

**SELECT MEDIA HOLDINGS PRIVATE LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009**  
**AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

**SCHEDULE: 13**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Statement of Significant Accounting Policies**

**a) Basis of preparation of financial statements**

These financial statements are prepared under historical cost convention to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956 ('the Act'). Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.

**b) Inventories**

The Company charges to the Profit and Loss Account, the entire cost of acquisition of each movie rights, if such rights are sold for commercial exploitation atleast ninety days before the end of the year. In case the rights are sold within the period of ninety days before the year end, cost is recognized to the extent of revenue recognized and the balance cost is carried forward as inventory and shall be charged to Profit and Loss Account in the next year.

Further where aforesaid rights are not sold before the year end, cost of acquisition of such right is carried forward as inventory, to be charged to Profit and Loss Account in the next year.

**c) Fixed assets and depreciation / amortisation**

Fixed Assets are stated at historical cost less accumulated depreciation.

Depreciation on fixed assets is provided on a written down value basis at rates prescribed in Schedule XIV to the Companies Act, 1956, issued by the Department of Company Affairs. Depreciation on additions and deletions during the year is calculated on pro-rata basis. All assets costing less than Rs. 5,000 are depreciated at 100%.

**d) Software Expenses**

Software obtained initially together with hardware is capitalised along with the cost of hardware and depreciated in the same manner as the hardware. All subsequent purchases of software are treated as revenue expenditure and charged in the year of purchase.

**e) Revenue Recognition**

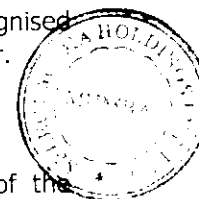
Revenues from music and movie rights are recognised on the commercial exploitation as per the terms of the agreements with the concerned parties.

Recognition of revenues in case of movie rights, to the extent uncertain of recovery till the telecast of the movie are deferred till such event.

Revenue from Mobile enabled services include revenues for grant of licenses/rights relating to tracks and cinematograph films to be embedded on video playback devices. Such revenue is recognised based on the number of devices sold by the customer to end users, as intimated by the customer.

**f) Foreign currency transactions**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. Monetary items denominated in foreign currency as at the Balance Sheet Date are converted at the exchange rates prevailing on that day. Exchange differences are recognised in the Profit and Loss account.



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**SCHEDULE: 13 (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**g) Taxes on Income**

Provision for tax for the year is made on the assessable income at the tax rate applicable to the relevant assessment year.

Provision for Fringe Benefit Tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising from the timing differences are recognised to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**h) 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. The recoverable amount is higher of the asset's net selling price or estimated future cash flows which are discounted to their present value based on appropriate discount rates. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**i) Leases**

Lease rentals in respect of assets taken on operating lease are charged to the Profit and Loss Account in terms of the lease agreement.

**j) Provisions for contingent liabilities**

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

**2. Sundry Creditors**

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

**3.** The Company did not have a whole-time secretary as required under the provisions of section 215 of the Companies Act, 1956. However with effect from March 15, 2009, pursuant to amendment in Companies (Appointment and Qualifications of Secretary) Amendment Rules, 2009 the provisions of appointing a Company Secretary is not applicable to the Company.



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**SCHEDULE: 13 (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**4. Managerial Remuneration**

Particulars	2008-2009 Rupees	2007-2008 Rupees
Salaries and Allowances	17,779,705	6,500,000
Commission	Nil	1,221,746
	<b>20,917,493</b>	<b>7,721,746</b>

**5. Earnings in Foreign Exchange**

Particulars	2008-2009 Rupees	2007-2008 Rupees
Revenue	7,625,200	Nil

**6. Auditors' Remuneration**

Particulars	2008-2009 Rupees	2007-2008 Rupees
Audit Fees	600,000	600,000
Tax audit fees	200,000	Nil
Reimbursement of Out-of-Pocket Expenses	5,777	Nil

7. The Company does not have any contractual / statutory obligation to provide for short term or long term benefits to its employees hence disclosures as required under Accounting Standard 15 (Revised 2005) 'Employee Benefits' have not been made.

