>Schedule D: Unsecured Loans</b>		
From Directors	110,740	-
From Directors Relatives & Sister Concerns	22,946	-
From Banks	39,122	554
Inter Corporate Deposits	130,000	130,000
	<b>302,807</b>	<b>130,554</b>

# Schedules

(₹ in '000)

## To the Financial Statement

### Schedule E: Fixed Assets

Particulars	Gross Block			Depreciation				Net Block		
	As on 01-Apr- 2009	Additions	Deductions	As on 31-Mar- 2010	As on 01-Apr- 2009	For the year	Deductions	As on 31-Mar- 2010	As on 31-Mar- 2010	As on 31-Mar- 2009
Office Building	93,467	-	-	93,467	8,003	1,522	-	9,525	83,941	85,463
Motor Vehicle	23,533	699	430	23,802	6,336	2,217	274	8,278	15,523	17,198
Plant & Machinery	370,832	4,913	136	375,610	127,159	19,361	6	146,513	229,097	243,674
Furniture & Fixtures	36,893	-	-	36,893	10,731	2,335	-	13,066	23,827	26,162
Computer Software	7,695	6,094	-	13,790	2,359	1,380	-	3,740	10,050	5,336
<b>Grand Total (Rupees)</b>	<b>532,421</b>	<b>11,706</b>	<b>566</b>	<b>543,561</b>	<b>154,588</b>	<b>26,815</b>	<b>280</b>	<b>181,122</b>	<b>362,438</b>	<b>377,833</b>
Capital work in Progress	-	-	-	-	-	-	-	-	557	5,366
<b>Total</b>	<b>532,421</b>	<b>11,706</b>	<b>566</b>	<b>543,561</b>	<b>154,588</b>	<b>26,815</b>	<b>280</b>	<b>181,122</b>	<b>362,995</b>	<b>383,200</b>
Previous Year	523,959	11,051	2,590	532,421	127,528	28,628	1,569	154,588	383,200	401,554

Buildings include :

i) Rs. 98,000 (Previous Year Rs. 98,000) in shares of Companies / Societies with right to hold and use certain area of Buildings

## Schedules to the Financial Statement as at 31st March,

2010

2009

### Schedule F: Investments

Long Term Investments (At Cost, Unquoted)

#### a. Non-Trade Investments

20,000 (Previous Year 20,000) Equity shares of Rs.10/- each fully paid-up of The N.K.G.S.B. Co-op. Bank Ltd. 200 200

20,000 (Previous Year 20,000) Equity shares of Rs. 25/- each fully paid-up of The Shamrao Vithal Co-op. Bank Ltd. 500 500

#### b. Trade Investments

##### Investment in Subsidiary Companies

Shemaroo Entertainment INC, USA 408 408

200 (Previous Year: 200) Equity shares of no par value

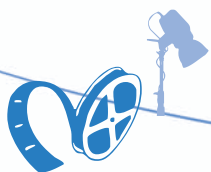
Shemaroo Entertainment (UK) Private Ltd. 2,688 -

3600 (Previous Year: NIL ) Equity shares of GBP 10/- each fully paid-up

**3,796**

**1,108**





Shemaroo Entertainment (P) Ltd.

## Schedules

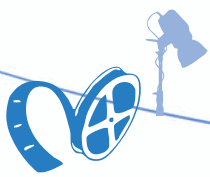
(₹ in '000)

To the Financial Statement as at 31st March,	2010	2009
<b>Schedule G: Inventories</b>		
DVDs, VCDs & ACDs	17,279	18,898
Copyrights	485,640	447,664
Movies under Production	11,482	70,775
	<b>514,400</b>	<b>537,336</b>
<b>Schedule H: Sundry Debtors (Unsecured, considered Good)</b>		
Debts outstanding for a period exceeding six months	272,156	60,251
Other Debts	384,424	527,177
	<b>656,580</b>	<b>587,428</b>
<b>Schedule I: Cash and Bank Balances</b>		
Cash on hand	1,176	2,541
Cheque on hand (Refer note 2 (k) of Schedule S)	109,109	-
Balances with Scheduled Banks		
in Current Accounts	56,962	16,933
in Fixed Deposit Accounts	17,950	127,343
[Includes accrued Interest of Rs. 2,682,965 (Previous Year: Rs. 19,474,913)]		
	<b>185,197</b>	<b>146,817</b>
<b>Schedule J: Loans and Advances (Unsecured, considered Good)</b>		
Loan to Subsidiary	2,149	-
Advances recoverable in cash or in kind or for value to be received	285,988	312,547
Advance Payment of Income Tax (Net of Provisions)	156,837	145,163
Deposits		
- With Government departments	407	407
- Others	5,660	5,616
	<b>451,041</b>	<b>463,733</b>

# Schedules

(₹ in '000)

To the Financial Statement as at 31st March,	2010	2009
<b>Schedule K: Current Liabilities</b>		
Sundry Creditors (Refer Note 2(m) of Schedule S)	169,738	59,665
Advance from Customers	2,623	9,014
Statutory & Other Liabilities	29,171	14,376
	<b>201,532</b>	<b>83,055</b>
<b>Schedule L: Turnover</b>		
Turnover (Net)	1,016,039	1,033,355
	<b>1,016,039</b>	<b>1,033,355</b>
<b>Schedule M: Other Income</b>		
Dividend	105	67
Interest [TDS Rs. 1,86,624 (Previous Year Rs. 21,60,611)]	9,970	12,918
Miscellaneous Income	10,385	1,468
	<b>20,460</b>	<b>14,453</b>
<b>Schedule N: Direct Operational Expenses</b>		
Cost of Goods Sold	561,120	629,996
Works Expenses	81,645	129,840
	<b>642,765</b>	<b>759,837</b>
<b>Schedule O: Personnel Expenses</b>		
Remuneration to Directors	14,904	15,664
Salaries and Allowances	63,606	77,724
Contribution to Provident & Other funds	2,947	5,356
Staff Welfare Expenses	1,703	3,042
	<b>83,159</b>	<b>101,786</b>



Shemaroo Entertainment (P) Ltd.

## Schedules

(₹ in '000)

To the Financial Statements for the year ended 31st March,	2010	2009
<b>Schedule P: Administrative Expenses</b>		
Commission and Brokerage	612	12
Rents, Rates and Taxes	1,398	4,858
Travelling & Conveyance	6,946	8,853
Legal, Professional and Consultancy Fees	13,708	12,208
Auditors Remuneration (Refer note 2(f) of Schedule S)	304	248
<b>Repairs and Maintenance:</b>		
Plant & Machinery	2,405	5,484
Building	1,182	895
General	5,649	4,570
Loss on Sale of Assets (Net)	217	839
Loss on Foreign Exchange Rate Fluctuations (Net)	825	(12,398)
Insurance Charges	3,147	2,580
Electricity expenses	8,224	10,321
Communication Expenses	2,737	3,952
Printing and Stationary	823	1,950
Business Development Expenses	5,129	3,029
Bad Debts Written off	981	6
Key Man Insurance	3,810	4,256
General Expenses	7,542	13,123
	<b>65,638</b>	<b>64,787</b>
<b>Schedule Q: Selling Expenses</b>		
Advertisement and Sales Promotion	37,533	32,503
Carriage Outwards	2,384	3,490
	<b>39,917</b>	<b>35,993</b>
<b>Schedule R: Financial Expenses</b>		
Interest on Loans	142,654	154,320
Bill Discounting Charges	17,230	15,329
Bank & Other Finance Charges	5,149	8,802
	<b>165,032</b>	<b>178,452</b>



## SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

### Schedule "S"

#### Significant Accounting Policies & Notes to Financial Statements

#### 1 Significant Accounting Policies

##### a) Basis of Accounting

The financial statements are prepared under historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles (GAAP) in India, Accounting Standards (AS) as notified under Companies (Accounting Standards) Rules, 2006 and the requirements of the Companies Act, 1956.

##### b) Use of estimates

The preparation and presentation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised prospectively in the period in which results are known or materialised.

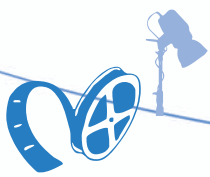
##### c) Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation/amortization thereon and impairment losses, if any. Cost includes all costs incidental to acquisition, installation, commissioning and related internal costs and interest paid on funds borrowed to finance the assets until the assets are ready for commercial use.

