

# FILMCITY MEDIA LIMITED

## 16TH ANNUAL REPORT

2009 – 2010





## BOARD & OTHER PARTICULARS

### BOARD OF DIRECTORS

<b>Mr. Shatrughana Singh</b>	Chairman & Managing Director
<b>Ms. Ruchika Gupta</b>	Whole time Director
<b>Mr. Mahesh Shah</b>	Director
<b>Mr. Hemant Verma</b>	Director

**COMPANY SECRETARY & COMPLIANCE OFFICER** CS. NIRAV SHAH

**AUDITORS** CA. ASHOK K. JAIN

**COMPANY SECRETARIES  
(In Whole Time Practice)** JAGDISH PATEL & CO.

**BANKERS**

**BANK OF MAHRASHTRA**  
V. SAVARKAR ROAD, PRABHADEVI,  
MUMBAI – 400 025

**THE NORTH KANARA G S B CO. OP. BANK LTD.**  
MAHIM BRANCH, MUMBAI – 400 016.

### REGISTERED OFFICE

**Filmcity Media Limited**  
Filmcity House, 307 Raut Lane, Opposite ISKCON,  
Juhu, Mumbai – 400049  
Tel No.022-67077453  
Fax. No. 022-67077452  
www.filmcitymedia.com  
investors\_complaints@filmcitymedia.com

### REGISTRAR & SHARE TRANSFER AGENT

**Link Intime India Private Limited**  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (West),  
Mumbai – 400078  
Tel No.: 022 – 25963838,  
Fax No.: 022 – 25946969

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### NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of Filmcity Media Limited will be held at Aishwarya Hall, 13 Oshiwara, Link Plaza, Ground Floor, Near Oshiwara Police Station, Mumbai – 400 053 on 27th September, 2010 at 10.00 a.m. to transact following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Balance Sheet as at 31st March 2010 and Profit and Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Ms. Ruchika Gupta, who retires by rotation, and being eligible, offer herself for re-appointment.
3. To appoint Auditors and fix their remuneration.

#### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Shatrughana Singh, who was appointed as Additional Director of the Company by the Board of Directors, who holds office under Section 260 of the companies Act, 1956, until the date of the Annual General Meeting and in the respect of whom the company has received notice in writing under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of a Director, who has given his consent to act as director and declaration in Form DD-A, be and is hereby appointed as a Director of the company liable to retire by rotation.”

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT subject to the provisions of Sections 198, 269 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the appointment of Mr. Shatrughana Singh, to be designated as a Managing Director of the Company for a period of **five** years effective 26th December, 2009 to 25th December, 2014 and no remuneration is being paid”.

By Order of the Board of Directors

Sd/-

Place :- Mumbai  
Date :- 29.05.2010

(Nirav Shah)  
Company Secretary & Compliance Officer

#### NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself, and proxy so appointed need not be a member of the company. In order to be effective, proxy form must be lodged with the company not less than 48 hours before the commencement of the meeting.
2. Explanatory Statements Pursuant to Section 173 (2) of the Companies Act 1956, relating to the special business is annexed herewith.
3. The register of members and the share transfer books of the Company will remain closed from 24.09.2010 to 27.09.2010 (both days inclusive).
4. Members are requested to bring their copy of the Annual Report along with them as copies of the same will not be distributed at the meeting.
5. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.

6. Members/Proxies are requested to produce the Attendance Slip at the entrance of the Hall.
7. Members are requested to intimate change of address, if any, to the company quoting reference to their Registered Folio Number.
8. At the ensuing Annual General Meeting Ms. Ruchika Gupta retires by rotation and being proposed for re-appointment as Director and Mr. Shatrughana Singh is proposed to be appointed as a Director the detail as required under Clause 49 of the Listing Agreement is given as below:

Name	Age	Educational / Qualification	Experience	No. of shares held
Mr. Shatrughana Singh	55	B.Com	35 Years experience in Media and Entertainment.	-
Mr. Ruchika Gupta	26	M.B.A. (Marketing)	6 Years experience in Media and Entertainment.	2500

**By Order of the Board of Directors**

Sd/-

Place :- Mumbai  
Date :- 29.05.2010

(Nirav Shah)  
Company Secretary & Compliance Officer

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACTS, 1956**

**Item No. 4.**

The Board Of Director of the company, at its meeting held on December 26th 2009, appointed Mr. Shatrughana Singh as an Additional Director with effect from December 26th 2009, pursuant of Section 260 of the company act, 1956 and Article No. 115 of the Articles of Association of the Company. The Company has received notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr.Shatrughana Singh for the office of Directorship under the provisions of Section 257 of the Companies Act, 1956.

Also company has received the requisite Form 'DD-A' from Mr. Shatrughana Singh, in the terms of the companies (Disqualification of Directors under Section 274 (1) (g) of the companies Act. 1956) Rules, 2003, confirming his eligibility for such appointment.

Except Mr. Shatrughana Singh, None of the Directors are concerned or interested in this resolution.

**Item No. 5**

Mr. Shatrughana Singh has been involved into media activities. He has published various magazines from time-to-time. In the electronic media, he has been handling the Production and Distribution of various TV programmes successfully. He also started his own highly successful Post Production Studio for TV software. His financial and media experience will be highly valuable for the growth of the company.

His services to the company are very useful / beneficial and therefore the Board recommends to pass this resolution as an ordinary resolution.

The above statement may be treated as an abstract under Section 302 of the Companies Act, 1956.

Except Mr. Shatrughana Singh, None of the Directors are concerned or interested in this resolution.

**By Order of the Board of Directors**

Sd/-

Place :- Mumbai  
Date :- 29.05.2010

(Nirav Shah)  
Company Secretary & Compliance Officer

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Sixteenth Annual Report of the Company together with the Audited Accounts for the financial year ended 31st March, 2010.

### FINANCIAL RESULTS

The financial highlights of the Company, for the year ended is summarised below.

Rs. in Lac

Particulars	For the year ended	
	31st March, 2010	31st March, 2009
Sales and other Income	97.97	207.07
Operating Profit/ (Loss)	32.70	32.04
Depreciation & other write offs	24.54	18.95
Profit/ (loss) before tax	8.16	13.09
Deferred Tax Liability/(Assets)	2.26	(2.08)
Income Tax/ FBT Paid	0.84	1.10
Profit/ (loss) After Tax	5.06	14.07
Add: Prior period Adjustment	-	23.32
Balance of Profit/(Loss)	5.06	37.40
Brought forward from previous year	(1154.67)	(66.75)
Surplus/(deficit) carried to Balance sheet	(1149.61)	(29.35)

### OPERATIONS

The Financial Year (FY) 2009-10 was a very challenging year for the company. The Income is mainly from sale of T.V. serials/ Documentary sale, and the stock of which was received in ready-to-air form on account of merger with Filmcity Communication Technologies Ltd. during the year. Due to the readymade stock the cost of production is almost NIL. Hence, the Operating profit before tax for the current year which is 33.38% is more than double of the previous year's operating profit before tax which is 15.47%. The company is in the process of starting own satellite channel and meanwhile the company has started negotiations with the Distributors.

### DEPOSITS

The Company has not accepted any Deposits from public to which the provisions of Section 58A are applicable.

### SHARE WARRANTS

The company has transferred the amount of Rs. 20,15,000/- to capital reserve on forfeiture of warrants on lapse of 18 months.

### FINANCE

During the year Company has availed finance from The North Kanara G.S.B. Co. op. Bank Ltd

### DIRECTORS

In accordance with the requirements of the Companies Act 1956, Ms. Ruchika Gupta will retire by rotation and, being eligible offered herself for re-appointment, which is proposed in the Notice of the ensuring Annual General Meeting.

Mr. Shatrughana Singh, who is appointed as an Additional Director and whose term of office expires at this Annual General Meeting are proposed to be appointed as Director of the Company.

Mr. Abhishek Palaparthi, Mr. Tilokchand Kothari, Mr. Vijay Pande & Mr. Surendra Gupta have resigned from Directorship during the year.

## AUDITORS

Mr. Ashok K. Jain., Chartered Accountant, the Auditor of the Company, will retire at the conclusion of the ensuing Annual General Meeting and, being eligible; offer themselves for re-appointment to hold the office till the conclusion of the next Annual General Meeting.

The company has received the letter from auditor to the effect that their appointment would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

## PARTICULARS OF EMPLOYEES

None of the employees are paid remuneration exceeding the limit laid down under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

## RESPONSIBILITY STATEMENT

Pursuant to the Section 217 (2AA) of the Companies Act, 1956 your directors confirm:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (ii) That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31.3.2010 and of the Profit or Loss of the Company for that period;
- (iii) That to the best of their knowledge and information, they have taken proper and sufficient care 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; and
- (iv) That they have prepared the annual accounts on a going concern basis.

## CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUT GO

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are not applicable to the Company. There are no transaction involving any foreign exchange earning & outgo.

## CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORTS

As required by the Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange, a detailed Report on the Corporate Governance, along with the certificate of Auditor on its compliance, is attached in this Annual Report elsewhere.

The Company is in full compliance with the requirements and disclosures that have to be made in this regard.

The Management Discussion and Analysis Report is also appearing in this Annual Report elsewhere and both the aforesaid Reports are incorporated as reference herein.

The Board of Directors of the Company adopted a Code of Conduct and posted the same on Web site. The Directors and Senior Management Personnel have affirmed their compliance with the said code.

## AUDIT COMMITTEE

The Audit Committee has been constituted by the Company pursuant to Section 292(A) of the Companies Act, 1956 and under Clause 49 of the Listing Agreement.

## ACKNOWLEDGEMENT

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Banks, Government Authorities, Suppliers, Customers and all the local authorities. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the employee of the company.

For and on behalf of the Board

Sd/-

(Shatrughana Singh)  
Chairman

Place :- Mumbai  
Date :- 29.05.2010

**Corporate Governance**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

The Discussion contained herein is based on certain secondary and primary research reports coupled with the Company's analysis. Thus, there are certain risks associated with these forward looking statements and the Investors are cautioned regarding the same. These statements are also based on the perceived and actual risks, which arise out of Company's growth plans, existing and future projects, availability of qualified and skilled manpower, dependence on certain businesses and other factors.

**INDUSTRY OVERVIEW**

Indian Entertainment and Media (E&M) industry went through a tough phase in the last two years due to the economic slowdown which impacted business in the country. The industry which is dependent on advertising for almost 38% of its revenues was hit due to shrinking advertising budgets of the corporate world. The overall E&M industry size grew from Rs. 579 billion in 2008 to Rs. 587 billion in 2009 at a rate of 1.4% as compared to 12% in 2008.

**OPPORTUNITIES AND THREATS**

**Opportunities:**

The ever evolving technologies in television open more opportunities and challenges. The E&M industry is ready to zoom at a very fast pace catalyzed by many factors like convergence of media, film, digital media and increase in broadband penetration thus helping it to become a front runner. The fact that significant households of India are still without television connectivity highlight the scope of growth in the segment and also Indian content have been accepted globally, mainly in European countries, South East & Middle East countries. This gives the E&M industry international exposure and acceptance in terms of technology, content, markets, etc.

Secondly, Cost of production of Hindi programmes has increased considerably the driving factor being the increasing manpower and 'stars' costs, thereby decreasing the profit margins. On the other hand, the Regional markets give us the opportunity to work at lower cost and thereby giving us higher profit margins.

Hence, Global and Regional are the two mantras that can be adopted in the near future.

**Threats:**

The Threats arise mainly from rising competition, both from General Entertainment channel (GEC) and other niche channels. At the same time there is a sharp increase in cost of production. More MNC competitors entered in E&M Industries with the good financial backup which makes it difficult for domestic companies to create a space for itself in the competition. The competition and the increasing prices may adversely affect our ability to acquire desire programming and artistic talent.

Also Government and Ministry of information and broadcasting (MIB) are tightening the guidelines for E&M Industry.

**OUTLOOK**

The year 2009 continued to show growth in the regional markets and going forward, it is expected that Regionalization is likely to be one of the significant factors driving growth with growing increase in literacy consumption and disposable incomes in Tier 2 & 3 cities. Advertisers are also increasing focus in rural markets due to saturation of urban markets. Demand of regional content is also growing.

**RISK MANAGEMENT**

**A. Internal**

Media Companies are prone to high employee turnover this risk is present in our company, which can affect the productivity & quality of the product, but company will formulate favorable HR policy to retain its good highly efficient employee.

**B. External**

The Company will face competition from other Channels in the Cable distribution Network and Competition from similar Channel in future.

Management Perception: "Health" is a Niche subject and does not fall under the category of a General Entertainment Channel (GEC). Today there is scope in Niche segment as GEC band is saturated. This coupled with awareness about 'Health' in a common man, makes Company confident that in no time this channel will create its own Demand and then Distribution through Cable Network will be more easy, besides going on various DTH platforms from beginning.

**REPORT ON CORPORATE GOVERNANCE**  
(Pursuant to clause 49 of the Listing Agreement)

**1. Company's philosophy on code of Governance**

The Company's Philosophy on Corporate Governance is to conduct its affairs in a manner, which is transparent, clear and evident to those having dealings with or having a stake in the Company, namely shareholders, lenders, creditors and employees. The Company's philosophy on Corporate Governance is thus concerned with the ethics, values and morals of the Company and its directors, who are expected to act in the best interests of the Company and remain accountable to shareholders and other beneficiaries for their action.

**2. Board of Directors**

**Composition of the Board:**

The Chairman of the Company is Executive Director. The Board is well balanced of total 4 Directors out of which 2 (Two) are Executive Director and 2 (Two) are Independent Non Executive Directors.

The composition of the Board as on 31.3.2010, Category of the Directorship and their attendance at the Board Meetings and the last Annual General Meeting, Number of Directorships in other Companies and Memberships and Chairmanship of specified committees is given below.

Name of Director	Category of Directorship	No. of Board Mtgs. Attended	Attendance at the last AGM	Directorship in other Companies Incorporated in India (excluding alternate directorships & directorship in Pvt. Ltd. Companies)	No. of specified Committees (Other than Company) in which Chairman / Member \$		No. of Equity Shares held
					Chairman	Member	
Mr. Surendra Gupta**	E. D.	8	Y	NA	Nil	Nil	34577277
Ms. Ruchika Gupta	E.D.	11	Y	1	Nil	Nil	2500
Mr. Mahesh Shah	I & N.E.D	8	N	1	Nil	Nil	Nil
Mr. Tilokchand Kothari^^	I & N.E.D	8	Y	NA	Nil	Nil	Nil
Mr. Abhishek Palaparthi ***	I & N.E.D	1	N	NA	Nil	Nil	Nil
Mr. Hemant Verma	I & N.E.D	5	N	Nil	Nil	Nil	Nil
Mr. Vijay Pande #	I & N.E.D	3	N	NA	Nil	Nil	Nil
Mr. Shatrughana Singh	E.D.	3	NA	Nil	Nil	Nil	Nil

\*\* Resigned as a Director w.e.f 26.12.2009

\*\*\*Resigned as a Director w.e.f 30.06.2009

^^ Resigned as a Director w.e.f 26.12.2009

# Resigned as a Director w.e.f 31.03.2010

E.D. – Executive Director.

I & N.E.D – Independent & Non-Executive Director,

\$ As required by the existing Clause 49 of the Listing Agreements entered into with the Stock Exchange, only Membership/Chairmanship of the Audit Committee, Remuneration Committee and Investors Grievance Committee of public companies have been considered.

All the Directors have made the requisite disclosures regarding Committee positions held by them in other companies as per Clause 49(I) (C) (iii).

• **Number of Board Meetings held during the year along with the dates of Meetings:**

During the year 2009-2010, Eleven (11) Board Meetings were held as follows:-

April 09 to June 09	July 09 to Sept. 09	Oct. 09 to Dec. 09	Jan. 10 to March 10
01.04.2009	27.07.2009	26.10.2009	27.01.2010
25.04.2009	---	15.12.2009	31.03.2010
01.05.2009	---	26.12.2009	---
16.05.2009	---	---	---
30.06.2009	---	---	---

• **Information placed before the Board of Directors :**

To enable the Board to discharge its responsibilities effectively and take informed decisions, necessary information is made available to the Board as per the Agenda Papers in advance of the Board Meetings.

In addition to matters statutorily required to be placed before the Board of Directors for its approval, all major decisions regarding resource mobilisation, capital expenditure, etc. are considered by the Board. Following information is regularly put up before the Board for its consideration and approval:

- Strategic plan and direction of the Company;
- Annual Business Plan, Sales Budget;
- Quarterly financial Results of the Company;
- Minutes of the meetings of Management Committee, Audit Committee, Shareholders and Investors Grievance Committee of the Board;
- Matters related to significant environmental issues, accidents, if any, etc.;
- Material information from Government bodies, which may have implications on the business of the Company, if any;
- Information on material transactions, which are not in the ordinary course of business;
- Disclosure of material transactions with potential conflict of interest, if any; and
- Compliance with various listing and statutory requirements.

• **Code of Conduct:**

The Board of Directors has laid down the Code of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company. Copy of Code of conduct is available on Company's web site. A declaration signed by Managing Director affirming the compliance of code of conduct by Board Members and senior management executives is also annexed separately in this Annual Report.

**3. Audit Committee**

As per the existing Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange. The Present composition of the Audit Committee is as follows:

Name	Designation	Category
Mr. Hemant Verma	Chairman	Independent and Non Executive Director
Mr. Mahesh Shah	Member	Independent and Non Executive Director
Ms. Ruchika Gupta	Member	Executive Director

The Managing Director and Head of Accounts are permanent invitees to the Audit Committee Meetings. The Statutory Auditor is also invited to attend the Audit Committee Meetings, as and when required.

The powers and role of the Audit Committee are as per Guidelines set out in Clause 49 of the Listing Agreement with the Stock Exchange and the Section 292A of the Companies Act, 1956.

#### Meetings and the attendance during the year

Five (5) meetings of the Audit Committee were held during the year. The attendance of each Member of the Committee is given below:

Name of Director	No. of Mtgs. Attended
Mr. Hemant Verma	1
Mr. Mahesh Shah	5
Mr. Abhishek Palaparthi ***	2
Mr. Surendra Gupta ^^	2
Ms. Ruchika Gupta	1
Mr. Tilokchand Kothari **	4
Mr. Vijay Pande #	1

\*\* Resigned as a Director w.e.f. 26.12.2009

\*\*\* Resigned as a Director w.e.f. 30.06.2009

^^ Resigned as a Director w.e.f. 26.12.2009

# Resigned as a Director w.e.f. 31.03.2010

The Compliance officer was present at all the meetings of the Audit Committee.

The Minutes of the Audit Committee Meetings are noted by the Board of Directors at the Board Meetings.

The Chairman of the Audit Committee was present at the Annual General Meeting held on 30th September, 2009.

#### 4. Shareholders/Investors' Grievance Committee:

The Shareholders/Investors' Grievance Committee was constituted, to attend and redress the Shareholders' and Investors' grievances. The present composition of the Shareholders/Investors' Grievance Committee is as follows:

Name	Designation	Category
Mr. Hemant Verma	Chairman	Independent and Non Executive Director
Mr. Mahesh Shah	Member	Independent and Non Executive Director
Ms. Ruchika Gupta	Member	Executive Director

#### Role of Shareholders/Investors' Grievance Committee:

- Review the existing "Investor Redressal System" and suggest measures for improvement.
- The Investors' Grievance Committee meets to review and to take note of the Compliance Report submitted to the Stock Exchange and Grievances of the shareholders and several meetings were held.
- To look into redressing of Shareholders and Investors Complaints regarding transfer of shares, non receipt of annual Reports etc.

#### Meetings and the attendance during the year

Four (4) meetings of the Shareholders/Investors' Grievance Committee were held during the year. The attendance of each Member of the Committee is given below:

Name of Director	No. of Mtgs. Attended
Mr. Hemant Verma	1
Mr. Mahesh Shah	4
Mr. Abhishek Palaparthi ***	1
Mr. Surendra Gupta ^^	2
Ms. Ruchika Gupta	1
Mr. Tilokchand Kothari **	3
Mr. Vijay Pande #	1

\*\* Resigned as a Director w.e.f. 26.12.2009

\*\*\*Resigned as a Director w.e.f. 30.06.2009

^^ Resigned as a Director w.e.f. 26.12.2009

# Resigned as a Director w.e.f. .31.03.2010

The Compliance officer was present at all the meetings of the Shareholders/Investors' Grievance Committee.

The Minutes of the Shareholders/Investors' Grievance Committee Meetings are noted by the Board of Directors at the Board Meetings.

During the year 2009-2010, 14 complaints were received by the Company including complaints received through SEBI and no complaint was received through Stock Exchange. No complaint is pending to be resolved at the end of the financial year.

## 5. Remuneration Policy

The Remuneration Committee is authorised to decide the remuneration of the Executive Directors. The remuneration structure comprises of Salary & Perquisites. Salary is paid to Executive Directors within the salary grade approved by the Members.

The Details of remuneration paid/payable to Executive Director during the Financial Year 2009-2010 are as under.

Executive Directors	Salary (Rs.)	Perquisite # (Rs.)	Total (Rs.)
Mr. Surendra Gupta^^	6,30,000	NIL	6,30,000
Ms. Ruchika Gupta	6,00,000	NIL	6,00,000
Mr. Shatrughana Singh	NIL	NIL	NIL

^^ Resigned as a Director w.e.f 26.12.2009

## 6. General Body Meetings

The Company held its last three Annual General Meetings as under.

During the Year	Venue/ location	Date and time	Special Resolution Passed
2007-08	Madonna's Galleria, 19 Oshiwara, Link Plaza, Ground Floor, Near Oshiwara Police Station, Mumbai 400053	28th September, 2007 at 12.30 p.m.	5
2008-09	Madonna's Galleria, 19 Oshiwara, Link Plaza, Ground Floor, Near Oshiwara Police Station, Mumbai 400053	24th September, 2008 at 4.00 p.m.	1
2009-10	Aishwarya Hall, 13 Oshiwara, Link Plaza, Ground Floor, Near Oshiwara Police Station, Mumbai 400053	30th September, 2009 at 11.00 a.m.	0

No Special Resolutions requiring a postal ballot is being proposed at the ensuing Annual General Meeting.

## 7. Disclosure

There were transactions between the Company and other companies in which its Directors who are Promoters are interested, however, the nature and volume of transaction was not of material nature that may not have potential conflict with the interest of the Company. The Register of Contracts containing transactions, in which Directors are interested, have been placed before the Board regularly.

Transactions with the related parties, as per requirements of Accounting Standard 18, are disclosed elsewhere in this Annual Report.

During the last three years, there has been no instance of non-compliance by the Company on any matter related to capital market. Hence, there were no strictures or penalties imposed either by SEBI or by the Stock Exchange or any statutory authority for non-compliance of any matter related to the capital market.

## 8. Implementation of Code of Conduct for Insider Trading

**FILMCITY MEDIA LIMITED** has adopted Code of Conduct for Insider Trading and is based on the SEBI framework and is stringent than the statutory code being enforced by the SEBI. **FILMCITY MEDIA LIMITED** follows strict guidelines in respect of insiders' stock trading and related disclosures. Company Secretary is

designated as the Compliance Officer to over see its implementation. Periodic disclosures have been obtained from all the Directors and 'designated employees'. Under the aforesaid code, all Directors and Designated Employees are required to conduct all their dealing in securities of the Company only in valid trading window after obtaining pre clearance form the Company as per the pre dealing procedure described in the Code.

#### **9. Secretarial Audit for reconciliation of Capital**

As stipulated by SEBI, a Compliance officer carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange as well as placed before the Board of Directors. The audit confirms that the total Listed and paid up capital is in agreement with the aggregate of the total number of Shares in dematerialised form (held by NSDL and CDSL) and total number of Shares in physical form.

#### **10. Means of Communication with Shareholders**

**Half Yearly Report sent to each of Shareholders** : As the Financial results of the Company are published in the newspaper and press release is issued in leading newspapers, a separate half-yearly report is not sent to each shareholder.

**Quarterly Results** : The quarterly results of the Company are published in accordance with the requirements of the Listing Agreement of the stock Exchange, Mumbai.

**News papers in which results are normally published** : 1. Free Press Journal (English)  
2. Navshakti (Marathi)

**Web site** : www.filmcitymedia.com

**E –mail:** : investors\_complaints@filmcitymedia.com

**Registered Office** : Filmcity House, 307, Raut Lane, Near ISKCON Temple, Juhu, Mumbai 400 049.

**Administrative Office** : A-9, Shree Siddhivinayak Plaza, 3rd Floor, Plot No. B-31, Andheri (west), Mumbai- 400 053.

**Telephone No.** : 022 – 67077453

**Fax No.** : 022 – 67077452

**Whether Management Discussions and Analysis report is a part of Annual report or not General Shareholders' Information** : Yes

#### **16TH ANNUAL GENERAL MEETING**

**Date & Time** : 27th September, 2010, at 10.00 a.m.

**Venue** : Aishwarya Hall, 13 Oshiwara, Link Plaza, Ground Floor, Near Oshiwara Police Station, Mumbai 400053

#### **FINANCIAL CALENDARS (TENTATIVE)**

**Financial Reporting for the quarter ended 30th June, 2010** : Second-Week of August 2010

**Financial reporting for the quarter ended 30th September, 2010** : Second Week of November 2010

**Financial reporting for the quarter ended 31st December, 2010** : Second Week of February 2011

**Financial reporting for the quarter ending 31st March, 2011** : Fourth Week of May 2011

**Book Closure Date** : 24.09.2010 to 27.09.2010 ( both days inclusive)

**Registered Office** : Filmcity House, 307, Raut Lane, Opp. ISKCON, Juhu, Mumbai 400 049.

**Share Transfers in physical form and other communication in that regard including share certificates, dividends and change of address etc. may be addressed to**

: Link Intime India Private Limited  
Registrar & Share Transfer Agent  
C-13, Pannalal Silk Mills Compound, L. B. S. Marg,  
Bhandup (W), Mumbai-400078 • Tel No.: 022 -  
25963838 • Fax No.: 022 – 25946969

**Listing on Stock Exchange at**

: Bombay Stock Exchange  
Listing Fees have been paid to (BSE) F.Y.2010 -11

**Company registration No. and State Code**

: 11- 77927

**CIN No**

: L99999MH1994PLC077927

**NSDL & CDSL – ISIN**

: INE600B01025

**Month wise Stock Market Data (BSE) Relating To Equity Shares Of The Company**

Month	Filmcity Media Limited		
	High	Low	Average
April, 2009	0.90	0.49	0.70
May, 2009	0.94	0.69	0.82
June, 2009	1.24	0.78	1.01
July, 2009	1.14	0.77	0.96
August, 2009	1.27	0.81	1.04
September, 2009	1.24	0.91	1.08
October, 2009	1.09	0.89	0.99
November, 2009	1.00	0.70	0.85
December, 2009	0.96	0.59	0.78
January, 2010	0.75	0.50	0.63
February, 2010	0.65	0.50	0.58
March, 2010	0.62	0.38	0.50
Average price per shares up to March 2010			0.83

(Source – www.bseindia.com)

**DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2010.**

No. of Shares held	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Total Shares	
1	500	11925	83.3392	21625576	7.7813
501	1000	1230	8.5960	9850316	3.5443
1001	2000	594	4.1512	8718510	3.1371
2001	3000	192	1.3418	4914819	1.7684
3001	4000	80	0.5591	2880635	1.0365
4001	5000	66	0.4612	3142902	1.1309
5001	10000	110	0.7687	8205813	2.9526
10001 and above		112	0.7827	218579338	78.6489
<b>TOTAL</b>	<b>14309</b>	<b>100</b>	<b>277917909</b>	<b>100.00</b>	
		<b>Physical mode</b>	<b>6856265</b>	<b>2.47</b>	
		<b>Electronic mode</b>	<b>271061644</b>	<b>97.53</b>	
		<b>TOTAL</b>	<b>277917909</b>	<b>100.00</b>	

**CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2010**

Sr. No.	Category	No. of Folios	Total Shares held	% to the Share Capital
1.	Other Bodies Corporate	265	126040131	45.35
2.	Clearing Member	57	6616958	2.38
3.	Foreign Institutional Investors	0	0	0.00
4.	GIC & its subsidiaries	0	0	0.00
5.	Mutual Funds	0	0	0.00
6.	Nationalised Banks	0	0	0.00
7.	Non Nationalised Banks	0	0	0.00
8.	Non Resident Indians	40	633601	0.23
9.	Overseas Corporate Bodies	0	0	0.00
10.	Public	13942	88173572	31.73
11.	Promoters and Directors & their Relatives	5	56453647	20.31
<b>Total</b>		<b>14309</b>	<b>277917909</b>	<b>100.00</b>

Details of Equity Shares Under lock-in period	:	<b>No. of Shares</b> 50,000,000	<b>Period</b> up to 31.08.2012
<b>Dematerialization of shares</b>	:	As on 31st March, 2010 a total of 277,917,909 equity shares constituting 97.53% (i.e. 271,061,644) of the equity share capital of the Company stand dematerialized and balance equity shares constituting 2.47% (i.e. 6,856,265) shares are in physical mode.	
<b>Investors' correspondence to be addressed to</b>	:	A-9, Shree Siddhivinayak Plaza, 3rd Floor, Plot No. B-31, Off.Link Road, Oshiwara, Andheri (W), Mumbai – 400 053.	
<b>Telephone</b>	:	022 - 67077453	
<b>Fax</b>	:	022 - 67077452	

#### **DECLARATION**

As provided under Clause 49 of the Listing Agreement with the Stock Exchange(s), it is hereby declared that all the board members and senior management personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31.3.2010.

**For and on behalf of the Board**

**Sd/-**

**(Shatrughana Singh)**  
**Chairman**

**Place :- Mumbai**  
**Date :- 29.05.2010**

#### **CERTIFICATE**

To The Members

FILMCITY MEDIA LIMITED

We have examined the compliance of the conditions of Corporate Governance by FILMCITY MEDIA LIMITED for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

**for Ashok K. Jain**  
**Chartered Accountants**

**Sd/-**

**(Ashok K. Jain)**  
**Proprietor**  
**M. No. 36120**

**Place :- Mumbai**  
**Date :- 29.05.2010**

**AUDITORS' REPORT**

TO THE MEMBERS OF FILMCITY MEDIA LIMITED

We have audited the attached Balance Sheet of Filmcity Media Limited, as at 31st March, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date which we have signed under reference to this report.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-Section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 March 31, 2010; and
  - (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
  - (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

**for Ashok K. Jain**  
**Chartered Accountants**

Sd/-

**(Ashok K. Jain)**  
**Proprietor**  
**M. No. 36120**

**Place :- Mumbai**  
**Date :- 29.05.2010**

### ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date to the members of Filmcity Media Ltd on the accounts for the Period ended 31st March, 2010).

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) During the year physical verification of Fixed Assets was carried out by the management as per its programme, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. As informed to us no material discrepancies were noticed between book records and physical inventory;
- (c) During the year, the company has not disposed off any major part of Fixed Assets.
- ii. (a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) 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) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
- iii. (a) (i) During the year under audit the company has taken loans from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. No. of party 2 (Two) and amount of Loan Rs. 317876/-
- (ii) The rate of Interest and other terms and conditions of such Loans are in our opinion prima facie not prejudicial to the interest of the Company.
- (iii) There is no Schedule of repayment of Principal and interest payment so we cannot offer any comment.
- (b) (i) During the year under audit the company has not granted loans to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- iv. 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 with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- v. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are transactions that need to be entered in to the register maintained under Section 301, have been so entered.
- (b) In our opinion and according to the information and explanations given to us. The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The company has not accepted any deposits from the public during the year 2009-10.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. As informed to us the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the activities of the company.
- ix. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, Income tax, Sales tax, Wealth tax, Custom duty, Excise duty, Cess and other statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts in respect of income tax, wealth tax, sales tax, custom duty and excise duty were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us by the management no disputed amount is payable in case of Sale tax, Income Tax, Custom duty, Excise duty, Cess.
- x. Company's accumulated losses are less than 50% of its net worth and company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
  - xi. As informed to us the Company has not defaulted in repayment of dues to any financial institution, Bank or debenture holders.
  - xii. Based on our examination of documents records and information given by the company, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  - xiii. Provisions of Chit Fund nidhi/mutual benefit fund/societies are not applicable to the company.
  - xiv. The company is not dealing or trading in shares, securities, debentures or other investments' and hence, the related reporting requirement of Para 4 (xiv) are not applicable to the company.
  - xv. The company has not given any guarantee for loans taken by others from bank or financial institutions the terms and conditions whereof are prejudicial to the interest of the company.
  - xvi. The Company has received term loan during the year and has applied for the purposes for which. they were raised.
  - xvii. The company has neither applied short term funds raised for long-term investments nor applied long term funds raised for short-term investments.
  - xviii. The company during the year has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
  - xix. During the period covered by our audit report, the company has not issued debentures.
  - xx. During the period covered by our audit report, the company has not raised any money by public issues.
  - xxi. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

**for Ashok K. Jain**  
**Chartered Accountants**

Sd/-

**(Ashok K. Jain)**  
**Proprietor**  
**M. No. 36120**

**Place :- Mumbai**  
**Date :- 29.05.2010**

**BALANCE SHEET AS AT 31ST MARCH, 2010**

PARTICULARS	SCHEDULE	31/03/2010 Rs.	31/03/2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>A. SHAREHOLDERS FUNDS</b>			
Share Capital	1	277,917,909	276,947,909
Reserves & Surplus	2	6,715,630	1,550,630
<b>B. LOAN FUNDS</b>			
Secured Loans	3	18,491,160	11,969,675
Unsecured Loans	4	317,876	1,838,279
<b>C. DEFERRED TAX LIABILITY</b>			
		6,212,218	3,892,370
		<u>309,654,793</u>	<u>296,198,863</u>
<b>APPLICATION OF FUNDS</b>			
<b>A. FIXED ASSETS</b>			
Gross Block	5	36,181,700	36,133,060
Less : Depreciation		18,025,028	15,670,875
Net Block		<u>18,156,672</u>	<u>20,462,185</u>
<b>B. INVESTMENTS</b>			
	6	772,777	3,072,777
<b>C. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	157,165,860	154,328,960
Sundry Debtors	8	290,251	33,043,094
Cash & Bank Balances	9	377,267	3,341,773
Loans & Advances	10	27,216,660	21,192,455
		<u>185,050,038</u>	<u>211,906,282</u>
Less : Current Liabilities & Provisions			
Sundry Creditors & Provision	11	13,013,077	56,442,997
		<u>172,036,962</u>	<u>155,463,285</u>
<b>D. MISC. EXPENDITURE</b>			
Profit & Loss A/c	12	1,633,568	1,733,568
		<u>117,054,814</u>	<u>115,467,048</u>
		<u>309,654,793</u>	<u>296,198,863</u>
<b>NOTES ON ACCOUNTS</b>	17		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR ASHOK K. JAIN  
CHARTERED ACCOUNTANTS

ASHOK K. JAIN  
PROPRIETOR  
M. No. 36120

PLACE : MUMBAI  
DATED : 29-05-2010

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

SHATRUGHANA SINGH      RUCHIKA GUPTA  
Managing Director      Whole Time Director

NIRAV SHAH  
Company Secretary

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

PARTICULARS	SCHEDULE	31/03/2010	31/03/2009
		Rs.	Rs.
<b>INCOME</b>			
Sales & Other Income	13	9,796,875	20,707,001
Increase/(Decrease) in Stock	14	2,836,900	7,128,741
		<u>12,633,775</u>	<u>27,835,742</u>
<b>EXPENDITURE</b>			
Direct Expenses	15	3,005,380	16,513,274
Administrative Expenses	16	6,358,490	8,118,366
		<u>9,363,870</u>	<u>24,631,640</u>
<b>GROSS PROFIT/(LOSS) BEFORE DEPRECIATION AND WRITE OFFS</b>		3,269,905	3,204,102
Less: (i) Miscellaneous Exp. W/off		100,000	100,000
(ii) Depreciation		2,354,153	1,794,858
<b>Net Profit/(Loss) for the year</b>		815,752	1,309,244
Profit/(Loss) before Tax		815,752	1,309,244
Deferred Tax Liability/(Assets)		226,213	(207,852)
Income Tax Paid		83,670	105,642
FBT Paid		-	4,000
Profit/(Loss) after Tax		505,869	1,407,454
Add : Prior Period Adjustment		-	2,332,243
Balance of Profit/(Loss)		505,869	3,739,697
Add : Brought forward from previous year		(115,467,048)	(6,675,299)
Profit available for appropriation		(114,961,179)	(2,935,602)
Surplus/(Deficit) carried to Balance Sheet		(114,961,179)	(2,935,602)
Earnings per Share (Rs)		0.01	0.01
NOTES TO ACCOUNTS	17		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR ASHOK K. JAIN  
CHARTERED ACCOUNTANTS

ASHOK K. JAIN  
PROPRIETOR  
M. No. 36120

PLACE : MUMBAI  
DATED : 29-05-2010

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

SHATRUGHANA SINGH      RUCHIKA GUPTA  
Managing Director      Whole Time Director

NIRAV SHAH  
Company Secretary

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

PARTICULARS	31/03/2010 Rs.	31/03/2009 Rs.
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
300,000,000 Equity Shares of Rs.1/- each (Previous year 300,000,000 share of Rs.1/- each)	300,000,000	300,000,000
<b>ISSUED SUBSCRIBED &amp; PAID UP</b>		
277,917,909 Equity Shares of Rs.1/- each (Previous year 267,417,909 Equity Shares of Rs.1/- each)	277,917,909	267,417,909
(Previous year Paid up value of Share Warrants 26,000,000 of Rs.1/- each)	-	9,530,000
	<u>277,917,909</u>	<u>276,947,909</u>
<b>Note :</b> Under the scheme of Amalgamation approved by the court 200,000,000 shares of Re.1/- each allotted to existing Shareholders of Filmcity Communication Technologies Ltd. ( Transferor Company) holding 80,000,000 shares in the ratio of 2.5 shares for each shares held, for consideration other than Cash.		
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>		
Share Premium	4,700,630	1,550,630
Capital Reserve	2,015,000	-
	<u>6,715,630</u>	<u>1,550,630</u>
<b>SCHEDULE 3 - SECURED LOANS</b>		
From The North Kanara G.S.B. Co. Op. Bank Ltd.	15,955,453	9,491,819
Bank Overdraft	2,535,707	2,477,856
From The North Kanara G.S.B. Co. Op. Bank Ltd. (Secured against Office Building, Studio Plant & Machinery & Office Exp.)	-	-
	<u>18,491,160</u>	<u>11,969,675</u>
<b>SCHEDULE 4 - UNSECURED LOANS</b>		
S G Software Entertainment Ltd	287,157	-
Mrs. Renu Gupta Loan	30,719	1,838,279
	<u>317,876</u>	<u>1,838,279</u>

**SCHEDULE 5 – FIXED ASSETS AS ON 31/03/2010**

Particulars	Rate	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As at 1/4/2009	Additions/ (Transfer)	As at 31/3/2010	Up to 31/3/2009	During the Year	Up to 31/3/2010	As At 31/3/2010	As at 31/3/2009
<b>A. TANGIBLE ASSETS</b>									
Land	-	8,379,376		8,379,376	-	-	-	8,379,376	8,379,376
Building	3.34%	4,181,672		4,181,672	1,729,825	139,668	1,869,493	2,312,179	2,451,847
Office Equipments	4.71%	2,991,367		2,991,367	2,952,528	38,839	2,991,367	-	38,839
Computer	16.21%	307,671	21,840	329,511	66,080	51,580	117,660	211,851	241,591
Plant & Machinery	7.07%	9,175,184		9,175,184	4,112,879	648,686	4,761,565	4,413,619	5,062,305
Furniture & Fixtures	6.33%	5,751,707		5,751,707	3,914,346	364,083	4,278,429	1,473,278	1,837,361
Electrical Fittings	6.33%	1,065,031		1,065,031	803,124	67,416	870,540	194,491	261,907
Air conditioner	7.07%	156,052	26,800	182,852	29,593	12,631	42,224	140,628	126,459
<b>B. INTANGIBLE ASSETS</b>									
Film & T.V Software Rights	25.00%	4,125,000		4,125,000	2,062,500	1,031,250	3,093,750	1,031,250	2,062,500
<b>TOTAL</b>		36,133,060	48,640	36,181,700	15,670,875	2,354,153	18,025,028	18,156,672	14,462,185
<b>Previous Year</b>		24,656,020	196,915	36,133,060	11,461,593	769,758	15,670,875	14,462,185	20,462,185

	31/03/2010 Rs.	31/03/2009 Rs.
<b>SCHEDULE 6 - INVESTMENTS</b>		
<b>Long Term Investments</b>		
<b>Quoted</b>		
M/S Zee Telefilms Lt 100	144,568	144,568
Zee Telefilms Ltd 100	144,939	144,939
<b>Unquoted</b>		
NGSB 6200+7500	137,000	137,000
Tcom Technologies Ltd 500	296,770	296,770
4950 Shares of North Kanara	49,500	49,500
KGA Securities (I) Ltd	-	2,300,000
	<u>772,777</u>	<u>3,072,777</u>
<b>SCHEDULE 7 - INVENTORIES</b>		
(As taken valued and certified by the management)		
TV Software(Work in Progress)	84,146,660	81,309,760
Stock In Hand Film	12,957,639	12,957,639
Stock In Hand Health Based	9,346,561	9,346,561
Stock In Hand Soap	36,965,000	36,965,000
Stock In Hand Songs	13,750,000	13,750,000
	<u>157,165,860</u>	<u>154,328,960</u>
<b>SCHEDULE 8- SUNDRY DEBTORS</b>		
(Unsecured considered good)		
1. Debts due from Group Companies		
Outstanding for a period exceeding 6 Months	-	-
Other Debtors	-	282,843
2. Other Debtors		
Outstanding for a period exceeding 6 Months	290,251	21,285,251
Other Debtors	-	11,475,000
	<u>290,251</u>	<u>33,043,094</u>
<b>SCHEDULE 9 - CASH &amp; BANK BALANCES</b>		
1. Cash in hand	140,082	502,002
2. With Scheduled Bank in Current/Saving A/c		
a. Axis Bank	38,877	19,824
b. Bank of India	14,427	14,427
c. Bank of Maharashtra	173,855	2,211,782
d. The North Kanara G.S.B.Coop. Bank.	26	583,738
3. Fixed Deposit (Lodged with Bank towards Margin Money for Bank Guarantee)	5,000	5,000
4. Parking Deposits	5,000	5,000
	<u>377,267</u>	<u>3,341,773</u>

	31/03/2010 Rs.	31/03/2009 Rs.
<b>SCHEDULE 10 - LOANS &amp; ADVANCES</b>		
Advances recoverable in cash or in kind/or for values to be received	27,160,000	21,135,795
Deposits	56,660	56,660
	<u>27,216,660</u>	<u>21,192,455</u>
<b>SCHEDULE 11- CURRENT LIABILITIES &amp; PROVISIONS</b>		
A Sundry Creditors( Other than small or Medium enterprises)		
For Goods, Services & Expenses	13,004,866	56,088,402
FBT provision	8,211	9,911
Other Provision	-	344,684
	<u>13,013,077</u>	<u>56,442,997</u>
<b>SCHEDULE 12 - MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Pre-operative Expenses - Export	833,568	833,568
Channel License Fees	900,000	1,000,000
less: written off	- 100,000	- 100,000
	<u>1,633,568</u>	<u>1,733,568</u>
Profit and Loss Account	114,961,179	2,935,602
Less : Difference of excess capital issued on Amalgamation to Transferor Company's Shareholders	-	108,277,202
less: Deferred tax Liability of earlier years	2,093,635	4,254,244
	<u>117,054,814</u>	<u>115,467,048</u>
<b>SCHEDULE 13 - SALES &amp; OTHER INCOME</b>		
Sale of T.V. Serial / Documentary sale	9,780,000	20,700,001
Other Income	16,875	7,000
	<u>9,796,875</u>	<u>20,707,001</u>
<b>SCHEDULE 14- INCREASE/DECREASE IN STOCK</b>		
Opening Stock		
Stock In Hand	-	150,000
Stock In Hand Film	12,957,639	13,000,000
Stock In Hand Health Film	9,346,561	9,348,561
Stock In Hand Soap	36,965,000	36,965,000
Stock In Hand Songs	13,750,000	13,750,000
T.V. Software (WIP)	81,309,760	73,170,897
Paper	-	815,761
	<u>154,328,960</u>	<u>147,200,219</u>
Closing Stock		
Stock In Hand Film	12,957,639	12,957,639
Stock In Hand Health Film	9,346,561	9,346,561
Stock In Hand Soap	36,965,000	36,965,000
Stock In Hand Songs	13,750,000	13,750,000
T.V. Software (WIP)	84,146,660	81,309,760
	<u>157,165,860</u>	<u>154,328,960</u>
<b>Increase/(Decrease)</b>	<u>2,836,900</u>	<u>7,128,741</u>

	31/03/2010 Rs.	31/03/2009 Rs.
<b>SCHEDULE 15- DIRECT EXPENSES</b>		
Serial Shooting Expenses	2,873,325	2,082,824
Web Designing Charges	132,055	30,450
Purchase of Serial	-	14,400,000
	<u>3,005,380</u>	<u>16,513,274</u>
<b>SCHEDULE 16- ADMINISTRATIVE EXPENSES</b>		
Advertisement & Publicity Expenses	64,328	129,614
Bank Charges/Interest	2,709,370	971,277
Conveyance Expenses	86,622	17,114
Postage, Telegram & Telephone	153,535	478,781
Travelling Expenses	273,933	42,509
Salaries (including Directors Remuneration)	1,586,666	1,845,000
Printing & Stationery	171,193	311,842
Electricity Charges	136,790	120,526
Motor Car Expenses	104,683	21,417
Professional Charges	177,637	1,318,449
Repairs & Maintenance		
Building	205,446	171,133
Machinery	40,090	54,896
Others	-	136,512
	<u>245,536</u>	<u>362,541</u>
Auditors Remuneration	64,000	64,000
Donation	13,100	11,255
Rent, Rates & Taxes	85,561	108,647
Membership fee/Subscription	371,903	235,696
Books & Periodicals	26,894	16,196
Staff Welfare Expenses	22,078	6,580
Filing Fees	50,953	1,912,782
Courier Charges	9,511	3,475
Loan Processing Expense	-	133,671
Insurance Expense	4,197	6,994
	<u>6,358,490</u>	<u>8,118,366</u>

## SCHEDULE 17 - NOTE TO ACCOUNTS

### A. ACCOUNTING POLICIES :

#### 1 System of accounting :

- a) The accounts are prepared under the historical cost convention in accordance with generally accepted accounting principles and the provisions of the companies Act, 1956 are adopted consistently by the company.
- b) The company generally follows the mercantile system of Accounting and recognises income and expenditure on accrual basis.

#### 2 Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amount of revenue and expenses for the year. Actual result could differ from these estimates .Any revision to accounting estimates is recognized prospectively in current and future periods.

#### 3 Fixed Assets & Depreciation :

- a) Fixed Assets have been stated at cost less depreciation.
- b) Depreciation on Fixed Assets have been charged on straight line method at rates prescribed in Schedule XIV of the Companies Act, 1956 and in the manner so provided.

#### 4 Impairment Of Assets :

In accordance with AS 28 on 'Impairment of Assets' issued by the Institute of Chartered Accountants of India ,where there is an indication of impairment of the Company's assets related to cash generating units ,the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is recognized whenever the carrying amounts of such assets exceeds its recoverable amount, and impairment loss is recognized in the profit and loss account.

#### 5 Sales :

The Company has accounted gross sales and there is no change.

#### 6 Inventories :

- a) Stock has been valued at Lower of Net Realizable Value and Cost.
- b) The cost of manufacturing of the T.V. Software has been accounted as work in progress, as these software will generate sales (receipts) during the subsequent years.

#### 7 Gratuity :

No provision made for Gratuity during the year.

#### 8 Miscellaneous Expenditure :

- a) Preliminary and Public issue expenses have been amortized over a period of 10 years.
- b) Channel License fees will be amortized over a period of 10 years.

#### 9 Directors' remuneration is within the limit specified in Schedule XIII of the Companies Act, 1956.

#### 10 Income Tax :

No provision for income tax is made during the year due to b/f losses. Deferred tax provision has been made amounting to Rs. 23,19,848/- as per Accounting Standard-22.

**SCHEME OF AMALGAMATION (of Filmcity Communication Technologies Limited (FCTL) with the Company [scheme])**

- 11 Pursuant to the Shareholders approval at the meeting held on 12/02/2009 which was convened as per the Orders of the Hon'ble High Court of Judicature at Bombay (Court) and its Order in Company Petition Nos 150 on 16/02/2009 sanctioning the Scheme, the assets and liabilities of FCTL whose principal business was Production /Trading of TV Softwares were transferred to and vested in the company with effect from the appointed date 31/07/2008 in accordance with the Scheme so sanctioned. The Scheme has, accordingly, been given effect to in the Accounts.
- 12 The amalgamation has been accounted for under the Pooling of Interest Method of Accounting as prescribed by Accounting Standard 14 (AS-14) book issued by the Institute of Chartered Accountants of India. The assets and liabilities of the erstwhile FCTL as at 31/07/2008 have been taken over at their book values.
- 13 Pursuant to the Scheme as approved by the Hon'ble High Court of Judicature at Bombay, referred to in (a) above, the company has allotted necessary 200,000,000.Equity shares of Rs1/- each fully paid to the shareholders of the erstwhile FCTL on 16/05/2009 after the receipt of sanction order from the Court.
- 14 The difference between the value of the net assets acquired on amalgamation and the amount of shares issued to the shareholders of the amalgamation and the amount of shares issued to the shareholders of the amalgamating company FCTL resulting in excess shares issued Rs 120,000,000/-crores which has been accounted for as follows (AS-14.)

Balance of Profit & Loss A/C of Amalgamating Company FCTL	10,467,048
General Reserves	500,000
Capital Reserves	755,750
Balance debited to Profit & Loss A/c	108,277,202
	<b>120,000,000</b>

- 15 Contingent liabilities not provided for - NIL
- 16 Estimated amount of contracts remaining to be executed on capital account and not provided for - NIL
- 17A Auditors' Remuneration

<b>Particulars</b>	<b>31/03/2010</b>
Audit Fees	40,000
Tax Audit fees	15,000
Other Services	9,000
	<b>64,000</b>

- 17B Directors' Remuneration
- 18 Debts/Advances due by/to Companies in which Directors are interested -
- |                                 |              |
|---------------------------------|--------------|
| Saanvi Studioz Ltd.             | 5906290(Cr.) |
| S G Software Entertainment Ltd. | 287157(Cr.)  |
- 19 Expenditure in Foreign Currency
- 20 Value of Import on CIF basis

- 21 Earning of Foreign Exchange on Exports NIL
- 22 Segment Reporting - During the year company's main revenue is from only one segment sale of T.V. serials, Films and Songs. As such there are no other separate reportable segments as specified in Accounting standard (AS-17) "Segment Reporting" of the Institute of Chartered Accountants of India.
- 23 Earnings per Share
- |                                |             |
|--------------------------------|-------------|
| Net Profit/(Loss) for the year | 505,869     |
| Number of Equity Shares        | 277,917,909 |
| Nominal Value of Shares (Rs.)  | 1.00        |
| Earnings per Share (Rs.)       | 0.01        |

24 Related Party Disclosures -

Sr. No.	Name of the Party	Relationship	Transaction During the Year	Amount Rs.	Balance As on 31/03/2010
i)	M/s Saanvi Studioz Ltd.	Controlled by key Managerial Personnel	NIL	-	5906290(Cr.)
ii)	M/s S .G. Software Entertainment Ltd.	Controlled by key Managerial Personnel	NIL	-	287157(Cr.)

25 Quantitative details in respect of opening stock, Production, Purchases, Consumption, Sale & Closing Stock.

Particulars	31/03/2010		31/03/2009	
	Qty	Rs.	Qty	Rs.
Licensed Capacity	N.A.	N.A.		
Installed Capacity	N.A.	N.A.		
Raw Material				
Opening Stock	NIL	NIL	30.00 MT	815,761.00
Purchases	NIL	NIL	NIL	NIL
Sale	NIL	NIL	30.00 MT	815,761.00

- 26 In the opinion of the Board of Directors and to the best of their knowledge and belief the value of realisation of Current Assets, Loans & Advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet. No confirmations are obtained from the Sundry Debtors, Sundry Creditors and those pertaining to loans & advances.
- 27 Previous year's figures have been regrouped / rearranged, where necessary.

Signature of Schedule 1 to 17

AS PER OUR REPORT OF EVEN DATE ATTACHED  
FOR ASHOK K. JAIN  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

ASHOK K. JAIN  
PROPRIETOR  
M. No. 36120

SHATRUGHANA SINGH Managing Director RUCHIKA GUPTA Whole Time Director

PLACE : MUMBAI  
DATED : 29-05-2010

NIRAV SHAH  
Company Secretary

**CASH FLOW STATEMENT PURSUANT TO CLAUSE 32 OF THE LISTING  
AGREEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

PARTICULARS	31/03/2010 Rs.	31/03/2009 Rs.
Net Profit before tax & extra-ordinary items	815,752	1,309,244
Adjustment for :		
Depreciation	2,354,153	1,794,858
Interest Paid	2,695,893	-
Interest earned	-	-
Miscellaneous Expenses W/O	100,000	100,000
Operating Profit before working capital changes	<u>5,965,798</u>	<u>3,204,102</u>
Adjustment for :		
Trade and other receivables	32,752,843	7,850,283
Inventories	(2,836,900)	(7,128,742)
Trade Payables	(43,429,920)	(20,674,927)
Advances Recoverable in Cash or Kind	(6,024,205)	282,589
Income Tax Paid	(83,670)	(835,535)
Prior Period Adjustment		
NET CASH FROM OPERATING ACTIVITIES (A)	<u>(13,656,054)</u>	<u>(17,302,230)</u>
Cash Flow From Investment Activities		
Purchase/Sale of Fixed Assets	(48,640)	(204,048)
Purchase /Sale of Investments	2,300,000	-
NET CASH USED IN INVESTMENT ACTIVITIES (B)	<u>2,251,360</u>	<u>(204,048)</u>
Cash Flow From Financing Activities		
Deposit	-	-
Net Proceeds From Long Term Borrowing	5,001,081	6,298,472
Increase in Share Capital	970,000	13,867,909
Share Premium and Reserve	5,165,000	-
Interest Paid	(2,695,893)	-
Interest earned	-	-
NET CASH USED IN FINANCE ACTIVITIES ( C )	<u>8,440,188</u>	<u>20,166,381</u>
Net Increase in Cash and Cash Equivalent (A+B+C)	<u>(2,964,506)</u>	<u>2,660,103</u>
Cash and Cash Equivalent Opening Balance	3,341,773	681,670
Cash and Cash Equivalent	377,267	3,341,773

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR ASHOK K. JAIN  
CHARTERED ACCOUNTANTS

SHATRUGHANA SINGH      RUCHIKA GUPTA  
Managing Director      Whole Time Director

ASHOK K. JAIN  
PROPRIETOR  
M. No. 36120

NIRAV SHAH  
Company Secretary

PLACE : MUMBAI  
DATED : 29-05-2010

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956.**

		(Amount Rs. in Thousand)		
1. Registration Details	Registration No	: 77927	State Code	: 11
	Balance Sheet Date	: 31/03/2010		
2. Capital Raised during the year. (Amount Rs in Thousand)	Public Issue	: Nil	Right Issue	: Nil
	Bonus Issue	: Nil	Private Placement	: 970
3. Position of Mobilisation and Deployment of Funds (Amount Rs. In Thousand)	Total Liabilities	: 309655	Total Assets	: 309655
	Sources of Funds			
	Paid-up Capital	: 277918	Reserves & Surplus	: 6716
	Secured Loans	: 18491	Unsecured Loans	: 318
	Deffered Tax Liability	: 6212		
	Application of Funds			
	Net Fixed Assets	: 18157	Investments	: 773
	Net Current Assets	: 172037	Misc. Expenditure	: 1634
	Accumulated Losses	: 117055		
	4. Performance of Company. (Amount Rs. In Thousand)	Turnover	: 12634	Total Expenditure
Profit/Loss before Tax		: 816	Profit/Loss after Tax	: 506
Earning Per Share in Rs. :		0.01	Dividend Rate %	: Nil
5. Generic name of Three Principal Products/Services of Company (As per monetary terms)	Item Code No. (ITC Code)	: N.A.		
	Product Description	: Magazines & TV Serials		

AS PER OUR REPORT OF EVEN DATE ATTACHED  
FOR ASHOK K. JAIN  
CHARTERED ACCOUNTANTS

ASHOK K. JAIN  
PROPRIETOR  
M. No. 36120

PLACE : MUMBAI  
DATED : 29-05-2010

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

SHATRUGHANA SINGH Managing Director RUCHIKA GUPTA Whole Time Director

NIRAV SHAH  
Company Secretary

## **FILMCITY MEDIA LIMITED**

**Regd. Office: Filmcity House, 307 Raut Lane, Opposite ISKCON, Juhu, Mumbai – 400049**

### **ATTENDANCE SLIP**

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholder may obtain additional slip on request.

D.P. Id*		Folio No.	
Client Id*		No. of Share /(s) held	
Name of the Shareholder :		Name of the Proxy:	

I hereby record my presence at 16th ANNUAL GENERAL MEETING of the Company held at Aishwarya Hall, 13 Oshiwara, Link Plaza, Ground Floor, Near Oshiwara Police Station, Mumbai – 400 053 on 27th September, 2010 at 10.00 a.m.

SIGNATURE OF THE ATTENDING MEMBER/PROXY

\* