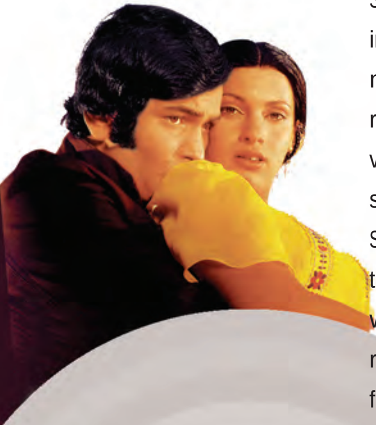
Entertainment Infinite

Shemaroo Entertainment Limited • Annual Report 2010-11

Shemaroo started in 1962 as a book library, even then with a vision to educate and entertain people by offering them a wide choice of books that thrilled them. The brand Shemaroo soon became a household name.



Shemaroo has since transformed the industry and itself in the process in many ways. Shemaroo added several revenue streams to the industry like video renting, home video, broadcast syndication and new media. Today, the Shemaroo business represents one of the largest film content library in India with both perpetual and aggregation rights. Our distribution pipe has extended from the broadcast syndication to the TV channels to emerging fast and growing even faster new media world of internet and mobile.

The last 50 years have been very exciting and evolutionary. The next 50 look even more exciting and promising. The world of entertainment has transformed significantly to deliver entertainment 24 x 7, everywhere. Shemaroo has built its business model around a simple thesis, entertainment infinite. There is no business like show business. And till there is civilization, it will want to be entertained. We entertain, infinitely.

This year we have posted the highest ever profits in the company's history a testament to the discipline that we demonstrated in the previous two years. We are now set to take this success to people with our equity raising soon.

The next decade seems to be the time for us to leverage the efforts put in the last 50 years. We are at a tipping point.

Read on.

TV RIGHTS ARE NEXT TO THEATRICAL REVENUES FOR FILM. ITS IMPORTANCE AND RELEVANCE IS GETTING BIGGER AND BETTER.

This is almost more than 50% of our business. Broadcast syndication, as we call it, is fast growing and getting relevance in the entertainment world like never before. It accounts for as much as 30% of the expected revenues for good films. Though it was always an important part of the film industry, in the last couple of years the importance has got the much desired momentum, and recognition.

The Television industry is expected to grow at 16% CAGR of the next few years much faster than the film industry itself.

This is why.

- TV penetration is on the rise and is expected to keep growing.
- People are watching more TV today than they were watching earlier.
- Within what they watch, film and film-based content is a clear leader. Indians love to watch films.
- As eyeballs grow, with it the advertisers' money and the TV channels demand for film content.
- The DTH revolution and penetration is increasing the subscription revenue for TV channels and reducing the volatility from advertisement that is linked to the economy. With more predictable revenue, TV channels are much stronger today and willing to spend higher on compelling film content.

This is good news for Shemaroo. We are India's largest hindi film content owners and aggregators and we play a critical role in bringing compelling content from producers to the TV channels after adding value through quality of content, the technical aspects, the legal clearances and packaging it to the TV channels in the manner they find it attractive.

We believe that this transformation of TV becoming an integral part of the film producers revenue is giving the right momentum to our business. This is bringing the industry closer which was earlier not so. This is also shifting the power a bit in the favour of broadcast syndication which will henceforth have a better pricing power with the film producers.

At Shemaroo, we have a large library of over 2,300 titles. This development means that the demand for our library and with it the value is set to rise.

Besides, we expect that the volume of business will rise, thanks to the above development which means faster inventory turns and higher ROI.

DEMAND FOR FILMS ON TV IS RISING. SUPPLY IS NOT. EXPECT PRICING POWER IN OUR FAVOUR.

We are the largest independent player in the broadcast syndication space. Our industry is watching an interesting change over the last few years. Economically speaking, the demand is rising faster than supply and hence the pricing is set to rise and more importantly, pricing power is set to shift to the one who has access to most compelling content.

The demand side of the equilibrium first. The tailwinds are strong.

- Viewers are watching more films on TV. The time spent on watching films is rising. This means that the TV channels have to show more films and better films. The TRP of films on TV has grown in 2010 over 2009. Exclusive Hindi film channels viewership at 17% is next only to GEC.
- The TV channels are themselves witnessing growing revenues thanks to DTH. Subscription Revenue share is expected to grow to 65% of TV revenue by 2015. In 2010, the DTH subscribers grew by a whopping 75% to 28 mn. Higher subscription revenue is great news. This brings a high predictability to the TV channels and this enhances their fire power for sourcing content.
- The TV channels will also gain from the India growth story as we expect the advertising revenues to grow too. This also means higher purchasing power and with it, a demand for content.
- There are 550 TV channels in India and 250 more awaiting approval. There are some more exclusive Hindi film channels expected. Each film channel needs at least 1000 films library to churn movies at any point of time. This will push the demand further.
- There is a growing need amongst the TV and GEC to differentiate film content for the viewers and this is growing the demand for existing content.

The supply is not catching up. There are headwinds there.

- India already makes one of the highest number of films in the world. We feel it is difficult to grow this number in absolute.
- The film industry has an interesting history of hits to misses. The ratio stands at less than 10%. This means that though the number of films is high, the quality of films and compelling content is not that high. This reduces the supply even further. Though there have been experimental content that is getting accepted, the overall ratio and supply of compelling content is not keeping pace with the growing demand.

At Shemaroo this means that there is expected volume and value growth in our business. We have over 250 films that we own in perpetuity. As the pricing rises, the value of our perpetual library also rises.

IN OUR BUSINESS COMPELLING CONTENT IS THE KEY TO DELIVER CONSISTENT ROI. WE HAVE BEEN GATHERING THIS KNOWLEDGE OVER THE LAST 18 YEARS.

Our business is unlike the film production or the content creation business whose success (and ROI) therefore is a function of its opening on Friday. We come into picture only after the content's fate has been decided. We get the advantage to own and aggregate content knowing of its past, present and future.

In our business compelling content is the key to delivering consistent ROI. Knowing what works with which TV channel and which time slot is important. We have been gathering this knowledge over the last 18 years.

At Shemaroo, we have built our business through the cash generated since inception and debt. We have been disciplined not to fall prey to buying expensive content and exposing the company and the cash flows to the low volume, high value buys. We have rather chosen the path less travelled. Our compelling content strategy is quite sound and risk-free.

★ We avoid buying movie rights, which is not consistent with our ROI policy.

★ We typically wait for the movie rights to finish its first cycle of five years and gauge its performance.

★ We play the high volume strategy where the risk is spread over large compelling content.

Shemaroo is one of India's largest owner, aggregator and distributor of film-based content. We acquire perpetual and aggregation rights from multiple content owners to create our vast and growing content library. We are the first preference for the content owners to partner because we have built a reputation of trust and transparency and the brand Shemaroo is recognized by the industry as the most fair in our business.

We acquire both perpetual and aggregate rights, which are limited by period, geography or medium or all. Aggregate rights form the largest piece of the acquisition and drive the business volumes. Perpetual rights bring a stability and driver higher ROI as the asset value of the perpetual rights have always followed the media-inflation every 5-year cycle.

Our strategy going forward will include buying perpetual rights to compelling content and also enhancing volumes for aggregate content based on ROI and opportunity. We will also produce our own content. We are also exploring acquiring music content to drive the new media distribution. The scale of content acquisition is expected to change gears with a proposed equity raising.

WHY SHEMAROO?

- ★ Aggregating content for over almost 25 years to reach current Content Library size
- ★ Worked with over 500 producers of film and television content
- ★ Strong relationships with leading Bollywood producers including R.K. Studios, Mukta Arts, Shree Ashtvinayak, Venus, etc.

Type of Content	Perpetual	Aggregated	Total titles
Hindi Films	295	898	1193
Regional Titles	275	655	930
Special Interest* Content	20	169	189
Total Titles	590	1722	2312

CONTENT ACQUISITION BASED ON ECONOMICS

- ★ Cost of content based on management estimates for expected revenues based on various factors
- ★ Exhaustive in-house database for thorough research on various factors like TV viewership ratings, box office records, commercial value on various platforms
- ★ Lower subjectivity: Acquisition Committee decides on content to be acquired after detailed due diligence

WE HAVE THE WIDEST DISTRIBUTION REACH FOR OUR COMPELLING CONTENT.

About 60% of the new content travels directly from the film producers or content owners to the TV channels. The balance 40% is our market place. Shemaroo is the largest player in this space.

Shemaroo works very closely with the TV channels to understand the time slots, the SEC classification, and the audience that watches to ensure that Shemaroo delivers content that matches the tastes of these channels.

- More than 50% of our revenues come from TV channels. We work with major broadcasters like Sony, Star, Zee, Colors, Doordarshan and others.
- Shemaroo also runs a large home video distribution business and this has been critical in building and strengthening relationship with the film fraternity. The home video though is on a migration, we expect it to deliver stable cash flows for a few years.
- Shemaroo is also one of the more active players in the new media space like Internet and mobile. Its expertise in managing video and its technical capabilities has earned Shemaroo a leadership in the video space.
- In the coming years, Shemaroo will also benefit from the release of films that it intends to produce. Our home production Ishqiya released in January 2010 was well received by the industry and critically acclaimed as well.

Shemaroo's distribution strategy has been to focus on the volume. Typically a film TV channel needs 1000 films repertoire in a year. Shemaroo has stayed away from high risk new film content and focused on giving the TV channels less expensive and more predictable high volume reissue movies. In 2010-11, Shemaroo sold more than 350 movies, among the highest by any company in India for the TV channels.

SHEMAROO IS THE FOURTH MOST VIEWED INDIAN CHANNEL ON YOUTUBE AND ALREADY A MILLION DOLLAR ACCOUNT WITH GOOGLE.

The power of the Internet has been growing by the hour. One third of the world uses Internet. In India there are over 100 million Internet users (Source: IAMAI) and over 500 million mobile phone users (Source: TRAI, Nov 2010). There is a convergence taking place of the Internet and the mobile. The Internet is increasingly being used for commerce and for rich media namely video. The tablet explosion and new gadgets that enrich the video experience are growing every day.

In India mobile and Internet will gather significant momentum going forward. The 3G roll out that has been gathering steam will enhance the speed and bandwidth, which were hitherto restricting video on Internet and mobile. Video is likely to be to mobile VAS, what music was in the last few years.

Shemaroo saw this early on. We recognized and believed in the power of the Internet and the mobile. With the strongest content library on film, devotional and other non-film like live darshan and fitness, Shemaroo has now got a new revenue stream in mobile and Internet.

What has been interesting is that it is not content that Shemaroo has exploited but the content management too that Shemaroo has been partnering exclusively across the new media platforms. The biggest so far being its arrangement with Google Inc.'s Youtube with whom Shemaroo is an official partner. As per the statistics from YouTube, our channel, www.youtube.com/shemarooent is in the top five with only 10% of its content being exposed.

Besides Youtube, Shemaroo is actively partnering other new media platforms.

We are just getting started on new media. The years 2011-12 and 2012-13 are the 3G roll out years, post which the usage will start rising. With a team strength of over 80 and a content library that few can match, new media can emerge as a large contributor in the coming years.

Segments	Entity	Relationship/Services
Mobile	TATA Docomo	Content Management Services for their 3G Video Platform
Internet	YouTube	Official Channel Partner
DTH	Airtel Digital TV	Content Management Services for "iDarshan"
IPTV	BT Vision	Content Management Services
Handset Manufacturers	Many	Content distribution, through pre-embedding or through its online services

SHEMAROO REPORTED ITS HIGHEST PROFIT AFTER TAX IN 2010-11. THERE IS MORE TO THE NUMBERS THAN THEY REVEAL.

We reported the highest profit after tax of Rs 13.65 cr in 2010-11. Just two years back we reported a loss of a similar amount. And there is a lot more to the numbers than they say.

Let us explain.

We run our business with a lot of financial discipline. We have been in business now for over 50 years. We have seen that in every decade there comes a wind of excess where the content prices rise northwards and there is a mad scramble to acquire content at whatever cost.

2008-09 was just that year. There was a mad scramble to acquire content led by big corporates who brought in large capital and everyone was ready for the next big move. When we did the calculations, it was alarming the prices that were being offered for the rights. It would have been very difficult to make money at those cost of acquisition. We had two choices. Either we could go with the momentum and buy rights at expensive prices or take a pause and let the storm pass. We decided the latter. This meant that we had to let go of the volumes in that year and revenues dipped. With a certain fixed costs, we had reported a low EBIDTA of Rs 8 cr. With interest cost being Rs 17.85 cr, we ended up in the red. But the situation could have been worse in the following year 2009-10.

2009-10 was one of the worst years for the industry. The high cost of the content acquired previous year by the industry participants did not deliver the ROI and the demand for content started to dampen. The film industry too went through a bad year with lesser hits. We were smiling. Not just because of the discipline that we showed in 2008-09, but this was the best time to get aggressive. The 2010-11 profit story actually started then. We started acquiring content aggressively and built our perpetual library strength in the worst year of the industry. Our EBDITA in 2009-10 doubled and we turned around. The real impact was yet to come.