Intangible Assets are recorded at acquisition cost and in case of assets acquired on merger at their carrying values. Websites/ Brands are recognised as Intangible Asset if it is expected that such assets will generate future economic benefits and amortised over their useful life not exceeding four/ten years or estimated useful life whichever is lower.

##### d) Depreciation

Depreciation on fixed assets is provided on straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on addition to /deletions from fixed assets is provided on pro-rata basis from / up to the date of such additions / deletions as the case may be. Fixed assets individually costing Rs. 5000 or less are fully depreciated in the year of acquisition.



## Shemaroo Entertainment (P) Ltd.

### e) Investments

Investments are classified into Current and Long Term Investments. Long term investments (including joint ventures) are stated at cost, except where there is a diminution in value other than temporary, in which case requisite provision is made to write down the carrying value to recognize such decline. Current investments are stated at cost.

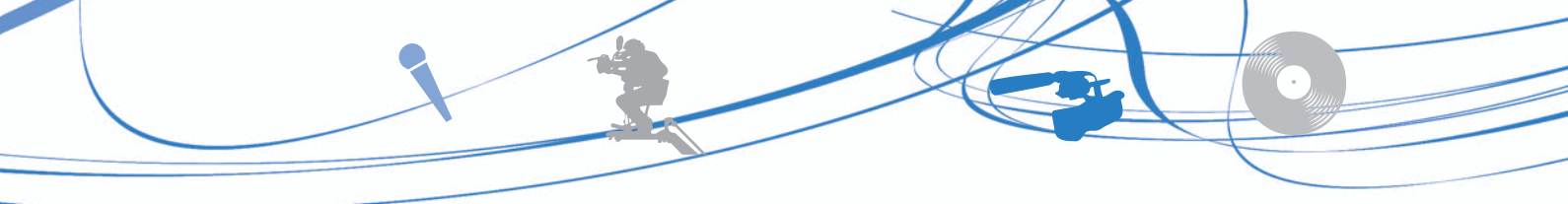
### f) Inventories

- i. Projects in progress and movies under production are stated at cost. Cost comprises the cost of materials, the cost of services, labour and other expenses.
- ii. Raw Stock, Digital Video Discs/Compact Discs stock are stated at lower of cost or net realisable value.
- iii. The copyrights are valued at a certain percentage of cost based on the nature of rights. The Company evaluates the realisable value and/or revenue potential of inventory based on management estimate of market conditions and future demand and appropriate write down is made in cases where accelerated write down is warranted.
- iv. The borrowing cost directly attributable to a movie/game is capitalised as part of the cost.

### g) Revenue Recognition

- i. Sales of ACDs / VCDs / DVDs /ACS are recognised when goods are supplied and are recorded net of returns, trade discounts, rebates and indirect taxes.
- ii. The cost of drama covering the cost of purchase of copyrights and shooting expenses is expensed out as a certain percentage of total cost.
- iii. Sales of rights are recognised on the date of entering into agreement for the sale of the same, provided the Censor Certificate is in existence.
- iv. Services are recognized when the contractual commitments are delivered in full and are recorded net of returns, trade discounts, rebates and indirect taxes.
- v. Revenues relating to complete Feature Films are recognised in the year of release of feature films.
- vi. Revenue pertaining to release of music of film is recognized on the date of its release.





vii. Dividend income is recognised when the right to receive the same is established.

viii. Interest Income is recognised on a time proportion basis.

**h) Purchase rights of R**

- i. In respect of satellite rights, as per the terms and conditions of the agreement with producer / seller, with respect to the date of agreement of purchase and the existence of Censor Certificate.
- ii. In respect of other rights like Video and other rights on the date of the agreement of purchase with producer /seller, provided the Censor Certificate is in existence.

**i) Employee Benefits**

The company's contributions to Employees Provident Fund, Employees Pension Fund and cost of other benefits are charged to Profit & Loss Account on actual cost to the company on accrual basis each year.

Gratuity has been accounted on the basis of actuarial valuation done by the Life Insurance Corporation of India and the contribution thereof paid / payable is charged to the Profit & Loss Account each year.

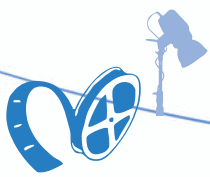
Leave encashment benefits are being accounted on payment basis. However, the said practice is not in accordance with Accounting Standard 15 on "Employee Benefits" issued by the Institute of Chartered Accountants of India.

**j) Borrowing cost C**

Borrowing Costs that are directly attributable to the acquisition of qualifying assets are capitalized as a part of the cost of the respective assets up to the date, when such asset is ready for its intended use. Other borrowing costs are charged to the profit and loss account in the year in which they are incurred except Bill Discounting charges which has been carried forward on time proportion basis.

**k) Foreign Currency Transaction**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency as at balance sheet date are converted at the exchange rate prevailing on such date. Exchange differences arising from such translation are recognized in the Profit and Loss A/c.



## Shemaroo Entertainment (P) Ltd.

### **l) Taxation**

#### **i. Current tax**

Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

#### **ii. Deferred Tax**

Deferred Tax is recognised on timing differences; being the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets subject to the consideration of prudence are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. The tax effect is calculated on the accumulated timing difference at the year end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

### **m) Earnings per share**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

### **n) Impairment of Assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

## o) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

## 2 NOTES TO ACCOUNTS

### a) Related Party Transactions

a. List of Related Parties and their relationship:

Sr. No.	Relationship	Name of Related Party
1	Subsidiaries	Shemaroo Entertainment Inc. Shemaroo Entertainment (UK) Pvt. Ltd.
2	Key Management Personnel	Buddhichand Maroo Raman Maroo Atul Maru Hiren Gada Jai Maroo
3	Relatives of Key Management Personnel	Sangeeta Maru (wife of Atul Maru) Smita Maroo (wife of Jai Maroo) Mansi Maroo (daughter of Raman Maroo) Madhuri Gada (wife of Hiren Gada) Kranti Gada (sister of Hiren Gada)
4	Enterprise under significant influence of Key Management Personnel or their relatives	Shemaroo (Petit Hall) Shemaroo (Warden Road) Shemaroo Trading Corporation Atul H. Maru (HUF) Buddhichand H. Maroo (HUF) Raman H. Maroo (HUF)



Shemaroo Entertainment (P) Ltd.

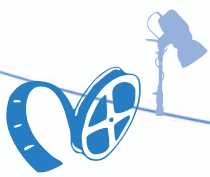
**b. The Nature of significant related party transactions and the amounts involved are as follows: -**

Particulars	(₹ in '000)									
	Subsidiaries As on 31st March		Key Management Personnel As on 31st March		Relatives of Key Management Personnel As on 31st March		Enterprise under significant influence of Key Management Personnel or their relatives As on 31st March		Total As on 31st March	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Purchase of Goods</b>	<b>158</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217</b>	<b>-</b>	<b>374</b>	<b>-</b>
Shemaroo Entertainment Inc.	158	-	-	-	-	-	-	-	158	-
Shemaroo Trading Corporation	-	-	-	-	-	-	217	-	217	-
<b>Sale of Goods</b>	<b>929</b>	<b>9,247</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>496</b>	<b>865</b>	<b>1,426</b>	<b>10,111</b>
Shemaroo Entertainment (UK) Pvt. Ltd.	929	-	-	-	-	-	-	-	929	-
Shemaroo Entertainment Inc.	-	9,247	-	-	-	-	-	-	-	9,247
Shemaroo Trading Corporation	-	-	-	-	-	-	496	745	496	745
Shemaroo (Petit Hall)	-	-	-	-	-	-	-	119	-	119
<b>Purchase of Fixed Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>41</b>	<b>30</b>	<b>41</b>
Shemaroo (Warden Road)	-	-	-	-	-	-	30	-	30	-
Shemaroo Trading Corporation	-	-	-	-	-	-	-	41	-	41
<b>Remuneration to Directors</b>	<b>-</b>	<b>-</b>	<b>15,032</b>	<b>15,664</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,032</b>	<b>15,664</b>
Raman Maroo	-	-	5,440	6,160	-	-	-	-	5,440	6,160
Atul Maru	-	-	4,840	4,800	-	-	-	-	4,840	4,800
Buddhichand Maroo	-	-	3,000	3,000	-	-	-	-	3,000	3,000
Hiren Gada	-	-	1,753	1,704	-	-	-	-	1,753	1,704
<b>Salaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,858</b>	<b>1,999</b>	<b>-</b>	<b>-</b>	<b>1,858</b>	<b>1,999</b>
Smita Maroo	-	-	-	-	481	432	-	-	481	432
Mansi Maroo	-	-	-	-	447	398	-	-	447	398
Madhuri Gada	-	-	-	-	268	300	-	-	268	300
Kranti Gada	-	-	-	-	662	870	-	-	662	870

