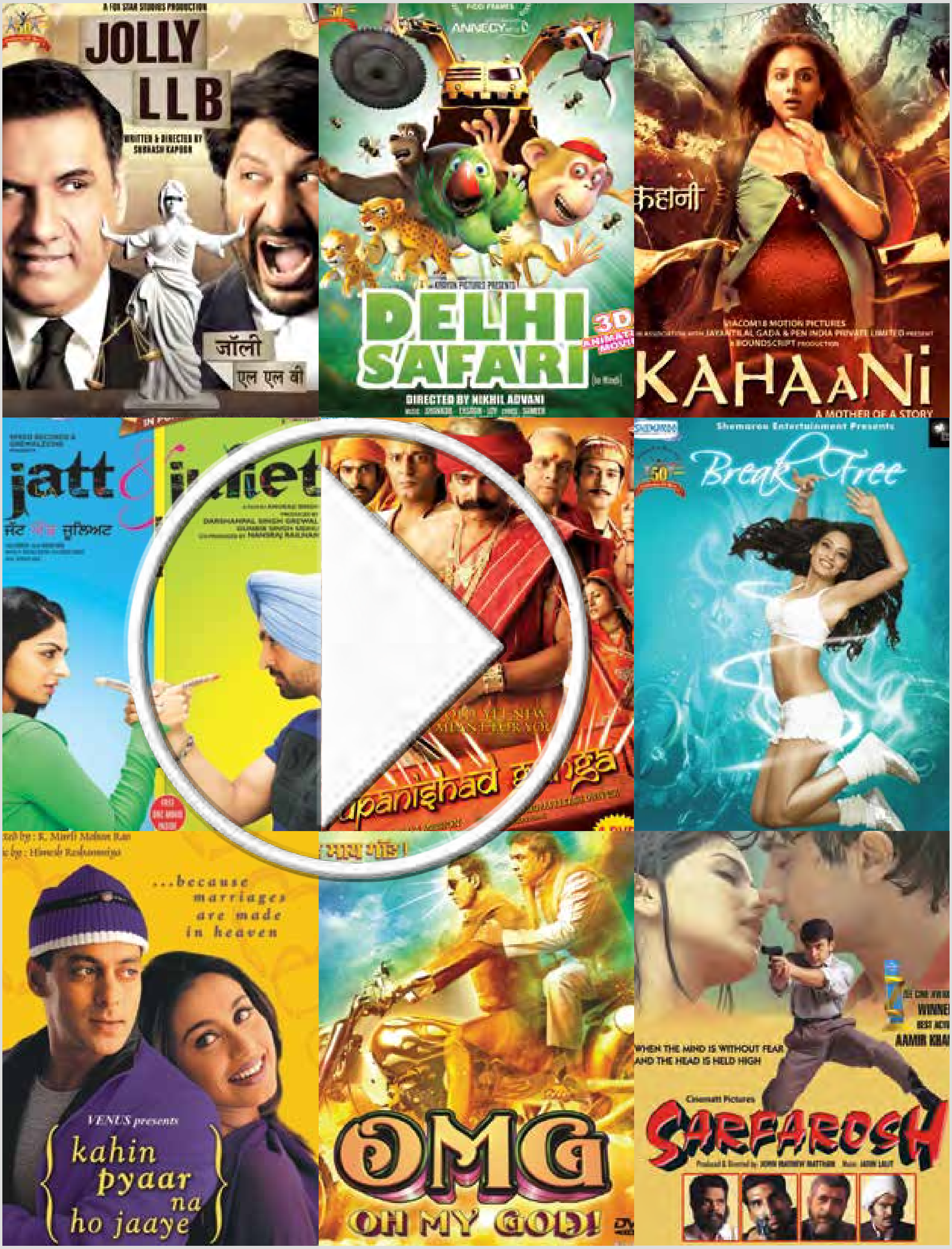


SHEMAROO ENTERTAINMENT LIMITED | ANNUAL REPORT 2012-13

TABLE OF CONTENTS

STANDALONE FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

Shemaroo is one of the few companies within the indian media and entertainment industry to have a comprehensive distribution capability backed by an in-house television syndication team, a marketing team for mobile value added services (“MVAS”), internet, DTH and IPTV, and a nationwide home entertainment distribution network.

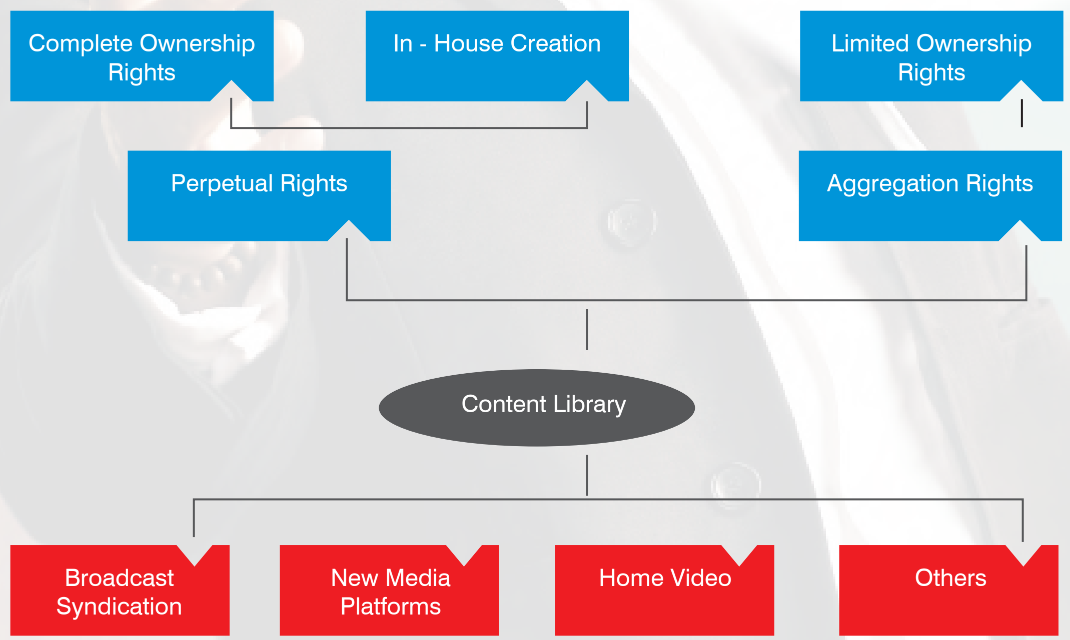
ABOUT SHEMAROO

Founded in 1962, as a book circulating library, Shemaroo has grown to be an established integrated media content house in India with activities across content acquisition, value addition to content and content distribution.

Over the last 50 years, our distribution platform has extended from broadcast syndication to the TV channels to the emerging fast growing new media world of internet and mobile.

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 Content Library consists of more than 2,800 titles spanning new hindi films, classic hindi films, titles in various other regional languages like Marathi, Gujarati, Punjabi, Bengali as well as non-film content.

The Dirty Picture, Kahaani, OMG: Oh My God!, Black, Ishqiya, Slumdog Millionaire, Ajab Prem Ki Ghazab Kahani, Omkara, Dil Toh Baccha Hai, Chandni Chowk to China, Bheja Fry 2, Zanjeer, Beta, Dil, Disco Dancer, Mughal-e-Azam, Amar Akbar Anthony, Namak Halaal, Kaalia, Madhumati.

BROADCAST SYNDICATION

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.

As one of India's largest hindi film content owners and aggregators, Shemaroo is competitively placed 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.

The size, extent and diverse nature of our Content Library allow us to package and distribute a diverse portfolio of content together, such that we are able to maximize our return on an aggregate basis.

Broadcast syndication rights to television channels continues to be one of our major revenue activities contributing more than 50% of our revenue in each of last five years. Over the last five years, we have distributed more than 1000 films for broadcasting on television networks.

As of May 31, 2013, our Company has Perpetual Rights for 740 titles out of which 353 are Hindi films.

TYPE OF CONTENT	NUMBER OF PERPETUAL TITLES	NUMBER OF LIMITED OWNERSHIP	TOTAL NUMBER OF TITLES
Hindi films	353	1253	1606
Regional Titles	351	647	998
Special Interest content i.e. Devotional Content, Kids Content, Motivational/ Spiritual Content, Classic Television Serials, Health Related Content, etc.	36	181	217
TOTAL	**740**	**2081**	**2821**

India has the world's third largest internet population, with a record of 174 million users in 2012. We believe that the growth of internet subscriber and mobile phone subscriber volumes will be key growth drivers and will help us to diversify our revenue streams as well as monetize our Content Library.

YOUTUBE VIEWS
(Monthly Views in Lakhs)

Shemaroo is the official channel partner of Google Inc's You-Tube with 32 channels – The viewership is constantly increasing.

NEW MEDIA

Shemaroo is one of the prominent players in the new media segment. We have agreements with a large number of operators for distribution of content through platforms such as mobile networks, internet, IPTV and DTH.

Besides, we have tied up with more than 100 labels or content providers who provide us with a range of content including music, videos, imagery content, games, applications, celebrity chats, text content, and voice based services etc.

We are also moving beyond providing just content, to providing content management solutions to partners including Tata DOCOMO's video platform for 3G services and Airtel digital television in connection with an interactive devotional service, namely "iDarshan".

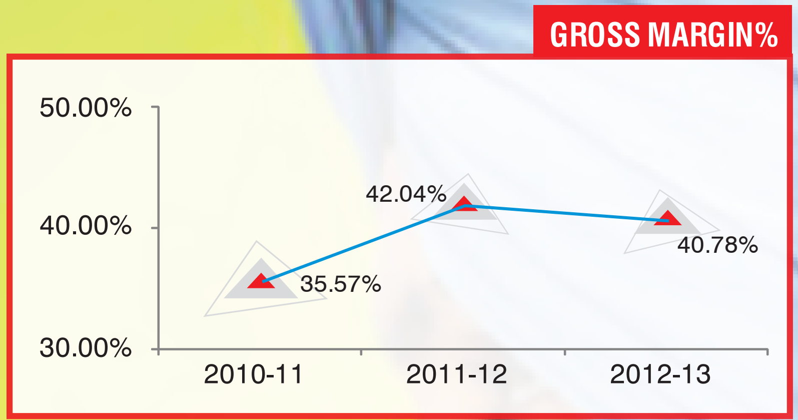
The current trends as well as increasing amounts of content being put online for consumption, has resulted in many more opportunities for us to monetize our content

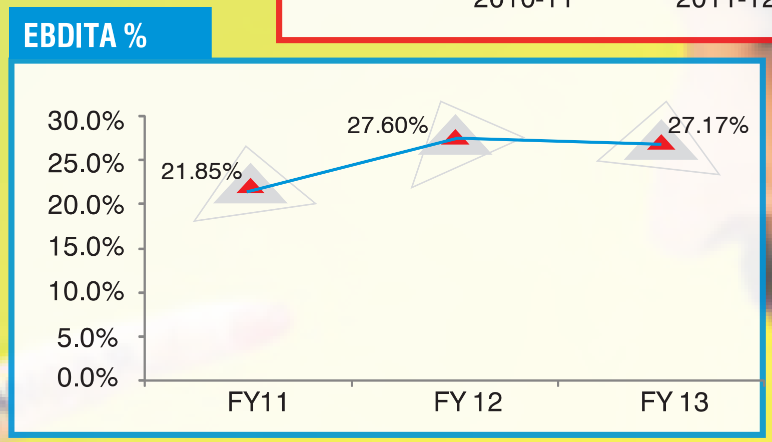
NEW MEDIA SEGMENT	KEY MILESTONE
INTERNET	Agreements with various internet video destinations like YouTube, Daily Motion, Yahoo India, Spuul etc. for the distribution of our content on the internet
DTH	Official channel partner for YouTube with 32 channels Provide content to Indian IPTV operators such as franchisees of Bharat Sanchar Nigam Limited, Mahanagar Telephone Nigam Limited, and Bharti Airtel Limited directly. End-to-end content management services, such as aggregation, conversion, programming and marketing to other industry players. Content management services for Airtel Digital TV for "iDarshan"
MOBILE	Agreements with major telecom operators, namely Airtel, BSNL, Tata Teleservices, Reliance Communication, MTNL, to distribute our product portfolio which includes caller ringback tones, ringtones, wallpapers, imagery, videos, games, full songs, celebrity chats, etc. Agreement with TATA Docomo for content management services for their 3G Video Platform Agreements for voice and video short code 58800 with mobile operators

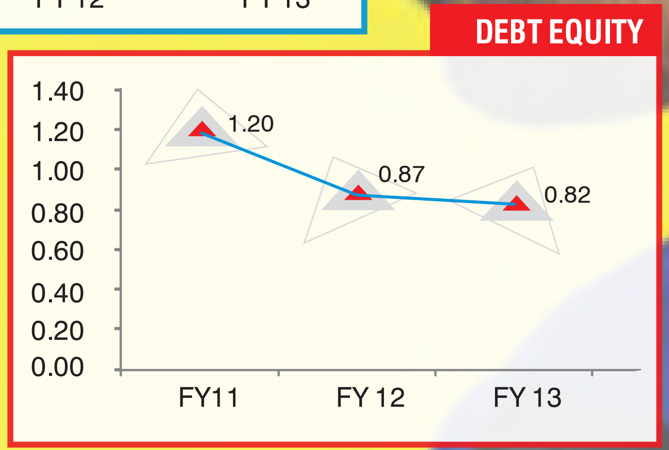
FINANCIAL HIGHLIGHTS

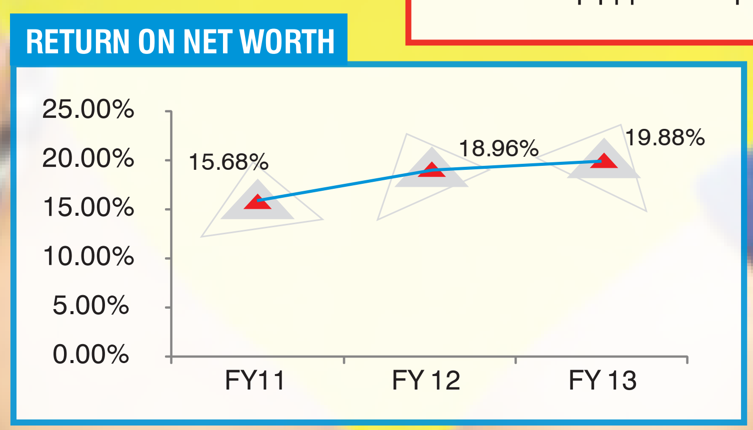
RS. Mn

	2010-11	2011-12	2012-13
FINANCIAL PERFORMANCE			
Total Income	1,602.78	1,871.16	2,160.89
Earnings before other income, depreciation, finance charges and tax	350.29	516.47	587.08
Tax	32.29	80.22	127.62
PAT for the year after adjusting Reserves of Associate	137.14	206.74	235.48
FINANCIAL POSITION			
Share capital	45.57	198.49	198.49
Reserves & Surplus	860.49	1,062.48	1,286.34
Net Worth	906.06	1,260.97	1,484.83
Fixed Assets	350.26	362.00	351.90
Cash and Cash Equivalents	69.45	65.42	11.26









CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Buddhichand H. Maroo	Chairman
Shri Raman H. Maroo	Managing Director
Shri Atul H. Maru	Jt. Managing Director
Shri Hiren U. Gada	Whole Time Director
Shri Jai B. Maroo	Non-Executive Director
Shri Gnanesh Gala	Independent Director
Shri Kirit Gala	Independent Director
Shri Jayesh Parekh	Independent Director
Shri Shashidhar Sinha	Independent Director
Shri Vasanji Mamania	Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Ankit Singh

STATUTORY AUDITORS

M. K. Dandeker & Co.

INTERNAL AUDITORS

Mahajan & Aibara

BANKERS

Bank of India
The Shamrao Vithal Co-Op. Bank Limited
NKGSB Co-Op. Bank Limited
Export Import Bank of India
HDFC Bank Limited
Deutsche Bank A.G.

REGISTERED OFFICE

Shemaroo House, Plot No. 18,
Marol Co-Op Indl. Estate,
Off Andheri Kurla Road,
Andheri (East), Mumbai - 400 059

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Buddhichand H. Maroo	Chairman
Shri Raman H. Maroo	Managing Director
Shri Atul H. Maru	Jt. Managing Director
Shri Hiren U. Gada	Whole Time Director
Shri Jai B. Maroo	Non-Executive Director
Shri Gnanesh Gala	Independent Director
Shri Kirit Gala	Independent Director
Shri Jayesh Parekh	Independent Director
Shri Shashidhar Sinha	Independent Director
Shri Vasanji Mamania	Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Ankit Singh

STATUTORY AUDITORS

M. K. Dandeker & Co.

INTERNAL AUDITORS

Mahajan & Aibara

BANKERS

Bank of India
The Shamrao Vithal Co-Op. Bank Limited
NKGSB Co-Op. Bank Limited
Export Import Bank of India
HDFC Bank Limited
Deutsche Bank A.G.

REGISTERED OFFICE

Shemaroo House, Plot No. 18,
Marol Co-Op Indl. Estate,
Off Andheri Kurla Road,
Andheri (East), Mumbai - 400 059

Notice

Notice is hereby given that the Seventh Annual General Meeting of the Members of Shemaroo Entertainment Limited, will be held on Friday, the 27th day of September, 2013 at 11.00 A.M. at the Registered Office of the Company at Shemaroo House, Plot No. 18, Marol Co-Op. Industrial Estate, Off Andheri Kurla Road, Andheri (East) Mumbai-400 059 to transact the following Ordinary businesses:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss for the year ended as on that date and the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on equity shares for the financial year 2012-2013.
3. To appoint a Director in place of Mr. Gnanesh Gala, Director, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kirit Gala, Director, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors,

For Shemaroo Entertainment Limited

Ankit Singh

Company Secretary

June 12, 2013

Mumbai

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE THE PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING.
2. Members/Proxies are requested to bring the Admission Slip along with their copies of Annual Report.
3. Proxy Form is annexed to this Notice.
4. Corporate members are requested to send in advance duly certified copy of the Board resolution / Power of Attorney authorizing their representative to attend and vote at the annual general meeting.
5. In accordance with Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them. Shareholders desirous of making nominations are requested to send their requests in prescribed Form 2B. The duly filled in Form 2B duly signed should be sent to the Registered Office for registration.
6. There being no Special Business, Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 is not annexed to this notice.
7. Brief details regarding the persons proposed to be appointed as Directors is given in the annexure attached to the Notice.
8. All documents referred to in the accompanying notice are available for inspection at the Registered Office of the Company on all working days except Saturday, between 11:00 A.M. to 1:00 P.M. upto the date of Meeting.

9. Register of Director's Shareholding pursuant to Section 307 of the Companies Act, 1956 shall be kept open and accessible at the Meeting for the inspection of person having right to attend the Meeting.

10. The Dividend if declared at the Annual General Meeting, would be paid/dispatched on or after October 1, 2013 and within 30 (thirty) days from the date of declaration of dividend to those persons or their mandates:

    - whose names appear as Beneficial Owners as at the end of the business hours on September 27, 2013 in the list of Beneficial Owners to be furnished by the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), in respect of shares held in electronic/ dematerialized mode.
    - whose names appear as Members in the Register of Members of the Company as on September 27, 2013, after giving effect to valid share transfers in physical forms lodged with the Company in respect of the shares held in physical mode.

11. The Ministry of Corporate Affairs ("MCA") has taken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by the Companies through electronic mode. In accordance with the Circulars No. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively, issued by MCA, companies can now serve / send various reports, documents, communications, including but not limited to annual report comprising of directors' report, balance sheet, profit and loss account, notice of general meeting, etc. (hereinafter referred to as 'the documents') to its members through electronic mode at their e-mail addresses. To support this initiative, Our Company proposes to send all documents/communications to its shareholders through email. We request you to kindly update your email id with your respective Depository Participant and the Company's website 'investors_services@shemaroo.com' to make this effort of your Company a grand success. The Company has used the e-mail addresses of the members obtained from the depositories to serve/send the documents through electronic mode.

ANNEXURE TO THE NOTICE

BRIEF RESUME OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING:

Item No. 3 of the Notice:

Mr. Gnanesh Gala

Mr. Gnanesh Gala is the Independent Director of our Company. He was appointed as the Director of the Company on 29th August, 2011. He graduated with a B.Com degree from the University of Bombay in 1982. Mr. Gnanesh Gala has approximately 30 years of experience in the Educational Publishing Industry. Mr. Gnanesh Gala was the President (Finance) of Navneet Publications (India) Limited for more than 20 years and now he is appointed as the Managing Director of the Company. He has been instrumental in accelerating Navneet Publication's top-line and bottom-line growth. He is the Chairman of the Audit Committee in our Company. He does not hold any shares in the Company.

Mr. Gnanesh Gala is retiring by rotation and has offered himself for the re-appointment at the ensuing Annual General Meeting. Accordingly, the Board has recommended his reappointment as a Director liable to retire by rotation.

Details of other directorships of Mr. Gnanesh Gala are as follows:

1. Navvikas Trading Pvt. Ltd
2. Pri Holdings Pvt. Ltd
3. Mumbai K-12 Techno Services Private Limited Director
4. Bigspace Logistics Park Private Limited
5. Lakheni Publications Private Limited
6. Lakheni Developers & Infra-Logistics Private Limited
7. eSense Learning Private Limited Director
8. Swayam Developers & Logistics Private Limited
9. Sampoorna Realtors & Logistics Private limited
10. Preethvione Real Estates Private Limited
11. Kutchi Angel Network Private Limited
12. K12 Techno Services Private Limited
13. Wings Intellect Private Limited
14. Alpha Business Consultants Private Limited
15. Shaan Realtors Private Limited
16. Deltecs Infotech Private Limited
17. Gala Landmarks Private Limited
18. Navneet Publications (India) Limited

Item No. 4 of the Notice:

Mr. Kirit Gala

Mr. Kirit Gala is the Independent Director of our Company. He was appointed as the Director of the Company on 29th August, 2011. He has completed his Masters in Business Administration from Mumbai University in the year 1986 and his Mechanical Engineering from Mumbai University in the year 1984. He completed his doctoral research in marketing at Tennessee, U.S.A. in the year 1987. Mr. Gala is the Managing Director of Gala Precision Engineering Private Limited. He has over 23 years of experience in strategic management. He is the member of the Audit Committee in our Company. He does not holds any shares in the Company.

Mr. Kirit Gala is retiring by rotation and has offered himself for the re-appointment at the ensuing Annual General Meeting. Accordingly, the Board has recommended his reappointment as a Director liable to retire by rotation.

Details of other directorships of Mr. Kirit Gala are as follows:

1. Gala Springs Private Limited
2. Gala Precision Engineering Private Limited
3. Kutchi Angel Network Private Limited
4. Deltecs Infotech Private Limited

Directors' Report

Dear Members,

Your Directors present the 8th Annual Report on the business and operations of the Company together with the Audited Financial Accounts for the year ended March 31, 2013.

FINANCIAL RESULTS:

(₹ in Lakhs)

	Current year 2012-2013	Previous year 2011-12
Income:		
Sales & Services	21,332	18,051
Other Income	135	510
Total Income	**21,467**	**18,562**
Expenditure:		
Direct Operational Expenses	17,615	14,889
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(4,966)	(4,379)
Employee benefit expense	1,606	1,434
Financial Costs	1,836	1,926
Depreciation and amortization expense	2,989	294
Other expenses	1,335	1,494
Total expenditure	**17,725**	**15,658**
Profit Before Taxation	**3,742**	**2,904**
Tax Expenses		
Current year	1,255	938
Less: MAT Credit	—	(199)
Previous year	—	26
Deferred Tax	18	37
Profit After Taxation	**2,470**	**2,102**
Balance brought forward from previous years	4,788	2,854
Transferred from Capital Reserve on Demerger	—	—
Profit available for Appropriation	**7,258**	**4,956**
Less: Appropriations		
General Reserve	(62)	(53)
Proposed Dividend	(99)	(99)
Dividend Distribution Tax	(17)	(16)
Balance carried to the Balance Sheet	**7,080**	**4,788**

Standalone Financials:

During the year under review, the Sales & Other Income increased to ₹ 21,332 lacs as against ₹ 18,052 lacs in the previous year. The Company had a growth with a Net Profit after taxation of ₹ 2,470 lacs as compared to the Net Profit after tax of ₹ 2,102 lacs 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 ₹ 0.5 per share (5 per cent) for the year ended March 31, 2013.

The amount of dividend recommended is ₹ 99.24 lacs.

TRANSFER TO GENERAL RESERVE

Your Company proposes to transfer ₹ 62 lacs to the general reserve. An amount of ₹ 2,531 lacs is proposed to be retained in the statement of profit and loss.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Gnanesh Dungarshi Gala and Mr. Kirit Vishanji Gala, Directors of the Company, retire by rotation at the ensuing Annual General Meeting.

Mr. Gnanesh Dungarshi Gala and Mr. Kirit Vishanji Gala being eligible for re-appointment, seek re-appointment at the ensuing Annual General Meeting. Appropriate resolutions for their re-appointment shall be placed before you for your approval at the ensuing Annual General Meeting. The brief resume of the aforesaid Directors and other information have been detailed in the Notice and the Corporate Governance Report.

None of Directors of the Company are disqualified under section 274(1) (g) of the Companies Act, 1956.Your Directors recommend their re-appointment as Directors of your Company.

Proposed initial public offering of equity shares by the company:

Your Company is planning to unlock its enterprise value and share its growth plan with public by coming up with an Initial Public Offering (IPO) of its Equity Shares.

The Proposed Initial Public Offering has been authorised by a resolution of our Board dated February 23, 2013, and by a special resolution passed pursuant to Section 81 (1A) of the Companies Act, at the EGM held on April 11, 2013.

The Company is preparing to file Draft Red Herring Prospectus (DRHP) with the Securities Exchange Board of India (SEBI).

Your Directors believe that the proposed IPO shall be a milestone in the company's corporate history and shall ultimately help to enhance its all stakeholder's wealth.

'Shemaroo' celebrates its golden jublee in entertainment industry:

The Board has immense pleasure to inform you that On October 29, 2012 "Shemaroo" brand completed its 50th year of existence and has made the history of flawless reputation, glowing image and strong goodwill of over 50 years. 'Shemaroo' which was founded on October 29, 1962, in Mumbai, as a book circulating library today is an integrated media content house in India with activities across content acquisition, value addition to content and content distribution. The Company believes that over the years the "Shemaroo" brand has high consumer recall as being associated with quality entertainment.

PUBLIC DEPOSITS

The Company has accepted public deposits to the tune of ₹ 2,644 lacs during the financial year under review in accordance with section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

Auditors and Auditors' Report

M/s. M K Dandeker & Co., Registration No. 000679S, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint them to examine and audit the accounts of the Company for the financial year 2013-2014. M/s. M K Dandeker & Co., have under section 224 (1B) of the Companies Act, 1956, furnished a certificate of their eligibility for re-appointment 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 Audit Report for the relevant financial year 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

Your company has incorporated a wholly-owned subsidiary Company named Shemaroo Films Private Limited ("SFPL") as a private Company registered under the Companies Act, 1956 on October 31, 2012. The Registered office of the wholly owned subsidiary company is situated at Shemaroo House, Plot No-18, Marol Co-operative, Ind. Estate, off. Andheri Kurla Road, Andheri East, Mumbai-59. Its corporate identification number is U22130MH2012PTC237345.The aforesaid Company is engaged in the business of creation, aggregation and distribution of the content on various mediums like Television, Home video, Mobile, IPTV, etc. across various markets within India and Overseas and providing transfer related technical services.

Mr. Raman Maroo, Mr. Atul Maru, Mr. Hiren Gada and Mr. Jai Maroo, Directors of the Company, have been appointed as the First Directors on the Board of the Subsidiary Company.

As on 31st March, 2013 the company have 2(two)foreign wholly owned subsidiary companies, namely, Shemaroo Entertainment INC (US), Shemaroo Entertainment (UK) Private Limited and1(One) India wholly owned subsidiary company, namely, Shemaroo Films 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.

Consolidated Financials

Consolidated Financial Statements in accordance with Accounting Standard-21 issued by the Institute of Chartered Accountants of India have been provided in the Annual Report. These Consolidated Financial Statements provide financial information about your Company and its Subsidiaries as a single economic entity. The Consolidated Financial Statements form part of this Annual Report.

Directors Responsibility Statement:

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

1. that in the preparation of the Annual Accounts for the year ended March 31, 2013, 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, 2013 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, 2013 on a going concern basis.

Particulars of Employees

During the financial year 2012-2013, 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) Rules, 1975, as amended . Hence, no separate disclosure is made by the Company in this regard.

Corporate Governance Report:

The Company is committed to maintain the highest standards of Corporate Governance. The Company has implemented several corporate governance practices as prevalent globally. The Corporate Governance Report is appended as Annexure 'A' with this report.

Management's Discussion And Analysis:

The Management Discussion and Analysis Report is appended as Annexure 'B' with this report.

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**

   Details of foreign exchange earnings and outgo is given under Note 29, 30 and 31 to the Financial Statements.

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.

Acknowledgment

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 12, 2013

Managing Directors Declaration

I, Raman Maroo, Managing Director of Shemaroo Entertainment Limited based on confirmation received from all the directors and senior management of the Company, do hereby state that all Board Members and senior management personnel has affirmed compliance with the code of conduct of the Company for the year ended March 31, 2013.

For and on behalf of the Board of Directors

Raman Maroo
Managing Director

Mumbai
June 12, 2013

CEO/CFO Certification

We, Raman Maroo, Managing Director and Hiren Gada, Whole Time Director of Shemaroo Entertainment Limited, do hereby certify to the Board that:

a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2013 and that to the best of our knowledge and belief:

   i. these statements do not contain any materiality untrue statement or omit any material fact or contain statements that might be misleading;

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

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

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

d. We have indicated to the Auditors and the Audit committee

   i. significant changes in internal control over financial reporting during the year;

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

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

Raman Maroo	**Hiren Gada**
Managing Director	Chief Financial Officer

Mumbai
June 12, 2013

Report on Corporate Governance

Annexure 'A'

1. Company's Philosophy on Code of Governance

Effective Corporate Governance practice is about commitment to values, ethical business conduct and constitutes strong fundamentals on which a successful commercial enterprise is built to last. The Corporate philosophy of the Company is to promote corporate fairness, transparency and accountability with the objective of maximizing long term value for all stakeholders. Corporate Governance norms are dynamic in nature and the Company constantly endeavors to improve on these aspects.

2. Board of Directors:

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Company has an appropriate mix of executive and independent directors to maintain the independence of the Board. The Board presently consists of Ten (10) Directors (Two (2) Managing Directors, One (1) Whole Time Director, Two (2) Non-Executive Directors, and Five (5) Non-executive Independent Directors). The Chairman of the Board is a Non-Executive Director of the Company.

(a) Board Procedure:

A detailed Agenda along with comprehensive notes and background material are circulated well in advance before each meeting of the Board and Committee meetings. The Executive Whole Time Director briefs the Board at every meeting on the overall performance of the Company. All statutory and significant material information are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the company as trustees of the shareholders. The proceedings of the meetings of the Board and the Committee are recorded in the form of minutes and the draft minutes are circulated to the Board for approval. The important decisions taken at the Board/Committee meetings are communicated to the concerned departments/divisions promptly.

(b) Attendance of the Directors at Meetings of the Board:

During the year 2012-13, the Board met 4 times- on 29th June, 2012, 28th September, 2012, 28th December, 2012 and 23rd February, 2013. The maximum time gap between any two meetings was not more than four calendar months.

None of the Directors on the Board are members of more than ten committees or chairman of more than five committees across all the public companies in which they are Directors.

The details of composition, nature of Directorship, the number of meetings attended and the directorships / memberships in other companies of the Directors are detailed as follows:

Name of the Director	Nature of Directorship	Relationship with each other	Attendance at the		Directorship in other Companies (#)		No. of Committee positions held in other Companies (@)	
			Board Meetings	AGM	Chairman	Member	Chairman	Member
Buddhichand Maroo	Non-Executive Director	Brother of Mr. Raman Maroo and Mr. Atul Maru	4	Yes	NIL	NIL	NIL	NIL
Raman Maroo	Promoter Executive Director	Brother of Mr. Buddhichand Maroo and Mr. Atul Maru	4	No	NIL	3	2	1
Atul Maru	Promoter Executive Director	Brother of Mr. Buddhichand Maroo and Mr. Raman Maroo	4	Yes	NIL	NIL	NIL	1
Hiren Gada	Executive Director	Not a relative of any of the directors.	4	Yes	NIL	NIL	NIL	1
Jai Maroo	Non-Executive Director	Son of Mr. Buddhichand Maroo	1	No	NIL	NIL	NIL	1
Jayesh* Parekh	Independent, Non-Executive Director	**	4	No	NIL	NIL	1	NIL
Kirit Gala*	Independent, Non-Executive Director	**	3	No	NIL	NIL	NIL	1
Gnanesh Gala*	Independent, Non-Executive Director	**	4	No	NIL	1	1	NIL
Vasanji Mamania*	Independent, Non-Executive Director	**	3	No	NIL	NIL	1	NIL
Shashidhar Sinha*	Independent, Non-Executive Director	**	4	No	NIL	2	NIL	2

Excludes directorship in Shemaroo Entertainment Limited. Also excludes Alternate directorships, directorship in Private Limited Companies, Foreign Companies and Companies registered under Sec.25 of the Companies Act, 1956.

** There is no relationship between any of the Independent Directors.

@ For the purpose of considering the limit of the Committee Memberships and Chairmanships of a Director, the Audit Committee and the Investor Grievance Committee of Public Limited Companies have been considered.

3. Profile of Directors retiring by rotation and seeking re-appointment.

(i) Mr. Gnanesh Gala

Mr. Gnanesh Gala is the Independent Director of our Company. He was appointed as the Director of the Company on 29th August, 2011. He is graduated with a B.Com degree from the University of Bombay in 1982. Mr. Gnanesh Gala has approximately 30 years of experience in the Educational Publishing Industry. He was the President (Finance) of Navneet Publications (India) Limited for more than 20 years and is presently designated as the Managing Director of Navneet Publications (India) Limited. He has been instrumental in accelerating Navneet Publication's top-line and bottom-line growth. He is the Chairman of the Audit Committee of the Company. He does not hold any shares in the Company.

Mr. Gala is retiring by rotation and has offered himself for the re-appointment at the ensuing Annual General Meeting. Accordingly, the Board has recommended his reappointment as a Director liable to retire by rotation.

Details of other directorships of Mr. Gnanesh Gala are as follows:

1. Navvikas Trading Pvt Ltd
2. Pri Holdings Pvt. Ltd
3. Mumbai K-12 Techno Services Private Limited Director
4. Bigspace Logistics Park Private Limited
5. Lakheni Publications Private Limited
6. Lakheni Developers & Infra-Logistics Private Limited
7. eSense Learning Private Limited Director
8. Swayam Developers & Logistics Private Limited
9. Sampoorna Realtors & Logistics Private limited
10. Preethvione Real Estates Private Limited
11. Kutchi Angel Network Private Limited
12. K12 Techno Services Private Limited
13. Wings Intellect Private Limited
14. Alpha Business Consultants Private Limited
15. Shaan Realtors Private Limited
16. Deltecs Infotech Private Limited
17. Gala Landmarks Private Limited
18. Navneet Publications (India) Limited

(ii) Mr. Kirit Gala

Mr. Kirit Gala is the Independent Director of our Company. He was appointed as the Director of the Company on 29th August, 2011. He has completed his Masters in Business Administration from Mumbai University in the year 1986 and his Mechanical Engineering from Mumbai University in the year 1984. He completed his doctoral research in marketing at Tennessee, U.S.A. in the year 1987. Mr. Gala is the Managing Director of Gala Precision Engineering Private Limited. He has over 26 years of experience in strategic management. He is the member of the Audit Committee in our Company. He does not holds any shares in the Company.

Mr. Gala is retiring by rotation and has offered himself for the re-appointment at the ensuing Annual General Meeting. Accordingly, the Board has recommended his reappointment as a Director liable to retire by rotation.

Details of other directorships of Mr. Kirit Gala are as follows:

1. Gala Springs Private Limited
2. Gala Precision Engineering Private Limited
3. Kutchi Angel Network Private Limited
4. Deltecs Infotech Private Limited

4. Code of Conduct

The Board in its meeting dated August 29, 2011 have adopted following code of conducts:

1. Model Code of Conduct for all the Directors and Senior Management of the Company.
2. Code of Internal procedures and Conduct for prevention of Insider trading.

5. Management Discussion and Analysis

This annual report has a detailed section on Management Discussion and Analysis.

6. Committees

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/scope. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions/noting.

Presently your Company has constituted the following five committees:

a) Audit Committee;

b) Investors' Grievance Committee;

c) Remuneration Committee;

d) IPO Committee; and

e) Executive Committee

a) Audit Committee

The audit committee was constituted by our Directors at the Board meeting held on August 29, 2011. The Audit Committee comprises of the following members:

Sr.	Name of the Member	Designation	Nature of Directorship
1.	Mr. Gnanesh Gala	Chairman	Independent Director
2.	Mr. Kirit Gala	Member	Independent Director
3.	Mr. Hiren Gada	Member	Executive Director

Meetings and attendance during the year:

The details of the dates on which the meetings were held and attendance of the Committee member during the financial year ended 31st March, 2013 are as follows:

Sr.	Date of Committee Meeting	No. of Members present	Committee strength
1.	29th June, 2012	Chairman	Independent Director
2.	23rd February, 2013	Member	Executive Director

Scope and terms of reference:

The Audit Committee will perform the following functions with regard to accounts and financial management:

- overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- regular review of accounts, accounting policies, disclosures, etc;
- regular review of the major accounting entries based on exercise of judgment by management;
- qualifications in the draft audit report;
- establishing and reviewing, with the management, the scope of the statutory audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board for approval, with particular reference to matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause 2(AA) of section 217 of the Companies Act, 1956, changes in the accounting policies and practices and reasons for the same, major accounting entries involving estimates based on the exercise of judgment by management, significant adjustments made in the financial statements arising out of audit findings, compliance with listing and other legal requirements relating to financial statements, disclosure of any related party transactions and qualifications in the draft audit report;
- reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussions to ascertain any area of concern;

- regular review, with the management, of the performance of statutory and internal auditors and adequacy of the internal control systems;
- discussion and follow up on any significant and/or important findings with the internal auditors. In case there is a suspected case of fraud or irregularity, review of the findings of any internal investigations by the internal auditors and reporting the matter to the Board;
- establishing the scope and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems including structure of the internal audit department, frequency of internal audit, staffing and seniority of the official heading the department;
- review the functioning of the whistle blower mechanism, in case the same is existing;
- to look into reasons for substantial defaults in the payment to depositors, debenture holders, shareholders and creditors;
- to look into the matters pertaining to the director's responsibility statement with respect to compliance with applicable accounting standards and accounting policies;
- compliance with stock exchange legal requirements concerning financial statements, to the extent applicable;
- the committee shall look into any related party transactions i.e., transactions of the company of material nature and disclose such transactions, with promoters or management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large;
- recommending to the Board the appointment, re-appointment, and replacement or removal of the statutory auditor and the fixation of audit fee;
- approval of payments to the statutory auditors for any other services rendered by them;
- mandatory review of management discussion and analysis of financial condition and results of operations, statements of related party transactions submitted by management, management letters/ letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditor;
- approval of appointment of chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- review the financial statements, in particular, the investments made by material unlisted subsidiaries;
- such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee.

b) Investor Grievance Committee

The Investor Grievance Committee was constituted by our Directors at the Board meeting held on August 29, 2011. The Investor Grievance Committee comprises of the following members:

Sr. No	Name of the Member	Designation	Nature of Directorship
1.	Mr. Jayesh Parekh	Chairman	Independent Director
2.	Mr. Shashidhar Sinha	Member	Independent Director
3.	Mr. Atul Maru	Member	Executive Director

The Investor Grievance Committee met twice on June 29, 2012 and August 28, 2012 and all the committee members were present in both the meetings.