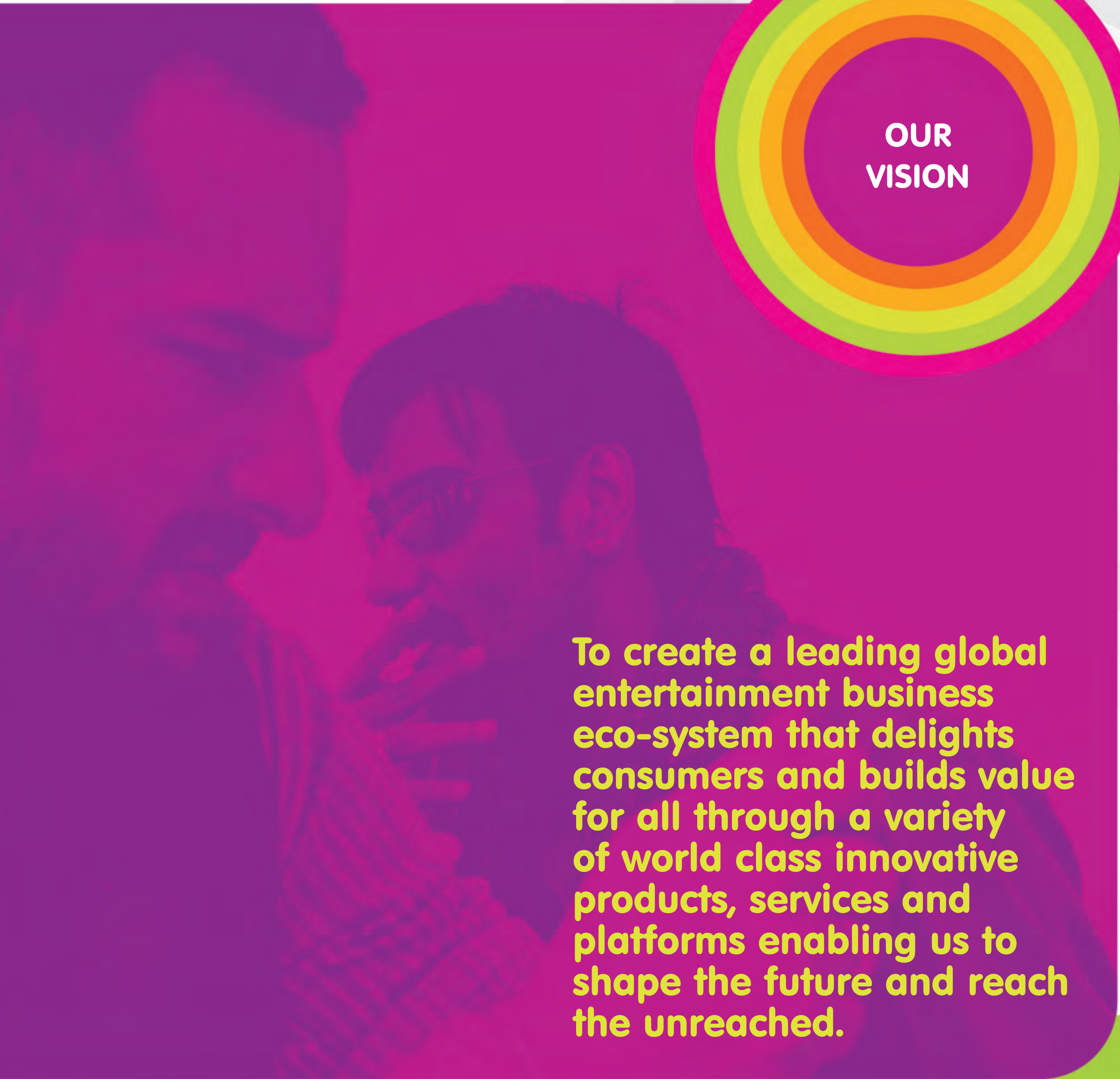
2010-11 made the most of the previous two years' discipline. We showed record volumes and our EBIDTA jumped four-fold from 2008-09 to Rs 35.4 cr. Our EBIDTA margin stood at 22% in 2010-11 from 7% just two years back. We reported PAT of Rs 13.65 cr and PAT margin of 8.5% higher than the EBIDTA margin of 2008-09.

SHEMAROO AT A GLANCE

Shemaroo is one of India's largest content owner, aggregator and distributor of film-based rights. Founded in 1962 as a book circulating library, Shemaroo today is engaged in content acquisition, value-addition to content and content distribution.

THE SHEMAROO BRAND

The "Shemaroo" brand considered synonymous with quality entertainment. Having started as India's first video rental library, Shemaroo has been successfully adapting itself to changing media platforms and consumption patterns. It has evolved from renting VHS to opening up Home Video market to distributing in digital formats and Broadcast Syndication.



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.

OUR 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.

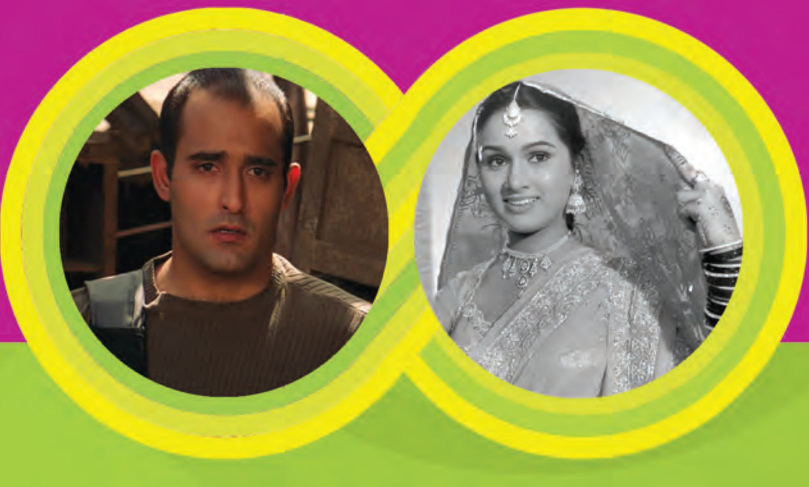
Strategy

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

Our Resources

Shemaroo operates out of its owned infrastructure of approx. 26,000 sq. ft. located in Mumbai, including state-of-the-art digital post-production studio.

Our biggest asset is our team and energetic people who continue to deliver superior performance year on year.



MESSAGE FROM THE MANAGING DIRECTOR

Dear Shareholders,

2010-11 was a watershed year in the history of the company. We reported the highest ever profits after tax of Rs. 137 mn since we started in 1962. But there is more to the numbers.

The results are a reflection of our value systems, our belief in the business and very importantly the discipline that is so critical to deliver consistent and superior shareholder value.

To understand this further, let's go back 24 months.

2008-09 was a very challenging year for the industry and Shemaroo as well. It was also an exceptional year for the film industry. With good hits, effects of corporatization, multiplexation and the growing demand for films on TV, it was only time before more money and players entered. There was a fresh dose of capital in the broadcast syndication space led by entry of big corporates. This led to the cost of content creation, acquisition and aggregation rising. With the end-user industry's (tv channels) revenues not rising, it was almost certain that it will be difficult to deliver ROI on the risen cost. We had two choices. We could have followed the trend and maintained a healthy topline, but a fast depleting bottom-line. The other option was to reduce top-line and take a smaller hit on the bottom-line. It was a difficult decision. Our financial discipline, values and a calm approach allowed us to let the storm of rising content cost pass. We reported 28% decline in revenues and a loss of Rs. 134 mn. Had we bought high cost content, the damage would have been more severe.

2009-10 was a very important year. This first half saw the immediate disappearance of the excitement of 2008-09 (and players). The cost of content suddenly swung the other way. We thrived in this environment. The second half of 2009-10 saw Shemaroo taking aggressive leadership and dominated the content acquisition. This helped us build an enviable library and relevance in the eyes of our customers, the TV channels. We used the second half to hire and get aggressive on the new media side too. At the end of 2009-10 we reported revenue and profit of Rs 1036 mn and Rs. 3.4 mn respectively.

2008-09 and 2009-10 will go down in Shemaroo as the most important years in our history. It reemphasized what is now an important value system in the company. 'Financial discipline' is a key to delivering value and sustenance.

By 2009-10 we emerged as a leader in the content aggregation and broadcast syndication space. We could foresee the changing face of the broadcast syndication industry and the rising new media space. Both were our strengths.

The broadcast syndication business where we primarily distribute film to the television channels is witnessing an interesting shift in the equilibrium. On the demand side, the television channels are becoming financially strong with rising subscription revenue (brings predictability) and rising advertising revenue (economy doing well). Besides, the demand for films on television is rising as more people watch more films and also it delivers a consistent ROI to the channels. This is getting further accentuated with new movie channels up for launch. On the supply side though, there is a limitation. The number of films produced is not growing and within that compelling content is further restricted. We are seeing a trend of higher pricing for our library. This means better profits, higher cash flow and a bigger ability to aggregate more content.

Another monetization opportunity that we believe will be significant in the years to come is the new media opportunity. Until now, video on the Internet and mobile was a distant possibility due to bandwidth constraints. The 3G auction has ensured that this will be a big opportunity in years to come. We are already witnessing increased downloads of video through the 2G and 2.5G networks and as 3G enhances speed, it's a matter of time. We believe video on the go and video VAS will emerge as huge market in years to come.

Besides, we have emerged as one of the largest players in the content creation, ownership and aggregation space. We have built expertise, relationship and systems that will be difficult to match. Shemaroo is seen as a trust worthy partner and a preferred player in the content space.

We believe that the time has come to put the foot on the accelerator. Shemaroo has so far been built on internal cash and debt. If we have to go into the next level, we need infusion of external capital. Shemaroo is planning a capital infusion to enhance its financial capability and is looking forward to emerge as an even bigger player.

This will immediately drive our broadcast syndication business where capital and our strengths will drive revenues and increase margins with scale and operating leverage. With larger and better content buys the demand and our ability to get better pricing will also rise. We expect this business to grow significantly in the years to come.

The new media business will start to get size. We are creating a team that will not just offer content but also manage content to the new media participant. With our own post-production facility, it can deliver content in any format and

2010-11 WAS A WATERSHED YEAR IN THE HISTORY OF THE COMPANY. WE REPORTED THE HIGHEST EVER PROFITS OF ₹ 137MN. BUT THERE IS MORE TO THE NUMBERS.

experiment too, both of which we believe will be critical differentiators going forward. Though 3G in the coming 24 months will still largely be a roll-out and implementation story, we are preparing for 2013-14 and beyond. We see a tremendous growth in those years. Internet penetration is already 100 million. Tablets, smart phones and 3G enabled handsets are rising and the youth today is willing to embrace this new era of speed and connectivity. This market has the potential to explode. And we are preparing for the same.

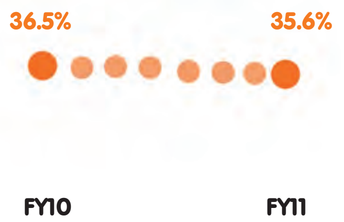
We would also like to recognize and thank our team members, shareholders and management for their continued support.

Mr. Raman Maroo

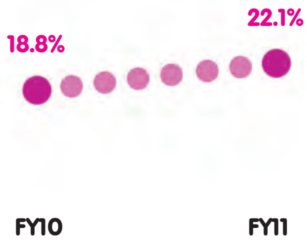
FINANCIAL SNAPSHOT

	FY10	FY11
FINANCIAL PERFORMANCE		
Total Income	1036.9	1603.1
Earnings before other income, depreciation, finance charges and tax	195.4	354.7
Interest	165	153.3
EBDT	30.4	201.4
Depreciation	26.8	27.1
PBT	3.6	174.3
Tax	0.2	37
PAT	3.4	137.3
FINANCIAL POSITION		
Share capital	4.5	45.5
Reserves & Surplus	776	860.4
Net Worth	1957.1	2233.3
Fixed Assets	363	350.2
Investments	0.7	61.5
Cash and Cash Equivalents	186.2	84.2
Net Current Assets	1590.7	1821.7

Gross Margin (%)

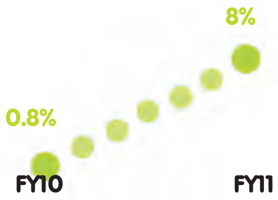


EBDITA (%)



Debt Equity

Return on Net Worth



2010-11 HIGHLIGHTS

BROADCAST SYNDICATION

GolMaal (Amol Palekar, Utpal Dutt), Chupke Chupke (Amitabh Bachchan, Dharmendra), Mughal E Azam (Prithviraj Kapoor, Dilip Kumar, Madhubala), Sarkar (Amitabh Bachchan, Abhishek Bachchan, Kay Kay Menon), Shakti (Dilip Kumar, Amitabh Bachchan, Raakhee), Virasat (Anil Kapoor, Tabu, Pooja Batra), Amar Akbar Anthony (Amitabh Bachchan, Vinod Khanna, Rishi Kapoor)

NEW MEDIA PLATFORMS

Tere Bin Laden (Ali Zafar, Pradhuman Singh), Spanish Beauty (Barbara Mori, Christian Meier), Aakrosh (Ajay Devgn, Akshaye Khanna, Bipasha Basu), Dil Toh Baccha Hai Ji (Ajay Devgn, Emraan Hashmi, Omi Vaidya), Mera Naam Joker (Raj Kapoor, Manoj Kumar, Simi Garewal), Jis Desh Mein Ganga Behti Hai (Raj Kapoor, Padmini, Pran), Ram Teri Ganga Maili (Rajiv Kapoor, Mandakini, Divya Rana)

OTHER

Investment in Vistaas Digital Media Pvt. Ltd.

FINANCIAL SECTION

DIRECTORS' REPORT

Dear Members,

Your Directors present the 6thAnnual Report on the business and operations of the Company together with the audited financial accounts for the year ended March 31, 2011.

(₹ in '000)

Financial Results	Current Year 2010-11	Previous Year 2009-10
Income:		
Sales & Services	15,49,260	10,16,039
Other Income	20,344	20,243
Total Income	15,69,604	10,36,282
Expenditure:		
Direct Operational Expenses	10,03,617	642,765
Personnel Expenses	99,148	83,159
Administrative Expenses	93,387	65,421
Financial Expenses	1,53,277	165,032
Selling Expenses	30,847	39,917
Preliminary Expenditure written off	-	-
Depreciation	27,121	26,815
Total expenditure	14,07,397	1,023,109
Profit Before Taxation	1,62,208	13,172
Provision for Taxation	35,654	238
Excess in provision for taxation in previous years	3,364	-
Profit After Taxation	1,26,554	12,934
Balance brought forward from previous years	(44,331)	(57,265)
Transferred from Capital Reserve on Demerger	2,19,963	-
Profit available for Appropriation	3,05,549	(44,331)
Less: Appropriations		
General Reserve	9,492	-
Proposed Dividend	9,114	-
Dividend Distribution Tax	1,514	-
Balance carried to the Balance Sheet	2,85,429	(44,331)

Review of Operation

During the year under review, the Sales & Other Income increased to ₹ 15,49,260 thousandas against ₹ 10,16,039 thousand in the previous year. The Company had a turnaround with a Net Profit After taxation of ₹ 1,29,917 thousandas compared to the Net Profit after tax of ₹ 12,934 thousand in the previous financial year.

Dividend

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, payment of a dividend of ₹ 2 per share (20 per cent) for the year ended March 31, 2011.

The amount of dividend recommended is ₹ 9,114 thousand.

Conversion into a Public Limited Company

Pursuant to the special resolution of our members dated March 26, 2011, our Company was converted to a Public Limited Company and a fresh certificate of incorporation consequent to the change of status was granted on April 1, 2011, by the Registrar of Companies, Maharashtra, Mumbai.

Issue And Allotment of Bonus Shares

Pursuant to approval of the members in their meeting dated March 26, 2011, the Company issued and allotted 41,01,372 equity shares of ₹ 10/- (Rupees Ten) each aggregating to ₹ 4,10,13,720 (Rupees Four Crore Ten Lac Thirteen Thousand Seven Hundred and Twenty Only) as bonus shares credited as fully paid up by capitalisation of the sum standing to the credit of the Capital Reserve Account to all members of the Company holding equity shares of the company at the close of business hours on March 26, 2011, being the Record Date, in the ratio of Nine new fully paid-up equity shares of ₹ 10/- (Rupees Ten) each for One fully paid up equity shares of ₹ 10/- (Rupees Ten) each held.

Directors

In terms of the provisions of the Companies Act, 1956, Shri Buddhichand H. Maroo, Director of the Company, retire by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

During the period under review, Shri Raman H. Maroo and Shri Atul H. Maru were re-appointed as Managing Director and Joint Managing Director, respectively, for a period of five years w.e.f. January 1, 2011. Shri Hiren U. Gada was appointed as a Whole Time Director, for a period of five years w.e.f. January 1, 2011.

Public Deposits

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

Auditors and Auditors' Report

M/s. Gawande & Associates, Chartered Accountants, Statutory Auditors of the Company, who holds office till the conclusion of the ensuing Annual General Meeting has, due to pre-occupation in other assignments, shown their unwillingness to continue as Statutory Auditors of the Company for the financial year 2011-2012.

Pursuant to this the Company has offered M/s M K Dandeker & Co., Chartered Accountants, Chennai, for appointing them as the Statutory Auditors of the Company for the financial year 2011-2012. The Company has also received letter from M/s M K Dandeker & Co., Chartered Accountants accepting the offer and to the effect that their appointment, if made, would be within the limits specified u/s 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of section 226 of the Companies Act, 1956.

The observations and comments given by the auditors in their report read together with notes to accounts are self-explanatory and hence do not require any further comments under section 217 of the Companies Act, 1956.

Subsidiary Companies

As on 31st March, 2011 the company have two subsidiary companies namely Shemaroo Entertainment INC (US) and Shemaroo Entertainment (UK) Private Limited.

Pursuant to the approval granted by the Ministry of Corporate Affairs vide Circular No. 02/2011 dated February 8, 2011, copies of the Balance Sheet, Profit and Loss Account, and Report of the Board of Directors and the Auditors of the Subsidiary Companies are not being attached to the Balance Sheet of the Company. The financial information of the subsidiary companies as required by the aforesaid circular is disclosed under the heading 'Financial Details of Subsidiary Companies' which forms part of the Annual Report.

The Company will make available hard copies of the Annual Accounts of the subsidiary companies and related detailed information to the members of the Company/Subsidiaries seeking the same.

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, 2011, 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, 2011 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, 2011 on a going concern basis.

Particulars of Employees

No employee was paid remuneration more than the limit prescribed under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) AmendmentRules, 2011.

Consolidated Financials

As required by Accounting Standard-21 on Consolidation of Financial Statements, Consolidated Financial Statements and Cash Flow Statement are appended.

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).

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 their sincere appreciation for the assistance and co-operation received from shareholders, bankers, employees, regulatory bodies and other Business constituents during the year under review.

For and on behalf of the Board Of Directors

Raman Maroo	**Atul Maru**
Managing Director	Jt. Managing Director

Mumbai

June 10, 2011

AUDITORS' REPORT

to the Members of
SHEMAROO ENTERTAINMENT LIMITED

We have audited the attached Balance Sheet of SHEMAROO ENTERTAINMENT LTD. as at 31st March, 2011, 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 applicable 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.

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, 2011.

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: 10th June 2011.

Annexure to the Report of the Auditors to the Members of SHEMAROO ENTERTAINMENT LIMITED on the accounts for the year ended 31st March, 2011

(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 fourteen firms/parties covered in the register maintained under section 301 of the Companies Act, 1956. The total amount taken was ₹ 14,15,00,000. The maximum amount involved during the year was ₹ 37,36,00,000 and the year-end balance of loans taken from such parties was ₹ 22,28,50,000.

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 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, 2011 for a period of more than six months from the date they became payable.

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit or in 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. However, during the year, the Company has issued Bonus shares to the existing shareholders in the ration of 1:9, by capitalization of reserves.

19. The Company has not issued any debentures during the year.

20. The company is a public limited company. However, being a non-listed public limited company, Clause 4(xx) under CARO (2003) 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: 10th June 2011.

BALANCE SHEET

(₹ in '000)

As at 31st March,	Schedule	2011	2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	45,571	4,557
Reserves and Surplus	B	868,251	834,307
		913,822	838,864
Loan Funds			
Secured Loans	C	1,007,828	833,534
Unsecured Loans	D	274,615	302,807
		1,282,444	1,136,341
Deferred Tax Liability		44,946	41,603
TOTAL		2,241,212	2,016,808
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		519,107	543,561
Less: Depreciation		169,412	181,122
Net Block		349,695	362,438
Capital Work-in-Progress		535	557
		350,230	362,995
Investments	F	65,015	3,796
Current Assets, Loans and Advances			
Inventories	G	531,306	514,400
Sundry Debtors	H	1,028,813	656,580
Cash and Bank Balances	I	78,118	185,197
Loans and Advances	J	415,782	451,041
		2,054,018	1,807,218
Less: Current Liabilities and Provisions			
Current Liabilities	K	217,423	201,532
Provisions	L	10,628	-
		228,051	201,532
Net Current Assets		1,825,967	1,605,686
Profit & Loss Account		-	44,331
TOTAL		2,241,212	2,016,808
Significant Accounting Policies and Notes to the Financial Statements	T		

As per our report of even date attached.
For GAWANDE & ASSOCIATES
Chartered Accountants

V.V. Rao
Partner

Place :- Mumbai
Dated:- 10th June, 2011

For and on behalf of the Board

Raman Maroo
Managing Director

Atul Maru
Jt. Managing Director

Ankit Singh
Company Secretary

Hiren Gada
Whole Time Director (Finance)

Place :- Mumbai
Dated:- 10th June, 2011

PROFIT AND LOSS ACCOUNT

(₹ in '000)

For the year ended 31st March,	Schedule	2011	2010
INCOME			
Turnover	M	1,549,260	1,016,039
Other Income	N	20,344	20,243
		1,569,604	1,036,282
EXPENDITURE			
Direct Operational Expenses	O	1,003,617	642,765
Personnel Expenses	P	99,148	83,159
Administrative Expenses	Q	93,387	65,421
Selling Expenses	R	30,847	39,917
		1,226,999	831,262
Profit before Interest, Depreciation and Taxation		342,605	205,020
Financial Expenses	S	153,277	165,032
Profit before Depreciation and Taxation		189,328	39,987
Depreciation	E	27,121	26,815
Profit before Taxation		162,208	13,172
Less: Provision for Taxation			
Current Tax		32,311	-
Deferred Tax		3,343	238
PROFIT AFTER TAX		126,554	12,934
Prior Period Items			
Excess / (Shortfall) in Provision for Taxation in Earlier Years		3,364	-
PROFIT AFTER TAX FOR THE YEAR		129,917	12,933.63
Balance brought forward from previous years		(44,331)	(57,265)
Transferred from Capital Reserve on Demerger		219,963	
Amount available for appropriation		305,549	(44,331)
Appropriations			
Proposed Dividend		(9,114)	-
Dividend Distribution Tax		(1,514)	-
Transfer to General Reserve		(9,492)	-
BALANCE CARRIED TO BALANCE SHEET		285,429	(44,331)
Earnings Per Share [Refer Note 2 (b) of Schedule T] (In ₹)			
(Face Value per equity share - ₹ 10/-)			
- Basic		27.77	2.84
- Diluted		27.77	2.84
Significant Accounting Policies and Notes to the Financial Statements	T		

As per our report of even date attached.
For GAWANDE & ASSOCIATES
Chartered Accountants

V.V. Rao
Partner

Place :- Mumbai
Dated:- 10th June, 2011

For and on behalf of the Board

Raman Maroo
Managing Director

Atul Maru
Jt. Managing Director

Ankit Singh
Company Secretary

Hiren Gada
Whole Time Director (Finance)

Place :- Mumbai
Dated:- 10th June, 2011

CASH FLOW STATEMENT

(₹ in '000)

For the year ended 31st March,	2011	2010
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax	162,208	13,172
Adjustments for:		
Depreciation & Amortisation	27,121	26,815
Interest Income	(17,269)	(9,970)
Financial Expenses	153,277	165,032
Dividend Income	(90)	(105)
(Profit) / Loss on sale of Fixed Assets	(2,520)	217
Unrealised Foreign Exchange (Gain)/Loss	7,376	825
Provision for Leave Encashment	3,899	-
Provision for Gratuity	5,914	-
Excess Provision for Taxation in Earlier Years	3,364	-
Operating Profit Before Working Capital Changes	343,279	195,987
Adjustments for changes in Working Capital		
(Increase)/Decrease in Inventories	(16,905)	22,936
(Increase)/Decrease in Debtors	(372,233)	(70,074)
(Increase)/Decrease in Other Receivables	11,157	14,841
Increase/(Decrease) in Sundry Creditors & Other Payables	19,234	118,813
Cash Generated from Operations	(15,469)	282,503
Taxes Paid	(20,510)	(238)
Cash Flow from Operating Activities	(35,979)	282,265

B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Proceeds from sale of fixed assets	6,391	68
	Purchase of Fixed assets	(18,248)	(6,897)
	(Increase) / Decrease of fixed deposits	(4,976)	109,393
	Dividend Income	90	105
	Interest Income	17,269	9,970
	Investments made in subsidiaries	(61,219)	(2,688)
	Loans given to Subsidiry and others	(8,208)	(2,149)
	Cash flow from Investing Activities	(68,901)	107,802
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Increase / (Decrease) of Long term Borrowings	(21,764)	(41,606)
	Increase / (Decrease) of Short term Borrowings	167,866	(35,657)
	Financial Expenses	(153,277)	(165,032)
	Cash flow from Financing Activities	(7,175)	(242,295)
D.	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**	(112,055)	147,772
	Cash & Cash Equivalents at the beginning (Refer Note 2(e) of Schedule T)	167,247	19,475
	Cash & Cash Equivalents at the End (Refer Note 2(e) of Schedule T)	55,192	167,247

Note:

1) During the year ended 31st March, 2011, there has been increase in Paid-up share capital of the company. The same has increased as a result of issue of Bonus Shares by Capitalisation of Reserves.