(₹ in '000)

Particulars	Subsidiaries As on 31st March		Key Management Personnel As on 31st March		Relatives of Key Management Personnel As on 31st March		Enterprise under significant influence of Key Management Personnel or their relatives As on 31st March		Total As on 31st March	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Interest Paid (on Loans)</b>	-	-	<b>3,691</b>	<b>5,938</b>	<b>317</b>	<b>47</b>	<b>3,704</b>	<b>142</b>	<b>7,712</b>	<b>6,127</b>
Raman Maroo	-	-	1,530	5,192	-	-	-	-	1,530	5,192
Atul Maru	-	-	1,048	728	-	-	-	-	1,048	728
Hiren Gada	-	-	359	18	-	-	-	-	359	18
Buddhichand Maroo	-	-	424	-	-	-	-	-	424	-
Jai Maroo	-	-	331	-	-	-	-	-	331	-
Sangeeta Maru	-	-	-	-	246	23	-	-	246	23
Smita Maroo	-	-	-	-	71	23	-	-	71	23
Atul H. Maru (HUF)	-	-	-	-	-	-	306	9	306	9
Buddhichand H. Maroo (HUF)	-	-	-	-	-	-	1,309	124	1,309	124
Raman H. Maroo (HUF)	-	-	-	-	-	-	2,089	9	2,089	9
<b>Loans Given during the year</b>	<b>2,149</b>	-	-	-	-	-	-	-	<b>2,149</b>	-
Shemaroo Entertainment (UK) Pvt. Ltd.	2,149	-	-	-	-	-	-	-	2,149	-
<b>Loans Taken during the year</b>	-	-	<b>110,700</b>	-	-	-	<b>22,400</b>	-	<b>133,100</b>	-
Atul Maru	-	-	32,800	-	-	-	-	-	32,800	-
Buddhichand Maroo	-	-	10,300	-	-	-	-	-	10,300	-
Hiren Gada	-	-	2,000	-	-	-	-	-	2,000	-
Jai Maroo	-	-	8,500	-	-	-	-	-	8,500	-
Raman Maroo	-	-	57,100	-	-	-	-	-	57,100	-
Atul H. Maru (HUF)	-	-	-	-	-	-	3,200	-	3,200	-
Buddhichand H. Maroo (HUF)	-	-	-	-	-	-	7,500	-	7,500	-
Raman H. Maroo (HUF)	-	-	-	-	-	-	11,700	-	11,700	-
<b>Investments done during the year</b>	<b>2,688</b>	-	-	-	-	-	-	-	<b>2,688</b>	-
Shemaroo Entertainment (UK) Pvt. Ltd.	2,688	-	-	-	-	-	-	-	2,688	-





Shemaroo Entertainment (P) Ltd.

(₹ in '000)

Particulars	Subsidiaries As on 31st March		Key Management Personnel As on 31st March		Relatives of Key Management Personnel As on 31st March		Enterprise under significant influence of Key Management Personnel or their relatives As on 31st March		Total As on 31st March	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Other Income (Sale of Keyman Insurance)</b>	<b>8,348</b>	-	-	-	-	-	-	-	<b>8,348</b>	-
Atul Maru	4,174	-	-	-	-	-	-	-	4,174	-
Raman Maroo	4,174	-	-	-	-	-	-	-	4,174	-
<b>Dues from Related Parties</b>	<b>16,016</b>	<b>16,901</b>	-	-	-	-	-	-	<b>16,016</b>	<b>16,901</b>
Shemaroo Entertainment Inc.	12,938	16,901	-	-	-	-	-	-	12,938	16,901
Shemaroo Entertainment (UK) Pvt. Ltd.	3,079	-	-	-	-	-	-	-	3,079	-
<b>Dues to Related Parties</b>	-	-	<b>110,700</b>	-	-	-	<b>- 22,400</b>	-	<b>133,100</b>	-
Atul Maru	-	-	32,800	-	-	-	-	-	32,800	-
Buddhichand Maroo	-	-	10,300	-	-	-	-	-	10,300	-
Hiren Gada	-	-	2,000	-	-	-	-	-	2,000	-
Jai Maroo	-	-	8,500	-	-	-	-	-	8,500	-
Raman Maroo	-	-	57,100	-	-	-	-	-	57,100	-
Atul H. Maru (HUF)	-	-	-	-	-	-	3,200	-	3,200	-
Buddhichand H. Maroo (HUF)	-	-	-	-	-	-	7,500	-	7,500	-
Raman H. Maroo (HUF)	-	-	-	-	-	-	11,700	-	11,700	-
<b>Personal Guarantees Taken against Bank Loans</b>	-	-	<b>3,834,000</b>	<b>3,894,000</b>	-	-	-	-	<b>3,834,000</b>	<b>3,894,000</b>
Atul Maru	-	-	1,148,000	1,148,000	-	-	-	-	1,148,000	1,148,000
Buddhichand Maroo	-	-	640,000	640,000	-	-	-	-	640,000	640,000
Jai Maroo	-	-	898,000	898,000	-	-	-	-	898,000	898,000
Raman Maroo	-	-	1,148,000	1,208,000	-	-	-	-	1,148,000	1,208,000

**c. Balances with related parties were as follows: -**

(₹ in '000)

Sr. No.	Nature of transactions	Key Management Personnel	Sister Concern	Key Management Personnel Relatives	Subsidiary
1	Dues from Related Parties	-	-	-	16,016
2	Dues to Related Parties	110,700	-	22,400	-
	<b>Total</b>	<b>110,700</b>	<b>-</b>	<b>22,400</b>	<b>16,016</b>

**b) Earning Per Share (EPS)**

The EPS working is as under:

(₹ in '000)

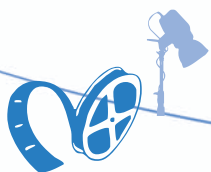
Particulars	31-Mar-10	31-Mar-09
Net Profit / (Loss) after tax	12,934	(129,551)
Number of equity shares -		
As at commencement of the year	455,708	410,137
Issued during the year	-	45,571
Weighted average number of equity shares during the year	455,708	411,011
Basic Earning per share (face value Rs. 10/-) (Rs.)	28.38	(315.20)
Diluted Earning Per Share (Face Value Rs. 10/-) (Rs.)	28.38	(315.20)

**c) Components of Deferred Tax Assets and Liability**

The components of deferred tax balance as at 31st March,

(₹ in '000)

Particulars	31-Mar-10	31-Mar-09
Opening Deferred Tax Assets / (Liability)	(41,365)	(35,388)
Components of Deferred Tax Assets -		
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Components of Deferred Tax Liabilities -		
Depreciation	238	5,972
Others	-	5
<b>Total</b>	<b>238</b>	<b>5,977</b>
Deferred Tax Assets / ( Liabilities ) - Net	(238)	(5,977)
Closing Deferred Tax Assets / (Liability)	(41,603)	(41,365)

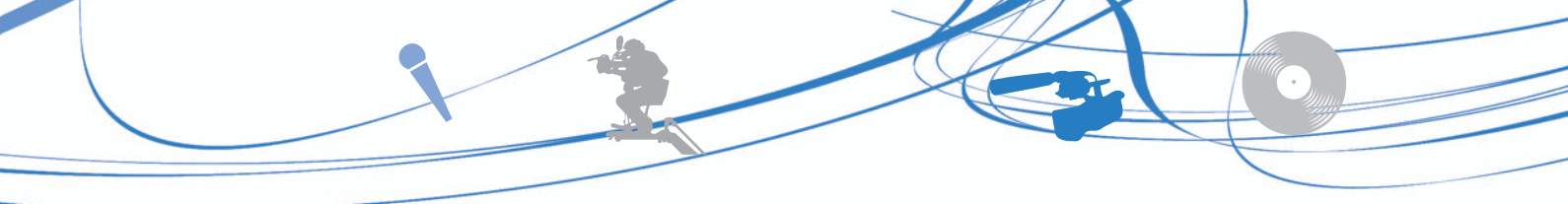


Shemaroo Entertainment (P) Ltd.