Scope and terms of reference:

The Investor Grievance Committee has been constituted to do the following acts:

- Investor relations and redressal of shareholders grievances in general and relating to non receipt of declared dividends, interest, non- receipt of balance sheet, etc of the Company;

- Approve requests for share transfers and transmission and those pertaining to re-materialisation of shares/ sub-division/ consolidation/ issue of renewed and duplicate share certificates etc;
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

c) Remuneration Committee

The remuneration committee was constituted by our Directors at the Board meeting held on August 29, 2011. The Remuneration Committee comprises of the following members:

Sr. No	Name of the Member	Designation	Nature of Directorship
1.	Mr. Vasanji Mamania	Chairman	Independent Director
2.	Mr. Shashidhar Sinha	Member	Independent Director
3.	Mr. Jai Maroo	Member	Non-Executive Director

The Remuneration Committee met once on June 29, 2012 and all the committee members were present in the meeting.

Scope and terms of reference:

The Remuneration Committee exercises powers in relation to the matters listed below:

- Framing suitable policies and systems to ensure that there is no violation, by an Employee of the Company of any applicable laws in India or overseas, including:
- The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
- The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 1995.
- Determine on behalf of the Board and the shareholders the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payments.
- Perform such functions as are required to be performed under Clause 5 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.
- The observations of the said committee be placed before the subsequent meeting of the Board for information and further necessary action.

d) IPO Committee

The IPO committee was constituted by our Directors at the Board meeting held on August 29, 2011. The IPO Committee comprises of the following members:

Sr. No	Name of the Member	Designation	Nature of Directorship
1.	Mr. Raman Maroo	Chairman	Executive Director
2.	Mr. Atul Maru	Member	Executive Director
3.	Mr. Hiren Gada	Member	Executive Director
4.	Mr. Jai Maroo	Member	Non-Executive Director

The IPO Committee did not meet at any time during the year.

Scope and terms of reference:

The IPO Committee exercises powers in relation to the matters listed below:

- The IPO Committee has been constituted to decide the terms and conditions of the Issue, finalisation and filing of the Draft Red Herring Prospectus and the Red Herring Prospectus with SEBI, the Stock Exchanges and other regulatory bodies as may be required;
- Handle all matter relating to appointment of intermediaries and advisors in relation to the IPO;
- Deciding on allocation of the equity shares to specific categories of persons;
- Opening of bank accounts, securities account, escrow or custodian accounts, submitting applications and seeking listing of Equity Shares with the Stock Exchanges;

- Determining and finalising the price band, bid opening and closing date of this Issue, approving and finalising the 'Basis of Allocation';
- Determining the price at which the Equity Shares are to be offered to the investors;
- Settling difficulties and doubts arising in relation to the IPO;
- Empowering the authorized officers to enter into and execute any agreements or arrangements in relation to the IPO; and
- Carry out all acts and take all decisions as may be necessary for the purposes of the IPO and listing.

e) Executive Committee

The Executive committee was constituted by our Directors at the Board meeting held on August 29, 2011. The Executive Committee comprises of the following members:

Sr. No	Name of the Member	Designation	Nature of Directorship
1.	Mr. Raman Maroo	Chairman	Executive Director
2.	Mr. Atul Maru	Member	Executive Director
3.	Mr. Hiren Gada	Member	Executive Director

Meetings and attendance during the year:

The details of the dates on which the meetings were held and attendance of the Committee member during the financial year ended 31st March, 2013 are as follows:

Sr.	Date of Committee Meeting	No. of Members present	Committee strength
1	3rd May, 2012	Three	Three
2	12th June, 2012	Three	Three
3	23rd July, 2012	Three	Three
4	6th August, 2012	Three	Three
5	29th September, 2012	Three	Three
6	26th November, 2012	Three	Three
7	28th December, 2012	Three	Three
8	21st January, 2013	Three	Three
9	11th February, 2013	Three	Three
10	5th March, 2013	Three	Three
11	21st March, 2013	Two	Three

Scope and terms of reference:

The Executive Committee exercises powers in relation to the matters listed below:

- To open and operate Bank Accounts.
- To authorize change in signatories.
- To give instructions relating to the transactions of the Company with the Banks.
- To give necessary instructions for closure of Bank Accounts.
- To issue / revalidate / cancel Powers of Attorney.
- To authorize persons to act on behalf of the Company in relation to legal proceedings, appearing before any government authorities/agencies, dealing with the outside parties or in relation to any other matter where such authorization is required.
- To invest the funds of the Company upto a limit of ₹ 25,00,00,000 (Rupees Twenty Five crores only) in Shares, Debentures, Mutual Funds, FDRs and Bonds of Bodies Corporate and Government or Semi Government agencies.
- To avail loans, credit facilities, lease arrangements, inter corporate borrowings and other borrowing

from Banks / Financial Institutions upto a limit of ₹ 2,500,000,000 (Rupees Two hundred and fifty crores only).

- To accept the terms and conditions for availing the said financial assistance.
- To authorize execution of documents and affix the Common Seal of the Company, wherever necessary.
- To request Banks or Financial Institutions for disbursement of funds.
- To create security on the assets of the Company for availing of the above-mentioned facilities.
- To do all acts, deeds and things, as may be required or considered necessary or incidental thereto.
- Any other related matters.

7. Remuneration Policy

The Remuneration of the Managing Directors and Whole Time Director is decided by the Board within the ceiling limit fixed by the Shareholders of the Company. The company pays remuneration by way of salary, perquisites and allowances. The Annual increments are effective from 1st April of every year within the limit as approved by the Shareholders of the Company pursuant to the section 198, 309 and Schedule XIII of the Companies Act, 1956.

a) Remuneration to Non-Executive Directors

Sitting Fees is paid to the Non Executive Directors of the company for each meeting of the Board attended by them as per the provisions of Articles of Association of the Company.

b) Remuneration to Managing Director and Whole time Directors for the Financial Year 2012-13

Name and Designation	Salary Paid (In Rupees)	Commission/Sitting Fees
Mr. Raman Maroo Managing Director	4,149,794	NIL
Mr. Atul Maru Jt. Managing Director	4,149,794	NIL
Mr. Hiren Gada Whole Time Director	3,221,047	NIL

8. General Body Meetings

a) Location and time, where last three Annual General Meetings were held is given below:

Financial Year	Date	Location of the Meeting	Time	Particulars of the Special Resolution
2009-2010	September 30, 2010	Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059	11.00 AM	Appointment of Ms. Nirvi Maru pursuant to section 314 of the Companies Act, 1956
2010-2011	July 11, 2011	Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059	4:00 PM	1. Increase of Authorised Share Capital. 2. Alteration of Memorandum of Associations thereof. 3. Preferential Issue of Shares.
2011-2012	September 28, 2012	Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059	11:00 AM	—

b) Location and time, where Extraordinary General Meetings (EGM) were held for last three years is given below:

Financial Year	Date	Location of the Meeting	Time	Particulars of the Special Resolution
2010-2011	December 20, 2010	Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059	4.00 PM	1. Increase of Authorised Share Capital 2. Alteration of Memorandum of Association 3. Alteration of Articles of Association 4. Reduction of Capital Reserves
	January 24, 2011	Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059	11.00 AM	1. Increase in Borrowing Powers of the Company U/s 293(1) (d) of the Companies Act, 1956 2. Authorisation to Mortgage and Charge Properties of the Company U/s 293(1) (a) of the Companies Act, 1956 3. Re-appointment of Mr. Raman Maroo as Managing Director 4. Re-appointment of Mr. Atul Maroo as Jt. Managing Director 5. Appointment of Mr. Hiren Gada as Whole Time Director 6. Payment of Remuneration to directors other than MDs/WTD pursuant to section 309(4) of the Companies Act, 1956.
	March 11, 2011	Shemaroo Annex, Plot No. 16, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059	3.00 PM	1. Alteration of Articles of Association pursuant to Shareholders' Agreement 2. Revision of Salary of Ms. Mansi Maroo, holding office or place of profit u/s 314 of the Companies Act, 1956 3. Revision of Salary of Ms. Smita Maroo, holding office or place of profit u/s 314 of the Companies Act, 1956 4. Revision of Salary of Ms. Kranti Gada, holding office or place of profit u/s 314 of the Companies Act, 1956 5. Revision of Salary of Ms. Madhuri Gada, holding office or place of profit u/s 314 of the Companies Act, 1956
	March 26, 2011	Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059	3.00 PM	1. Conversion into Public Company 2. Amendment of Articles of Association thereof 3. Issue of Bonus Shares

Financial Year	Date	Location of the Meeting	Time	Particulars of the Special Resolution
2011-2012	August 29, 2011	Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059	3.00 PM	1. Issue of Bonus Shares 2. Further issue of shares by way of IPO 3. Adoption of new set of Articles pursuant to termination of Shareholders' Agreement
	December 9, 2011	Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059	11.00 AM	1. Appointment of Mr. Jayesh Parekh as Director 2. Appointment of Mr. Kirit Gala as Director 3. Appointment of Mr. Gnanesh Gala as Director 4. Appointment of Mr. Shashidhar Sinha as Director 5. Appointment of Mr. Vasanji Mamania as Director 6. Increasing the Limit of FIIs' holding of shares 7. Contract with Think Walnut Digital Private Ltd. pursuant to provisions of section 197 of the Companies Act, 1956
2012-2013	No EGM Was Held During The Year			

All the above resolutions which were put to vote by show of hands were passed unanimously.

No polling was used for voting at these meetings in respect of resolutions passed.

9. Means of communication:

Audited yearly report sent to each shareholder : Yes

Whether Management discussion & Analysis is a part of annual report or not : Yes

10. General Shareholder Information:

(i) Annual General Meeting:

Date: 27th day of September, 2013

Time: 11:00 A.M.

Venue: Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059

(ii) Share Transfer System

The Board of Directors registers the transfer of physical shares within 7-10 days of receipt of documents, if found in order. Share transfer documents found deficient in any form are retuned within 7 days.

(iii) Distribution of shareholding as on 31st March, 2013:

No. of Equity shares	No. of Shareholders	% of Shareholders	No. of Share held	%of Shareholding
1-10000	7		60,064	0.30
10001-50000	12		3,52,128	1.77
50001-100000	15		8,71,564	4.39
100001 and above	12		1,85,65,148	93.54
Total	**46**	**100**	**198,48,904**	**100**
Physical Mode	7		23,30,592	11.74
Electronic Mode	39		1,75,18,312	88.26

(iv) Shareholding Pattern as on 31st March, 2013:

Sr.	Category	No. of shares held	% to total capital
A.	**Shareholding of Promoters and Promoter Group**		
1	Individuals/Hindu Undivided Family	1,48,34,880	74.74
2	Individuals (Non-Resident Individuals/Foreign Individuals)	12,34,200	6.22
3	Bodies Corporate (OCB)	18,22,840	9.18
Total Shareholding of Promoters and Promoter Group [A]		1,78,91,920	90.14
B.	**Public shareholding**		
4	Bodies Corporate	5,96,648	3.01
5	Non Resident Indians	2,54,580	1.28
6	Trust	1,01,264	0.51
7	Individuals	10,04,492	5.06
Total Public Shareholding [B]		19,56,984	9.86
TOTAL SHAREHOLDING [A]+[B]		1,98,48,904	100

(v) Shareholding Pattern of Directors as at 31st March, 2013:

Sr.	Name of the Shareholder	No. of Shares @ ₹ 10/- each	% holding
1.	Raman Maroo	4,809,520	24.23
2.	Atul Maru	4,809,520	24.23
3.	Hiren Gada	1,640,520	8.27
4.	Buddhichand Maroo	3,575,320	18.01
5.	Jai Maroo	1,234,200	6.22
6.	Jayesh Parekh	153,308	0.77
7.	Vasanji Mamania	50,636	0.26
8.	Shashidhar Sinha	NIL	—
9.	Gnanesh Gala	NIL	—
10.	Kirit Gala	NIL	—
Total		**16,273,024**	**81.98**

(vi) Address for Communication:

Shemaroo House, Plot No. 18,
Marol Co-Op. Industrial Estate,
Marol, Andheri (E),
Mumbai – 400059

(vii) Company Secretary and Compliance Officer:

Mr. Ankit Singh
Shemaro House, Plot No. 18,
Marol Co-Op. Industrial Estate,
Marol, Andheri (E),
Mumbai - 400059

(viii) CORPORATE IDENTITY NUMBER (CIN)

The Company's CIN allotted by the Ministry of Corporate Affairs is U67190MH2005PLC158288.

(ix) NOMINATION FACILITY

Section 109A of the Companies Act, 1956 facilitates shareholders to make nominations in respect of shares held by them. Shareholders holding shares in physical form who are desirous of making a nomination are requested to send their requests in Form No. 2B to the Company for registration of Nomination.

Management's Discussion & Analysis

Economic outlook of India

The overall Indian economy slowed down in 2012 due to both domestic and external factors. Domestically, the monetary and fiscal stimulus provided by the Government of India post financial-crisis led to strong growth in demand and consumption in 2009-10 and 2010-11. However, this resulted in higher inflation and a powerful monetary response that slowed consumption demand. Moreover, corporate and infrastructure investment were also pulled down by the tightened monetary policy as well as the policy bottlenecks. Externally, a slowing global economy weighed down by the continued crisis in the Euro area and uncertainty in the US fiscal policy also increased risks to growth. The Central Statistical Organization's (CSO's) estimates indicate a 5 percent growth in real GDP in 2012-13, as compared to a growth of 6.2 percent posted in 2011-12. These factors resulted in a challenging year for the M&E industry, with reductions in advertising budgets across sectors.

Entertainment Industry overview

Structure of Indian entertainment industry

According to a joint report of KPMG and FICCI an industry chamber the Indian Media and Entertainment (M&E) industry grew from INR 728 billion in 2011 to INR 821 billion in 2012, registering an overall growth of 12.6 per cent and is projected to grow at a CAGR of 15 percent between 2013 and 2017 to reach INR 1661 billion. It is one sector which responds extraordinarily to GDP growth with a multiplier. When incomes rise, more resources get spent on leisure.

The following table sets forth certain details in relation to the different segments comprising the Indian M&E industry.

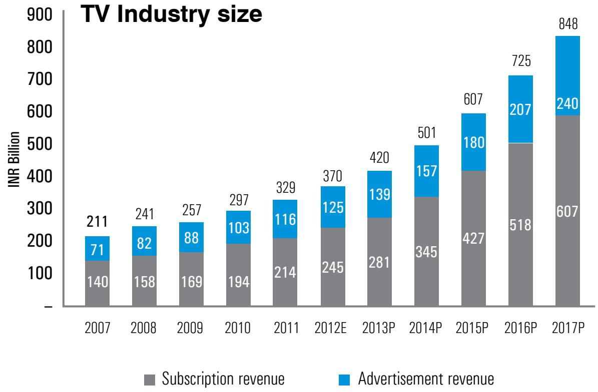
INR in Billion

	2008	2009	2010	2011	2012	Growth in 2012 over 2011	2013P	2014P	2015 P	2016 P	2017 P	CAGR (12-17)
Television	241	257	297	329	370	13%	420	501	607	725	848	18%
Print	172	175	193	209	224	7%	241	261	286	311	340	9%
Film	104	89	83	93	112	21%	122	138	154	172	193	12%
Radio	8	8	10	12	13	10%	14	15	19	23	27	17%
Music	7	8	9	9	11	18%	12	13	15	18	23	16%
Animation & VFX	18	20	24	31	35	14%	41	47	54	63	73	16%
Gaming	7	8	10	13	15	18%	20	24	31	36	42	22%
Internet	6	8	10	15	22	41%	28	37	49	65	87	32%
Outdoor	16	14	17	18	18	2%	19	21	23	25	27	8%
Total Size	**580**	**587**	**652**	**728**	**821**	**12%**	**917**	**1059**	**1238**	**1438**	**1661**	**15%**

Indian TV industry

The number of Cable and Satellite (C&S) households in India increased by 11 million in 2012, to reach 130 million. Excluding DD Direct, the number of paid C&S households is estimated to be 121 million. This paid C&S base is expected to grow to 173 million by 2017, representing 91 percent of TV households.

The television and broadcasting industry has grown tremendously over the last two decades, with an average growth rate in double digits. The over-all size of the television industry was estimated to be INR 370 billion in 2012, and is expected to grow at a CAGR of 18 percent over 2012-17, to reach INR 848 billion in 2017. The total number of TV channels in India has gone up to 845 in 2012 from 623 channels in 2011.



Recent Developments in the Television Sector

The year 2012 was a year of unprecedented changes for the cable television industry in India, with mandatory Digital Access System (DAS) being implemented in the four metros of Delhi, Mumbai, Kolkata and Chennai. Digitisation is being tackled in a phased manner with most players continuing to focus on Phase I and Phase II cities.

Phase I – Near complete implementation in Mumbai & Delhi

The October 31, 2012 deadline for Phase I cities was upheld by the Ministry, and households in Delhi and Mumbai faced an analogue cable blackout at the stroke of midnight on October 31. While analogue broadcast resumed in a few parts of Mumbai and Delhi, both cities reported a near complete shift to digital cable by the end of December 2012. Kolkata and Chennai continued to receive analogue signals even after the deadline.

Industry discussions indicate that political reasons in the states of West Bengal and Tamil Nadu may have led to delays in implementation of digitisation in Kolkata and Chennai. While digitisation is underway in Kolkata and is estimated to get completed by the end of March 31, 2013, there is a lack of clarity on its progress and estimated completion date in Chennai.

Industry discussions indicate that over a period of time 80 to 85 percent of C&S households (including DTH households) are estimated to be digitised across the four metros, on an overall basis.

Digitisation Update

	As of October 31, 2012			As of Dec 31, 2012	
	I &B	MxM	MPA	TAM	Industry estimates
Delhi	97%	45%	50%	97%	90-95%
Mumbai	100%	86%	70%	93%	90-95%
Kolkata	85%	53%	45%	70%	65-70%
Chennai	86%	49%	30%	26%	25-30%

Phase II – Underway

Most stakeholders believe that Phase II of digitisation will be implemented successfully, at least across the key cities. Industry discussions indicate that on an overall basis, approximately 40 percent of C&S households in Phase II cities were already digitised by the end of 2012. Select cities like Ludhiana, Ahmedabad and Amritsar have seen nearly complete voluntary digitisation, while others appear to be on track for a timely roll-out. Industry stakeholders have also gained experience around implementation challenges observed during Phase I, and this may help mitigate similar challenges during successive phases.

Phase III and IV

Penetration of digital platforms in C&S households in Phase III and IV cities is already estimated to be higher than 45 percent on account of penetration of DTH services in these areas. However, Phase III and IV will require significant upgrade of back-end infrastructure apart from STB installation. Indications remain positive and industry believes that DAS will achieve significant success across all phases, albeit with some delays.

Outcome of Digitization

Shift in the power equation towards MSOs – expected, but yet to materialize

With the eventual control of the subscriber moving to MSOs post digitisation, the distribution industry is expected to see a power shift towards MSOs. LCOs are expected to take up the role of collection and servicing agents while MSOs control the infrastructure and generate bills through a subscriber management system.

However, even as MSOs may have control of the subscriber, LCOs will be crucial to customer interactions and day to day management. Therefore LCO relationship management remains crucial for MSOs.

Lower carriage fee becomes a reality

Industry participants across the value chain agree that digitisation has reduced the carriage fee payout. The largely digitised markets of Mumbai and Delhi have witnessed a 15 to 20 percent drop in carriage fee. In some cases, broadcasters have continued to pay the same carriage, but are able to carry a larger bouquet of channels at the same cost. The supply-demand situation will improve significantly post digitisation, and therefore on an overall basis, the total payout towards carriage and placement fee is expected to decline.

ARPU gains to materialise, but in the medium term

With the race to acquire subscribers and pending deployment of channel packages, ARPUs continue to be low. However, deployment of channel packages across cable customers over the next 3 to 4 years is expected to lead to significant increase in ARPU. In addition to 'value' packs, MSOs may look at creation of 'premium packs' for top paying subscribers leading to increase in ARPU levels. Digitisation will also provide an opportunity for subscription-based niche content which will lead to additional revenue gains. Further, rising penetration of HD services is expected to provide a boost to ARPU.

Television Industry Value Chain

CONTENT PRODUCTION	BROADCASTING	DISTRIBUTION
▪ In general, production costs continue to be linked to inflation; artist costs however, have increased ▪ Cable digitisation is expected to create significant opportunities for content providers, including: – Existing channels investing in content, and upgrading content quality – Narrower targeted offerings, to segments which are currently served by 'one size fits all' offerings, which will require more localised content – Launch of new niche channels, which may see a viable business case on the back of reduced carriage fees ▪ Broadcasters believe that content is under-invested and with the improving economics on account of digitisation, investment in content is expected to grow	▪ Subscription revenues increased in 2012, but this seems to be attributable to better negotiation through consolidated entities (MediaPro, One Alliance, India Cast etc.), rather than to digitisation in Phase 1 ▪ The benefit of phase 1 and phase 2 digitisation in terms of growth in subscription revenues is expected to be seen over 2013 and 2014 ▪ In digitised areas, carriage costs appear to have declined. At the same time, TAM's increased coverage of Less than Class I (LC1) markets has resulted in some of the carriage savings being redirected to increase reach in LC1 markets ▪ Growth is expected to be driven by a sharp increase in subscription revenues, while carriage costs are expected to rationalize in metro markets	▪ Phase 1 of cable digitisation kick-started, and met with varying degrees of success in the four metros. However, the consumer has warmed to the concept of digitisation ▪ Industry discussions suggest that the digitisation in Phase 1 cities may not all be addressable yet. MSOs are in the process of verifying their customer base, and updating their systems before packages are deployed ▪ Completion of Phase 2 digitisation is likely to get delayed by 9 to 12 months. Out of the 38 cities identified for phase 2 digitisation, approximately 40 percent of C&S households are already digitised ▪ It is important to continue the momentum and ensure that digitisation of cable gets completed; else there may be a risk that even Phase 1 cities may regress to a mélange of analogue and digital cable

Financial Highlights

(₹ in lakhs)

Particulars	FOR THE YEAR ENDED MARCH 31,		
	2013	Percentage growth	2012
Income			
Revenue from operations	21,473.90	*17.98%*	18,201.11
As a % of total income	*99.38%*		*97.27%*
Other Income	135.02	*-73.55%*	510.54
As a % of total income	*0.62%*		*2.73%*
Total Income	**21,608.92**	*15.48%*	**18,711.65**
Expenditure			
Direct Operating Expenses	12,717.68	*20.56%*	10,549.18
As a % of total income	*67.97%*		*56.38%*
Employee benefit expense	1,646.75	*11.16%*	1,481.35
As a % of total income	*8.80%*		*7.92%*
Other expenses	1,373.65	*-9.42%*	1,516.44
As a % of total income	*7.34%*		*8.10%*
Total	**15,738.08**	*16.17%*	**13,546.98**
As a % of total income	*72.83%*		*72.40%*
Earnings before Interest, Depreciation, Tax and Extraordinary Items (A-B)	**5,870.84**	*13.67%*	**5,164.67**
As a % of total income	***27.17%***		***27.60%***
Financial Expenses	1,830.79	*-4.97%*	1,926.48
As a % of total income	***8.47%***		***10.30%***
Profit Before Depreciation & Tax	**4,040.04**	*24.76%*	**3,238.19**
As a % of total income	*18.70%*		*17.31%*
Depreciation	298.21	*1.25%*	294.53
As a % of total income	***1.38%***		***1.57%***
Profit before Tax and Extraordinary Items	**3,741.84**	*27.12%*	**2,943.66**
As a % of total income	***17.32%***		***15.73%***
Tax Expenses	1,276.18		802.20
Net Profit after Tax but before Extraordinary Items	**2,465.66**	*15.14%*	**2,141.46**
As a % of total income	***11.41%***		***11.44%***
Extraordinary Items			
Net Profit after Extraordinary Items	**2,465.66**	*15.14%*	**2,141.46**
As a % of total income	***11.41%***		***11.44%***

Income

Our total income increased by 15.48% from ₹ 18,711.65 lakhs in Fiscal 2012 to ₹ 21,608.92 lakhs in Fiscal 2013 due to robust demand for films from television broadcasters and growth of other platforms. In anticipation of these trends we had built a strong pipeline of content to service both the segments.

The Company has a robust and dynamic business model with a de-risking strategy of maximum monetization of content on various platforms.

EBDITA

EBITDA increased by *13.67%* from ₹ 5,164.67 lakhs in Fiscal 2012 to ₹ 5,870.84 lakhs in Fiscal 2013 due to combination of higher revenue and better operating efficiency leading to higher margins. Also, as our perpetual rights library grows, our direct cost reduces. EBITDA margin as a percentage of total income is almost similar, 27.60% for the Fiscal 2012 and 27.17% for the Fiscal 2013.

PAT

Our PAT increased by ₹ 324.20 lakhs, from ₹ 2,141.46 lakhs in Fiscal 2012 to ₹ 2,465.66 lakhs in Fiscal 2013. PAT margin as a percentage of total income is almost the same, 11.44% and 11.41% for the respective period.

Significant Factors Affecting our Results of Operations

Our financial condition and results of operations are affected by numerous factors, the following of which are of particular importance:

(1) Challenging Economic Condition

Occurrence of events like the recent global financial meltdown can have an adverse impact on our business and operations and the entertainment and media industry in general. Factors like liquidity crunch may affect the scale and production of films. Slowdown in advertising budgets can impact the broadcast industry. Entertainment and Media spends are largely discretionary in nature, and in tough economic conditions, consumers may resort to cut in these spends.

While one cannot be totally insulated against challenging economic conditions, we believe that there will always be demand for compelling content, even in tough economic conditions. Only the flavor of content might change with times. Besides, most of the segments we operate in, like cable and satellite are a less expensive form of entertainment & leisure, and sometimes may benefit at the expense of other leisure activities.

(2) Changes in Technology

The landscape of the media industry continues to change in response to technological innovation and evolving consumer trends. New mediums and technology like 3G, iPad, IPTV, DTH are changing the very definition of media. If we are unable to respond to changes in technology and evolving industry trends, our businesses may not be able to compete effectively.

We have been a key player in the evolution of the media industry. We understand content and its delivery platform and over the years, have successfully adapted to changing technology by expanding our distribution platforms. Our recent foray includes capturing the new age media platform and we have invested significantly in providing content to Mobile Operators, IPTV operators, 3G operators and leading online entertainment portals.

(3) Availability of film content

Our Broadcast syndication business is driven primarily by availability of film content from producers or owners of the film. There is a risk that during certain periods fewer or no major films will release. We also face a risk of availability of quality content.

It is a part of our wider business strategy to purchase rights of content which is compelling and which is not necessarily restricted to box-office success. Several factors like star cast and appeal, popularity of director, and channel positioning are taken into consideration before we purchase the rights. Besides, we have a library of over 640 titles where we have perpetual rights. We also actively pursue non-film rights like special interest content and regional content. All this helps us reduce our dependence on the availability of film content.

(4) Competition

In all our operating activities, we face competition from individuals as well as large corporate. Besides, most players can easily enter a business like broadcast syndication with a limited amount of investment. Any major change in strategy by competition or entry of a new player could have an adverse effect on our operations and impact our financial condition.

We have evolved into one of India's largest content owner, aggregator and distributor of film-based copyrights and other entertainment rights. In broadcast syndication, our strong negotiating position due to our reputation and brand helps us acquire quality content and distribute at favourable terms. Our large library of perpetual rights makes us the partner of choice for most of the distribution platform owners. Besides, the market we operate in is structurally changing, and hence there are always opportunities for us to maximize/reinforce our leading market position. We believe our ability to vet the title rights and support technical quality of deliverables on a large scale and leadership position enables us to compete successfully.

(5) Counterparty relationships

We may face material counterparty risk in relation to our clients, content owners, telecom operators and broadcasters.

We have various systems and processes in place which ensures minimal damage and counterparty risk. We have a robust legal due diligence process, having been refined over 25 years of experience. Our experienced management team has strong understanding and knowledge to assess the commercial viability of content deals and products. We also have technical due diligence in place which evaluates the quality of source material and ensure technical superiority of the content.

(6) Changes in Regulations

Changes in laws and regulations governing the entertainment and media industry may have an adverse effect on our business. Compliance with and the effects of existing and future regulations could have a material adverse impact on us.

The government, regulatory bodies and members of the industry are actively working together towards reforms that aid the development of Indian media companies. In fact, the impending changes in regulations can only act as a catalyst to the growth of the sector. The roll out of 3G is one such example.

Human resources

The company's employees form the backbone of our organization. A remuneration policy, which rewards achievement and is in line with the best industry practices, is consistently followed. Training to improve on the job skills is an integral part of our human resource policy and is practiced across \ all functions within the organization. Industrial relations have remained harmonious throughout the year.

Internal control and its adequacy

The Company's internal control system commensurate with its size and operations and is adequate. Internal controls have been instituted and are regularly upgraded in line with the changes in the regulatory and control requirements. The internal audit is conducted regularly by the external professionals. The observations of the auditors are reviewed periodically by the audit committee and the appropriate actions are taken by the Management.

Risk Management

The company has effective risk management in place to meet the risks and uncertainties that the company foresees. The company takes full cognisance of the fact that effective risk management is important in delivering sustained returns to its shareholders.

Cautionary Statement

This report contains forward looking statements that involve risks and uncertainties including, but not limited to, risk inherent in the company's growth strategy, acquisition plans, dependence on certain businesses, dependence on availability of qualified and trained manpower and other factors. Actual results, performances or achievements could differ materially from those expressed or implied in such forward looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto.

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of Shemaroo Entertainment Limited,

Report on the Financial Statements:

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion:

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 277 of the Act, we give in the *Annexure* a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 277(3) of the Act, we report that:

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and

e. on the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For M. K. Dandeker & Co.
Chartered Accountants
ICAI FRN: 000679S

K. J. Dandeker
Partner
Membership No. 18533

Mumbai
Dated: June 12, 2013

Annexure to Independent Auditor's Report

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Shemaroo Entertainment Limited

1) In respect of fixed assets:

a. The Company has maintained 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 fixed assets. No material discrepancies were noticed on such physical verifications.

c. In our opinion, the Company has not disposed off any substantial part of its fixed assets during the period and the going concern status of the Company is not affected.

2) In respect of Inventories:

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

b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on such physical verification as compared to the book records.

3) In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

a. The Company has not granted loans secured/ unsecured to parties covered under the register maintained u/s 301.

b. The Company has taken unsecured loans from Ten parties covered in the register maintained under Section 301 of the Companies Act, 1956. The total amount taken during the year was ₹ 1,301.75 lacs. The maximum amount involved during the period was ₹ 1,674.91 lacs and the period-end balance of loans taken from such parties is ₹ 1,117.20 lacs.

c. In our opinion and according to information and explanations given to us , the rate of interest and other terms and conditions of the loans 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 purchases of inventory, fixed assets and for the sale of goods& services. During the course of our audit, we have not observed any major weakness in the internal control system.

5) In our opinion and according to the information and explanations given to us,

a. The particulars of all contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

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 lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6) The Company has accepted deposits from the public and in our opinion and according to the information & explanations given to us, the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA and the relevant provisions of The

Companies Act, 1956 and rules framed thereunder, where applicable, have been complied with.

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

8) According to the information and explanations given to us, the Company has made and maintained the cost accounting records, as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 read with The Companies (Cost Accounting Records) Rules, 2011.

9) **Statutory Dues**

a. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income- Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any 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, 2013 for a period of more than six months from the date they became payable.

10) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

11) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of any dues to banks or a financial institution.

12) In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company 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 (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

14) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 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. Therefore, provisions of Clause (xv) of paragraph 4 of the Companies (Auditor's report) Order, 2003 are not applicable to the Company.

16) 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 raised.

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 period have not been used for long term investments.

18) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

19) The Company has not issued any debentures during the year and therefore, provisions of Clause (xix) of the paragraph 4 of the Companies (Auditor's report) Order, 2003 is not applicable to the Company.

20) The Company is a public limited company. However, being a non-listed public limited company, provisions of Clause (xx) of paragraph 4 of the Companies (Auditor's report) Order, 2003 relating to the disclosure on the end use of money raised by public issues are not applicable to the Company.

21) In our opinion and according to the information and explanations given to us, no material fraud on or by the Company, noticed or reported during the course of our audit.

For M. K. Dandeker & Co.
Chartered Accountants
ICAI FRN: 000679S

K. J. Dandeker
Partner
Membership No. 18533

Mumbai
Dated : June 12, 2013

Balance Sheet as at 31st March, 2013

(₹ in Lacs)

Particulars	Note	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	**1,984.89**	1,984.89
(c) Reserves and Surplus	2	**13,092.02**	10,740.07
		15,076.91	12,724.96
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	**24.23**	513.66
(b) Deferred tax liability (Net)	4	**507.55**	486.34
(c) Long term provisions	5	**45.30**	48.11
		577.08	1,048.11
(3) Current Liabilities			
(a) Short-term borrowings	6	**10,991.58**	8,768.36
(b) Trade payables	7	**898.66**	2,216.55
(c) Other current liabilities	8	**1,875.60**	2,391.76
(d) Short-term provisions	9	**418.50**	118.91
		14,184.34	13,495.58
Total		**29,838.33**	27,268.65
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		**3,425.21**	3,523.80
(ii) Intangible assets		**80.22**	89.27
(iii) Intangible assets under development		**13.19**	6.74
(b) Non-current investments	11	**1,199.35**	1,099.35
(c) Long term loans and advances	12	**82.24**	385.04
(d) Trade Receivables	13	**330.54**	345.54
(e) Other non-current assets	14	**4.50**	4.50
		5,135.25	5,454.24
(2) Current assets			
(a) Inventories	15	**14,646.74**	9,691.84
(b) Trade receivables	16	**7,093.80**	8,950.59
(c) Cash and cash equivalents	17	**100.68**	645.18
(d) Short-term loans and advances	18	**2,715.56**	2,401.44
(e) Other current assets	19	**146.69**	125.36
		24,703.47	21,814.41
Total		**29,838.71**	27,268.65
Significant Accounting Policies **Notes to the Financial Statements**	1 to 37		

As per our report of even date.

For **M. K. Dandeker & Co.**
Chartered Accountants
ICAI FRN: 000679S

K. J. Dandeker
Partner
Membership No.: 18533
Place : Mumbai
Date : 12th June, 2013

For and on behalf of the Board

Raman Maroo
Managing Director

Ankit Singh
Company Secretary

Place : Mumbai
Date : 12th June, 2013

Atul Maru
Jt. Managing Director

Hiren Gada
Whole Time Director (Finance)

Statement of Profit and Loss for the year ended 31st March, 2013

(₹ in Lacs)

Particulars	Note	For the year ended March 31, 2013	For the year ended March 31, 2012
INCOME			
Revenue from operations	20	**21,332.04**	18,051.78
Other Income	21	**134.84**	510.53
I. Total Revenue		**21,466.88**	18,562.31
EXPENDITURE			
Direct Operational Expenses	22	**17,615.05**	14,888.95
Changes in inventories	23	**(4,954.90)**	(4,378.78)
Employee benefit expense	24	**1,593.54**	1,434.02
Financial costs	25	**1,830.79**	1,920.47
Depreciation and amortization expense	10	**298.09**	294.44
Other expenses	26	**1,340.06**	1,499.25
II. Total Expenses		**17,722.63**	15,658.35
Profit before tax	(I - II)	**3,744.24**	2,903.96
Tax expense:			
(1) Current tax			
– Income Tax		**1,254.00**	938.32
– Wealth Tax		**0.96**	—
Less:- MAT Credit		**—**	(199.34)
(2) Deferred tax	4	**21.22**	36.88
(3) Tax in respect of earlier years		**—**	26.35
Profit for the period		**2,468.07**	2,101.76
Earnings per equity share (Nominal value of ₹ 10 each) :			
Basic and Diluted (in ₹)	1	**12.43**	10.66
Significant Accounting Policies **Notes to the Financial Statements**	1 to 37		

As per our report of even date.

For **M. K. Dandeker & Co.**
Chartered Accountants
ICAI FRN: 000679S

K. J. Dandeker
Partner
Membership No.: 18533

Place : Mumbai
Date : 12th June, 2013

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
Date : 12th June, 2013

Cash Flow Statement for the year ended 31st March, 2013

(₹ in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax	**3,744.24**	2,903.96
Adjustments to reconcile profit before tax to cash provided by operating activities:		
Depreciation & Amortisation expense	**298.09**	294.44
Financial Expenses	**1,830.79**	1,920.47
Interest Income	**(96.10)**	(111.99)
Dividend Income	**(0.90)**	(0.90)
(Profit) / Loss on sale of Fixed Assets	**0.55**	2.49
Unrealised Foreign Exchange (Gain)/Loss	**41.67**	(65.21)
Provision for Leave Encashment	**(2.55)**	11.25
Liabilities no longer required written back	**2.99**	11.41
Bad Debts written off	**31.07**	0.06
Miscellenous Expenses written/off		
Operating Profit Before Working Capital Changes	**5,849.86**	4,965.99
Adjustments for changes in Working Capital		
Trade & Other Receivables	**1,254.93**	(127.35)
Inventories	**(4,954.90)**	(4,378.78)
Increase/(Decrease) in Trade & Other Payables	**(1,538.48)**	1,225.27
Cash Generated from Operations	**611.41**	1,685.13
Taxes (Paid) / Rrefund (Net)	**(721.78)**	(183.45)
Cash Flow from Operating Activities	**(110.36)**	1,501.68
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of fixed assets	**0.76**	1.32
Proceeds from sale of investments		
Purchase of Fixed assets including Capital WIP and Intangible assets under development	**(198.21)**	(415.76)
(Increase) / Decrease of fixed deposits	**—**	143.80
Dividend Income	**0.90**	0.90
Interest Income	**96.10**	111.99
Investments made in Associate Company	**—**	(449.20)
Investments made in Subsidairy Company	**(100.00)**	—
Cash flow from Investing Activities	**(200.46)**	(606.94)

(₹ in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Shares for cash	—	40.51
Premium collected in cash on issue of of Share Capital	—	1,559.81
Increase / (Decrease) of Long term Borrowings	**(489.43)**	(809.19)
Increase / (Decrease) of Short term Borrowings	**2,223.22**	478.54
Dividend Paid	**(99.24)**	(91.14)
Tax on Dividend Paid	**(16.10)**	(15.14)
Financial Expenses	**(1,830.79)**	(1,920.47)
Unamortised Expenses paid towards Fund Raising	**(21.33)**	(125.36)
Cash flow from Finanacing acitvites	**(233.68)**	(882.43)
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(544.50)**	12.31
Cash & Cash Equivalents at the beginning (Refer Note 17)	**645.18**	632.87
Cash & Cash Equivalents at the End (Refer Note 17)	**100.68**	645.18

As per our report of even date.

For **M. K. Dandeker & Co.**
Chartered Accountants
ICAI FRN: 000679S

K. J. Dandeker
Partner
Membership No.: 18533
Place : Mumbai
Date : 12th June, 2013

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
Date : 12th June, 2013

1. Significant Accounting Policies

a) Basis of preparation

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

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

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) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost including related internal costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.

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

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

d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. Fixed assets individually costing ₹ 5,000 or less are fully depreciated in the year of acquisition. The company has used the following rates to provide depreciation on its fixed assets:

	Rates (SLM)
Office Buildings	1.63%
Plant and Equipments [Telecine Equipments]	7.07%
Plant and Equipments [Data Processing Equip.]	16.21%
Plant and Equipments [Others]	4.75%
Furniture and Fixtures	6.33%
Motor Vehicles	9.50%

e) Intangible assets

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.

	Rates (SLM)
Computer Software	16.21%

f) Borrowing costs

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 Statement of 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.

h) Investments

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

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at cost. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

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

i) **Inventories**

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.

Raw Stock, Digital Video Discs/Compact Discs stock are stated at lower of cost or net realisable value.

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.

The borrowing costs directly attributable to a movie/game is capitalised as part of the cost.

j) **Revenue Recognition**

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

Sale of goods

Revenue from sale of goods (ACDs/VCDs/DVDs/ACS/BRDs) is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods; net of returns, trade discounts and rebates. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

Sale of rights

Sale of rights are recognised on the date of entering into agreement for the sale of the same, provided the Censor Certificate is in existence.

Income from services

Revenues from services are recognized when contractual commitments are delivered in full net of returns, trade discounts and rebates. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Interest

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

Dividends

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

Others

Revenues relating to complete Feature Films are recognised in the year of release of feature films.

The cost of drama covering the cost of purchase of copyrights and shooting expenses is expensed out as a certain percentage of total cost.

Revenue pertaining to release of music of film is recognized on the date of its release.

k) Purchase of rights

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.

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.

l) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and deposits with banks.

m) Foreign currency translation

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 Statement of Profit and Loss A/c.

n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the Employees provident fund and Employees pension fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

Gratuity has been accounted on the basis of actuarial valuation and the contribution thereof paid / payable is charged to the Statement of Profit & Loss each year.

Leave encashment benefits have been accounted on the basis of acturial valuation done. The Projected Unit Credit Method as stipulated by AS-15 has been used to determine liability as on 31st March 2013.

o) Income tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

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

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

q) Provisions

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

r) Contingent Liabilities and Contingent Assets

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

Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never realise.

s) Unamortised Expenses - Proposed Share Issue Expenses

The "Unamortised Expenses - Proposed Share Issue Expenses" includes various expenditure incurred by the Company towards proposed fund raising through public issue of equity shares of the Company (IPO). The said amount shall be written-off as per the provisions of the Companies Act, 1956.

Notes

(₹ in lacs), except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 1		
Share Capital		
Authorised Share Capital:		
Equity shares, ₹ 10/- par value		
3,00,00,000 (Previous Year 3,00,00,000) Equity Shares	**3,000.00**	3,000.00
Issued, Subscribed and Paid-up		
Equity shares, ₹ 10/- par value		
1,98,48,904 (Previous Year 1,98,48,904) Equity Shares fully paid up.	**1,984.89**	1,984.89
Total	**1,984.89**	1,984.89

The Company has only one class of shares referred to as equity shares having a par value of ₹10 per share. Each shareholder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of shareholders, except in case of interim dividend. In the event of liquidation, the share holders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

i) The reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number	(₹ in lacs)	Number	(₹ in lacs)
Shares outstanding at the beginning of the year	**1,98,48,904**	**1,984.89**	45,57,080	455.71
Shares Issued during the year				
– For Cash	—	—	4,05,146	40.51
– Bonus	—	—	1,48,86,678	1,488.67
– Pursuant to Scheme of Arrangement	—	—	—	—
Shares outstanding at the end of the year	**1,98,48,904**	**1,984.89**	**1,98,48,904**	**1,984.89**

ii) Details of shareholders holding more than 5% shares:

Name of Shareholder	Equity Shares			
	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr. Raman Maroo	**48,09,520**	**24.23**	48,09,520	24.23
Mr. Atul Maru	**48,09,520**	**24.23**	48,09,520	24.23
Mr. Buddhichand Maroo	**35,75,320**	**18.01**	35,75,320	18.01
Technology and Media Group Pte. Ltd.	**18,22,840**	**9.18**	18,22,840	9.18
Mr. Hiren Gada	**16,40,520**	**8.27**	16,40,520	8.27
Mr. Jai Maroo	**12,34,200**	**6.22**	12,34,200	6.22
Total Shareholding	**1,78,91,920**	**90.14**	**1,78,91,920**	**90.14**

iii) For the period of five years immediately preceding the date as at which the Balance Sheet is prepared :

a) Aggregate number of shares alloted as fully paid-up pursuant to the contracts without payment being received in cash is NIL

b) 1,48,86,678 equity shares were issued as bonus on 29th August, 2011 in the ratio of 3:1 and 41,10372 equity shares were issued as bonus on 26th March, 2011 inthe ratio of 9:1.

c) Aggregate number of shares bought back is NIL

Earnings Per Share (EPS) (₹ in lacs), except as otherwise stated

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in lacs)	**2,468.07**	2,101.76
Weighted Average number of equity shares used as denominator for calculating EPS	**1,98,48,904**	1,97,13,855
Basic and Diluted Earnings per share (Previous Year Restated)	**12.43**	10.66
Face Value per equity share	**10.00**	10.00

Particulars	As at March 31, 2013	As at March 31, 2012
Note 2		
Reserves & Surplus		
a) Capital Reserves on Demerger		
As per last Balance Sheet	—	1,081.32
Less: Utilised / transferred during the year		
Issue of Bonus Shares	—	(1,081.32)
	—	—
b) Securities Premium Account		
As per last Balance Sheet	**4,213.50**	3,061.03
Add : Securities premium credited on Share issue	—	1,559.81
Less : Premium Utilised for Bonus Issue	—	(407.34)
	4,213.50	4,213.50
c) General Reserve		
As per last Balance Sheet	**1,738.40**	1,685.86
Add: Transferred from surplus in Statement of Profit and Loss	**61.70**	52.54
	1,800.10	1,738.40

(₹ in lacs), except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 2 (Contd.)		
d. Surplus		
As per last Balance Sheet	**4,788.16**	2,854.29
(+) Profit for the year	**2,468.07**	2,101.76
Amount available for Appropriation	**7,256.23**	4,956.05
Appropriations:		
(–) Transfer to General reserve	**(61.70)**	(52.54)
(–) Proposed Dividend	**(99.24)**	(99.24)
(–) Tax on Proposed Dividend	**(16.87)**	(16.10)
	7,078.42	4,788.16
Total	**13,092.02**	10,740.07
Note 3		
Long-term borrowings		
(a) Term loans		
From banks		
Secured	**24.23**	513.66
Total	**24.23**	513.66

Nature of Security and terms of repayment for Long Term secured borrowings:

Nature of Security	Terms of Repayment
Term loans from bank amounting to ₹ 24.23 lacs (March 31, 2012 : ₹ 13.66 lacs) is secured by hypothecation of the motor vehicles against which loan has been taken.	Repayable in equal monthly installments commencing as per repayment schedule of the bank.

(₹ in lacs), except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 4		
Deferred Tax Liability		
Related to Fixed Assets	**507.55**	489.99
Deferred Tax Assets		
Disallowances under the Income Tax Act, 1961	**—**	(3.65)
Total	**507.55**	486.34
Note 5		
Long term provisions		
Provision for leave Encashment	**45.30**	48.11
Total	**45.30**	48.11

(₹ in lacs), except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 6		
Short-term borrowings		
(a) Working Capital Loans from Banks (Secured)	**7,583.30**	7,232.25
[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) Bank Overdraft		
Unsecured	**764.27**	579.81
(c) Loans and Advances (Unsecured)	**45.30**	48.11
– Directors	**795.75**	374.30
– Inter Corporate Deposits	**280.00**	12.00
– Related Parties	**248.25**	250.00
– Others	**1,320.00**	320.00
	2,644.00	956.30
Total	**10,991.58**	8,768.36
Note 7		
Trade payables	**898.66**	2,216.55
(refer note no 33 with respect to dues to micro and small enterprises)		
Total	**898.66**	2,216.55

(₹ in lacs), except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 8		
Other current liabilities		
(a) Current Maturities of Long-Term debt (Secured)		
Term Loan from Banks	**19.47**	23.12
(Term loans secured by hypothecation of the motor vehicles)		
(b) Line of Credit / Film Financing		
Secured	**1,200.00**	1,700.00
(Secured by hypothecation of specified negative prints and intellectual property rights, book debts / film negatives, personal guarantee of Directors)		
(c) Creditors for Capital Expenditure	**7.33**	42.68
(d) Interest Accrued and due	**80.28**	77.18
(e) Others*	**568.53**	548.79
*(includes Advance from customers, creditors for expenditure, deposit received, withholding and other taxes payables and other payables)		
Total	**1,875.60**	2,391.76

Nature of Security and terms of repayment for Long Term secured borrowings:

Nature of Security	Terms of Repayment
i) Term loans from bank amounting to ₹ 19.47 lacs (March 31, 2012: ₹ 23.12 lacs) is secured by hypothecation of the motor vehicles against which loan has been taken.	Repayable in equal monthly installments commencing as per repayment schedules of the banks.
ii) Line of Credit from bank amounting to ₹ 1200 lacs (March 31, 2012: ₹ 1,700 lacs) is secured by first charge on specified negative prints and Intellectual property Rights along with personal guarantee of directors.	Repayable by December, 2013.

Particulars	As at March 31, 2013	As at March 31, 2012
Note 9		
Short-term provisions		
(a) Provision for Employee Benefits		
Provision for leave Encashment	**2.39**	2.13
	2.39	2.13
(b) Other Provisions		
Provision for tax (Net of Advance Tax)	**299.42**	—
Proposed Equity Dividend	**99.24**	99.24
Provision for Tax on Proposed Equity Dividend	**16.87**	16.10
Provision for Wealth Tax	**0.96**	1.44
	416.49	116.78
Total	**418.89**	118.91

(₹ in lacs), except as otherwise stated

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.2012	Additions	Deductions	As on 31.03.2013	As on 01.04.2012	For the year	Deduc-tions	As on 31.03.2013	As on 31.03.2013	As on 31.03.2012
Note 10 : Fixed Assets										
Tangible Assets										
Office Building*	967.50	—	—	967.50	126.30	15.75	—	142.05	825.45	841.20
Plant & Machinery	3,802.62	128.43	—	3,931.05	1,503.59	207.53	—	1,711.12	2,219.93	2,299.04
Furniture & Fixtures	414.67	0.29	—	414.96	179.99	26.25	—	206.24	208.72	234.68
Motor Vehicle	235.68	46.45	4.15	277.99	86.80	22.92	2.84	106.88	171.11	148.88
Total Tangible Assets (A)	**5,420.48**	**175.17**	**4.15**	**5,591.50**	**1,896.68**	**272.45**	**2.84**	**2,166.30**	**3,425.21**	**3,523.80**
Intangible Assets										
Software	169.96	16.58	—	186.55	80.69	25.64	—	106.33	80.22	89.27
Total In-Tangible Assets (B)	**169.96**	**16.58**	**—**	**186.55**	**80.69**	**25.64**	**—**	**106.33**	**80.22**	**89.27**
Total Assets (A) + (B)	**5,590.44**	**191.75**	**4.15**	**5,778.05**	**1,977.37**	**298.09**	**2.84**	**2,272.63**	**3,505.42**	**3,613.07**
Previous Year										
Tangible Assets	5,051.05	384.44	15.01	5,420.48	1,636.34	271.53	11.19	1,896.68	3,523.80	3,414.71
Intangible Assets	140.03	29.94	—	169.96	57.78	22.91	—	80.69	89.27	82.24
Total Assets (Previous Year)	**5,191.07**	**414.37**	**15.01**	**5,590.44**	**1,694.12**	**294.44**	**11.19**	**1,977.37**	**3,613.07**	**3,496.95**
Intangible assets under development									**13.19**	**6.74**

Particulars	As at March 31, 2013	As at March 31, 2012
Note 11		
Non-current investments		
(a) Trade Investments (valued at cost)		
Unquoted equity instruments		
– **Investment in Subsidiary Companies***		
i) Shemaroo Entertainment INC, USA 200 (Previous Year: 200) Equity shares of no par value	**4.08**	4.08
ii) Shemaroo Entertainment (UK) Private Ltd. 3600 (Previous Year: 3600) Equity shares of GBP 10/- each fully paid-up	**26.88**	26.88
iii) Shemaroo Films Private Limited 1000000 (Previous Year: NIL) Equity shares of ₹ 10/- each fully paid-up *(refer note no 27)	**100.00**	—
– **Investment in Associate Company***		
Vistaas Digital Media Private Limited 45000 (Previous Year: 45000) Equity shares of ₹ 10/- each fully paid-up *(refer note no 27)	**1,061.39**	1,061.39
(b) Other Investments (valued at cost)		
i) 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.	**2.00**	2.00
ii) 20,000 (Previous Year 20,000) Equity shares of ₹ 25/- each fully paid-up of The Shamrao Vithal Co-op. Bank Ltd.	**5.00**	5.00
	7.00	7.00
Total	**1,199.35**	1,099.35
Aggregate amount of unquoted investments	**1,199.35**	1,099.35

(₹ in lacs), except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 12		
Long term loans and advances		
(a) Security Deposit		
Unsecured Considered Good	**75.01**	60.62
	75.01	60.62
(b) Other loans and advances		
Advance Income Tax (Net of Provisions for Taxation)	**—**	285.39
Loans to employees	**7.23**	33.60
Prepaid Expenses	**—**	5.43
	7.23	324.42
Total	**82.24**	385.04
Note 13		
Trade receivables - Non Current		
Unsecured, Considered good	**330.54**	345.54
Total	**330.54**	345.54
Note 14		
Other non-current assets		
Non-Current bank balances	**4.50**	4.50
In Fixed Deposit (Maturity more than 12 months)		
Total	**4.50**	4.50
Note 15		
(a) Copyrights	**13,533.68**	9,491.27
(b) Movies under Production	**906.40**	58.84
(c) DVDs, VCDs & ACDs	**206.67**	141.73
Total	**14,646.74**	9,691.84
Note 16		
Trade receivables - Current		
Unsecured, Considered good unless otherwise stated		
a) More than six months	**689.59**	949.20
b) Other receivables	**6,404.21**	8,001.39
Total	**7,093.80**	8,950.59

(₹ in lacs), except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 17		
Cash and cash equivalents		
(a) Balances with Bank		
On Current Accounts	**66.45**	193.48
(b) Cash on Hand	**22.26**	15.21
(c) Other Balances with Bank		
Deposit with maturity of Less than 12 months but more than 3 months	**10.87**	145.94
Deposit with maturity of more than 12 months	**1.10**	290.55
Total	**100.68**	645.18
Note 18		
Short-term loans and advances		
(a) Loans and advances to related parties		
Unsecured Considered Good (refer note no. 27)	**17.79**	117.79
	17.79	117.79
(b) Other loans and advances		
Withholding and Other Taxes Receivable	**156.61**	83.08
Advances paid for Supply of Goods and Rendering of Services	**2,133.44**	1,915.52
Balance with Customs, Central Excise Authorities	**106.91**	109.69
Advances paid to Others	**—**	11.50
Prepaid Expenses	**85.94**	87.70
Loans to employees	**25.35**	4.94
Loans to Others	**189.53**	71.21
	2,697.77	2,283.65
Total	**2,715.56**	2,401.44
Note 19		
Other current assets		
Unamortised Expenses - Proposed Share Issue Expenses	**146.69**	125.36
Total	**146.69**	125.36

(₹ in lacs), except as otherwise stated

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Note 20		
Revenue from operations		
(a) Sale of Rights	**19,095.32**	15,863.21
(b) Sale of Products	**1,554.08**	1,620.42
(c) Income from Services	**610.74**	530.32
(d) Other Operating Revenue	**71.89**	37.83
Total	**21,332.04**	18,051.78
Note 21		
Other Income		
(a) Interest	**96.10**	111.99
(b) Dividend	**0.90**	0.90
(c) Surrender of Rights	**—**	296.26
(d) Foreign Exchange Fluctuation Gain (net)	**33.54**	88.64
(e) Others	**4.31**	12.73
Total	**134.84**	510.53
Note 22		
Direct Operational Expenses		
(a) Purchases	**16,919.26**	14,212.77
(b) Works Cost	**695.78**	676.18
Total	**17,615.05**	14,888.95
Note 23		
Changes in inventories		
(a) Inventories (at close)	**14,646.74**	9,691.84
(b) Inventories (at commencement)	9,691.84	5,313.06
Total	**(4,954.90)**	(4,378.78)
Note 24		
Employee benefit expense		
Salaries, Bonus and Allowances	**1,519.48**	1,307.95
Contribution to Provident & Other funds	**47.62**	93.19
Staff Welfare Expenses	**26.44**	32.87
Total	**1,593.54**	1,434.02

(₹ in lacs), except as otherwise stated

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Note 25		
Financial costs		
Interest expense		
Borrowings	**1,783.43**	1,808.76
Other Borrowing Costs		
Bank & Other Finance Charges	**33.88**	38.27
Bill Discounting Charges	**13.49**	73.45
Total	**1,830.79**	1,920.47
Note 26		
Other expenses		
Bad debts written off	**31.07**	0.06
Business Development Expenses	**46.76**	43.92
Communication Expenses	**38.01**	36.43
Directors Fees	**4.60**	4.60
Donations	**28.63**	17.30
Electricity Expenses	**114.79**	87.89
Interest on Government Dues	**19.71**	23.07
General Expenses	**211.58**	280.68
Insurance Charges	**49.21**	40.86
Legal, Professional and Consultancy Fees	**215.48**	236.95
Auditors Remuneration	**5.75**	5.00
Rents, Rates and Taxes	**48.23**	38.23
Repairs and Maintenance		
Repairs and maintenance - Buildings	**—**	31.86
Repairs and maintenance - Machinery	**51.32**	57.29
Repairs and maintenance - Others	**90.23**	108.35
Security Charges	**28.71**	25.59
Selling Expenses	**247.04**	345.54
Travelling & Conveyance	**108.38**	113.15
Loss on Sale of Fixed Assets	**0.55**	2.49
Total	**1,340.06**	1,499.25

27. Related party disclosures

a) Names of related parties and description of relationship

Subsidiaries:	Shemaroo Entertainment INC, USA Shemaroo Entertainment (UK) Private Ltd. Shemaroo Films Private Limited
Key Management Personnel:	Mr. Buddhichand Maroo Mr. Raman Maroo Mr. Atul Maru Mr. Jai Maroo Mr. Hiren Gada Mr. Vinod Karani Mr. Hemant Karani Mr. Bipin Dharod Mr. Ketan Maru Mr. Harakhchand Gada Mrs. Kranti Gada Mrs. Smita Maroo Ms. Mansi Maroo
Relatives of Key Management Personnel:	Mrs. Leelaben Maroo (wife of Mr. Buddhichand Maroo) Mrs. Kastur Maroo (wife of Mr. Raman Maroo) Mrs. Sangeeta Maroo (wife of Mr. Atul Maru) Mrs. Radhika Maroo (daughter of Mr. Raman Maroo) Ms. Nirvi Maroo (daughter of Mr. Atul Maru) Ms. Urvi Maroo (daughter of Mr. Atul Maru) Mrs. Madhuri Gada (wife of Mr. Hiren Gada) Mrs. Varsha Karani (wife of Mr. Vinod Karani)
Entities having Common Control:	Atul H. Maru (HUF) Buddhichand H. Maroo (HUF) Raman H. Maroo (HUF) Shemaroo Corporation Sneha Arts Shemaroo Holdings Private Limited Think Walnut Digital Private Limited Technology and Media Group PTE. Ltd.
Associate Company:	Vistaas Digital Media Private Limited