As per our report of even date attached.
For GAWANDE & ASSOCIATES
Chartered Accountants

V.V. Rao
Partner

Place :- Mumbai
Dated:- 10th June, 2011

For and on behalf of the Board

Raman Maroo
Managing Director

Atul Maru
Jt. Managing Director

Ankit Singh
Company Secretary

Hiren Gada
Whole Time Director (Finance)

Place :- Mumbai
Dated:- 10th June, 2011

SCHEDULES

(₹ in '000)

To the Financial Statement as at 31st March,		2011	2010
SCHEDULE A: SHARE CAPITAL			
Authorised			
1,00,00,000 (Previous Year 500,000) Equity Shares of ₹10/- each		100,000	5,000
		100,000	5,000
Issued, Subscribed and Paid - up			
45,57,080 (Previous Year 455,708) Equity Shares of ₹10/- each fully paid up.		45,571	4,557
"[Out of the above shares			
a) 350,714 (Previous Year 350, 714) Equity Shares of ₹10/- each fully paid-up have been issued for a consideration other than cash.			
b) 41,01,372 (Previous Year NIL) Equity Shares of Rs 10/- each fully paid-up have been issued as Bonus Shares, by Capitalisation of Reserves]"			
		45,571	4,557
SCHEDULE B: RESERVES AND SURPLUS			
Capital Reserve on Demerger (Refer Note 2 (p) of Schedule T)		528,204	528,204
Less : Transferred to Profit and Loss Account		(219,963)	-
Less : Transferred to General Reserve		(159,094)	-
Less : Issue of Bonus Shares		(41,014)	-
	(A)	108,132	528,204
Share Premium	(B)	306,103	306,103
General Reserve (Refer Note 2 (p) of Schedule T)			
As per Last Balance Sheet		-	-
Add: Transferred from Capital Reserve on Demerger		159,094	-
Add: Transferred from Profit & Loss Account		9,492	
	(C)	168,586	-
Profit and Loss Account Surplus / (Deficit)	(D)	285,430	-
	(A) + (B) + (C) + (D)	868,251	834,307

(₹ in '000)

To the Financial Statement as at 31st March,	2011	2010

SCHEDULE C: SECURED LOANS

From Banks		
a) Cash Credit Facilities	554,366	506,808
[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]		
b) Term Loans	5,462	27,226
[Term loans secured by hypothecation of machinery and auto loans secured by hypothecation of the motor vehicles]		
c) Bill Discounting / Line of Credit	448,000	299,500
(Secured by hypothecation of book debts / film negatives)		
	1,007,828	833,534

SCHEDULE D: UNSECURED LOANS

From Banks	51,765	39,122
From Directors	45,350	110,740
From Directors' Relatives	27,500	22,946
Inter Corporate Deposits	150,000	130,000
	274,615	302,807

SCHEDULES

Schedule E: Fixed Assets

(₹ in '000)

	Gross Block				Depreciation				Net Block	
Particulars	As on 01-Apr-2010	Additions	Dedcutions	As on 31-Mar-2011	As on 01-Apr-2010	For the year	Deductions	As on 31-Mar-2011	As on 31-Mar-2011	As on 31-Mar-2010
Office Building	93,467	-	-	93,467	9,525	1,541	-	11,066	82,400	83,941
Motor Vehicle	23,802	4,355	4,903	23,254	8,278	2,218	2,887	7,610	15,644	15,523
Plant & Machinery	375,610	12,564	37,799	350,375	146,513	18,975	35,944	129,544	220,831	229,097
Furniture & Fixtures	36,893	1,116	-	38,009	13,066	2,348	-	15,414	22,595	23,827
Software	13,790	213	-	14,003	3,740	2,039	-	5,778	8,224	10,050
Grand Total	543,561	18,248	42,702	519,107	181,122	27,121	38,831	169,412	349,695	362,438
Capital work in Progress									535	557
Grand Total	543,561	18,248	42,702	519,107	181,122	27,121	38,831	169,412	350,230	362,995
Previous Year	532,421	11,706	566	543,561	154,588	26,815	280	181,122	362,995	383,200

Office Building Inculde :

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

SCHEDULES

(₹ in '000)

To the Financial Statements as at 31st March,	2011	2010
SCHEDULE F: INVESTMENTS		
Long Term Investments (At Cost, Unquoted)		
a. Non-Trade Investments		
20,000 (Previous Year 20,000) Equity shares of ₹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 ₹ 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	2,688
3600 (Previous Year: 3600) Equity shares of GBP 10/- each fully paid-up		
Investment in Associate Company		
Vistaas Digital Media Private Limited	61,219	-
5000 (Previous Year: NIL) Equity shares of ₹ 10/- each fully paid-up		
40000 (Previous Year: NIL) Equity shares of ₹ 10/- each, ₹ 7/- paid-up		
	65,015	3,796
SCHEDULE G: INVENTORIES		
DVDs, VCDs & ACDs	14,598	17,279
Copyrights	496,451	485,640
Movies under Production	20,257	11,482
	531,306	514,400
SCHEDULE H: SUNDRY DEBTORS		
(Unsecured, considered Good)		
Other Debts	867,379	384,424
Debts outstanding for a period exceeding six months	161,434	272,156
	1,028,813	656,580

SCHEDULES

(₹ in '000)

To the Financial Statements as at 31st March,	2011	2010
SCHEDULE I: CASH AND BANK BALANCES		
Cash on hand (As certified by the Management)	1,783	1,176
Cheque on hand (Refer note 2 (m) of Schedule T)	-	109,109
Balances with Scheduled Banks		
in Current Accounts	33,409	56,962
in Fixed Deposit Accounts	42,926	17,950
[Includes accrued Interest of ₹ 3,58,350/- (Previous Year: ₹26,82,965/-)]		
	78,118	185,197
SCHEDULE J: LOANS AND ADVANCES		
(Unsecured, considered Good)		
Loan to Subsidiary Company	10,358	2,149
Advances recoverable in cash or in kind or for value to be received	294,299	285,988
Advance Payment of Income Tax	107,864	156,837
(Net of Provisions)		
Deposits		
- With Government departments	407	407
- Others	2,854	5,660
	415,782	451,041
SCHEDULE K: CURRENT LIABILITIES		
Sundry Creditors (Refer Note 2(n) of Schedule T)	121,685	169,738
Advance received from Customers	11,507	2,623
Statutory & Other Liabilities	84,232	29,171
	217,423	201,532
SCHEDULE L: PROVISIONS		
Proposed Dividend	9,114	-
Dividend Distribution Tax Payable	1,514	-
	10,628	-

SCHEDULES

(₹ in '000)

For the year ended 31st March	2011	2010
SCHEDULE M: TURNOVER		
Turnover (Net)	1,549,260	1,016,039
	1,549,260	1,016,039
SCHEDULE N: OTHER INCOME		
Dividend	90	105
Interest [TDS ₹ 4,37,806 (Previous Year ₹ 1,86,624)]	17,269	9,970
Miscellaneous Income	465	10,385
Profit on Sale of Assets	2,520	(217)
	20,344	20,243
SCHEDULE O: DIRECT OPERATIONAL EXPENSES		
Cost of Goods Sold	943,161	561,120
Works Expenses	60,456	81,645
	1,003,617	642,765
SCHEDULE P: PERSONNEL EXPENSES		
Directors' Remuneration	9,936	14,904
Salaries and Allowances	83,658	63,606
Contribution to Provident & Other funds	3,024	2,947
Staff Welfare Expenses	2,531	1,703
	99,148	83,159

SCHEDULES

(₹ in '000)

For the year ended 31st March	2011	2010
SCHEDULE Q: ADMINISTRATIVE EXPENSES		
Commission and Brokerage	158	612
Rents, Rates and Taxes	1,552	1,398
Travelling & Conveyance	8,244	6,946
Legal, Professional and Consultancy Fees	15,997	13,708
Auditors Remuneration (Refer note 2(g) of Schedule T)	300	304
Repairs and Maintenance:		
Plant & Machinery	2,984	2,405
Building	57	1,182
General	5,625	5,649
Loss on Foreign Exchange Rate Fluctuations (Net)	6,034	825
Insurance	3,697	3,147
Donations	5,924	256
Electricity Charges	7,680	8,224
Communication Expenses	2,467	2,737
Security Charges	2,110	1,832
Printing and Stationary	944	823
Business Development Expenses	4,357	5,129
Bad Debts Written off	3,220	981
Key Man Insurance	3,810	3,810
Trade Mark Registration	777	147
Interest on Government Dues	2,211	370
Stamp Duty	4,267	1,005
RoC Fees	755	6
Public Notice	570	104
Courier Charges	554	1,518
General Expenses	9,097	2,304
	93,387	65,421

SCHEDULES

(₹ in '000)

For the year ended 31st March	2011	2010
SCHEDULE R: SELLING EXPENSES		
Advertisement and Sales Promotion	28,907	37,533
Carriage Outwards	1,939	2,384
	30,847	39,917
SCHEDULE S: FINANCIAL EXPENSES		
Interest on Loans	144,743	142,654
Bill Discounting Charges	3,733	17,230
Bank Charges	4,801	5,149
	153,277	165,032

To the Financial Statements for the year ended 31st March, 2011

Schedule "T"

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 ₹ 5000 or less are fully depreciated in the year of acquisition.

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 of Rights

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 and the contribution thereof paid / payable is charged to the Profit & Loss Account each year.

Leave encashment benefits have been accounted on the basis of actuarial valuation done. The Projected Unit Credit Method as stipulated by AS-15 has been used to determine liability as on 31st March 2011.

j) Borrowing Cost

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.

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.	Name of Related Party	Relationship
1	Shemaroo Entertainment Inc.	Subsidiaries
	Shemaroo Entertainment (UK) Pvt. Ltd.	
2	Buddhichand Maroo	Key Management Personnel
	Raman Maroo	
	Atul Maru	
	Hiren Gada	
	Jai Maroo	

3	Sangeeta Maroo (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) Nirvi Maru (daughter of Atul Maru)	Relatives of Key Management Personnel
4	Shemaroo Corporation Atul H. Maru (HUF) Buddhichand H. Maroo (HUF) Raman H. Maroo (HUF) Shemaroo Holdings Private Limtied Think Walnut Digital Private Limited	Enterprise under significant influence of Key Management Personnel or their relatives
5	Vistaas Digital Media Private Limited	Associates

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

Particulars	Subsidiaries As on		Key Management Personnel As on		Relatives of Key Management Personnel As on		Enterprise under significant influence of Key Management Personnel or their relatives As on		Associates As on		Total As on	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Purchase of Goods	-	158	-	-	-	-	1	217	-	-	1	374
Shemaroo Entertainment Inc.	-	158	-	-	-	-	-	-	-	-	-	158
Shemaroo Trading Corporation	-	-	-	-	-	-	-	217	-	-	-	217
Shemaroo Corporation	-	-	-	-	-	-	1	-	-	-	1	-
Sale of Goods	-	929	-	-	-	-	432	496	-	-	432	1,426
Shemaroo Entertainment (UK) Pvt. Ltd.	-	929	-	-	-	-	-	-	-	-	-	929
Shemaroo Entertainment Inc.	-	-	-	-	-	-	-	-	-	-	-	-
Shemaroo Trading Corporation	-	-	-	-	-	-	-	496	-	-	-	496
Shemaroo Corporation	-	-	-	-	-	-	432	-	-	-	432	-

Particulars	Subsidiaries As on		Key Management Personnel As on		Relatives of Key Management Personnel As on		Enterprise under significant influence of Key Management Personnel or their relatives As on		Associates As on		Total As on	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Shemaroo (Petit Hall)	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	-	-	31	30	-	-	31	30
Shemaroo (Warden Road)	-	-	-	-	-	-	-	30	-	-	-	30
Shemaroo Corporation	-	-	-	-	-	-	31	-	-	-	31	-
Shemaroo Trading Corporation	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration to Directors	-	-	10,110	15,032	-	-	-	-	-	-	10,110	15,032
Raman Maroo	-	-	3,640	5,440	-	-	-	-	-	-	3,640	5,440
Atul Maru	-	-	3,240	4,840	-	-	-	-	-	-	3,240	4,840
Buddhichand Maroo	-	-	2,000	3,000	-	-	-	-	-	-	2,000	3,000
Hiren Gada	-	-	1,230	1,753	-	-	-	-	-	-	1,230	1,753
Salaries	-	-	-	-	2,117	1,858	-	-	-	-	2,117	1,858
Smita Maroo	-	-	-	-	490	481	-	-	-	-	490	481
Mansi Maroo	-	-	-	-	456	447	-	-	-	-	456	447
Madhuri Gada	-	-	-	-	301	268	-	-	-	-	301	268
Nirvi Maru	-	-	-	-	72	-	-	-	-	-	72	-
Kranti Gada	-	-	-	-	797	662	-	-	-	-	797	662
Interest Paid (on Loans)	-	-	20,713	3,691	601	317	4,605	3,704	-	-	25,918	7,712
Raman Maroo	-	-	10,676	1,530	-	-	-	-	-	-	10,676	1,530
Atul Maru	-	-	5,971	1,048	-	-	-	-	-	-	5,971	1,048
Hiren Gada	-	-	359	359	-	-	-	-	-	-	359	359
Buddhichand Maroo	-	-	2,109	424	-	-	-	-	-	-	2,109	424
Jai Maroo	-	-	1,597	331	-	-	-	-	-	-	1,597	331
Sangeeta Maru	-	-	-	-	351	246	-	-	-	-	351	246
Smita Maroo	-	-	-	-	250	71	-	-	-	-	250	71

Particulars	Subsidiaries As on		Key Management Personnel As on		Relatives of Key Management Personnel As on		Enterprise under significant influence of Key Management Personnel or their relatives As on		Associates As on		Total As on	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Atul H. Maru (HUF)	-	-	-	-	-	-	635	306	-	-	635	306
Buddhichand H. Maroo (HUF)	-	-	-	-	-	-	1,601	1,309	-	-	1,601	1,309
Raman H. Maroo (HUF)	-	-	-	-	-	-	2,368	2,089	-	-	2,368	2,089
Loans Given during the year	1,088	2,149	-	-	-	-	-	-	-	-	1,088	2,149
Shemaroo Entertainment (UK) Pvt. Ltd.	1,088	2,149	-	-	-	-	-	-	-	-	1,088	2,149
Loans Taken during the year	-	-	54,400	110,700	3,400	-	3,700	22,400	-	-	61,500	133,100
Atul Maru	-	-	26,500	32,800	-	-	-	-	-	-	26,500	32,800
Buddhichand Maroo	-	-	2,000	10,300	-	-	-	-	-	-	2,000	10,300
Hiren Gada	-	-	-	2,000	-	-	-	-	-	-	-	2,000
Jai Maroo	-	-	400	8,500	-	-	-	-	-	-	400	8,500
Raman Maroo	-	-	25,500	57,100	-	-	-	-	-	-	25,500	57,100
Smita Jai Maroo	-	-	-	-	1,400	-	-	-	-	-	1,400	-
Sangeeta Atul Maroo	-	-	-	-	2,000	-	-	-	-	-	2,000	-
Atul H. Maru (HUF)	-	-	-	-	-	-	500	3,200	-	-	500	3,200
Buddhichand H. Maroo (HUF)	-	-	-	-	-	-	1,700	7,500	-	-	1,700	7,500
Raman H. Maroo (HUF)	-	-	-	-	-	-	1,500	11,700	-	-	1,500	11,700
Investments done during the year	-	2,688	-	-	-	-	-	-	61,219	-	61,219	2,688
Shemaroo Entertainment (UK) Pvt. Ltd.	-	2,688	-	-	-	-	-	-	-	-	-	2,688
Vistaas Digital Media Limited	-	-	-	-	-	-	-	-	61,219	-	61,219	-
Other Income	-	-	-	8,348	-	-	120	-	-	-	120	8,348
Atul Maru	-	-	-	4,174	-	-	-	-	-	-	-	4,174

Particulars	Subsidiaries As on		Key Management Personnel As on		Relatives of Key Management Personnel As on		Enterprise under significant influence of Key Management Personnel or their relatives As on		Associates As on		Total As on	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Raman Maroo	-	-	-	4,174	-	-	-	-	-	-	-	4,174
Shemaroo Corporation	-	-	-	-	-	-	120	-	-	-	120	-
Dues from Related Parties	22,301	16,016	-	-	-	-	-	-	-	-	22,301	16,016
Shemaroo Entertainment Inc.	11,016	12,938	-	-	-	-	-	-	-	-	11,016	12,938
Shemaroo Entertainment (UK) Pvt. Ltd.	11,285	3,079	-	-	-	-	-	-	-	-	11,285	3,079
Dues to Related Parties	-	-	45,350	110,700	23,800	-	3,700	22,400	-	-	72,850	133,100
Atul Maru	-	-	18,325	32,800	-	-	-	-	-	-	18,325	32,800
Buddhichand Maroo	-	-	12,300	10,300	-	-	-	-	-	-	12,300	10,300
Hiren Gada	-	-	2,000	2,000	-	-	-	-	-	-	2,000	2,000
Jai Maroo	-	-	8,900	8,500	-	-	-	-	-	-	8,900	8,500
Raman Maroo	-	-	3,825	57,100	-	-	-	-	-	-	3,825	57,100
Atul H. Maru (HUF)	-	-	-	-	-	-	3,700	3,200	-	-	3,700	3,200
Sangeeta Atul Maroo	-	-	-	-	-	-	-	-	-	-	-	-
Smita Jai Maroo (Loan)	-	-	-	-	1,400	-	-	-	-	-	1,400	-
Buddhichand H. Maroo (HUF)	-	-	-	-	9,200	-	-	7,500	-	-	9,200	7,500
Raman H. Maroo (HUF)	-	-	-	-	13,200	-	-	11,700	-	-	13,200	11,700
Personal Guarantees Taken against Bank Loans	-	-	5,062,000	3,834,000	-	-	-	-	-	-	5,062,000	3,834,000
Atul Maru	-	-	1,353,000	1,148,000	-	-	-	-	-	-	1,353,000	1,148,000
Buddhichand Maroo	-	-	680,000	640,000	-	-	-	-	-	-	680,000	640,000
Jai Maroo	-	-	1,103,000	898,000	-	-	-	-	-	-	1,103,000	898,000
Raman Maroo	-	-	1,353,000	1,148,000	-	-	-	-	-	-	1,353,000	1,148,000
Hiren Gada	-	-	573,000	-	-	-	-	-	-	-	573,000	-

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	Associates
1	Dues from Related Parties	-	-	-	22,258	-
2	Dues to Related Parties	45,350	3,700	23,800	-	-
	Total	45,350	3,700	23,800	22,258	-

b) Earning Per Share (EPS)

The EPS working is as under:

(₹ in '000)

Particulars	31-Mar-11	31-Mar-10
Net Profit / (Loss) after tax	126,554	12,934
Number of equity shares -		
As at commencement of the year	455,708	455,708
Issued during the year	4,101,372	-
Weighted average number of equity shares during the year	4,557,080	4,557,080
Basic Earning per share (face value ₹ 10/-) (₹)	27.77	2.84
Diluted Earning Per Share (Face Value ₹ 10/-) (₹)	27.77	2.84

During the year the Company has issued 41,01,372 Equity Shares of ₹ 10/- each fully paid-up as Bonus Shares by Capitalization of Reserves. The EPS of the Previous Year has been reworked taking into account the Bonus Factor.

c) Components of Deferred Tax Liability

(₹ in '000)

Particulars	31-Mar-11	31-Mar-10
Opening Deferred Tax Liability	(41,603)	(41,365)
Components of Deferred Tax Liabilities -		
Depreciation	3,343	238
Total	3,343	238
Deferred Tax Assets / (Liabilities) - Net	(3,343)	(238)
Closing Deferred Tax Assets / (Liability)	(44,946)	(41,603)

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

Employee Benefit **(₹ in '000)**

Gratuity Benefits		31-Mar-11	31-Mar-10
I	**Assumptions as at**		
	Mortality	LIC (1994-96) Ult.	LIC (1994-96) Ult.
	Interest/ Discount rate	8.00%	9.00%
	Rate of increase in compensation	5.00%	9.00%
	Rate of return (expected) on plan assets	9.15%	9.00%
	Employee Attrition Rate(Past Service (PS))	PS: 0 to 42 : 3%	PS: 0 to 40 : 10%
	Expected average remaining service	17.62	7.85
II	**Changes in present value of obligations**		
	PVO (Plan Liability) at beginning of period	5,500	7,343
	Interest cost	440	661
	Current Service Cost	1,919	1,634
	Past Service Cost - (non vested benefits)	-	-
	Past Service Cost - (vested benefits)	-	-
	Benefits paid	-	-
	Actuarial (Gain)/ Loss on Obligation	726	(1,718)
	PVO at end of period	8,585	7,920
III	**Change in Fair Value of Plan Assets**		
	Fair Value of Plan assets at Beginning of Period	5,061	-
	Expected return on plan assets	413	-
	Contributions	-	-
	Benefit paid	-	-
	Actuarial gain /(Loss)on plan assets	(323)	-
	Fair value of plan assets at end of the Period	4,598	-

Employee Benefit (Contd.) **(₹ in '000)**

Gratuity Benefits		31-Mar-11	31-Mar-10
IV	**Fair Value of Plan Assets**		
	Fair Value of Plan assets at Beginning of Period	5,061	-
	Actual Return on Plan Assets	89	-
	Contributions	-	-
	Benefit paid	-	-
	Fair value of plan assets at end of the Period	4,598	-
	Funded Status (including unrecognised past service cost)	(3,987)	(7,920)
	Excess of actual over estimated return on Plan Assets	(323)	-
V	**Experience History**		
	(Gain)/Loss on obligation due to change in Assumption	2,494	818
	Experience (Gain)/ Loss on obligation	(1,768)	(2,536)
	Actuarial Gain/(Loss) on plan assets	(323)	-
VI	**Actuarial Gain/(Loss) Recognized**		
	Actuarial Gain/(Loss) for the period (Obligation)	(726)	1,718
	Actuarial Gain/(Loss) for the period (Plan Assets)	(323)	-
	Total Gain/(Loss) for the period	(1,049)	1,718
	Actuarial Gain/(Loss) recognized for the period	(1,049)	1,718
	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	-	-

Employee Benefit (Contd.) **(₹ in '000)**

Gratuity Benefits	31-Mar-11	31-Mar-10
VIII Amount to be recognized in the Balance Sheet and Statement of Profit & Loss Account		
PVO at end of period	8,585	7,920
Fair value of plan assets at end of the Period	4,598	-
Funded Status	(3,987)	(7,920)
Unrecognized Actuarial Gain/(Loss)	-	-
Unrecognised Past service Cost- non vested benefits	-	-
Net Asset/(Liability) recognized in the balance sheet	(3,987)	(7,920)
IX Expense recognized in the statement of P & L A/C		
Current Service Cost	1,919	1,634
Interest cost	440	661
Past Service Cost - (non vested benefits)	-	-
Past Service Cost - (vested benefits)	-	-
Unrecognised Past service Cost- non vested benefits	-	-
Expected return on plan assets	(413)	-
Net Actuarial (Gain)/Loss recognized for the period	1,049	(1,718)
Expense recognized in the statement of P & L A/C	2,995	577
X Movements in the Liability recognized in Balance Sheet		
Opening Net Liability	439	7,343
Expenses as above	2,995	577
Contribution paid	-	-
Closing Net Liability	3,987	7,920

The Company has charged to the Profit and Loss Account of the year an amount of ₹ 38,99,293/- towards Leave Encashment, calculated on an acturial basis in order to conform to AS 15. The Amount of the charge for the Previous Year is not ascertaiable.

e) **Cash and cash equivalents represents:**

Particulars	31-Mar-11	31-Mar-10
Balance as per Schedule I of Balance Sheet	78,118	185,197
Less : Fixed Deposits (for more than 3 months)	22,926	17,950
Cash and cash equivalents	55,192	167,247

f) **Inventories**

Opening Stock: **(₹ in '000)**

Item	As at March 31, 2011		As at March 31, 2010	
	Quantity (Units)	Value (₹)	Quantity (Units)	Value (₹)
ACS	37,811	349	37,708	349
DVD	499,521	7,096	470,033	5,804
VCD/ Audio CD	1,058,657	9,834	1,440,574	12,745
Blu Ray	-	-	-	-
Rights/ Films	-	497,121	-	518,439
Total	1,595,989	514,400	1,948,315	537,337

Purchase or Production: **(₹ in '000)**

Item	As at March 31, 2011		As at March 31, 2010	
	Quantity (Units)	Value (₹)	Quantity (Units)	Value (₹)
ACS	2,380	13	-	-
DVD	2,479,791	24,164	1,453,523	18,072
VCD/ Audio CD	1,245,113	14,576	3,139,901	34,640
Blu Ray	6,000	329	-	-
Rights/ Films	-	912,208	-	544,766
Total	3,733,284	951,291	4,593,424	597,478

Sales: **(₹ in '000)**

Item	As at March 31, 2011		As at March 31, 2010	
	Quantity (Units)	Value (₹)	Quantity (Units)	Value (₹)
ACS	2,345	29	(124)	4
DVD	2,165,700	105,947	1,147,260	122,223
VCD/ Audio CD	1,236,359	46,534	2,914,866	117,261
Blu Ray	2,085	938	-	-
Rights/ Films	-	1,330,040	-	717,969
Other Revenue	-	65,773	-	58,581
Total	3,406,489	1,549,260	4,062,002	1,016,038

Scrap: (₹ in '000)

Item	As at March 31, 2011		As at March 31, 2010	
	Quantity (Units)	Value (₹)	Quantity (Units)	Value (₹)
ACS	37,846	-	21	-
DVD	344,613	-	251,966	-
VCD/ Audio CD	314,867	-	606,962	-
Blu Ray	-	-		-
Rights/ Films	-	-	-	-
Other Sales	-	-		-
Total	697,326	-	858,949	-

Closing Stock: (₹ in '000)

Item	As at March 31, 2011		As at March 31, 2010	
	Quantity (Units)	Value (₹)	Quantity (Units)	Value (₹)
ACS	-	-	37,811	349
DVD	468,999	6,653	524,330	7,096
VCD/ Audio CD	752,544	8,275	1,058,647	9,834
Blu Ray	3,915	214		-
Rights/ Films	-	516,164	-	497,121
Total	1,225,458	531,306	1,620,788	514,400

g) Auditor's Remuneration (including Service Tax)

(₹ in '000)

Particulars	31-Mar-11	31-Mar-10
Audit fees	221	165
Tax audit fees	110	83
Fees for Certification Work	57	56
Total	388	304

h) Expenditure in Foreign Currency

(₹ in '000)

Particulars	31-Mar-11	31-Mar-10
Professional Fees	7	-
Royalty	2,825	5,346
Other Expenses	7,936	8,200
Total	10,768	13,546

i) **Earning in Foreign Currency** **(₹ in '000)**

Particulars	31-Mar-11	31-Mar-10
FOB Value of Exports	31,024	184,660
Total	31,024	184,660

j) **CIF Value of Imports** **(₹ in '000)**

Particulars	31-Mar-11	31-Mar-10
Raw Materials	-	214
Stores and Spares	4,329	1,367
Purchase of Content	990	-
Total	5,319	1,582

k) **Bank balance in foreign currency:** **(₹ in '000)**

Currency	31-Mar-11		31-Mar-10	
	FCY	INR	FCY	INR
USD	55,228	2,545	16,736	744
GBP	9,577	698	10,846	843
EUR	237	16	237	15

l) **Directors' Remuneration**

i) Managerial Remuneration **(₹ in '000)**

Particulars	31-Mar-11	31-Mar-10
Salary and Allowances	9,959	14,904
Perquisites	119	119
Contribution to PF and Pension Fund	32	9
Total	10,110	15,032

ii) Calculation of net profit under Section 198 read with Section 349 of the Companies Act, 1956: **(₹ in '000)**

Particulars	31-Mar-11	31-Mar-10
Profit before tax	162,208	13,172
Add: Managerial Remuneration	10,110	15,032
Less: Profit on sale of fixed assets	2,520	-
Net Profit under Section 198/349 of the Companies Act, 1956	169,797	28,204

Remuneration Payable to Managing Director / Whole-time Director:

At 10% of Net Profit - Restricted to ₹ 1,69,79,662/- (Previous Year ₹ 28,20,395/-).

Since the company was Private Limited Company in the Previous Year provisions of Section 198, 309 & 349 read with Schedule XIII, of the Companies Act, 1956 are not applicable

m) The Cheques on Hand ₹ NIL (Previuos Year ₹ 109,109,000/-).

n) The Company has not received any information from the “suppliers” regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 & hence disclosures, if any, relating to the amounts as at year end together with interest paid/payable as required under the said Act have not been given.

o) Custom duty and interest thereon aggregating ₹1,04,24,082/-, is paid under protest in the Financial Year Ended 31.03.2008. The same is included in Advances Recoverable in Cash or Kind or for value to be received.

p) An amount of ₹ 15,90,94,330/- to General Reserve Account and ₹ 21,99,63,108/- to Profit & Loss Account has been tranferred from Capital Reserve Account, vide court order dated 25th Mrach, 2011. Bonus shares of ₹ 4,10,13,720/- have been issued by capitalisation of Capital Reserve Account.

q) With effect from 26th March, 2011 the Company was converted from a Private Limited Company to a Limited Company.

r) Contingent Liabilities **(₹ in ‘000)**

Particulars	31-Mar-11	31-Mar-10
Estimated amount of contracts remaining to be executed on capital account	125	48
Disputed Direct Tax Demands	-	20,297
Disputed Sales Tax Demands	-	34,240
Legal Cases against the company	18,051	18,513
Uncalled liability on Partly Paid Shares	34,200	-
Total	52,376	73,097

s) 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

V.V. Rao
Partner

Place :- Mumbai
Dated:- 10th June, 2011

For and on behalf of the Board

Raman Maroo
Managing Director

Atul Maru
Jt. Managing Director

Ankit Singh
Company Secretary

Hiren Gada
Whole Time Director (Finance)

Place :- Mumbai
Dated:- 10th June, 2011

BALANCE SHEET ABSTRACT

AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS :

Registration No. : U67190MH2005PLC158288

Status Code : 11

Balance Sheet Date: 31 03 11

II CAPITAL RAISED DURING THE YEAR (Amount in ₹ Thousand) (FaceValue)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	**Private Placement**
41,014	NIL

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

Total Liabilities	Total Assets
2,241,212	2,241,212

SOURCES OF FUNDS

Paid Up Capital	Reserves & Surplus
45,571	868,251
Secured Loans	**Unsecured Loans**
1,007,828	274,615
Deferred Tax Liability	
44,946	

APPLICATION OF FUND

Net Fixed Assets	Investments
350,230	65,015
Net Current Assets	**Misc. Expenditure**
1,825,967	NIL
Accumulated Losses	
NIL	

IV PERFORMANCE OF COMPANY

Turnover/Income	Total Expenditure
1,569,604	1,407,397
Profit/(Loss) Before Tax	**Profit/(Loss) After Tax**
162,208	126,554
Earning Per Share in ₹	**Dividend Rate (%)**
27.77	20%

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

	VHS	VCD	DVD
ITEM CODE NO : (ITE Code) :	8524.53.40	8524.39.30	8524.39.40

As per our report of even date attached.
For GAWANDE & ASSOCIATES
Chartered Accountants

V.V. Rao
Partner

Place :- Mumbai
Dated:- 10th June, 2011

For and on behalf of the Board

Raman Maroo
Managing Director

Atul Maru
Jt. Managing Director

Ankit Singh
Company Secretary

Hiren Gada
Whole Time Director (Finance)

Place :- Mumbai
Dated:- 10th June, 2011

AUDITORS' REPORT

On the Consolidated Financial Statements of Shemaroo Entertainment Limited

To the Board of Directors of Shemaroo Entertainment Limited

1. We have audited the attached consolidated Balance Sheet of Shemaroo Entertainment Limited (the "Company') and its subsidiaries and its associate entity; hereinafter referred to as the "Group' (refer Note A(i) on Schedule 21 to the attached consolidated financial statement) as at March 31, 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibilities of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of one subsidiary included in the consolidated financial statements, which constitute total assets of ₹ 29,60,898 and negative assets of ₹ 21,29,983 as at March 31, 2011, total revenue of ₹ 1,74,61,379 net profit of ₹ 18,48,388 and net cash outflows amounting to ₹ 27,36,953 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21- Consolidated Financial Statements and Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements notified under sub-section 3C of section 211 of the Companies Act, 1956.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance sheet, of the state of affairs of the Group as at March 31, 2011;

(b) in the case of the consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and

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

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

V.V.RAO
Partner
Membership No. 30916
Mumbai.
Dated: 10th June 2011.

CONSOLIDATED BALANCE SHEET

(₹ in '000)

As at 31st March,	Schedule	2011	2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	45,571	4,557
Reserves and Surplus	B	860,077	834,307
Foreign Currency Translation Reserve		413	660
		906,061	839,524
Loan Funds			
Secured Loans	C	1,007,828	833,534
Unsecured Loans	D	274,615	302,807
		1,282,444	1,136,341
Deferred Tax Liability		44,946	41,603
TOTAL		2,233,451	2,017,469
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		519,147	543,598
Less: Depreciation		169,425	181,122
Net Block		349,721	362,475
Capital Work-in-Progress		535	557
		350,256	363,032
Investments	F	61,516	700
Current Assets, Loans and Advances			
Inventories	G	531,306	514,400
Sundry Debtors	H	1,043,060	645,460
Cash and Bank Balances	I	84,281	186,236
Loans and Advances	J	405,424	448,922
		2,064,072	1,795,019
Less: Current Liabilities and Provisions			
Current Liabilities	K	231,765	203,865
Provisions	L	10,628	-
		242,393	203,865
Net Current Assets		1,821,678	1,591,154
Miscellaneous Expenses (To the extent Not written off or Adjusted)		-	2,859
Profit & Loss Account		-	59,724
TOTAL		2,233,451	2,017,469
Significant Accounting Policies and Notes to the Consolidated Financial Statements	T		

As per our report of even date attached.
For GAWANDE & ASSOCIATES
Chartered Accountants

V.V. Rao
Partner

Place :- Mumbai
Dated:- 10th June, 2011

For and on behalf of the Board

Raman Maroo
Managing Director

Atul Maru
Jt. Managing Director

Ankit Singh
Company Secretary

Hiren Gada
Whole Time Director (Finance)

Place :- Mumbai
Dated:- 10th June, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(₹ in '000)

For the year ended 31st March,	Schedule	2011	2010
INCOME			
Turnover (Net)	M	1,582,439	1,016,784
Other Income	N	20,345	20,244
Share of Profit / (Loss) from Associates		(402)	-
		1,602,382	1,037,028
EXPENDITURE			
Direct Operational Expenses	O	1,019,515	645,878
Personnel Expenses	P	103,387	86,951
Administrative Expenses	Q	95,948	67,620
Selling Expenses	R	33,647	40,906
		1,252,497	841,355
Profit before Interest, Depreciation and Taxation		349,885	195,673
Financial Expenses	S	153,325	165,059
Profit before Depreciation and Taxation		196,560	30,613
Depreciation	E	27,134	26,858
Profit before Taxation		169,427	3,755
Less: Provision for Taxation			
Current Tax		32,311	-
Deferred Tax		3,344	238
PROFIT AFTER TAX		133,773	3,517
Prior Period Items			
Excess / (Shortfall) in Provision for Taxation in Earlier Years		3,364	-
PROFIT AFTER TAX FOR THE YEAR		137,136	3,517
Balance brought forward from previous years		(59,724)	(63,241)
Transferred from Capital Reserve on Demerger		219,963	
Amount available for appropriation		297,375	(59,724)
Appropriations			
Proposed Dividend		(9,114)	-
Dividend Distribution Tax		(1,514)	-
Transfer to General Reserve		(9,492)	-
BALANCE CARRIED TO BALANCE SHEET		277,256	(59,724)
Earnings Per Share [Refer Note 2 (b) of Schedule T] (In ₹)			
(Face Value per equity share - ₹ 10/-)			
- Basic		29.35	0.77
- Diluted		29.35	0.77
Significant Accounting Policies and Notes to the Consolidated Financial Statements	T		

As per our report of even date attached.

For GAWANDE & ASSOCIATES
Chartered Accountants

V.V. Rao
Partner

Place :- Mumbai
Dated:- 10th June, 2011

For and on behalf of the Board

Raman Maroo
Managing Director

Atul Maru
Jt. Managing Director

Ankit Singh
Company Secretary

Hiren Gada
Whole Time Director (Finance)

Place :- Mumbai
Dated:- 10th June, 2011

CONSOLIDATED CASH FLOW STATEMENT

(₹ in '000)

For the year ended 31st March,	2011	2010
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax	169,427	3,755
Adjustments for:		
Depreciation & Amortisation	29,992	27,643
Interest Income	(17,269)	(9,971)
Financial Expenses	153,325	165,059
Dividend Income	(90)	(105)
(Profit) / Loss on sale of Fixed Assets	(2,520)	217
Unrealised Foreign Exchange (Gain)/Loss	7,126	1,341
Provision for Leave Encashment	3,899	-
Provision for Gratuity	5,914	-
Excess Provision for Taxation in Earlier Years	3,364	-
Operating Profit Before Working Capital Changes	353,167	187,940
Adjustments for changes in Working Capital		
(Increase)/Decrease in Inventories	(16,905)	22,936
(Increase)/Decrease in Debtors	(395,851)	(68,828)
(Increase)/Decrease in Other Receivables	11,187	14,545
Increase/(Decrease) in Sundry Creditors & Other Payables	29,495	116,907
Cash Generated from Operations	(18,908)	273,499
Taxes Paid	(20,511)	(238)
Cash Flow from Operating Activities	(39,419)	273,261

B. CASH FLOW FROM INVESTING ACTIVITIES:

Proceeds from sale of fixed assets	6,391	68
Purchase of Fixed assets	(18,248)	(6,934)
(Increase) / Decrease of fixed deposits	(4,976)	109,393
Dividend Income	90	105
Interest Income	17,269	9,971
Investments made in Associate company	(60,816)	-
Cash flow from Investing Activities	(60,289)	112,603

C. CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds from Issue of Share Capital	-	-
Increase / (Decrease) of Long term Borrowings	(21,764)	(291,606)
Increase / (Decrease) of Short term Borrowings	167,866	214,343
Financial Expenses	(153,325)	(165,059)
Cash flow from Finanacing acitvites	(7,222)	(242,322)

D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(106,930)	143,542
Cash & Cash Equivalents at the beginning (Refer Note 2(e) of Schedule T)	168,286	24,744
Cash & Cash Equivalents at the End (Refer Note 2(e) of Schedule T)	61,356	168,286

Note:

1) During the year ended 31st March, 2011, there has been increase in Paid-up share capital of the company. The same has increased as a result of issue of Bonus Shares by Capitalisation of Reserves.