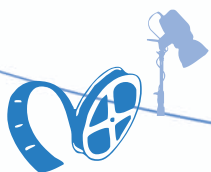
**d) Disclosure as per AS 15 (Revised)**

Employee Benefit

Gratuity Benefits		31-Mar-10	31-Mar-09
I	Assumptions as at		
	Mortality	LIC (1994-96) Ult.	LIC (1994-96) Ult.
	Interest/ Discount rate	9.00%	6.50%
	Rate of increase in compensation	9.00%	10.00%
	Rate of return (expected) on plan assets	9.00%	9.00%
	Employee Attrition Rate(Past Service (PS) )	PS: 0 to 40 : 10%	PS: 0 to 40 : 10%
	Expected average remaining service	7.85	7.95
II	Changes in present value of obligations		
	PVO (Plan Liability) at beginning of period	7,343,040	6,509,974
	Interest cost	660,874	423,148
	Current Service Cost	1,634,133	1,868,349
	Past Service Cost - (non vested benefits)	-	-
	Past Service Cost - (vested benefits)	-	-
	Benefits paid	-	-
	Actuarial (Gain)/ Loss on Obligation	(1,717,793)	(1,458,431)
	PVO at end of period	7,920,254	7,343,040
III	Change in Fair Value of Plan Assets		
	Fair Value of Plan assets at Beginning of Period	-	-
	Expected return on plan assets	-	-
	Contributions	-	-
	Benefit paid	-	-
	Actuarial gain /(Loss)on plan assets	-	-
	Fair value of plan assets at end of the Period	-	-
IV	Fair Value of Plan Assets		
	Fair Value of Plan assets at Beginning of Period	-	-
	Actual Return on Plan Assets	-	-
	Contributions	-	-
	Benefit paid	-	-
	Fair value of plan assets at end of the Period	-	-
	Funded Status (including unrecognised past service cost)	(7,920,254)	(7,343,040)
	Excess of actual over estimated return on Plan Assets	-	-
V	Experience History	31-Mar-10	31-Mar-09
	(Gain)/Loss on obligation due to change in Assumption	818,307	(886,686)



Gratuity Benefits		31-Mar-10	31-Mar-09
	Experience (Gain)/ Loss on obligation	(2,536,100)	(571,745)
	Actuarial Gain/(Loss) on plan assets	-	-
VI	Actuarial Gain/(Loss) Recognized		
	Actuarial Gain/(Loss) for the period (Obligation)	1,717,793	1,458,431
	Actuarial Gain/(Loss) for the period (Plan Assets)	-	-
	Total Gain/(Loss) for the period	1,717,793	1,458,431
	Actuarial Gain/(Loss) recognized for the period	1,717,793	1,458,431
	Unrecognized Actuarial Gain/(Loss) at end of period	-	-
VII	Past Service Cost Recognised		
	Past Service Cost- (non vested benefits)	-	-
	Past Service Cost -(vested benefits)	-	-
	Average remaining future service till vesting of the benefit	-	-
	Recognised Past service Cost- non vested benefits	-	-
	Recognised Past service Cost- vested benefits	-	-
	Unrecognised Past service Cost- non vested benefits	-	-
VIII	Amount to be recognized in the Balance Sheet and Statement of Profit & Loss Account		
	PVO at end of period	7,920,254	7,343,040
	Fair value of plan assets at end of the Period	-	-
	Funded Status	(7,920,254)	(7,343,040)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Unrecognised Past service Cost- non vested benefits	-	-
	Net Asset/(Liability) recognized in the balance sheet	(7,920,254)	(7,343,040)
IX	Expense recognized in the statement of P & L A/C		
	Current Service Cost	1,634,133	1,868,349
	Interest cost	660,874	423,148
	Past Service Cost - (non vested benefits)	-	-
	Past Service Cost - (vested benefits)	-	-
	Unrecognised Past service Cost- non vested benefits	-	-
	Expected return on plan assets	-	-
	Net Actuarial (Gain)/Loss recognized for the period	(1,717,793)	(1,458,431)
	Expense recognized in the statement of P & L A/C	577,214	833,066
X	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	7,343,040	6,509,974
	Expenses as above	577,214	833,066
	Contribution paid	-	-
	Closing Net Liability	7,920,254	7,343,040



Shemaroo Entertainment (P) Ltd.

**e) Inventories**

Opening Stock: (₹ in '000)

Item	As at March 31, 2010		As at March 31, 2009	
	Quantity (Units)	Value (Rs.)	Quantity (Units)	Value (Rs.)
ACS	37,708	349	131,386	852
DVD	470,033	5,804	358,320	5,883
VCD/ Audio CD	1,440,574	12,745	1,134,001	15,259
Rights/ Films		518,439		335,958
<b>Total</b>	<b>1,948,315</b>	<b>537,336</b>	<b>1,623,707</b>	<b>357,951</b>

Purchase or Production: (₹ in '000)

Item	As at March 31, 2010		As at March 31, 2009	
	Quantity (Units)	Value (Rs.)	Quantity (Units)	Value (Rs.)
ACS	-	-	32,093	150
DVD	1,453,523	18,072	1,231,339	18,932
VCD/ Audio CD	3,139,901	34,640	5,774,856	68,036
Rights/ Films		544,766		722,263
<b>Total</b>	<b>4,593,424</b>	<b>597,477</b>	<b>7,038,288</b>	<b>809,381</b>

Sales: (₹ in '000)

Item	As at March 31, 2010		As at March 31, 2009	
	Quantity (Units)	Value (Rs.)	Quantity (Units)	Value (Rs.)
ACS	(124)	4	61,134	118
DVD	1,147,260	122,223	1,119,626	105,043
VCD/ Audio CD	2,914,866	117,261	5,468,134	192,787
Rights/ Films		717,969		678,962
Other Revenue		58,581		56,445
<b>Total</b>	<b>4,062,002</b>	<b>1,016,039</b>	<b>6,648,894</b>	<b>1,033,355</b>



Scarp:

(₹ in '000)

Item	As at March 31, 2010		As at March 31, 2009	
	Quantity (Units)	Value (Rs.)	Quantity (Units)	Value (Rs.)
ACS	21	-	64,637	-
DVD	251,966	-	-	-
VCD/ Audio CD	606,962	-	149	-
Rights/ Films	-	-	-	-
Other Sales	-	-	-	-
<b>Total</b>	<b>858,949</b>	<b>-</b>	<b>64,786</b>	<b>-</b>

Closing Stock:

(₹ in '000)

Item	As at March 31, 2010		As at March 31, 2009	
	Quantity (Units)	Value (Rs.)	Quantity (Units)	Value (Rs.)
ACS	37,811	349	37,708	349
DVD	524,330	7,096	470,033	5,804
VCD/ Audio CD	1,058,647	9,834	1,440,574	12,745
Rights/ Films	-	497,121	-	518,439
<b>Total</b>	<b>1,620,788</b>	<b>514,400</b>	<b>1,948,315</b>	<b>537,336</b>

**f) Auditor's Remuneration**

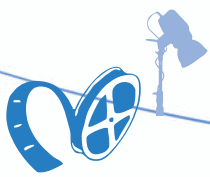
(₹ in '000)

Particulars	31-Mar-10	31-Mar-09
Audit fees	165	165
Tax audit fees	83	83
Fees for Certification Work	56	-
<b>Total</b>	<b>304</b>	<b>248</b>

**g) Expenditure in Foreign Currency**

(₹ in '000)

Particulars	31-Mar-10	31-Mar-09
Professional Fees	-	1,741
Royalty	5,346	24,827
Other Expenses	8,200	8,795
<b>Total</b>	<b>13,546</b>	<b>35,363</b>



Shemaroo Entertainment (P) Ltd.

**h) Earning in Foreign Currency**

(₹ in '000)

Particulars	31-Mar-10	31-Mar-09
FOB Value of Exports	184,660	259,316
<b>Total</b>	<b>184,660</b>	<b>259,316</b>

**i) CIF Value of Imports**

(₹ in '000)

Particulars	31-Mar-10	31-Mar-09
Raw Materials	214	-
Stores and Spares	1,367	-
<b>Total</b>	<b>1,582</b>	<b>-</b>

**j) Director's Remuneration**

(₹ in '000)

Particulars	31-Mar-10	31-Mar-09
Salary and Allowances	14,904	15,664
Perquisites	119	-
Contribution to PF and Pension Fund	9	9
<b>Total</b>	<b>15,032</b>	<b>15,673</b>

- k)** The amount of Rs. 109,109,000, shown as cheque in hand, was received on 31-Mar-2010 and subsequently deposited and same was cleared on 05-Apr-2010.
- l)** Since the Company does not have any taxable profits for the current financial year under the provisions of the Income Tax Act, 1961 it has not made any provision for taxation for the current year.
- m)** The Company is in the process of compiling the data regarding dues payable to suppliers falling under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, details required under the provision of the Companies Act are not given.
- n)** Custom duty and interest thereon aggregating Rs.1,04,24,082, is paid under protest in the Financial Year Ended 31.03.08. The same is included in Advances Recoverable in Cash or Kind or for value to be received.