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

(₹ in lacs), except as otherwise stated

Particulars	Subsidiaries as on		Key Management Personnel as on		Relatives of Key Management Personnel as on		Entities having common control as on		Associate Company as on		Total as on	
	Mar 2013	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012
Purchase of Goods & Services	**—**	—	**—**	—	**—**	—	**169.10**	72.24	**35.34**	19.50	**204.44**	91.74
Sneha Arts	**—**	—	**—**	—	**—**	—	**100.00**	38.32	**—**	—	**100.00**	38.32
Think Walnut Digital Private Limited	**—**	—	**—**	—	**—**	—	**69.10**	33.92	**—**	—	**69.10**	33.92
Vistaas Digital Media Private Limited	**—**	—	**—**	—	**—**	—	**—**	—	**35.34**	19.50	**35.34**	19.50
Sale of Goods & Services	**5.22**	9.16	**—**	—	**—**	—	**—**	—	**—**	1.15	**5.22**	10.31
Shemaroo Entertainment (UK) Pvt. Ltd.	**5.22**	9.16	**—**	—	**—**	—	**—**	—	**—**	—	**5.22**	9.16
Vistaas Digital Media Private Limited	**—**	—	**—**	—	**—**	—	**—**	—	**—**	1.15	**—**	1.15
Dividend	**—**	—	**91.14**	91.14	**—**	—	**—**	—	**—**	—	**91.14**	91.14
Atul Maru	**—**	—	**24.05**	24.05	**—**	—	**—**	—	**—**	—	**24.05**	24.05
Bipin Dharod	**—**	—	**0.21**	0.21	**—**	—	**—**	—	**—**	—	**0.21**	0.21
Buddhichand Maroo	**—**	—	**17.88**	17.88	**—**	—	**—**	—	**—**	—	**17.88**	17.88
Harakhchand Gada	**—**	—	**0.16**	0.16	**—**	—	**—**	—	**—**	—	**0.16**	0.16
Hemant Karani	**—**	—	**0.33**	0.33	**—**	—	**—**	—	**—**	—	**0.33**	0.33
Hiren Gada	**—**	—	**8.20**	8.20	**—**	—	**—**	—	**—**	—	**8.20**	8.20
Jai Maroo	**—**	—	**6.17**	6.17	**—**	—	**—**	—	**—**	—	**6.17**	6.17
Ketan Maru	**—**	—	**0.41**	0.41	**—**	—	**—**	—	**—**	—	**0.41**	0.41
Raman Maroo	**—**	—	**24.05**	24.05	**—**	—	**—**	—	**—**	—	**24.05**	24.05
Technology and Media Group PTE. Ltd.	**—**	—	**9.11**	9.11	**—**	—	**—**	—	**—**	—	**9.11**	9.11
Vinod Karani	**—**	—	**0.57**	0.57	**—**	—	**—**	—	**—**	—	**0.57**	0.57

(₹ in lacs), except as otherwise stated

Particulars	Subsidiaries as on		Key Management Personnel as on		Relatives of Key Management Personnel as on		Entities having common control as on		Associate Company as on		Total as on	
	Mar 2013	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012
Salaries	—	—	**143.39**	156.39	**12.07**	10.45	—	—	—	—	**155.46**	166.85
Bipin Dharod	—	—	**18.15**	18.09	—	—	—	—	—	—	**18.15**	18.09
Hemant Karani	—	—	**24.07**	23.98	—	—	—	—	—	—	**24.07**	23.98
Ketan Maroo	—	—	**22.18**	22.02	—	—	—	—	—	—	**22.18**	22.02
Harakhchand Gada	—	—	**11.30**	11.24	—	—	—	—	—	—	**11.30**	11.24
Vinod Karani	—	—	**30.11**	29.88	—	—	—	—	—	—	**30.11**	29.88
Smita Maroo	—	—	**29.51**	29.40	—	—	—	—	—	—	**29.51**	29.40
Mansi Maroo	—	—	**4.49**	4.47	—	—	—	—	—	—	**4.49**	4.47
Madhuri Gada	—	—	—	—	**9.53**	9.50	—	—	—	—	**9.53**	9.50
Nirvi Maru	—	—	—	—	**2.53**	0.95	—	—	—	—	**2.53**	0.95
Kranti Gada	—	—	**3.59**	17.32	—	—	—	—	—	—	**3.59**	17.32
Directors Sitting Fees	—	—	**1.00**	1.40	—	—	—	—	—	—	**1.00**	1.40
Jai Maroo	—	—	**0.20**	0.80	—	—	—	—	—	—	**0.20**	0.80
Buddhichand Maroo	—	—	**0.80**	0.60	—	—	—	—	—	—	**0.80**	0.60
Remuneration to Directors	—	—	**115.21**	**116.20**	—	—	—	—	—	—	**115.21**	**116.20**
Raman Maroo	—	—	**41.50**	42.07	—	—	—	—	—	—	**41.50**	42.07
Atul Maru	—	—	**41.50**	42.07	—	—	—	—	—	—	**41.50**	42.07
Hiren Gada	—	—	**32.21**	32.07	—	—	—	—	—	—	**32.21**	32.07

(₹ in lacs), except as otherwise stated

Particulars	Subsidiaries as on		Key Management Personnel as on		Relatives of Key Management Personnel as on		Entities having common control as on		Associate Company as on		Total as on	
	Mar 2013	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012
Interest Paid (on Loans)	**—**	—	**58.38**	56.39	**—**	—	**29.27**	32.65	**—**	—	**87.65**	89.04
Raman Maroo	**—**	—	**11.90**	3.47	**—**	—	**—**	—	**—**	—	**11.90**	3.47
Atul Maru	**—**	—	**10.92**	21.47	**—**	—	**—**	—	**—**	—	**10.92**	21.47
Hiren Gada	**—**	—	**0.63**	2.38	**—**	—	**—**	—	**—**	—	**0.63**	2.38
Buddhichand Maroo	**—**	—	**19.94**	15.84	**—**	—	**—**	—	**—**	—	**19.94**	15.84
Jai Maroo	**—**	—	**12.66**	11.26	**—**	—	**—**	—	**—**	—	**12.66**	11.26
Smita Maroo	**—**	—	**2.34**	1.97	**—**	—	**—**	—	**—**	—	**2.34**	1.97
Atul H. Maru (HUF)	**—**	—	**—**	—	**—**	—	**4.95**	4.64	**—**	—	**4.95**	4.64
Buddhichand H. Maroo (HUF)	**—**	—	**—**	—	**—**	—	**12.19**	11.53	**—**	—	**12.19**	11.53
Raman H. Maroo (HUF)	**—**	—	**—**	—	**—**	—	**12.13**	16.48	**—**	—	**12.13**	16.48
Loans Given during the year	**8.27**	—	**—**	—	**—**	—	**—**	—	**—**	—	**12.13**	16.48
Shemaroo Entertainment (UK) Pvt. Ltd.	**8.27**	—	**—**	—	**—**	—	**—**	—	**—**	—	**8.27**	—
Loans Taken during the year	**93.16**	—	**1,272.75**	424.00	**—**	—	**29.00**	—	**—**	—	**1,394.91**	424.00
Atul Maru	**—**	—	**659.00**	204.00	**—**	—	**—**	—	**—**	—	**659.00**	204.00
Buddhichand Maroo	**—**	—	**14.00**	40.00	**—**	—	**—**	—	**—**	—	**14.00**	40.00
Jai Maroo	**—**	—	**10.00**	10.00	**—**	—	**—**	—	**—**	—	**10.00**	10.00
Raman Maroo	**—**	—	**578.00**	150.00	**—**	—	**—**	—	**—**	—	**578.00**	150.00
Smita Jai Maroo	**—**	—	**1.75**	20.00	**—**	—	**—**	—	**—**	—	**1.75**	20.00
Atul H. Maru (HUF)	**—**	—	**—**	—	**—**	—	**4.00**	—	**—**	—	**4.00**	—
Buddhichand H. Maroo (HUF)	**—**	—	**—**	—	**—**	—	**10.00**	—	**—**	—	**10.00**	—
Raman H. Maroo (HUF)	**—**	—	**—**	—	**—**	—	**15.00**	—	**—**	—	**15.00**	—
Hiren Gada	**—**	—	**10.00**	—	**—**	—	**—**	—	**—**	—	**10.00**	—
Shemaroo Films Private Limited	**93.16**	—	**—**	—	**—**	—	**—**	—	**—**	—	**93.16**	—

(₹ in lacs), except as otherwise stated

Particulars	Subsidiaries as on		Key Management Personnel as on		Relatives of Key Management Personnel as on		Entities having common control as on		Associate Company as on		Total as on	
	Mar 2013	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012
Investments done during the year	**100.00**	—	**—**	—	**—**	—	**—**	—	**—**	449.20	**100.00**	449.20
Shemaroo Films Private Limited	**100**	—	**—**	—	**—**	—	**—**	—	**—**	—	**100.00**	—
Vistaas Digital Media Private Limited	**—**	—	**—**	—	**—**	—	**—**	—	**—**	449.20	**—**	449.20
Other Income	**—**	—	**—**	296.26	**—**	—	**1.32**	1.32	**—**	—	**1.32**	297.58
Atul Maru	**—**	—	**—**	148.13	**—**	—	**—**	—	**—**	—	**—**	148.13
Raman Maroo	**—**	—	**—**	148.13	**—**	—	**—**	—	**—**	—	**—**	148.13
Shemaroo Corporation	**—**	—	**—**	—	**—**	—	**1.32**	1.32	**—**	—	**1.32**	1.32
Dues from Related Parties	**19.16**	253.82	**14.50**	14.50	**—**	—	**—**	—	**—**	1.03	**33.66**	269.35
Shemaroo Entertainment INC, USA	**1.37**	126.21	**—**	—	**—**	—	**—**	—	**—**	—	**1.37**	126.21
Shemaroo Entertainment (UK) Pvt. Ltd.	**17.79**	127.61	**—**	—	**—**	—	**—**	—	**—**	—	**17.79**	127.61
Vistaas Digital Media Private Limited	**—**	—	**—**	—	**—**	—	**—**	—	**—**	1.03	**—**	1.03
Vinod Karani	**—**	—	**9.50**	9.50							**9.50**	9.50
Ketan Maroo	**—**	—	**5.00**	5.00							**5.00**	5.00
Dues to Related Parties	**—**	—	**858.36**	455.93	**—**	—	**293.43**	290.07	**23.34**	—	**1,175.12**	746.00
Atul Maru	**—**	—	**346.15**	126.62	**—**	—	**—**	—	**—**	—	**346.15**	126.62
Buddhichand Maroo	**—**	—	**170.94**	177.26	**—**	—	**—**	—	**—**	—	**170.94**	177.26
Hiren Gada	**—**	—	**5.56**	7.15	**—**	—	**—**	—	**—**	—	**5.56**	7.15
Jai Maroo	**—**	—	**110.40**	109.14	**—**	—	**—**	—	**—**	—	**110.40**	109.14
Raman Maroo	**—**	—	**207.46**	—	**—**	—	**—**	—	**—**	—	**207.46**	—
Atul H. Maru (HUF)	**—**	—	**—**	—	**—**	—	**42.46**	41.17	**—**	—	**42.46**	41.17
Smita Jai Maroo (Loan)	**—**	—	**17.85**	35.77	**—**	—	**—**	—	**—**	—	**17.85**	35.77
Buddhichand H. Maroo (HUF)	**—**	—	**—**	—	**—**	—	**107.47**	102.38	**—**	—	**107.47**	102.38

(₹ in lacs), except as otherwise stated

Particulars	Subsidiaries as on		Key Management Personnel as on		Relatives of Key Management Personnel as on		Entities having common control as on		Associate Company as on		Total as on	
	Mar 2013	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012
Raman H. Maroo (HUF)	—	—	—	—	—	—	**108.91**	101.84	—	—	**108.91**	101.84
Sneha Arts	—	—	—	—	—	—	**34.59**	38.25	—	—	**34.59**	38.25
Think Walnut Digital Private Limited	—	—	—	—	—	—	—	6.43	—	—	—	6.43
Vistaas Digital Media Private Limited	—	—	—	—	—	—	—	—	**23**	—	**23.34**	—
Personal Guarantees Taken against Bank Loans	—	—	**45,750.00**	82,760.00	—	—	—	—	—	—	**45,750.00**	82,760.00
Atul Maru	—	—	**10,000.00**	21,440.00	—	—	—	—	—	—	**10,000.00**	21,440.00
Buddhichand Maroo	—	—	**8,500.00**	8,500.00	—	—	—	—	—	—	**8,500.00**	8,500.00
Jai Maroo	—	—	**8,500.00**	17,440.00	—	—	—	—	—	—	**8,500.00**	17,440.00
Raman Maroo	—	—	**10,000.00**	21,440.00	—	—	—	—	—	—	**10,000.00**	21,440.00
Hiren Gada	—	—	**8,750.00**	13,940.00	—	—	—	—	—	—	**8,750.00**	13,940.00
Others	—	—	—	—	—	—	—	—	—	—	—	—

(₹ in lacs), except as otherwise stated

Particulars	March 31, 2013	March 31, 2012
28. Value of imports calculated on CIF basis in respect of		
Components and spare parts	**25.01**	9.17
Capital goods	**—**	40.75
	25.01	49.92
29. Expenditure in foreign currency		
Professional fees	**—**	2.19
Royalty	**46.44**	20.68
Purchase of content	**—**	6.26
Dividend	**10.39**	9.11
Directors Sitting Fees	**0.80**	0.40
Others	**81.95**	89.33
	139.58	127.97
30. Net dividend remitted in foreign exchange		
Period to which it relates	**2011-12**	2010-11
Number of non-resident shareholders	**5**	5
Number of equity shares held on which dividend was due	**33,11,620**	33,11,620
Amount remitted	**10.39**	9.11
31. Earnings in foreign currency		
Exports at F.O.B. Value	**1,070.14**	1,022.12
	1,070.14	1,022.12
32. Payment to auditor		
As Auditor:		
Audit fee	**4.50**	4.00
Tax audit fee	**1.25**	1.00
In other capacity:		
Management services	**2.90**	7.50
Other services (certification fees)	**0.40**	0.13
Reimbursement of expenses	**0.63**	0.35
	9.68	12.98

The figures mentioned above are exclusive of Service Tax.

33. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Company has not received any information from the “suppliers” regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 & hence, they have been included under Trade Payables.

34. 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 Short Term Loans & Advances.

35. Gratuity Benefits as per AS 15 (Revised)

(₹ in lacs), except as otherwise stated

Particulars		March 31, 2013	March 31, 2012
I)	**Assumptions as at**		
	Mortality	LIC (1994-96) Ult.	LIC (1994-96) Ult.
	Interest/ Discount rate	8%	8%
	Rate of increase in compensation	**8%**	9%
	Rate of return (expected) on plan assets	9.25%	9.15%
	Employee Attrition Rate(Past Service (PS))	PS: 0 to 42 : 3%	PS: 0 to 42 : 3%
	Expected average remaining service (years)	**17.39**	17.76
II)	**Changes in present value of obligations**		
	PVO (Plan Liability) at beginning of period	**136.05**	85.85
	Interest cost	**10.65**	6.97
	Current Service Cost	**32.87**	33.33
	Past Service Cost - (non vested benefits)	**—**	—
	Past Service Cost - (vested benefits)	**—**	—
	Benefits paid	**(5.76)**	2.55
	Actuarial (Gain) / Loss on Obligation	**(22.61)**	7.36
	PVO at end of period	**151.22**	136.05
III)	**Changes in Fair Value of Plan Assets**		
	Fair Value of Plan assets at Beginning of Period	150.36	45.98
	Expected return on plan assets	13.96	9.22
	Contributions	6.81	106.94
	Benefit paid	(5.76)	2.55
	Actuarial gain / (Loss)on plan assets	0.44	(14.32)
	Fair value of plan assets at end of the Period	165.81	150.36
IV)	**Fair Value of Plan Assets**		
	Fair Value of Plan assets at Beginning of Period	**150.36**	45.98
	Actual Return on Plan Assets	**14.39**	—
	Contributions	**6.81**	106.94
	Benefit paid	**(5.76)**	2.55
	Fair value of plan assets at end of the Period	**165.81**	155.47
	Funded Status (including unrecognised past service cost)	**14.59**	19.42
	Excess of actual over estimated return on Plan Assets	**0.44**	9.22
V)	**Experience History**		
	(Gain)/Loss on obligation due to change in Assumption	**(17.43)**	14.72
	Experience (Gain)/ Loss on obligation	**(5.18)**	(7.37)
	Actuarial Gain/(Loss) on plan assets	**0.44**	(14.32)

(₹ in lacs), except as otherwise stated

Particulars	March 31, 2013	March 31, 2012
VI) Actuarial Gain/(Loss) Recognized		
Actuarial Gain/(Loss) for the period (Obligation)	**22.61**	(7.36)
Actuarial Gain/(Loss) for the period (Plan Assets)	**0.44**	(14.32)
Total Gain/(Loss) for the period	**23.04**	(21.68)
Actuarial Gain/(Loss) recognized for the period	**23.04**	(21.68)
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 and Loss		
PVO at end of period	**151.22**	136.05
Fair value of plan assets at end of the Period	**165.81**	155.47
Funded Status	**14.59**	19.42
Unrecognized Actuarial Gain/(Loss)	**—**	—
Unrecognised Past service Cost- non vested benefits	**—**	—
Net Asset/(Liability) recognized in the balance sheet	**14.59**	19.42
IX) Expense recognized in the Statement of Profit and Loss		
Current Service Cost	**32.87**	33.33
Interest cost	**10.65**	6.97
Past Service Cost - (non vested benefits)	**—**	—
Past Service Cost - (vested benefits)	**—**	—
Unrecognised Past service Cost- non vested benefits	**—**	—
Expected return on plan assets	**(13.96)**	(9.22)
Net Actuarial (Gain)/Loss recognized for the period	**(23.04)**	21.68
Expense recognized in the Statement of Profit and Loss	**6.53**	52.76
X) Movements in the Liability recognized in Balance Sheet		
Opening Net Liability	**(14.31)**	39.87
Expenses as above	**6.53**	52.76
Contribution paid	**(6.81)**	(106.94)
Closing Net Liability	**(14.59)**	(14.31)
XI) Revised Schedule VI		
Current Liability	**—**	(14.31)
Non-Current Liability	**151.22**	150.36

(₹ in lacs), except as otherwise stated

Particulars	March 31, 2013	March 31, 2012
XI. Revised Schedule VI		
Current Liability	—	(14.31)
Non-Current Liability	**151.22**	150.36

	March 31, 2013	March 31, 2012
Contribution to Defined Contribution Plans, recognised as expense, is as under:		
Employer's Contribution to Provident Fund	**38.42**	34.39
Total	**38.42**	34.39

36. Contingent Liabilities

(₹ in lacs), except as otherwise stated

Particulars	March 31, 2013	March 31, 2012
Estimated amount of contracts remaining to be executed on capital account	**5.00**	5.00
Bank Guarantee	**12.00**	5.00
Legal Cases against the company	**180.51**	180.51
Bills of exchange discounted with Bank	—	4,332.19
Total	**197.51**	4,522.70

37. Others

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

As per our report of even date.

For **M. K. Dandeker & Co.**
Chartered Accountants
ICAI FRN: 000679S

K. J. Dandeker
Partner
Membership No.: 18533

Place : Mumbai
Date : 12th June, 2013

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
Date : 12th June, 2013

CONSOLIDATED FINANCIAL

Independent Auditors' Report

On the Consolidated Financial Statements of Shemaroo Entertainment Limited

To the Board of Directors of Shemaroo Entertainment Limited,

Report on the Consolidated Financial Statements:

We have audited the accompanying consolidated financial statements of **Shemaroo Entertainment Limited** (the "Company") and its subsidiaries and its jointly controlled associate company; hereinafter referred to as the "Group" (refer Note 1(i) "Background") to the attached consolidated financial statements, which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

We did not audit the financial statements of one subsidiary included in the consolidated financial statements, which constitute total assets of ₹ 20.02 lacs and net assets of ₹ 6.70 lacs as at 31st March 2013, total revenue of ₹ 147.09 lacs, net profit of ₹ 0.87 lacs and net cash outflows amounting to ₹ 3.96 lacs for the year 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.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the report of the other auditor as on the financial statements / consolidated financial statements of the subsidiaries and associates as noted below, the 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 31st March, 2013;

(b) in the case of the Consolidated Statement of Profit and Loss, 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.

Report on other Legal and Regulatory Requirements

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, 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.

For M. K. DANDEKER & CO.
Chartered Accountants
ICAI FRN.: 000679S

K. J. Dandeker
Partner
Membership No. 18533

Mumbai.
Dated: June 12, 2013

Consolidated Balance Sheet as at 31st March, 2013

(₹ in Lacs)

Particulars	Note	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	**1,984.89**	1,984.89
(b) Reserves and Surplus	2	**12,863.37**	10,624.77
		14,848.26	12,609.66
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	**24.23**	513.66
(b) Deferred tax liability (Net)	4	**507.55**	486.34
(c) Long term provisions	5	**45.30**	48.11
		577.08	1,048.11
(3) Current Liabilities			
(a) Short-term borrowings	6	**10,991.58**	8,768.36
(b) Trade payables	7	**898.66**	2,284.16
(c) Other current liabilities	8	**1,792.59**	2,415.75
(d) Short-term provisions	9	**418.89**	118.91
		14,101.71	13,587.18
Total		**29,527.05**	27,244.94
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		**3,425.61**	3,524.00
(ii) Intangible assets		**80.22**	89.27
(iii) Intangible assets under development		**13.19**	6.74
(b) Non-current investments	11	**879.37**	990.27
(c) Long term loans and advances	12	**94.62**	397.83
(d) Trade Receivables	13	**330.54**	345.54
(e) Other non-current assets	14	**4.50**	4.50
		4,828.05	5,358.15
(2) Current assets			
(a) Inventories	15	**14,646.74**	9,691.84
(b) Trade receivables	16	**7,093.52**	9,125.95
(c) Cash and cash equivalents	17	**112.65**	654.23
(d) Short-term loans and advances	18	**2,699.40**	2,289.40
(e) Other current assets	19	**146.69**	125.36
		24,699.00	21,886.79
Total		**29,527.05**	27,244.94
Significant Accounting Policies **Notes to the Financial Statements**	1 to 31		

As per our report of even date.

For **M. K. Dandeker & Co.**
Chartered Accountants
ICAI FRN: 000679S

K. J. Dandeker
Partner
Membership No.: 18533
Place : Mumbai
Date : 12th June, 2013

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
Date : 12th June, 2013

Consolidated Statement of Profit and Loss for the year ended 31st March, 2013

(₹ in Lacs)

Particulars	Note	For the year ended March 31, 2013	For the year ended March 31, 2012
INCOME			
Revenue from operations	20	**21,473.90**	18,201.11
Other Income	21	**135.02**	510.54
I. Total Revenue		**21,608.92**	18,711.65
EXPENDITURE			
Direct Operational Expenses	22	**17,672.58**	14,927.96
Changes in inventories	23	**(4,954.90)**	(4,378.78)
Employee benefit expense	24	**1,646.75**	1,481.35
Financial costs	25	**1,830.79**	1,926.48
Depreciation	10	**298.21**	294.53
Other expenses	26	**1,373.65**	1,516.44
II. Total Expenses		**17,867.08**	15,767.99
Profit before tax	(I - II)	**3,741.84**	2,943.66
Tax expense:			
(1) Current tax			
– Income Tax		**1,254.00**	938.32
– Wealth Tax		**0.96**	—
Less:- MAT Credit		**—**	(199.34)
(2) Deferred tax	4	**21.22**	36.88
(3) Fringe Benefit Tax		**—**	—
(4) Tax in respect of earlier years		**—**	26.35
Profit for the period		**2,465.66**	2,141.46
Share of Loss in Associate Company		**(110.90)**	(74.09)
Profit for the year after adjusting reserves of Associate		**2,354.76**	2,067.36
Earning per equity share:			
(1) Basic	1	**12.42**	10.86
(2) Diluted	1	**12.42**	10.86
Significant Accounting Policies **Notes to the Financial Statements**	1 to 31		

As per our report of even date.

For **M. K. Dandeker & Co.**
Chartered Accountants
ICAI FRN: 000679S

K. J. Dandeker
Partner
Membership No.: 18533

Place : Mumbai
Date : 12th June, 2013

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
Date : 12th June, 2013

Consolidated Cash Flow Statement for the year ended 31st March, 2013

(₹ in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax	**3,741.84**	2,943.66
Adjustments to reconcile profit before tax to cash provided by operating activities:		
Depreciation & Amortisation expense	**298.21**	294.53
Financial Expenses	**1,830.79**	1,926.48
Interest Income	**(96.10)**	(112.00)
Dividend Income	**(0.90)**	(0.90)
(Profit) / Loss on sale of Tangible Fixed Assets	**0.55**	2.49
Unrealised Foreign Exchange (Gain)/Loss	**41.64**	(54.32)
Provision for Leave Encashment	**(2.55)**	11.25
Liabilities no longer required written back	**2.99**	11.41
Bad Debts written off	**31.07**	0.06
Operating Profit Before Working Capital Changes	**5,847.53**	5,022.66
Adjustments for changes in Working Capital		
Trade & Other Receivables	**1,476.24**	(193.06)
Inventories	**(4,954.90)**	(4,378.78)
Trade & Other Payables	**(1,754.21)**	1,187.72
Cash Generated from Operations	**614.66**	1,638.54
Taxes (Paid) / Rrefund (Net)	**(721.78)**	(183.45)
Cash Flow from Operating Activities	**(107.12)**	1,455.09
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of fixed assets	**0.76**	1.32
Purchase of Fixed assets including Capital WIP and Intangible assets under development	**(198.55)**	(415.76)
(Increase) / Decrease of fixed deposits	**—**	143.80
Dividend Income	**0.90**	0.90
Interest Income	**96.10**	112.00
Investments made in Associate Company	**—**	(449.20)
Cash flow from Investing Activities	**(100.79)**	(606.93)

(₹ in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Shares for cash	—	40.51
Premium collected in cash on issue of Share Capital	—	1,559.81
Increase / (Decrease) of Long term Borrowings	**(489.43)**	(809.19)
Increase / (Decrease) of Short term Borrowings	**2,123.21**	478.54
Dividend Paid	**(99.24)**	(91.14)
Tax on Dividend Paid	**(16.10)**	(15.14)
Financial Expenses	**(1,830.79)**	(1,926.48)
Unamortised Expenses paid towards Fund Raising	**(21.33)**	(125.36)
Cash flow from Finanacing activities	**(333.68)**	(888.44)
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(541.59)**	(40.28)
Cash & Cash Equivalents at the beginning (Refer Note 17)	**654.23**	694.51
Cash & Cash Equivalents at the End (Refer Note 17)	**112.65**	654.23

As per our report of even date.

For **M. K. Dandeker & Co.**
Chartered Accountants
ICAI FRN: 000679S

K. J. Dandeker
Partner
Membership No.: 18533

Place : Mumbai
Date : 12th June, 2013

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
Date : 12th June, 2013

Background

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

The Company has the following subsidiaries/associate company:

Subsidiary/Associate concern	Date of Incorporation	Place of Incorporation	Proportion of effective ownership as on	
			31st Mar 2013	31st Mar 2012
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%
Shemaroo Films Pvt. Ltd Wholly owned Subsidiary	31st October, 2012	India	100%	N.A.
Vistaas Digital Media Private Limited Associate Company		India	50%	50%

1. Significant Accounting Policies

a) Basis of preparation

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 Company (together refered 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 company, 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) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost including related internal costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.

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

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

d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. However, it was not practicable to use uniform accounting policies for depreciation in the case of following subsidiary:

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

e) Intangible assets

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.

f) **Borrowing costs**

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur except Bill Discounting charges which are being carried forward on time proportion basis.

g) **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 Statement of 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.

h) **Investments**

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

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at cost. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

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

i) **Inventories**

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.

Raw Stock, Digital Video Discs/Compact Discs stock are stated at lower of cost or net realisable value.

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.

The borrowing costs directly attributable to a movie/game is capitalised as part of the cost.

j) **Revenue Recognition**

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

Sale of goods

Revenue from sale of goods (ACDs/VCDs/DVDs/ACS/BRDs) is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods; net of returns, trade discounts and rebates. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

Sale of rights

Sale of rights are recognised on the date of entering into agreement for the sale of the same, provided the Censor Certificate is in existence.

Income from services

Revenues from services are recognized when contractual commitments are delivered in full net of returns, trade discounts and rebates. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Interest

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

Dividends

Dividend income is recognized when the company’s right to receive dividend is established by the reporting date.

Others

Revenues relating to complete Feature Films are recognised in the year of release of feature films.

The cost of drama covering the cost of purchase of copyrights and shooting expenses is expensed out as a certain percentage of total cost.

Revenue pertaining to release of music of film is recognized on the date of its release.

k) **Purchase of rights**

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.

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.

l) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and deposits with banks.

m) Foreign currency translation

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 Statement of Profit and Loss A/c.

n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the Employees provident fund and Employees pension fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

Gratuity has been accounted on the basis of actuarial valuation and the contribution thereof paid / payable is charged to the Statement of Profit & Loss Account each year.

Leave encashment benefits have been accounted on the basis of acturial valuation done. The Projected Unit Credit Method as stipulated by AS-15 has been used to determine liability as on 31st March 2013.

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

o) Income tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

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

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

q) Provisions

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

r) Contingent Liabilities and Contingent Assets

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

Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never realise.

s) Unamortised Expenses - Proposed Share Issue Expenses

The "Unamortised Expenses-Proposed Share Issue Expenses" includes various expenditure incurred by the Company towards proposed fund raising through public issue of equity shares of the Company (IPO). The said amount shall be written-off as per the provisions of the Companies Act, 1956.

Notes

(₹ in Lacs) , except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 1		
Share Capital		
Authorised Share Capital:		
Equity shares, ₹ 10/- par value		
3,00,00,000 (Previous Year 3,00,00,000) Equity Shares	**3,000.00**	3,000.00
Issued, Subscribed and Paid-up		
Equity shares, ₹ 10/- par value		
1,98,48,904 (Previous Year 1,98,48,904) Equity Shares fully paid up.	**1,984.89**	1,984.89
Total	**1,984.89**	1,984.89

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10 per share. Each shareholder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of shareholders, except in case of interim dividend. In the event of liquidation, the share holders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

i) The reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number	(₹ in lacs)	Number	(₹ in lacs)
Shares outstanding at the beginning of the year	**1,98,48,904**	1,984.89	45,57,080	455.71
Shares Issued during the year				
– For Cash	—	—	4,05,146	40.51
– Bonus	—	—	1,48,86,678	1,488.67
Shares outstanding at the end of the year	**1,98,48,904**	**1,984.89**	**1,98,48,904**	**1,984.89**

ii) Details of shareholders holding more than 5% shares:

Name of Shareholder	Equity Shares			
	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr. Raman Maroo	**48,09,520**	**24.23**	48,09,520	24.23
Mr. Atul Maru	**48,09,520**	**24.23**	48,09,520	24.23
Mr. Buddhichand Maroo	**35,75,320**	**18.01**	35,75,320	18.01
Technology and Media Group Pte. Ltd.	**18,22,840**	**9.18**	18,22,840	9.18
Mr. Hiren Gada	**16,40,520**	**8.27**	16,40,520	8.27
Mr. Jai Maroo	**12,34,200**	**6.22**	12,34,200	6.22
Total Shareholding	**1,78,91,920**	**90.14**	**1,78,91,920**	**90.14**

iii) For the period of five years immediately preceding the date as at which the Balance Sheet is prepared :

a) Aggregate number of shares alloted as fully paid-up pursuant to the contracts without payment being received in cash is NIL

b) 1,48,86,678 equity shares were issued as bonus on 29th August, 2011 in the ratio of 3:1 and 41,10372 equity shares were issued as bonus on 26th March, 2011 inthe ratio of 9:1.

c) Aggregate number of shares bought back is NIL

Earnings Per Share (EPS)

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in lacs)	**2,465.66**	2,141.66
Weighted Average number of equity shares used as denominator for calculating EPS	**1,98,48,904**	1,97,13,855
Basic and Diluted Earnings per share	**12.42**	10.86
Face Value per equity share	**10.00**	10.00

(₹ in Lacs), except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 2		
Reserves & Surplus		
a) Capital Reserves on Demerger		
As per last Balance Sheet	—	1,081.32
Issue of Bonus Shares	—	(1,081.32)
	—	—
b) Securities Premium Account		
As per last Balance Sheet	**4,213.50**	3,061.03
Add : Securities premium credited on Share issue	—	1,559.81
Less : Premium Utilised for Bonus Issue	—	(407.34)
	4,213.50	4,213.50
c) General Reserve		
As per last Balance Sheet	**1,738.40**	1,685.86
Add: Transferred from surplus in Statement of Profit and Loss	**61.70**	52.54
	1,800.10	1,738.40

(₹ in lacs), except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 2 (Contd.)		
d) Foreign Currency Translation reserve (loss)	**0.79**	0.83
e) Surplus		
As per last Balance Sheet	**4,672.03**	2,772.56
(+) Profit for the year	**2,354.76**	2,067.36
Amount available for Appropriation	**7,026.79**	4,839.92
Appropriations:		
(–) Transfer to General reserve	**(61.70)**	(52.54)
(–) Proposed Dividend	**(99.24)**	(99.24)
(–) Tax on Proposed Dividend	**(16.87)**	(16.10)
	6,848.98	4,672.03
Total	**12,863.37**	10,624.77
Note 3		
Long-term borrowings		
Term loans		
From banks		
Secured	**24.23**	513.66
Total	**24.23**	513.66

Nature of Security and terms of repayment for Long Term secured borrowings:

Nature of Security	Terms of Repayment
Term loans from bank amounting to ₹ 24.22 lacs (March 31, 2012: ₹ 13.66 lacs) is secured by hypothecation of the motor vehicles against which loan has been taken.	Repayable in equal monthly installments commencing as per repayment schedule of the bank.

(₹ in lacs), except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 4		
Deferred tax liability (Net)		
Deferred Tax Liability		
Related to Fixed Assets	**507.55**	489.99
Deferred Tax Assets		
Disallowances under the Income Tax Act, 1961	**—**	(3.65)
Total	**507.55**	486.34

(₹ in lacs), except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 5		
Long term provisions		
Provision for leave Encashment	**45.30**	48.11
Total	**45.30**	48.11
Note 6		
Short-term borrowings		
a) Working Capital Loans from Banks (Secured)	**7,583.30**	7,232.25
[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) Bank Overdraft		
Unsecured	**764.27**	579.81
	764.27	579.81
c) Loans and Advances from (Unsecured)		
– Directors	**795.75**	374.30
– Inter Corporate Deposits	**280.00**	12.00
– Related Parties	**248.25**	250.00
– Others	**1,320.00**	320.00
	2,644.00	956.30
Total	**10,991.58**	8,768.36
Note 7		
Trade payables		
Trade Payables	**898.66**	2,284.16
Total	**898.66**	2,284.16

(₹ in lacs), except as otherwise stated

Particulars		As at March 31, 2013	As at March 31, 2012
Note 8			
Other current liabilities			
a)	**Current Maturities of Long-Term debt (Secured)**		
	Term Loan from Banks	**19.47**	23.12
	(Term loans secured by hypothecation of the motor vehicles)		
b)	**Line of Credit / Film Financing**		
	Secured	**1,200.00**	1,700.00
	(Secured by hypothecation of specified negative prints and intellectual property rights, book debts / film negatives, personal gurantee of Directors)		
c)	**Creditors for Capital Expenditure**	**7.33**	42.68
d)	**Interest Accrued and due**	**80.28**	77.18
e)	**Others***	**485.51**	572.77
	* (includes Advance from customers, creditors for expenditure, deposit received , withholding and other taxes payables and other payables)		
		1,792.59	2,415.75

Nature of Security and terms of repayment for Long Term secured borrowings:

Nature of Security		Terms of Repayment
i)	Term loans from bank amounting to ₹ 19.47 lacs (March 31, 2012: ₹ 23.12 lacs) is secured by hypothecation of the motor vehicles against which loan has been taken.	Repayable in equal monthly installments commencing as per repayment schedules refer from the banks.
ii)	Line of Credit from bank amounting to ₹ 1200 lacs (March 31, 2012: ₹ 1,700 lacs) is secured by first charge on specified negative prints and Intellectual property Rights along with personal guarantee of directors.	Repayable by December, 2013.

(₹ in lacs), except as otherwise stated

Particulars		As at March 31, 2013	As at March 31, 2012
Note 9			
Short-term provisions			
a)	**Provision for Employee Benefits**		
	Provision for leave Encashment	**2.39**	2.13
		2.39	2.13
b)	**Other Provisions**		
	Provision for tax (Net of Advance Tax)	**299.42**	—
	Proposed Equity Dividend	**99.24**	99.24
	Provision for Tax on Proposed Equity Dividend	**16.87**	16.10
	Provision for Wealth Tax	**0.96**	1.44
		416.49	116.78
	Total	**418.89**	118.91

Note 10 : Fixed Assets

(₹ in lacs), except as otherwise stated

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.2012	Additions	Deductions	As on 31.03.2013	As on 01.04.2012	For the year	Deduc-tions	As on 31.03.2013	As on 31.03.2013	As on 31.03.2012
Tangible Assets										
Office Building*	967.50	—	—	967.50	126.30	15.75	—	142.05	825.45	841.20
Plant & Machinery	3,803.07	128.76	—	3,931.82	1,503.83	207.65	—	1,711.48	2,220.34	2,299.24
Furniture & Fixtures	414.67	0.29	—	414.96	179.99	26.25	—	206.24	208.72	234.68
Motor Vehicle	235.68	46.45	4.15	277.99	86.80	22.92	2.84	106.88	171.11	148.88
Total Tangible Assets (A)	**5,420.92**	**175.50**	**4.15**	**5,592.27**	**1,896.93**	**272.57**	**2.84**	**2,166.65**	**3,425.61**	**3,524.00**
Intangible Assets										
Software	169.96	16.58	—	186.55	80.69	25.64	—	106.33	80.22	89.27
Total In-Tangible Assets (B)	**169.96**	**16.58**	**—**	**186.55**	**80.69**	**25.64**	**—**	**106.33**	**80.22**	**89.27**
Total Assets (A) + (B)	**5,590.89**	**192.09**	**4.15**	**5,778.82**	**1,977.62**	**298.21**	**2.84**	**2,272.99**	**3,505.83**	**3,613.27**
Previous Year										
Tangible Assets	5,051.44	384.44	15.01	5,420.92	1,636.47	271.63	11.19	1,896.93	3,524.00	3,414.97
Intangible Assets	140.03	29.94	—	169.96	57.78	22.91	—	80.69	89.27	82.24
Previous Year	**5,191.47**	**414.37**	**15.01**	**5,590.89**	**1,694.25**	**294.53**	**11.19**	**1,977.62**	**3,613.27**	**3,497.21**
Intangible assets under development									**13.19**	**6.74**

*Office Building Inculde ₹ 98,000 (Previous Year ₹ 98,000) in shares of Co-operative Housing Societies with right to hold and use certain area of Buildings.

(₹ in lacs), except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 11		
Non-current investments		
a) Trade Investments (valued at cost)		
Unquoted equity instruments		
– **Investment in Associate Company**		
Vistaas Digital Media Private Limited 45000 (Previous Year: 45000) Equity shares of ₹ 10/- each, fully paid-up	**45.00**	45.00
Add:- Goodwill	**1,016.39**	1,016.39
Less:- Share of Loss	**(189.02)**	(78.12)
Closing Balance as at year end	**872**	983
b) Other Investments (valued at cost)		
i) 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.	**2.00**	2.00
ii) 20,000 (Previous Year 20,000) Equity shares of ₹ 25/- each fully paid-up of The Shamrao Vithal Co-op. Bank Ltd.	**5.00**	5.00
	7.00	7.00
Total	**879.37**	990.27
Aggregate amount of unquoted investments	**879.37**	990.27

(₹ in lacs), except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 12		
Long term loans and advances		
a) Security Deposit		
Unsecured Considered Good	**75.01**	60.62
	75.01	60.62
b) Other loans and advances		
Advance Income Tax (Net of Provisions for Taxation)	—	285.39
Loans to employees	**19.61**	46.39
Prepaid Expenses	—	5.43
	19.61	337.22
Total	**94.62**	397.83
Note 13		
Trade receivables - Non Current		
Unsecured, Considered good	**330.54**	345.54
Total	**330.54**	345.54
Note 14		
Other non-current assets		
Non-Current bank balances	**4.50**	4.50
In Fixed Deposit (Maturity more than 12 months)		
Total	**4.50**	4.50
Note 15		
a) Copyrights	**13,533.68**	9,491.27
b) Movies under Production	**906.40**	58.84
c) DVDs, VCDs & ACDs	**206.67**	141.73
Total	**14,646.74**	9,691.84
Note 16		
Trade receivables - Current		
Unsecured, Considered good unless otherwise stated		
a) More than six months	**690.52**	976.90
b) Other receivables	**6,403.00**	8,149.05
Total	**7,093.52**	9,125.95

(₹ in lacs), except as otherwise stated

Particulars	As at March 31, 2013	As at March 31, 2012
Note 17		
Cash and cash equivalents		
a) Balances with Bank		
On Current Accounts	**74.59**	200.05
Deposit with original maturity of less than three months	**3.83**	2.49
b) Cash on Hand		
c) Other Balances with Bank	**22.26**	15.21
Deposit with maturity of Less than 12 months but more than 3 months	**10.87**	145.94
Deposit with maturity of more than 12 months	**1.10**	290.55
Total	**112.65**	654.23
Note 18		
Short-term loans and advances		
a) Other loans and advances		
Withholding and Other Taxes Receivable	**158.24**	88.84
Advances paid for Supply of Goods and Rendering of Services	**2,133.44**	1,915.52
Balance with Customs, Central Excise Authorities	**106.91**	109.69
Advances paid to Others	**—**	11.50
Prepaid Expenses	**85.94**	87.70
Loans to employees	**25.35**	4.94
Loans to Others	**189.53**	71.21
	2,699.40	2,289.40
Total	**2,699.40**	2,289.40
Note 19		
Other current assets		
Unamortised Expenses - Proposed Share Issue Expenses	**146.69**	125.36
Total	**146.69**	125.36

(₹ in lacs), except as otherwise stated

Particulars		Year ended March 31, 2013	Year ended March 31, 2012
Note 20			
Revenue from operations			
a)	Sale of Rights	**19,095.32**	15,874.33
b)	Sale of Products	**1,695.94**	1,758.63
c)	Income from Services	**610.74**	530.32
d)	Other Operating Revenue	**71.89**	37.83
	Total	**21,473.90**	18,201.11
Note 21			
Other Income			
a)	Interest	**96.10**	112.00
b)	Dividend	**0.90**	0.90
c)	Surender of Keyman Insurance	**—**	296.26
d)	Foreign Exchange Fluctuation Gain (net)	**33.54**	88.64
e)	Others	**4.48**	12.73
	Total	**135.02**	510.54
Note 22			
Direct Operational Expenses			
a)	Purchases	**16,976.80**	14,251.78
b)	Works Cost	**695.78**	676.18
	Total	**17,672.58**	14,927.96
Note 23			
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade			
a)	Inventories (at close)	**14,646.74**	9,691.84
b)	Inventories (at commencement)	**9,691.84**	5,313.06
	Total	**(4,954.90)**	(4,378.78)
Note 24			
Employee benefit expense			
Salaries, Bonus and Allowances		**1,566.14**	1,349.20
Contribution to Provident & Other funds		**53.30**	98.14
Staff Welfare Expenses		**27.31**	34.01
	Total	**1,646.75**	1,481.35

(₹ in lacs), except as otherwise stated

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Note 25		
Financial costs		
Interest expense		
Borrowings	**1,783.43**	1,808.76
Other Borrowing Costs		
Bank & Other Finance Charges	**33.88**	44.28
Bill Discounting Charges	**13.49**	73.45
Total	**1,830.79**	1,926.48
Note 26		
Other expenses		
Bad debts written off	**31.07**	0.06
Business Development Expenses	**46.76**	43.92
Communication Expenses	**41.84**	38.09
Directors Fees	**4.60**	4.60
Donations	**28.63**	17.30
Electricity Expenses	**114.79**	87.89
Interest on Government Dues	**19.71**	23.07
General Expenses	**213.05**	277.21
Insurance Charges	**49.21**	40.86
Legal, Professional and Consultancy Fees	**218.98**	249.20
Auditors Remuneration	**15.37**	12.76
Rents, Rates and Taxes	**48.23**	38.23
Repairs and Maintenance		
Repairs and maintenance - Buildings	**—**	31.86
Repairs and maintenance - Machinery	**51.32**	57.29
Repairs and maintenance - Others	**90.29**	108.35
Security Charges	**28.71**	25.59
Selling Expenses	**257.19**	343.51
Travelling & Conveyance	**111.35**	114.17
Loss on Sale of Fixed Assets	**0.55**	2.49
Miscelleneous expenses written off	**2.00**	—
Total	**1,373.65**	1,516.44

27. Related party disclosures

a) Names of related parties and description of relationship

Key Management Personnel:	Mr. Buddhichand Maroo
	Mr. Raman Maroo
	Mr. Atul Maru
	Mr. Jai Maroo
	Mr. Hiren Gada
	Mr. Vinod Karani
	Mr. Hemant Karani
	Mr. Bipin Dharod
	Mr. Ketan Maru
	Mr. Harakhchand Gada
	Mrs. Kranti Gada
	Mrs. Smita Maroo
	Ms. Mansi Maroo
Entities having Common Control:	Atul H. Maru (HUF)
	Buddhichand H. Maroo (HUF)
	Raman H. Maroo (HUF)
	Shemaroo Corporation
	Sneha Arts
	Shemaroo Holdings Private Limited
	Think Walnut Digital Private Limited
	Technology and Media Group PTE. Ltd.
Associate Company:	Vistaas Digital Media Private Limited

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		Entities having common control as on	
	Mar 2013	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012
Purchase of Goods & Services	**—**	—	**169.10**	72.24	**35.34**	19.50	**204.44**	91.74
Sneha Arts	**—**	—	**100.00**	38.32	**—**	—	**100.00**	38.32
Think Walnut Digital Private Limited	**—**	—	**69.10**	33.92	**—**	—	**69.10**	33.92
Vistaas Digital Media Private Limited	**—**	—	**—**	—	**35.34**	19.50	**35.34**	19.50
Sale of Goods & Services	**—**	—	**—**	—	**—**	1.15	**—**	1.15
Vistaas Digital Media Private Limited	**—**	—	**—**	—	**—**	1.15	**—**	1.15
Remuneration to Directors	**115.21**	116.20	**—**	—	**—**	—	**115.21**	116.20
Raman Maroo	**41.50**	42.07	**—**	—	**—**	—	**41.50**	42.07
Atul Maru	**41.50**	42.07	**—**	—	**—**	—	**41.50**	42.07
Hiren Gada	**32.21**	32.07	**—**	—	**—**	—	**32.21**	32.07
Salaries	**143.39**	156.39	**—**	—	**—**	—	**143.39**	156.39
Bipin Dharod	**18.15**	18.09	**—**	—	**—**	—	**18.15**	18.09
Hemant Karani	**24.07**	23.98	**—**	—	**—**	—	**24.07**	23.98
Ketan Maroo	**22.18**	22.02	**—**	—	**—**	—	**22.18**	22.02
Harakhchand Gada	**11.30**	11.24	**—**	—	**—**	—	**11.30**	11.24
Vinod Karani	**30.11**	29.88	**—**	—	**—**	—	**30.11**	29.88
Kranti Gada	**3.59**	17.32	**—**	—	**—**	—	**3.59**	17.32
Smita Maroo	**29.51**	29.40	**—**	—	**—**	—	**29.51**	29.40
Mansi Maroo	**4.49**	4.47	**—**	—	**—**	—	**4.49**	4.47
Directors Sitting Fees	**1.00**	1.40	**—**	—	**—**	—	**1.00**	1.40
Buddhichand Maroo	**0.20**	0.80	**—**	—	**—**	—	**0.20**	0.80
Jai Maroo	**0.80**	0.60	**—**	—	**—**	—	**0.80**	0.60

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

Particulars	Subsidiaries as on		Key Management Personnel as on		Relatives of Key Management Personnel as on		Entities having common control as on	
	Mar 2013	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012
Interest Paid (on Loans)	**58.38**	56.39	**29.27**	32.65	**—**	—	**87.65**	89.04
Raman Maroo	**11.90**	3.47	**—**	—	**—**	—	**11.90**	3.47
Atul Maru	**10.92**	21.47	**—**	—	**—**	—	**10.92**	21.47
Hiren Gada	**0.63**	2.38	**—**	—	**—**	—	**0.63**	2.38
Buddhichand Maroo	**19.94**	15.84	**—**	—	**—**	—	**19.94**	15.84
Jai Maroo	**12.66**	11.26	**—**	—	**—**	—	**12.66**	11.26
Smita Maroo	**2.34**	1.97	**—**	—	**—**	—	**2.34**	1.97
Atul H. Maru (HUF)	**—**	—	**4.95**	4.64	**—**	—	**4.95**	4.64
Buddhichand H. Maroo (HUF)	**—**	—	**12.19**	11.53	**—**	—	**12.19**	11.53
Raman H. Maroo (HUF)	**—**	—	**12.13**	16.48	**—**	—	**12.13**	16.48
Dividend	**91.14**	91.14	**—**	—	**—**	—	**91.14**	91.14
Mr. Buddhichand Maroo	**17.88**	17.88	**—**	—	**—**	—	**17.88**	17.88
Mr. Raman Maroo	**24.05**	24.05	**—**	—	**—**	—	**24.05**	24.05
Mr. Atul Maru	**24.05**	24.05	**—**	—	**—**	—	**24.05**	24.05
Mr. Jai Maroo	**6.17**	6.17	**—**	—	**—**	—	**6.17**	6.17
Mr. Hiren Gada	**8.20**	8.20	**—**	—	**—**	—	**8.20**	8.20
Mr. Vinod Karani	**0.57**	0.57	**—**	—	**—**	—	**0.57**	0.57
Mr. Hemant Karani	**0.33**	0.33	**—**	—	**—**	—	**0.33**	0.33
Mr. Bipin Dharod	**0.21**	0.21	**—**	—	**—**	—	**0.21**	0.21
Mr. Ketan Maru	**0.41**	0.41	**—**	—	**—**	—	**0.41**	0.41
Mr. Harakhchand Gada	**0.16**	0.16	**—**	—	**—**	—	**0.16**	0.16
Technology and Media Group PTE. Ltd.	**9.11**	9.11	**—**	—	**—**	—	**9.11**	9.11

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

Particulars	Subsidiaries as on		Key Management Personnel as on		Relatives of Key Management Personnel as on		Entities having common control as on	
	Mar 2013	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012
Loans Taken during the year	**1,272.75**	424.00	**29.00**	—	**—**	—	**1,301.75**	424.00
Atul Maru	**659.00**	204.00	**—**	—	**—**	—	**659.00**	204.00
Buddhichand Maroo	**14.00**	40.00	**—**	—	**—**	—	**14.00**	40.00
Jai Maroo	**10.00**	10.00	**—**	—	**—**	—	**10.00**	10.00
Raman Maroo	**578.00**	150.00	**—**	—	**—**	—	**578.00**	150.00
Smita Jai Maroo	**1.75**	20.00					**1.75**	20.00
Atul H. Maru (HUF)	**—**	—	**4.00**	—	**—**	—	**4.00**	—
Buddhichand H. Maroo (HUF)	**—**	—	**10.00**	—	**—**	—	**10.00**	—
Raman H. Maroo (HUF)	**—**	—	**15.00**	—	**—**	—	**15.00**	—
Hiren Gada	**10.00**	—					**10.00**	—
Investments done during the year	**—**	—	**—**	—	**—**	449.20	**—**	449.20
Vistaas Digital Media Private Limited	**—**	—	**—**	—	**—**	449.20	**—**	449.20
Other Income	**—**	296.26	**1.32**	1.32	**—**	—	**1.32**	297.58
Atul Maru	**—**	148.13	**—**	—	**—**	—	**—**	148.13
Raman Maroo	**—**	148.13	**—**	—	**—**	—	**—**	148.13
Shemaroo Corporation	**—**	—	**1.32**	1.32	**—**	—	**1.32**	1.32
Dues from Related Parties	**14.50**	14.50	**—**	—	**—**	1.03	**14.50**	15.53
Vistaas Digital Media Private Limited	**—**	—	**—**	—	**—**	1.03	**—**	1.03
Mr. Vinod Karani	**9.50**	9.50	**—**	—	**—**	—	**9.50**	9.50
Mr. Ketan Maru	**5.00**	5.00	**—**	—	**—**	—	**5.00**	5.00

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

Particulars	Subsidiaries as on		Key Management Personnel as on		Relatives of Key Management Personnel as on		Entities having common control as on	
	Mar 2013	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012	**Mar 2013**	Mar 2012
Dues to Related Parties	**858.36**	455.93	**293.43**	290.07	**23.34**	—	**1,175.12**	746.00
Atul Maru	**346.15**	126.62	**—**	—	**—**	—	**346.15**	126.62
Buddhichand Maroo	**170.94**	177.26	**—**	—	**—**	—	**170.94**	177.26
Hiren Gada	**5.56**	7.15	**—**	—	**—**	—	**5.56**	7.15
Jai Maroo	**110.40**	109.14	**—**	—	**—**	—	**110.40**	109.14
Raman Maroo	**207.46**	—	**—**	—	**—**	—	**207.46**	—
Smita Jai Maroo (Loan)	**17.85**	35.77	**—**	—	**—**	—	**17.85**	35.77
Atul H. Maru (HUF)	**—**	—	**42.46**	41.17	**—**	—	**42.46**	41.17
Buddhichand H. Maroo (HUF)	**—**	—	**107.47**	102.38	**—**	—	**107.47**	102.38
Raman H. Maroo (HUF)	**—**	—	**108.91**	101.84	**—**	—	**108.91**	101.84
Sneha Arts	**—**	—	**34.59**	38.25	**—**	—	**34.59**	38.25
Think Walnut Digital Private Limited	**—**	—	**—**	6.43	**—**	—	**—**	6.43
Vistaas Digital Media Private Limited	**—**	—	**—**	—	**23.34**	—	**23.34**	—
Personal Guarantees taken against Bank Loans	**45,750.00**	82,760.00	**—**	—	**—**	—	**45,750.00**	82,760.00
Atul Maru	**10,000.00**	21,440.00	**—**	—	**—**	—	**10,000.00**	21,440.00
Buddhichand Maroo	**8,500.00**	8,500.00	**—**	—	**—**	—	**8,500.00**	8,500.00
Jai Maroo	**8,500.00**	17,440.00	**—**	—	**—**	—	**8,500.00**	17,440.00
Raman Maroo	**10,000.00**	21,440.00	**—**	—	**—**	—	**10,000.00**	21,440.00
Hiren Gada	**8,750.00**	13,940.00	**—**	—	**—**	—	**8,750.00**	13,940.00
Others	**—**	—	**—**	—	**—**	—	**—**	—

28. Gratuity Benefits as per AS 15 (Revised)

(₹ in lacs), except as otherwise stated

Particulars		March 31, 2013	March 31, 2012
I)	**Assumptions as at**		
	Mortality	**LIC (1994-96) Ult.**	LIC (1994-96) Ult.
	Interest/ Discount rate	**8%**	8%
	Rate of increase in compensation	**8%**	9%
	Rate of return (expected) on plan assets	**9.25%**	9.15%
	Employee Attrition Rate(Past Service (PS))	**PS: 0 to 42 : 3%**	PS: 0 to 42 : 3%
	Expected average remaining service (years)	**17.39**	17.76
II)	**Changes in present value of obligations**		
	PVO (Plan Liability) at beginning of period	**136.05**	85.85
	Interest cost	**10.65**	6.97
	Current Service Cost	**32.87**	33.33
	Past Service Cost - (non vested benefits)	**—**	—
	Past Service Cost - (vested benefits)	**—**	—
	Benefits paid	**(5.76)**	2.55
	Actuarial (Gain)/ Loss on Obligation	**(22.61)**	7.36
	PVO at end of period	**151.22**	136.05
III)	**Changes in Fair Value of Plan Assets**		
	Fair Value of Plan assets at Beginning of period	**150.36**	45.98
	Expected return on plan assets	**13.96**	9.22
	Contributions	**6.81**	106.94
	Benefit paid	**(5.76)**	2.55
	Actuarial gain /(Loss)on plan assets	**0.44**	(14.32)
	Fair value of plan assets at end of the period	**165.81**	150.36
IV)	**Fair Value of Plan Assets**		
	Fair Value of Plan assets at Beginning of period	**150.36**	45.98
	Actual Return on Plan Assets	**14.39**	—
	Contributions	**6.81**	106.94
	Benefit paid	**(5.76)**	2.55
	Fair value of plan assets at end of the period	**165.81**	155.47
	Funded Status (including unrecognised past service cost)	**14.59**	19.42
	Excess of actual over estimated return on Plan Assets	**0.44**	9.22
V)	**Experience History**		
	(Gain)/Loss on obligation due to change in Assumption	**(17.43)**	14.72
	Experience (Gain)/ Loss on obligation	**(5.18)**	(7.37)
	Actuarial Gain/(Loss) on plan assets	**0.44**	(14.32)

(₹ in lacs), except as otherwise stated

Particulars		March 31, 2013	March 31, 2012
VI)	**Actuarial Gain/(Loss) Recognized**		
	Actuarial Gain/(Loss) for the period (Obligation)	**22.61**	(7.36)
	Actuarial Gain/(Loss) for the period (Plan Assets)	**0.44**	(14.32)
	Total Gain/(Loss) for the period	**23.04**	(21.68)
	Actuarial Gain/(Loss) recognized for the period	**23.04**	(21.68)
	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	**151.22**	136.05
	Fair value of plan assets at end of the Period	**165.81**	155.47
	Funded Status	**14.59**	19.42
	Unrecognized Actuarial Gain/(Loss)	**—**	—
	Unrecognised Past service Cost- non vested benefits	**—**	—
	Net Asset/(Liability) recognized in the balance sheet	**14.59**	19.42
IX)	**Expense recognized in the statement of P & L A/C**		
	Current Service Cost	**32.87**	33.33
	Interest cost	**10.65**	6.97
	Past Service Cost - (non vested benefits)	**—**	—
	Past Service Cost - (vested benefits)	**—**	—
	Unrecognised Past service Cost- non vested benefits	**—**	—
	Expected return on plan assets	**(13.96)**	(9.22)
	Net Actuarial (Gain)/Loss recognized for the period	**(23.04)**	21.68
	Expense recognized in the statement of P & L A/C	**6.53**	52.76
X)	**Movements in the Liability recognized in Balance Sheet**		
	Opening Net Liability	**(14.31)**	39.87
	Expenses as above	**6.53**	52.76
	Contribution paid	**(6.81)**	(106.94)
	Closing Net Liability	**(14.59)**	(14.31)
XI)	**Revised Schedule VI**		
	Current Liability	**—**	(14.31)
	Non-Current Liability	**151.22**	150.36

Contribution to Defined Contribution Plans, recognised as expense, is as under:

(₹ in lacs), except as otherwise stated

Particulars	March 31, 2013	March 31, 2012
Employer's Contribution to Provident Fund	**38.42**	34.39
	38.42	34.39

29. The Company has identified "Entertainment" as the only primary reportable business segment. The Company has no geographical segment other than India.

30. Financial Details of Subsidiaries as required by the approval granted under section 212(8) of the Companies Act, 1956 pursuant to General Circular no. 2/2011 dated February 8th, 2011 issued by the Ministry of Corporate Affairs

S. No.	Name of Subsidiary	Reporting Currency	Exchange Rate (in ₹)	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	51.16	5.43	(5.29)	2.60	2.60	—	—	(1.17)	—	(1.17)	NIL
2	Shemaroo Entertainment (Uk) Private Limited	GBP	81.80	29.78	(36.49)	20.02	20.02	—	147.09	0.87	—	0.87	NIL
3	Shemaroo Films Private Limited	INR	1.00	100.00	(2.11)	98.00	98.00	—	—	(2.11)	—	(2.11)	NIL

31. Contingent Liabilities

(₹ in lacs), except as otherwise stated

Particulars	March 31, 2013	March 31, 2012
Estimated amount of contracts remaining to be executed on capital account	**5.00**	5.00
Bank Guarantee	**12.00**	5.00
Legal Cases against the company	**180.51**	180.51
Bills of exchange discounted with Bank	**—**	4,332.19
	197.51	4,522.70

32. Previous year figures

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

As per our report of even date.

For **M. K. Dandeker & Co.**
Chartered Accountants
ICAI FRN: 000679S

K. J. Dandeker
Partner
Membership No.: 18533
Place : Mumbai
Date : 12th June, 2013

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
Date : 12th June, 2013

Notes

Notes

Notes

SHEMAROO ENTERTAINMENT LIMITED