**8. Related party disclosure**

Related party disclosure as required by Accounting Standard -18, "Related Party Disclosure", is given below:

**a) Related Party Relationships:**

**i. Parties where common control exists:**

Weekend Media Private Limited  
 Matrix Entertainment Private Limited

**ii. Key Management Personnel**

• Rajnish Khanuja	Managing Director
• Gurucharan Singh Khanuja (resigned w.e.f November 01, 2008)	Director
• Vikrant Rai (From October 01, 2008)	Director
• Nitin Tej Ahuja (From February 01, 2009)	Director

**iii. Relative of Key Management Personnel**

• Ginny Khanuja (wife of Rajnish Khanuja)

**iv. Organisation where Directors have Substantial Interest**

• Rajnish Khanuja HUF



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**SCHEDULE: 13 (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**b) Transactions with related parties during the year:**

**I. With parties where common control exists:**

**Weekend Media Private Limited**

Particulars	For the Year Ended March 31, 2009 (Rupees)	For the Year Ended March 31, 2008 (Rupees)
Interest on Inter Corporate Loan	Nil	218,136
Loan Taken	1,000,000	57,432,300
Loan Repaid	8,800,000	50,635,000
Purchase of Satellite Movie Rights	8,500,000	Nil

**II. With Key Management Personnel**

Particulars	For the Year Ended March 31, 2009 (Rupees)	For the Year Ended March 31, 2008 (Rupees)
Remuneration to :-		
Rajnish Khanuja	16,250,000	6,000,000
Gurucharan Singh Khanuja	291,669	500,000
Nitin Tej Ahuja	833,333	Nil
Vikrant Rai	404,703	Nil
Commission to Rajnish Khanuja	Nil	1,221,746
	<b>17,779,705</b>	<b>7,721,746</b>

**III. With Relative of Key Management Personnel**

Particulars	For the Year Ended March 31, 2009 (Rupees)	For the Year Ended March 31, 2008 (Rupees)
Salary Paid to Ms. Ginny Khanuja	120,000	120,000

**IV. Organisation where Directors have Substantial Interest**

Particulars	For the Year Ended March 31, 2009 (Rupees)	For the Year Ended March 31, 2008 (Rupees)
Rent Paid to Rajnish Khanuja (HUF)	Nil	108,000

**c. Related party balances as at the year end:**

Particulars	For the Year Ended March 31, 2009 (Rupees)	For the Year Ended March 31, 2008 (Rupees)
<b>I) Receivable / (Payable) from/to parties where control exists</b>		

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**SCHEDULE: 13 (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

Inter Corporate Loan	Nil	(7,800,000)
Interest Payable	Nil	(173,200)
Creditors	(33,931)	Nil
<b>Matrix Entertainment Private Limited</b>		
Payable for Purchase of Satellite Movie Rights	(525,000)	(525,000)
<b>IV) Receivable / (Payable) from/to Organisation in which Directors hold substantial interest</b>		
<b>Rajnish Khanuja (HUF)</b>		
Payable towards Office Rent	Nil	(108,000)

**9. Earnings Per Share**

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculated basic and diluted earnings are stated below:

	<b>For the year ended March 31, 2009</b>	<b>For the year ended March 31, 2008</b>
	<b>Rupees</b>	<b>Rupees</b>
Profits after taxation for the year	49,099,329	18,541,337
Weighted average number of shares outstanding during the year (Nos.)	2,000,000	2,000,000
Earnings Per Share (Basic and Diluted)	24.55	9.27
Nominal value of an equity share	10	10

Pursuant to the approval of the Board of Directors at its meeting held on September 30, 2008 and subsequent approval of the shareholders, the Company has issued 1,990,000 bonus shares to all the shareholders of the company in the ratio of 1:19 equity shares of Rs. 10 each by way of capitalisation of sum standing to the credit of free reserves of the Company. The earnings per shares (basic and diluted) has been adjusted accordingly for the previous year also.



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**SCHEDULE: 13 (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**10. Deferred Tax Balances:**

The components of deferred tax liabilities and assets arising on account of timing differences between taxable income and accounting income are as follows :

	<b>For the year ended March 31, 2009</b>	<b>For the year ended March 31, 2008</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>(a) Liabilities</b>		
Depreciation	39,627	4,715
Total	39,627	4,715
<b>(b) Assets</b>		
Expenses Disallowed U/s 40(a)(i)	Nil	404,141
Total	Nil	404,141
<b>Net Deferred Tax (Liability) / Assets</b>	<b>(39,627)</b>	<b>399,426</b>

- 11.** Disclosure in accordance with announcement dated December 2, 2005 issued by the Council of the Institute of Chartered Accountants of India (ICAI) with respect to details of foreign currency balances not hedged:

<b>Particulars</b>	<b>Foreign Currency Denomination</b>	<b>Foreign Currency Amount</b>	<b>Amount Rupees</b>
Assets (Sundry Debtors)	USD	144,444	7,476,421
		(Nil)	(Nil)

Note: Figures in brackets represent figures for the previous year.