**o) Contingent Liabilities not provided for**

(₹ in '000)

<b>Particulars</b>	<b>31-Mar-10</b>	<b>31-Mar-09</b>
Estimated amount of contracts remaining to be executed on capital account	48	-
Disputed Direct Tax Demands	20,297	-
Disputed Sales Tax Demands	34,240	26,037
Disputed Service Tax Demands	-	1,588
Legal Cases against the company	18,513	18,513
<b>Total</b>	<b>73,097</b>	<b>46,137</b>

**p)** Previous year figures are rearranged or regrouped wherever necessary to conform to current year's presentation.

As per our report of even date attached.

For GAWANDE & ASSOCIATES

Chartered Accountants

ICAI FRN.: 112880W

V. V. Rao

Partner

Membership No. 030916

Place :- Mumbai

Dated:- 9th July, 2010

For and on behalf of the Board

Raman H. Maroo

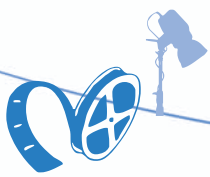
Managing Director

Place :- Mumbai

Dated:- 9th July, 2010

Atul H. Maru

Jt. Managing Director



Shemaroo Entertainment (P) Ltd.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I REGISTRATION DETAILS :

Registration No. :

U 6 7 1 9 0 M H 2 0 0 5 P T C 1 5 8 2 8 8

Status Code :

1 1

Balance Sheet Date:

3 1 0 3 1 0

### II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousand) ( FaceValue)

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

### III POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (Amount in Thousand)

Total Liabilities

2 . 0 1 6 . 8 0 8

Total Assets

2 . 0 1 6 . 8 0 8

#### SOURCES OF FUNDS

Paid Up Capital

4 . 5 5 7

Reserves & Surplus

8 3 4 . 3 0 7

Secured Loans

8 3 3 . 5 3 4

Unsecured Loans

3 0 2 . 8 0 7

Deferred Tax Liability

4 1 . 6 0 3

### APPLICATION OF FUND

Net Fixed Assets

3 6 2 . 9 9 5

Investments

3 . 7 9 6

Net Current Assets

1 . 6 0 5 . 6 8 6

Misc. Expenditure

N I L

Accumulated Losses

4 4 . 3 3 1

### IV PERFORMANCE OF COMPANY

Turnover/Income

1 . 0 3 6 . 4 9 9

Total Expenditure

1 . 0 2 3 . 3 2 7

Profit/(Loss) Before Tax

1 3 . 1 7 2

Profit/(Loss) After Tax

1 2 . 9 3 4

Earning Per Share in Rs.

2 8 . 3 8

Dividend Rate (%)

0

### V GENERIC NAME OF THREE PRINCIPAL PRODUCTS/ SERVICES OF COMPANY (As per Monetary Terms)

V H S V C D D V D

ITEM CODE NO : (ITE Code) :

8 5 2 4 . 5 3 . 4 0

8 5 2 4 . 3 9 . 3 0

8 5 2 4 . 3 9 . 4 0

As per our report of even date attached.

For GAWANDE & ASSOCIATES

Chartered Accountants

ICAI FRN.: 112880W

V. V. Rao

Partner

Membership No. 030916

Place :- Mumbai

Dated:- 9th July, 2010

For and on behalf of the Board

Raman H. Maroo

Managing Director

Place :- Mumbai

Dated:- 9th July, 2010

Atul H. Maru

Jt. Managing Director

Statement regarding subsidiary companies pursuant to section 212(1) and (3) of the Companies Act, 1956

S. No.	Name of Subsidiary	Financial year of the subsidiary Company ended on	Interest of the company in the subsidiary Companies at the end of their respective financial year		Net aggregate of Profit / (Loss) of the subsidiary company so far as it concerns the members of the Company			
			Shares held by company in the subsidiary	Extent of Holding (%)	Dealt with in the accounts of the company (Rupees)		Not dealt with in the accounts of the company (Rupees)	
					For financial year ended on March 31, 2010	For previous F. Y. since it became subsidiary	For financial year ended on March 31, 2010	For previous F. Y. since it became subsidiary
1	SHEMAROO ENTERTAINMENT INC. (USA)	31st March, 2010	200 equity shares of No par value each	100%	NIL	NIL	(2,477,103)	(5,976,244)
2	SHEMAROO ENTERTAINMENT (UK) PRIVATE LIMITED	31st March, 2010	3600 equity shares of £ 10 each	100%	NIL	NIL	(6,939,269)	NIL

The Financial Year of all the subsidiaries ended on 31st March 2010

For and on behalf of the Board

Raman H. Maroo  
Managing Director

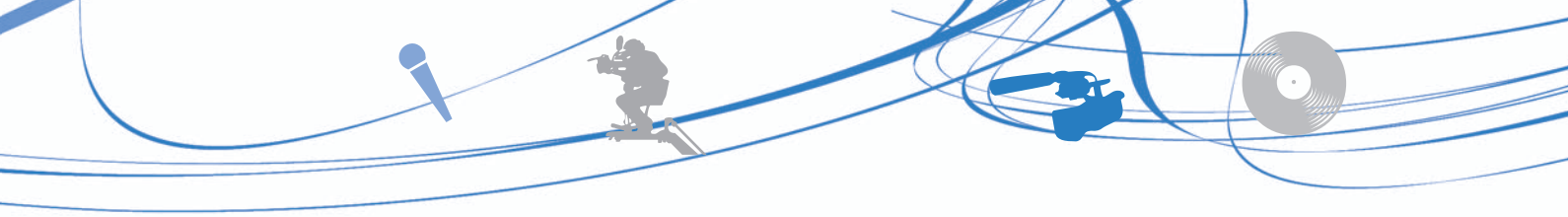
Atul H. Maru  
Jt. Managing Director

Place :- Mumbai  
Dated:- 9th July, 2010



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## Subsidiaries

Shemaroo Entertainment (UK) Private Limited

Shemaroo Entertainment Inc



Shemaroo Entertainment (UK) Private Limited

# Directors' Report

The Directors' Report Period from 8 July 2009 to 31 March 2010

The directors present their report and the financial statements of the company for the period from 8 July 2009 to 31 March 2010.

## INCORPORATION

The company was incorporated on 8 July 2009 and commenced trading on 1 September 2009.

## PRINCIPAL ACTIVITIES

The principal activity of the company during the period was the licensing and trading of various media.

## DIRECTORS

The directors who served the company during the period were as follows:

Hiren Uday Gada (appointed on 8 July 2009)

Jai Buddhichand Maroo (appointed on 8 July 2009)

Barbara Kahan (appointed and resigned on 8 July 2009)

## DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors

have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

#### **AUDITOR**

Lubbock Fine are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

#### **SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Hiren Gada  
Director

Place :- Mumbai  
Dated:- 9th July, 2010



Shemaroo Entertainment (UK) Private Limited

## Balance Sheet (Unaudited)

As at 31st March, 2010	Schedule	£	₹
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	36,000	2,443,266
Reserves and Surplus	B	-	716,067
		<u>36,000</u>	<u>3,159,333</u>
<b>Loan Funds</b>			
Secured Loans		-	-
Unsecured Loans		-	-
		<u>-</u>	<u>-</u>
<b>TOTAL</b>		<b><u>36,000</u></b>	<b><u>3,159,333</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	C	546	37,056
Less: Depreciation		-	-
Net Block		<u>546</u>	<u>37,056</u>
<b>Current Assets, Loans and Advances</b>			
Inventories		-	-
Sundry Debtors	D	16,525	1,121,527
Cash and Bank Balances	E	8,907	604,505
Loans and Advances		-	-
		<u>25,432</u>	<u>1,726,032</u>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	F	81,673	5,543,024
Provisions		-	-
		<u>81,673</u>	<u>5,543,024</u>
<b>Net Current Assets</b>		<b><u>(56,241)</u></b>	<b><u>(3,816,992)</u></b>
<b>Profit &amp; Loss Account</b>		<b><u>91,695</u></b>	<b><u>6,939,269</u></b>
<b>TOTAL</b>		<b><u>36,000</u></b>	<b><u>3,159,333</u></b>
<b>Significant Accounting Policies and Notes to the Financial Statements.</b>	M		