As per our report of even date attached.
For GAWANDE & ASSOCIATES
Chartered Accountants

V.V. Rao
Partner

Place :- Mumbai
Dated:- 10th June, 2011

For and on behalf of the Board

Raman Maroo
Managing Director

Atul Maru
Jt. Managing Director

Ankit Singh
Company Secretary

Hiren Gada
Whole Time Director (Finance)

Place :- Mumbai
Dated:- 10th June, 2011

SCHEDULES

(₹ in '000)

To the Consolidated Financial Statements as at 31st march		2011	2010
SCHEDULE A: SHARE CAPITAL			
Authorised			
1,00,00,000 (Previous Year 500,000) Equity Shares of ₹10/- each		100,000	5,000
		100,000	5,000
Issued, Subscribed and Paid - up			
45,57,080 (Previous Year 455,708) Equity Shares of ₹10/- each fully paid up.		45,571	4,557
"[Out of the above shares a) 350,714 (Previous Year 350, 714) Equity Shares of ₹10/- each fully paid-up have been issued for a consideration other than cash. b) 41,01,372 (Previous Year NIL) Equity Shares of Rs 10/- each fully paid-up have been issued as Bonus Shares, by Capitalisation of Reserves]"			
		45,571	4,557
SCHEDULE B: RESERVES AND SURPLUS			
Capital Reserve on Demerger (Refer Note 2 (f) of Schedule T)		528,204	528,204
Less : Transferred to Profit and Loss Account		(219,963)	-
Less : Transferred to General Reserve		(159,094)	-
Less : Issue of Bonus Shares		(41,014)	-
	(A)	108,132	528,204
Share Premium	(B)	306,103	306,103
General Reserve (Refer Note 2 (f) of Schedule T)			
As per Last Balance Sheet		-	-
Add: Transferred from Capital Reserve on Demerger		159,094	-
Add: Transferred from Profit & Loss Account		9,492	-
	(C)	168,586	-
Profit and Loss Account Surplus / (Deficit)	(D)	277,256	-
	(A) + (B) + (C) + (D) + (E)	860,077	834,307

SCHEDULES

(₹ in '000)

To the Consolidated Financial Statements as at 31st March,	2011	2010

SCHEDULE C: SECURED LOANS

From Banks		
a) Cash Credit Facilities	554,366	506,808
[Secured by hypothecation of stock, book debts and collaterally secured by mortgage of property owned by the group and personal guarantee of some of the directors of the group]		
b) Term Loans	5,462	27,226
[Term loans secured by hypothecation of machinery and auto loans secured by hypothecation of the motor vehicles]		
c) Bill Discounting / Line of Credit	448,000	299,500
(Secured by hypothecation of book debts / film negatives)		
	1,007,828	833,534

SCHEDULE D: UNSECURED LOANS

From Banks	51,765	39,122
From Directors	45,350	110,740
From Directors' Relatives	27,500	22,946
Inter Corporate Deposits	150,000	130,000
	274,615	302,807

SCHEDULES

To the Consolidated Financial Statements as at 31st March, 2011

SCHEDULE E: FIXED ASSETS

(₹ in '000)

	Gross Block				Depreciation				Net Block	
Particulars	As on 01-Apr-2010	Additions	Dedcutions	As on 31-Mar-2011	As on 01-Apr-2010	For the year	Deductions	As on 31-Mar-2011	As on 31-Mar-2011	As on 31-Mar-2010
Office Building	93,467	-	-	93,467	9,525	1,541	-	11,066	82,400	83,941
Motor Vehicle	23,802	4,355	4,903	23,254	8,278	2,218	2,887	7,610	15,644	15,523
Plant & Machinery	375,647	12,566	37,799	350,414	146,513	18,988	35,944	129,557	220,857	229,134
Furniture & Fixtures	36,893	1,116	-	38,009	13,066	2,348	-	15,414	22,595	23,827
Software	13,790	213	-	14,003	3,740	2,039	-	5,778	8,224	10,050
Grand Total	543,598	18,250	42,702	519,147	181,122	27,134	38,831	169,425	349,721	362,475
Capital work in Progress									535	557
Grand Total	543,598	18,250	42,702	519,147	181,122	27,134	38,831	169,425	350,256	363,032
Previous Year	532,572	11,743	717	543,598	154,696	26,858	431	181,122	363,032	377,876

Office Building Inculde :

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

SCHEDULES

(₹ in '000)

To the Consolidated Financial Statements as at 31st March,	2011	2010
SCHEDULE F: INVESTMENTS		
Long Term Investments (At Cost, Unquoted)		
a. Non-Trade Investments		
20,000 (Previous Year 20,000) Equity shares of ₹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 ₹ 25/- each fully paid-up of The Shamrao Vithal Co-op. Bank Ltd.	500	500
b. Trade Investments		
Investment in Associate Company		
Vistaas Digital Media Private Limited	330	-
5000 (Previous Year: NIL) Equity shares of ₹ 10/- each fully paid-up		
40000 (Previous Year: NIL) Equity shares of ₹ 10/- each, ₹ 7/- paid-up		
Goodwill	60,889	-
Loss on Account of Associate	(402)	-
	61,516	700
SCHEDULE G: INVENTORIES		
DVDs, VCDs & ACDs	14,598	17,279
Copyrights	496,451	485,640
Movies under Production	20,257	11,482
	531,306	514,400
SCHEDULE H: SUNDRY DEBTORS		
(Unsecured, considered Good)		
Other Debts	881,626	373,304
Debts outstanding for a period exceeding six months	161,434	272,156
	1,043,060	645,460

SCHEDULES

(₹ in '000)

To the Consolidated Financial Statements as at 31st March,	2011	2010
SCHEDULE I: CASH AND BANK BALANCES		
Cash on hand (As certified by the Management)	1,783	1,176
Cheque on hand	-	109,109
Balances with Scheduled Banks		
in Current Accounts	33,409	56,962
in Fixed Deposit Accounts	42,926	17,950
[Includes accrued Interest of ₹ 3,58,350/- (Previous Year: ₹26,82,965/-)]		
Balances with Non-Scheduled Banks	6,164	1,039
	84,281	186,236
SCHEDULE J: LOANS AND ADVANCES		
(Unsecured, considered Good)		
Advances recoverable in cash or in kind or for value to be received	294,299	286,018
Advance Payment of Income Tax	107,864	156,837
(Net of Provisions)		
Deposits		
- With Government departments	407	407
- Others	2,854	5,660
	405,424	448,922
SCHEDULE K: CURRENT LIABILITIES		
Sundry Creditors	133,903	170,039
Advance received from Customers	11,507	2,623
Statutory & Other Liabilities	86,356	31,203
	231,765	203,865
SCHEDULE L: PROVISIONS		
Proposed Dividend	9,114	-
Dividend Distribution Tax Payable	1,514	-
	10,628	-

SCHEDULES

(₹ in '000)

For the year ended 31st March,	2011	2010
SCHEDULE M: TURNOVER		
Turnover (Net)	1,582,439	1,016,784
	1,582,439	1,016,784
SCHEDULE N: OTHER INCOME		
Dividend	90	105
Interest [TDS ₹ 4,37,806 (Previous Year ₹ 1,86,624)]	17,269	9,971
Miscellaneous Income	465	10,385
Profit on Sale of Assets	2,520	(217)
	20,345	20,244
SCHEDULE O: DIRECT OPERATIONAL EXPENSES		
Cost of Goods Sold	949,213	560,326
Works Expenses	60,456	81,645
License Fees	7,294	2,431
Consultancy Fees	2,551	1,476
	1,019,515	645,878
SCHEDULE P: PERSONNEL EXPENSES		
Directors' Remuneration	9,936	14,904
Salaries and Allowances	87,515	67,238
Contribution to Provident & Other funds	3,367	3,069
Staff Welfare Expenses	2,570	1,740
	103,387	86,951

SCHEDULES

(₹ in '000)

For the year ended 31st March,	2011	2010
SCHEDULE Q: ADMINISTRATIVE EXPENSES		
Commission and Brokerage	158	612
Rents, Rates and Taxes	1,552	1,398
Travelling & Conveyance	8,375	7,103
Legal, Professional and Consultancy Fees	16,567	14,210
Auditors Remuneration	477	493
Repairs and Maintenance:		
Plant & Machinery	2,984	2,405
Building	57	1,182
General	5,625	5,649
Loss on Foreign Exchange Rate Fluctuations (Net)	6,034	825
Insurance	3,697	3,147
Donations	5,924	256
Electricity Charges	7,680	8,224
Communication Expenses	2,659	3,002
Security Charges	2,110	1,832
Printing and Stationary	957	834
Business Development Expenses	4,357	5,129
Bad Debts Written off	4,609	2,037
Key Man Insurance	3,810	3,810
Trade Mark Registration	777	147
Interest on Government Dues	2,211	370
Stamp Duty	4,267	1,005
RoC Fees	755	6
Public Notice	570	104
Courier Charges	554	1,518
General Expenses	9,113	2,306
State Tax	72	17
	95,948	67,620

SCHEDULES

(₹ in '000)

For the year ended 31st March,	2011	2010
SCHEDULE R: SELLING EXPENSES		
Advertisement and Sales Promotion	29,545	37,533
Trade Show Expenses written off (Net)	2,162	950
Carriage Outwards	1,939	2,423
	33,647	40,906
SCHEDULE S: FINANCIAL EXPENSES		
Interest on Loans	144,743	142,654
Bill Discounting Charges	3,733	17,230
Bank Charges	4,849	5,176
	153,325	165,059

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Background

Shemaroo Entertainment Limited was incorporated under the laws of India on December 23, 2005.

i) The Company has the following subsidiaries/associate concern:

Subsidiary/Associate concern	Date of Incorporation	Place of Incorporation	Proportion of effective ownership as on March, 31	
			2011	2010
Shemaroo Entertainment Inc. Wholly owned Subsidiary	15th March, 2007	United States of America	100%	100%
Shemaroo Entertainment (UK) Pvt. Ltd Wholly owned Subsidiary	8th July, 2009	United Kingdom	100%	100%
Vistaas Digital Media Private Limited Associate Company	17th September, 2009	India	50%*	-

*During the year, the Company has acquired 50% stake in Vistaas Digital Media Pvt. Ltd. by purchasing 45000 equity shares for consideration of ₹ 6,12,18,770/-. Effective economic interest in the Associate translates to 42.31%

2 Significant Accounting Policies

a) Basis of preparation of Consolidated Financial Statements:

The consolidated financial statement have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

The Consolidated Financial statements relate to Shemaroo Entertainment Limited ('the Company'), its subsidiary companies and Associate Companies (together referred to as 'the Group') and have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.

The Consolidated Financial Statements have been prepared on the following basis:

i) In respect of subsidiary companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like item of assets, liabilities, incomes and expenses, after fully eliminating intra-group balances and unrealised profits/losses on intra-group transactions as per Accounting Standard 21 - "Consolidated Financial Statements".

In accordance with the Standard, the losses applicable to the minority, to the extent, if it exceeds, the minority's interest in the Equity of the subsidiary, has been adjusted against the majority interest.

ii) In respect of associate companies, the financial statements have been consolidated as per Accounting Standard 23 - "Accounting for Investments in Associates in Consolidated Financial Statements' following the Equity Method for Consolidation of Associates.

iii) The excess of cost to the Company of its investment in the subsidiary company over the Company's share of net assets of the subsidiary company is recognised in the financial statements as goodwill, which is tested for impairment at each balance sheet date. The excess of Company's share of net assets of the subsidiary company over the cost of acquisition is treated as capital reserve.

iv) The results of operations of a subsidiary are included in the Consolidated Financial Statements from the date on which the parent-subsidiary relationship comes into existence. The results of operation of a subsidiary with which the parent-subsidiary relationship ceases to exist are included in the consolidated statement of profit and loss until the date of cessation of the relationship. The difference between the proceeds from the disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as on the date of disposal are recognised as profit or loss on disposal of investment in the subsidiary.

v) The translations of financial statements into Indian Rupees relating to non-integral foreign operations have been carried out using the following procedures:

– assets and liabilities have been translated at closing exchange rates at the year end; and

– income and expenses have been translated at an average of monthly exchange rates.

The resultant translation exchange gain/(loss) has been disclosed as Foreign Currency Translation Reserve under Reserves and Surplus.

vi) The Notes and Significant Accounting Policies to the Consolidated Financial Statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Group has disclosed such notes and policies, which represent the requisite disclosure.

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 and Depreciation

i) Fixed assets are stated at cost of acquisition less accumulated depreciation. The group capitalises all costs relating to the acquisition and installation of fixed assets.

ii) Depreciation is provided based on management estimate of useful lives of the fixed assets, on the straight line method prorata to the period of use or at the rates prescribed in Schedule XIV of the Companies Act, 1956, whichever is higher. The management has estimated the useful life of Plant & Machinery to be 12 years (lower useful life than that prescribed by Schedule XIV of the Companies Act, 1956). However, it was not practicable to use uniform accounting policies for depreciation in the case of following subsidiaries:

Asset Head	Depreciation Rates
	Shemaroo Entertainment (UK) Pvt. Ltd
Plant & Machinery	33.33%

iii) Fixed Assets individually costing less than ₹ 5,000 or less are fully depreciated in the year of acquisition.

iv) 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) Investments

Investments are classified into Current and Long Term Investments. Long term investments 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.

e) 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.

f) 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.

g) Purchase of Rights

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.

h) 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 and the contribution thereof paid / payable is charged to the Profit & Loss Account each year.

Leave encashment benefits have been accounted on the basis of actuarial valuation done. The Projected Unit Credit Method as stipulated by AS-15 has been used to determine liability as on 31st March 2011.

Except of the Associate Vistaas Digital Media Private Limited all policies are conformity with that of the Group Policy.

i) Borrowing Cost

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.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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 the consolidated financial statements

a) Related Party Transactions

a. List of Related Parties and their relationship:

Sr. No.	Name of Related Party	Relationship
1	Buddhichand Maroo	Shareholders
	Raman Maroo	
	Atul Maru	
	Hiren Gada	
	Jai Maroo	
2	Shemaroo Corporation	Common Control Entities
	Atul H. Maru (HUF)	
	Buddhichand H. Maroo (HUF)	
	Raman H. Maroo (HUF)	
	Shemaroo Holdings Private Limtied	
	Think Walnut Digital Private Limited	
3	Buddhichand Maroo	Key Managerial Personnal
	Raman Maroo	
	Atul Maru	
	Hiren Gada	
4	Vistaas Digital Media Private Limited	Associate

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

(₹ in '000)

Particulars	Shareholders		Common Control Entities		Key Managerial Personnal		Total As on	
	Mar 2011	Mar 2010	Mar 2011	Mar 2010	Mar 2011	Mar 2010	Mar 2011	Mar 2010
Purchase of Goods	-	-	1	217	-	-	1	217
Shemaroo Trading Corporation	-	-	-	217	-	-	-	217
Shemaroo Corporation	-	-	1	-	-	-	1	-
Sale of Goods	-	-	432	496	-	-	432	496
Shemaroo Trading Corporation	-	-	-	496	-	-	-	496
Shemaroo Corporation	-	-	432	-	-	-	432	-
Purchase of Fixed Assets	-	-	31	30	-	-	31	30
Shemaroo (Warden Road)	-	-	-	30	-	-	-	30
Shemaroo Corporation	-	-	31	-	-	-	31	-
Shemaroo Trading Corporation	-	-	-	-	-	-	-	-
Remuneration to Directors	-	-	-	-	10,110	15,032	10,110	15,032
Raman Maroo	-	-	-	-	3,640	5,440	3,640	5,440
Atul Maru	-	-	-	-	3,240	4,840	3,240	4,840
Buddhichand Maroo	-	-	-	-	2,000	3,000	2,000	3,000
Hiren Gada	-	-	-	-	1,230	1,753	1,230	1,753
Interest Paid (on Loans)	20,713	3,691	4,605	3,704	-	-	25,317	7,395
Raman Maroo	10,676	1,530	-	-	-	-	10,676	1,530
Atul Maru	5,971	1,048	-	-	-	-	5,971	1,048
Hiren Gada	359	359	-	-	-	-	359	359
Buddhichand Maroo	2,109	424	-	-	-	-	2,109	424
Jai Maroo	1,597	331	-	-	-	-	1,597	331
Atul H. Maru (HUF)	-	-	635	306	-	-	635	306
Buddhichand H. Maroo (HUF)	-	-	1,601	1,309	-	-	1,601	1,309
Raman H. Maroo (HUF)	-	-	2,368	2,089	-	-	2,368	2,089
Loans Taken during the year	54,400	110,700	3,700	22,400	-	-	58,100	133,100
Atul Maru	26,500	32,800	-	-	-	-	26,500	32,800

(₹ in '000)

Particulars	Shareholders		Common Control Entities		Key Managerial Personnal		Total As on	
	Mar 2011	Mar 2010	Mar 2011	Mar 2010	Mar 2011	Mar 2010	Mar 2011	Mar 2010
Buddhichand Maroo	2,000	10,300	-	-	-	-	2,000	10,300
Hiren Gada	-	2,000	-	-	-	-	-	2,000
Jai Maroo	400	8,500	-	-	-	-	400	8,500
Raman Maroo	25,500	57,100	-	-	-	-	25,500	57,100
Atul H. Maru (HUF)	-	-	500	3,200	-	-	500	3,200
Buddhichand H. Maroo (HUF)	-	-	1,700	7,500	-	-	1,700	7,500
Raman H. Maroo (HUF)	-	-	1,500	11,700	-	-	1,500	11,700
Other Income	-	8,348	120	-	-	-	120	8,348
Atul Maru	-	4,174	-	-	-	-	-	4,174
Raman Maroo	-	4,174	-	-	-	-	-	4,174
Shemaroo Corporation	-	-	120	-	-	-	120	-
Dues to Related Parties	45,350	110,700	3,700	22,400	-	-	49,050	133,100
Atul Maru	18,325	32,800	-	-	-	-	18,325	32,800
Buddhichand Maroo	12,300	10,300	-	-	-	-	12,300	10,300
Hiren Gada	2,000	2,000	-	-	-	-	2,000	2,000
Jai Maroo	8,900	8,500	-	-	-	-	8,900	8,500
Raman Maroo	3,825	57,100	-	-	-	-	3,825	57,100
Atul H. Maru (HUF)	-	-	3,700	3,200	-	-	3,700	3,200
Buddhichand H. Maroo (HUF)	-	-	-	7,500	-	-	-	7,500
Raman H. Maroo (HUF)	-	-	-	11,700	-	-	-	11,700
Personal Guarantees Taken against Bank Loans	5,062,000	3,834,000	-	-	-	-	5,062,000	3,834,000
Atul Maru	1,353,000	1,148,000	-	-	-	-	1,353,000	1,148,000
Buddhichand Maroo	680,000	640,000	-	-	-	-	680,000	640,000
Jai Maroo	1,103,000	898,000	-	-	-	-	1,103,000	898,000
Raman Maroo	1,353,000	1,148,000	-	-	-	-	1,353,000	1,148,000
Hiren Gada	573,000	-	-	-	-	-	573,000	-

c. Balances with related parties were as follows: -

(₹ in '000)

Sr. No.	Nature of transactions	Shareholders	Common Control Entities
1	Dues from Related Parties	-	-
2	Dues to Related Parties	45,350	3,700
	Total	45,350	3,700

b) Earning Per Share (EPS)

The EPS working is as under: **(₹ in '000)**

Particulars	31-Mar-11	31-Mar-10
Net Profit / (Loss) after tax (₹ In '000)	133,773	3,517
Number of equity shares -		
As at commencement of the year	455,708	455,708
Issued during the year	4,101,372	-
Weighted average number of equity shares during the year	4,557,080	4,557,080
Basic Earning per share (face value ₹ 10/-) (₹)	29.35	0.77
Diluted Earning Per Share (Face Value ₹ 10/-) (₹)	29.35	0.77

During the year the Company has issued 41,01,372 Equity Shares of ₹ 10/- each fully paid-up as Bonus Shares by Capitalization of Reserves. The EPS of the Previous Year has been reworked taking into account the Bonus Factor.

c) Components of Deferred Tax Liability

(₹ in '000)

Particulars	31-Mar-11	31-Mar-10
Opening Deferred Tax Liability	(41,603)	(41,365)
Components of Deferred Tax Liabilities -		
Depreciation	3,343	238
Total	3,343	238
Deferred Tax Assets / (Liabilities) - Net	(3,343)	(238)
Closing Deferred Tax Assets / (Liability)	(44,946)	(41,603)

d) Disclosure as per AS 15 (Revised)

Employee Benefit (₹ in '000)

	Gratuity Benefits	31-Mar-11	31-Mar-10
I	Assumptions as at		
	Mortality	LIC (1994-96) Ult.	LIC (1994-96) Ult.
	Interest/ Discount rate	8.00%	9.00%
	Rate of increase in compensation	5.00%	9.00%
	Rate of return (expected) on plan assets	9.15%	9.00%
	Employee Attrition Rate(Past Service (PS))	PS: 0 to 42 : 3%	PS: 0 to 40 : 10%
	Expected average remaining service	17.62	7.85
II	Changes in present value of obligations		
	PVO (Plan Liability) at beginning of period	5,500	7,343
	Interest cost	440	661
	Current Service Cost	1,919	1,634
	Past Service Cost - (non vested benefits)	-	-
	Past Service Cost - (vested benefits)	-	-
	Benefits paid	-	-
	Actuarial (Gain)/ Loss on Obligation	726	(1,718)
	PVO at end of period	8,585	7,920
III	Change in Fair Value of Plan Assets		
	Fair Value of Plan assets at Beginning of Period	5,061	-
	Expected return on plan assets	413	-
	Contributions	-	-
	Benefit paid	-	-
	Actuarial gain /(Loss)on plan assets	(323)	-
	Fair value of plan assets at end of the Period	4,598	-
IV	Fair Value of Plan Assets		
	Fair Value of Plan assets at Beginning of Period	5,061	-
	Actual Return on Plan Assets	89	-
	Contributions	-	-
	Benefit paid	-	-
	Fair value of plan assets at end of the Period	4,598	-
	Funded Status (including unrecognised past service cost)	(3,987)	(7,920)
	Excess of actual over estimated return on Plan Assets	(323)	-

Employee Benefit (Contd.) (₹ in '000)

	Gratuity Benefits	31-Mar-11	31-Mar-10
V	Experience History	31-Mar-11	31-Mar-10
	(Gain)/Loss on obligation due to change in Assumption	2,494	818
	Experience (Gain)/ Loss on obligation	(1,768)	(2,536)
	Actuarial Gain/(Loss) on plan assets	(323)	-
VI	Actuarial Gain/(Loss) Recognized		
	Actuarial Gain/(Loss) for the period (Obligation)	(726)	1,718
	Actuarial Gain/(Loss) for the period (Plan Assets)	(323)	-
	Total Gain/(Loss) for the period	(1,049)	1,718
	Actuarial Gain/(Loss) recognized for the period	(1,049)	1,718
	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	8,585	7,920
	Fair value of plan assets at end of the Period	4,598	-
	Funded Status	(3,987)	(7,920)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Unrecognised Past service Cost- non vested benefits	-	-
	Net Asset/(Liability) recognized in the balance sheet	(3,987)	(7,920)

Employee Benefit (Contd.) **(₹ in '000)**

	Gratuity Benefits	31-Mar-11	31-Mar-10
IX	Expense recognized in the statement of P & L A/C		
	Current Service Cost	1,919	1,634
	Interest cost	440	661
	Past Service Cost - (non vested benefits)	-	-
	Past Service Cost - (vested benefits)	-	-
	Unrecognised Past service Cost- non vested benefits	-	-
	Expected return on plan assets	(413)	-
	Net Actuarial (Gain)/Loss recognized for the period	1,049	(1,718)
	Expense recognized in the statement of P & L A/C	2,995	577
X	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	439	7,343
	Expenses as above	2,995	577
	Contribution paid	-	-
	Closing Net Liability	3,987	7,920

The Company has charged to the Profit and Loss Account of the year an amount of ₹ 38,99,293/- towards Leave Encashment, calculated on an acturial basis in order to conform to AS 15. The Amount of the charge for the Previous Year is not ascertaiable.

e) Cash and cash equivalents represents:

Particulars	31-Mar-11	31-Mar-10
Balance as per Schedule I of Balance Sheet	84,281	186,236
Less : Fixed Deposits (for more than 3 months)	22,926	17,950
Cash and cash equivalents	61,356	168,286

f) An amount of ₹ 15,90,94,330/- to General Reserve Account and ₹ 21,99,63,108/- to Profit & Loss Account has been tranferred from Capital Reserve Account, vide court order dated 25th Mrach, 2011. Bonus shares of ₹ 4,10,13,720/- have been issued by capitalisation of Capital Reserve Account.

g) The Company has identified "Entertainment" as the only primary reportable business segment. The Company has no geoprahical segment other than India.

h) Previous period figures are not strictly comparable with current years figures as previous year figures comprises data of UK subsidairy from 8th July, 2009 to 31st March, 2010 and investment in Associate has taken place in the current year.

i) Contingent Liabilities

(₹ in '000)

Particulars	31-Mar-11	31-Mar-10
Estimated amount of contracts remaining to be executed on capital account	125	48
Disputed Direct Tax Demands	-	20,297
Disputed Sales Tax Demands	-	34,240
Legal Cases against the company	18,051	18,513
Uncalled liability on Partly Paid Shares	34,200	-
On account of the Associate to the extent of the Effective Economic Interest	42	-
Total	52,418	73,097

j) Financial Details of Subsidiaries as required by the approval granted under section 212(8) of the Companies Act, 1956

S. No.	Name of Subsidiary	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments included in Total Assets	Turnover	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Divdend
1	Shemaroo Entertainment Inc. (USA)	USD	44.99	446,500	101,254	547,754	547,754	-	15,718,743	5,773,064	-	5,773,064	NIL
2	Shemaroo Entertainment (UK) Private Limited	GBP	68.47	2,589,440	371,458	2,960,898	2,960,898	-	17,460,458	1,848,388	-	1,848,388	NIL

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

V.V. Rao
Partner

Place :- Mumbai
Dated:- 10th June, 2011

For and on behalf of the Board

Raman Maroo
Managing Director

Atul Maru
Jt. Managing Director

Ankit Singh
Company Secretary

Hiren Gada
Whole Time Director (Finance)

Place :- Mumbai
Dated:- 10th June, 2011

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 materialse, 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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