The foreign currency outstanding has been translated at the rates of exchange prevailing on the Balance Sheet date in accordance with Accounting Standard 11- 'The effects of Changes in Foreign Exchange Rates (Revised 2003)'.

- 12.** The Company is in the business of exploiting of Movie, music rights and mobile enabled services and is not subject to any license. Hence, the licensed capacity is not disclosed. Further, the nature of the business is such that the installed capacity is not quantifiable. Considering the nature of the Company's business, the information relating to quantitative data has also not been disclosed as such data would not be meaningful.

**13. Other Information**

- a. Information with regard to other matters specified in paragraphs 4A, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 is either Nil or not applicable to the Company for the year ended March 31, 2009.
- b. Refer Annexure for additional information pursuant to Part IV of Schedule VI of the Companies Act, 1956.



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**SCHEDULE: 13 (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

14. Previous year's figures have been regrouped / rearranged wherever necessary to confirm to the current year's classification.

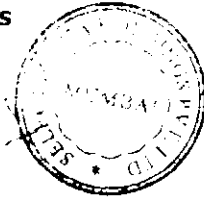
Signatures to Schedules 1 to 13 forming part of the Balance Sheet and Profit and Loss Account.

**For and on behalf of the Board of Directors**

*Uday Shah*  
Uday Shah  
Partner  
Membership No. F-46061  
For and on behalf of  
Price Waterhouse & Co.  
Chartered Accountants

*Rajnish J. Khanuja*  
Rajnish J. Khanuja  
Managing Director

*Nitin Tej Ahuja*  
Nitin Tej Ahuja  
Director



Place: Mumbai  
Date: September 30, 2009

Place: Mumbai  
Date: September 30, 2009

**SELECT MEDIA HOLDINGS PRIVATE LIMITED**  
**ANNEXURE**  
**(Refer Note 14 on Schedule 13)**

**Balance Sheet Abstract and Company's General Business Profile as per Schedule VI, part (IV) of the Companies Act, 1956.**

**(A) Registration Details**

Registration No.	<input type="text" value="146702"/>	State Code	<input type="text" value="11"/>
Balance Sheet Date	<input type="text" value="31/03/2009"/>		

**(B) Capital Raised during the year (Amount in Rs.'000)**

Public issue	<input type="text" value="Nil"/>	Right issue	<input type="text" value="Nil"/>
Bonus issue	<input type="text" value="19,900"/>	Private placement	<input type="text" value="Nil"/>

**(C) Position of Mobilisation and Deployment of Funds (Amount in Rs.'000)**

Total Liabilities	<input type="text" value="662,468"/>	Total Assets	<input type="text" value="662,104"/>
Sources of Funds			
Paid-up Capital	<input type="text" value="20,000"/>	Reserves and Surplus	<input type="text" value="51,546"/>
Secured Loans	<input type="text" value="Nil"/>	Unsecured Loans	<input type="text" value="-"/>
Application of Funds (Rs. '000)			
Net Fixed Assets	<input type="text" value="364"/>	Deferred Tax Asset	<input type="text" value="0"/>
Investments	<input type="text" value="Nil"/>	Net Current Assets	<input type="text" value="71,222"/>
Accumulated Losses	<input type="text" value="Nil"/>	Miscellaneous Expenditure	<input type="text" value="Nil"/>

**(D) Performance of the Company (Amount in Rs.'000)**

Turnover	<input type="text" value="1,267,475"/>	Total Expenditure	<input type="text" value="1,189,060"/>
Profit Before Tax	<input type="text" value="78,415"/>	Profit After Tax	<input type="text" value="49,099"/>
Earnings per Share in Rs.	<input type="text" value="24.55"/>	Dividend rate %	<input type="text" value="Nil"/>

**(E) Generic Names of Three Principal Products / Services of Company**

(As per monetary terms)

Item Code No. (ITC Code)	<input type="text" value="Not Applicable"/>
Product Description	<input type="text" value="Entertainment Activity"/>

**For and on behalf of the Board of Directors**

  
**Rajnish J. Khanuja**  
**Managing Director**

  
**Nitin Tej Ahuja**  
**Director**



Place: Mumbai  
 Date: September 30, 2009

Place: Mumbai  
 Date: September 30, 2009