For and on behalf of the Board

Place :- Mumbai  
Dated:- 9th July, 2010

Hiren Gada  
Director

Jai Maroo  
Director

# Profit and Loss Account (Unaudited)

For the Period From 8th July, 2009 to 31st March, 2010	Schedule	£	₹
<b>INCOME</b>			
Turnover	G	22,042	1,668,089
Other Income	H	15	1,135
		<u>22,057</u>	<u>1,669,224</u>
<b>EXPENDITURE</b>			
Direct Operational Expenses	I	51,620	3,906,485
Personnel Expenses	J	50,106	3,791,909
Administrative Expenses	K	11,711	886,261
		<u>113,437</u>	<u>8,584,655</u>
<b>Loss before Interest, Depreciation and Taxation</b>		<b>(91,380)</b>	<b>(6,915,431)</b>
Financial Expenses	L	315	23,838
Loss before Taxation		(91,695)	(6,939,269)
<b>Less: Provision for Taxation</b>		-	-
<b>LOSS AFTER TAX</b>		<b>(91,695)</b>	<b>(6,939,269)</b>
Balance brought forward		-	-
<b>Amount available for appropriation</b>		<b>(91,695)</b>	<b>(6,939,269)</b>
<b>Appropriations</b>		-	-
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>(91,695)</b>	<b>(6,939,269)</b>
<b>Earnings Per Share [Refer Note M (j)]</b>			
- Basic		(25.47)	(1,928)
- Diluted		(25.47)	(1,928)
<b>Significant Accounting Policies and Notes to the Financial Statements. M</b>			

For and on behalf of the Board

Place :- Mumbai  
Dated:- 9th July, 2010

Hiren Gada  
Director

Jai Maroo  
Director



Shemaroo Entertainment (UK) Private Limited

## Schedules

To the Financial Statements as at 31st March,

£

₹

### SCHEDULE A: SHARE CAPITAL

#### Issued, Subscribed and Paid - up

3600 Equity Shares of £ 10 each fully Paid Up

36,000	2,443,266
<u>36,000</u>	<u>2,443,266</u>

### SCHEDULE B: RESERVES AND SURPLUS

Foreign Currency Translation Reserve

-	716,067
<u>-</u>	<u>716,067</u>

### Schedule C: FIXED ASSETS

Particulars	Gross Block								Depreciation								Net Block			
	As on 01-Apr-2009		Additions		Deductions		As on 31-Mar-2010		As on 01-Apr-2009		For the year		Deductions		As on 31-Mar-2010		As on 31-Mar-2010			
	£	₹	£	₹	£	₹	£	₹	£	₹	£	₹	£	₹	£	₹	£	₹		
Computer Software	-	-	546	37,056	-	-	546	37,056	-	-	-	-	-	-	-	-	546	37,056		
Grand Total (Rupees)	-	-	546	37,056	-	-	546	37,056	-	-	-	-	-	-	-	-	546	37,056		

To the Financial Statements as at 31st March,

£

₹

### SCHEDULE D: SUNDRY DEBTORS

#### (Unsecured, considered Good)

Debts outstanding for a period exceeding six months

-	-
---	---

Other Debts

16,525	1,121,527
<u>16,525</u>	<u>1,121,527</u>





# Schedules

To the Financial Statements as at 31st March,

£

₹

## SCHEDULE E: CASH AND BANK BALANCES

Balances with Scheduled Banks  
in Current Accounts

8,907	604,505
<u>8,907</u>	<u>604,505</u>

## SCHEDULE F: CURRENT LIABILITIES

Trade creditors  
Amounts owed to parent undertaking  
Taxation and social security Payable  
Other creditors

9,570	649,502
42,852	2,908,301
8,608	584,212
20,643	1,401,009
<u>81,673</u>	<u>5,543,024</u>

For the Period From 8th July, 2009 to 31st March, 2010

£

₹

## SCHEDULE G: TURNOVER

Turnover

22,042	1,668,089
<u>22,042</u>	<u>1,668,089</u>

## SCHEDULE H: OTHER INCOME

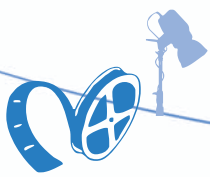
Interest  
Foreign Exchange Flctuation Gain

11	832
4	303
<u>15</u>	<u>1,135</u>

## SCHEDULE I: DIRECT OPERATIONAL EXPENSES

License Fees  
Consultancy Fees

32,120	2,430,769
19,500	1,475,716
<u>51,620</u>	<u>3,906,485</u>



Shemaroo Entertainment (UK) Private Limited

## Schedules

To the Financial Statements as at 31st March,

£

₹

### SCHEDULE J: PERSONNEL EXPENSES

Salaries and Allowances	48,000	3,632,531
Employers National Insurance Contribution	1,615	122,220
Staff Welfare Expenses	491	37,158
	<u>50,106</u>	<u>3,791,909</u>

### SCHEDULE K: ADMINISTRATIVE EXPENSES

Motor expenses	376	28,455
Travelling & subsistence	1,699	128,576
Legal, Professional and Consultancy Fees	5,000	378,389
Auditors Remuneration	2,500	189,194
Telephone and broadband	1,988	150,447
Printing, Stationary and package	148	11,200
	<u>11,711</u>	<u>886,261</u>

### SCHEDULE L: FINANCIAL EXPENSES

Bank & Other Finance Charges	315	23,838
	<u>315</u>	<u>23,838</u>

For and on behalf of the Board

Place :- Mumbai  
Dated:- 9th July, 2010

Hiren Gada  
Director

Jai Maroo  
Director



## Schedule "M" : NOTES TO THE FINANCIAL STATEMENTS

### 1 ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Going concern

The company meets its day to day working capital requirements through the financial support of its parent company. The directors believe that it is appropriate to prepare the financial statements on a going concern basis which assumes that the company will continue in operational existence with the continued support of the parent company.

If the company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of the assets to their recoverable amounts, provide for further liabilities that might arise and reclassify fixed assets as current assets.

#### **Turnover**

The turnover shown in the profit and loss account represents amounts receivable during the period, exclusive of Value Added Tax.

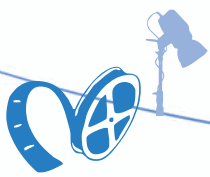
Long term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses thereby recognising attributable profit and losses. If it is expected that there will be a loss on a contract as a whole, all of the loss is recognised as an expense as soon as it is foreseen in accordance with the Statement of Standard Accounting Practice No 9. Turnover is ascertained in a manner appropriate to the stage of completion of the contract.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset. Computer equipment is depreciated on a straight line basis over 3 years.



## Shemaroo Entertainment (UK) Private Limited

### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

### Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities.

## 2 TURNOVER

Overseas turnover amounted to 73.23% of the total turnover for the period.

## 3 OPERATING LOSS

Operating loss is stated after charging/(crediting):

Particulars	£	₹
Auditor's remuneration	2,500	189,194
Net profit on foreign currency translation	(4)	(303)

## 4 TAXATION ON ORDINARY ACTIVITIES

There is no corporation tax charge in the period ended 31 March 2010 due to the losses in the period. At the balance sheet date, the company had a deferred tax asset of £25,675 (Rs. 1,742,524) representing corporation tax at 28% on the unutilised tax losses at 31 March 2010. The deferred tax asset has not been recognised in these financial statements as the directors are not certain if the losses will be Utilised in full in the following period.

## 5 TANGIBLE FIXED ASSETS

Particulars	£	₹
<b>EQUIPMENT COST</b>		
Additions	546	37,056
At 31 March 2010	<u>546</u>	<u>37,056</u>
<b>DEPRECIATION</b>		
From 8 July 2009 to 31 March 2010	-	-
<b>NET BOOK VALUE</b>		
At 31 March 2010	<u>546</u>	<u>37,056</u>

## 6 DEBTORS

VAT recoverable	1,625	110,286
Other debtors	14,900	1,011,241
	<u>16,525</u>	<u>1,121,527</u>

Included within other debtors is an amount of £5,900 (Rs. 400,424) relating to amounts receivable on long term contracts outstanding at 31 March, 2010.

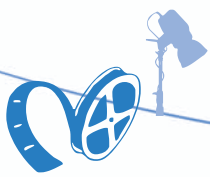
## 7 CREDITORS: Amounts falling due within Period

Trade creditors	9,570	649,502
Amounts owed to parent undertaking	42,852	2,908,301
Other taxation and social security	8,608	584,212
Other creditors	20,643	1,401,009
	<u>81,673</u>	<u>5,543,024</u>

## 8 RELATED PARTY TRANSACTIONS

During the period £10,954 (Rs. 828,974) was payable to Shemaroo Entertainment Private Limited, the ultimate parent company, in respect of licenses acquired for resale.

At 31 March 2010, £42,852 (Rs. 2,908,301) was due to Shemaroo Entertainment Private Limited. The amount is unsecured, interest free and repayable upon demand.



Shemaroo Entertainment (UK) Private Limited

## 9 SHARE CAPITAL

Allotted, called up and fully paid:

Particulars	£	₹
3,600 Ordinary shares of £10 each	36,000	2,443,266

100 ordinary shares were issued at par on incorporation, with a further 3,500 ordinary shares issued at par on 10 March 2010 to provide further working capital.

## 10 ULTIMATE PARENT COMPANY

The immediate and ultimate parent company of the company is Shemaroo Entertainment Private Limited, a company incorporated in India.

For and on behalf of the Board

Place :- Mumbai  
Dated:- 9th July, 2010

Hiren Gada  
Director

Jai Maroo  
Director



## Directors' Report

Your Directors hereby present the Annual Report on the business and operations of the Company together with the audited financial accounts for the year ended March 31, 2010.

### FINANCIAL RESULTS

	Current Year 2009-10	Previous Year 2008-09
<b>INCOME</b>		
Turnover	164,070	19,069,340
Total Income	164,070	19,069,340
<b>EXPENDITURE</b>		
Direct Operational Expenses	331,887	17,060,293
Administrative Expenses	2,266,575	7,096,505
Depreciation	42,711	58,840
Total expenditure	2,641,173	24,215,638
Loss before Taxation	(2,477,103)	(5,146,298)
Tax	-	-
LOSS AFTER TAX	(2,477,103)	(5,146,298)
Balance brought forward	(5,976,244)	(829,946)
Amount available for appropriation	(8,453,347)	(5,976,244)
Less: Appropriations	-	-
<b>BALANCE CARRIED TO BALANCE SHEET</b>	<b>(8,453,347)</b>	<b>(5,976,244)</b>

### DIRECTORS

During the year under review there is no change in the composition of the Board of Directors.

### REVIEW OF OPERATION

During the year under review, the Turnover reduced to Rs. 164,070 as compared to the previous years Rs. 19,069,340.

### DIVIDEND

With a view to strengthen the Financial position of the Company and consolidate the resources of the Company, no dividend is proposed.

### PUBLIC DEPOSITS

The Company has not accepted any Public Deposit during the year under review.

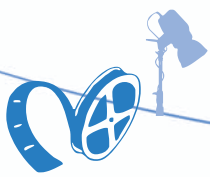
### AUDITORS AND THEIR APPOINTMENT

The term of our Auditors M/s. Gawande & Associates, Chartered Accountants, expires at conclusion of the Annual General Meeting. A proposal has been received for the reappointment of M/s. Gawande & Associates, Chartered Accountants as the Auditors of the Company until the next Annual General Meeting.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, the Directors hereby confirm:

- 1 that in the preparation of the Annual Accounts for the year ended March 31, 2010, the applicable Accounting Standards



### Shemaroo Entertainment Inc

- have been followed along with proper explanation relating to material departures.
- 2 that the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a fair view of the state of affairs of the Company at the year ended March 31, 2010 and of the profit / loss of the Company for that period.
  - 3 that the Directors 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 for preventing and detecting fraud and other irregularities.
  - 4 that the Directors have prepared the Annual Accounts for the year ended March 31, 2010 on a going concern basis.

### HUMAN RESOURCES

Your Company enjoys cordial relations with its employees. The

key focus of your Company is to attract, retain and develop talent. The Board wishes to place on record its appreciation of the contributions made by all employees ensuring high levels of performance and growth during the year.

### SOCIAL COMMITMENTS

Your Company is aware of its social responsibility and has been from time to time contributing to social issues.

### ACKNOWLEDGEMENT

Your Directors would like to express the grateful appreciation for the assistance and co-operation received from its Bankers, Employees and Business associates during the year under review.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DIRECTOR

Place : Mumbai

Date : 9th July, 2010



# Auditors' Report

## TO THE MEMBERS OF SHEMAROO ENTERTAINMENT INC

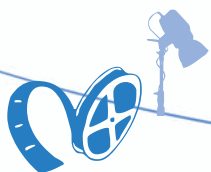
We have audited the attached Balance Sheet of SHEMAROO ENTERTAINMENT INC as at 31st March, 2010 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Based on the documents examined by us and the information and the explanations given to us, in our opinion, the said financial statements, read together with the notes thereon, are true and fair.

Yours truly,  
For GAWANDE & ASSOCIATES  
Chartered Accountants  
ICAI FRN.: 112880W

V. V. Rao  
Partner  
Membership No. 030916

Place :- Mumbai  
Dated:- 9th July, 2010



Shemaroo Entertainment Inc

## Balance Sheet

(₹)

As at 31st March,	Schedule	2010	2009
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Share Capital	A	450,301	521,743
Exchange fluctuations on translation		146,611	-
		<u>596,912</u>	<u>521,743</u>
<b>TOTAL</b>		<b><u>596,912</u></b>	<b><u>521,743</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
B			
Gross Block		151,314	175,320
Less: Depreciation		151,314	128,326
Net Block		<u>-</u>	<u>46,994</u>
Exchange fluctuations on translation		-	922,901
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	C	1,455,283	2,767,168
Bank Balances	D	434,766	5,269,187
Loans and Advances	E	30,440	27,652
		<u>1,920,489</u>	<u>8,064,007</u>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	F	<u>12,635,581</u>	<u>18,131,978</u>
<b>Net Current Assets</b>		(10,715,092)	(10,067,971)
<b>Miscellaneous Expenses (To the extent Not written off/ Adjusted)</b>		2,858,657	3,643,575
<b>Profit &amp; Loss Account</b>		8,453,347	5,976,244
<b>TOTAL</b>		<b><u>596,912</u></b>	<b><u>521,743</u></b>
<b>Significant Accounting Policies and Notes to the Financial Statements.</b>	J		

As per our report of even date attached.

For GAWANDE & ASSOCIATES

Chartered Accountants

ICAI FRN.: 112880W

V. V. Rao

Partner

Membership No. 030916

Place :- Mumbai

Dated:- 9th July, 2010

For and on behalf of the Board

Hiren Gada

Director

Jai Maroo

Director

Place :- Mumbai

Dated:- 9th July, 2010

# Profit and Loss Account

(₹)

For the year ended 31st March, 2010	Schedule	2010	2009
<b>INCOME</b>			
Turnover	G	164,070	19,069,340
		<u>164,070</u>	<u>19,069,340</u>
<b>EXPENDITURE</b>			
Direct Operational Expenses	H	331,887	17,060,293
Administrative Expenses	I	2,266,575	7,096,505
		<u>2,598,462</u>	<u>24,156,798</u>
<b>Loss before Depreciation and Taxation</b>		<b>(2,434,392)</b>	<b>(5,087,458)</b>
Depreciation		42,711	58,840
<b>Loss before Taxation</b>		<b>(2,477,103)</b>	<b>(5,146,298)</b>
<b>Less: Provision for Taxation</b>			
Tax		-	-
<b>LOSS AFTER TAX</b>		<b>(2,477,103)</b>	<b>(5,146,298)</b>
Balance brought forward		(5,976,244)	(829,946)
<b>Amount available for appropriation</b>		<b>(8,453,347)</b>	<b>(5,976,244)</b>
<b>Appropriations</b>		-	-
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>(8,453,347)</b>	<b>(5,976,244)</b>
<b>Earnings Per Share [Refer Note J (h)] (In Rs.)</b>			
- Basic		(12,386)	(25,731)
- Diluted		(12,386)	(25,731)
<b>Significant Accounting Policies and Notes to the Financial Statements.</b>	J		

As per our report of even date attached.

For GAWANDE & ASSOCIATES

Chartered Accountants

ICAI FRN.: 112880W

V. V. Rao

Partner

Membership No. 030916

Place :- Mumbai

Dated:- 9th July, 2010

For and on behalf of the Board

Hiren Gada

Director

Jai Maroo

Director

Place :- Mumbai

Dated:- 9th July, 2010



Shemaroo Entertainment Inc

## Schedules

(₹)

To the Financial Statements as at 31st March,

2010

2009

### SCHEDULE A: SHARE CAPITAL

Issued, Subscribed and Paid - up

200 (Prev. Year 200) Equity Shares at No Par Value

450,301

521,743

**450,301**

**521,743**

### SCHEDULE B: FIXED ASSETS

Particulars	Gross Block			Depreciation				Net Block		
	As on 01-Apr- 2009	Addi- tions	Deduc- tions	As on 31-Mar- 2010	As on 01-Apr- 2009	For the year	Deduc- tions	As on 31-Mar- 2010	As on 31-Mar- 2010	As on 31-Mar- 2009
Plant & Machinery	61,798	-	-	61,798	50,836	10,962	-	61,798	-	12,700
Computer Software	89,516	-	-	89,516	59,918	29,598	-	89,516	-	34,294
<b>Total</b>	<b>151,314</b>	<b>-</b>	<b>-</b>	<b>151,314</b>	<b>110,754</b>	<b>40,560</b>	<b>-</b>	<b>151,314</b>	<b>-</b>	<b>46,994</b>

To the Financial Statements as at 31st March,

2010

2009

### SCHEDULE C: SUNDRY DEBTORS

(Unsecured, considered Good)

Debts outstanding for a period exceeding six months

-

-

Other Debts

1,455,283

2,767,168

**1,455,283**

**2,767,168**





# Schedules

(₹)

To the Financial Statements as at 31st March,

2010

2009

**SCHEDULE D: BANK BALANCES**

Balances with Banks	434,766	5,269,187
	<u>434,766</u>	<u>5,269,187</u>

**SCHEDULE E: LOANS AND ADVANCES****(Unsecured, considered Good)**

Other Assets - Loans & Exchanges	-	4,174
Prepaid Expenses	30,440	23,478
	<u>30,440</u>	<u>27,652</u>

**SCHEDULE F: CURRENT LIABILITIES**

Sundry Creditors	12,589,065	17,788,932
Outstanding Expenses	46,516	343,046
	<u>12,635,581</u>	<u>18,131,978</u>



Shemaroo Entertainment Inc

## Schedules

(₹)

To the Financial Statements for the Year ended on 31st March,

2010

2009

### SCHEDULE G: INCOME FROM OPERATIONS

Turnover	164,070	19,069,340
	<u>164,070</u>	<u>19,069,340</u>

### SCHEDULE H: DIRECT OPERATIONAL EXPENSES

Advertising & Promotion	-	3,265,499
Custom & Brokerage Charges	8,583	124,602
Film Screening Charges	-	112,050
Overflow Expenses	-	595,414
Postage & Delivery	38,789	2,140,941
Print Cost	284,515	7,838,396
Purchases	-	2,582,864
Replication & Transfer Charges	-	277,263
Theatre Checking	-	118,649
Discounts & Returns	-	4,615
	<u>331,887</u>	<u>17,060,293</u>

### SCHEDULE I: ADMINISTRATIVE EXPENSES

Trade Show Expenses written off (Net)	950,457	1,014,861
Bank Charges	2,940	85,237
Repairs and Maintenance	-	4,015
Bad Debts	1,055,977	-
Incorporation Expenses written off	-	6,922
Insurance Charges	-	81,637
Legal & Professional Fees	123,290	687,020
General Expenses	2,276	86,206
Rents, Rates and Taxes	-	607,320
Salaries and Allowances	-	4,096,318
Printing and Stationary	-	18,829
Communication Expenses	114,754	322,073
Travelling & Conveyance	-	36,411
State Tax	16,881	49,656
	<u>2,266,575</u>	<u>7,096,505</u>



## Schedule "J"

### Significant Accounting Policies & Notes to Financial Statements

#### a) **Basis of accounting**

The financial statements are prepared under historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles (GAAP) in India, Accounting Standards (AS) as notified under Companies (Accounting Standards) Rules, 2006 and the requirements of the Companies Act, 1956.

#### b) **Use of estimates**

The preparation and presentation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised prospectively in the period in which results are known or materialised.

#### c) **Fixed assets**

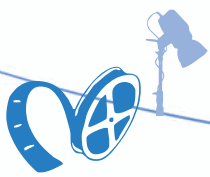
All fixed assets are initially recorded at cost.

Intangible Assets are amortised over their useful life not exceeding five/ten years or estimated useful life whichever is lower.

#### d) **Depreciation**

Fixed assets are stated at historical cost less accumulated depreciation/amortization thereon and impairment losses, if any. Cost includes all costs incidental to acquisition, installation, commissioning and related internal costs and interest paid on funds borrowed to finance the assets until the assets are ready for commercial use.

Intangible Assets are recorded at acquisition cost and in case of assets acquired on merger at their carrying values. Websites/ Brands are recognised as Intangible Asset if it is expected that such assets will generate future economic benefits and amortised over their useful life not exceeding four/ten years or estimated useful life whichever is lower.



## Shemaroo Entertainment Inc

### e) Revenue recognition

- i. Sales of ACDs / VCDs / DVDs / ACS are recognised when goods are supplied and are recorded net of returns, trade discounts, rebates and indirect taxes.
- ii. Sales of rights are recognised on the date of entering into agreement for the sale of the same, provided the Censor Certificate is in existence.
- iii. Services are recognized when the contractual commitments are delivered in full and are recorded net of returns, trade discounts, rebates and indirect taxes.
- iv. Dividend income is recognised when the right to receive the same is established.
- v. Interest Income is recognised on a time proportion basis.

### f) Purchase of Rights

In respect of other rights like Video and other rights on the date of the agreement of purchase with producer /seller, provided the Censor Certificate is in existence.

### g) Foreign Currency Transaction

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency as at balance sheet date are converted at the exchange rate prevailing on such date. Exchange differences arising from such translation are recognized in the Profit and Loss A/c.

### h) Earning Per Share (EPS)

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The EPS working is as under:

Particulars	31-Mar-10	31-Mar-09
Net Profit / (Loss) after tax	(2,477,103)	(5,146,298)
<b>Number of equity shares -</b>		
As at commencement of the year (No.)	200	200
Issued during the year (No.)	-	-
Weighted average number of equity shares during the year (No.)	200	200
Basic Earning per share	(12,386)	(25,731)
Diluted Earning Per Share	(12,386)	(25,731)

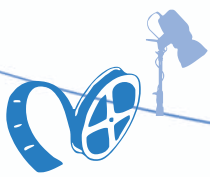
**i) Related Party Transactions**

a. List of Related Parties and their relationship:

Sr. No.	Relationship	Name of Related Party
1	Holding Company	Shemaroo Entertainment Pvt. Ltd.
2	Key Management Personnel	Hiren Gada Jai Maroo
3	Relatives of Key Management Personnel	Smita Maroo (wife of Jai Maroo) Madhuri Gada (wife of Hiren Gada) Kranti Gada (sister of Hiren Gada)
4	Fellow Subsidiary	Shemaroo Entertainment (UK) Pvt. Ltd.

b. During the Year, the Company had transactions with the Holding Company Only which are follows:

Particulars	31-Mar-10	31-Mar-09
Purchase of Goods	284,515	9,246,765
<b>Total</b>	<b>284,515</b>	<b>9,246,765</b>



## Shemaroo Entertainment Inc

c. Balances with related parties were as follows: -

Nature of transactions	Holding Company	Fellow Subsidiary
Dues from Related Parties	-	-
Dues to Related Parties	12,460,731	-
<b>Total</b>	<b>12,460,731</b>	-

## j) Financials Conversion into INR

The Financial Statements of the company are translated at the following rates of exchange:

- Average rate for Income and Expenditure.
- Year end rate for Assets and Liabilities.

The net effect of the above conversion is reflected in Exchange fluctuations on translation.

k) Previous year figures are rearranged or regrouped wherever necessary to conform to current year's presentation.

As per our report of even date attached.

For GAWANDE & ASSOCIATES

Chartered Accountants

ICAI FRN.: 112880W

V. V. Rao

Partner

Membership No. 030916

Place :- Mumbai

Dated:- 9th July, 2010

For and on behalf of the Board

Hiren Gada

Director

Place :- Mumbai

Dated:- 9th July, 2010

Jai Maroo

Director

## Disclaimer

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.





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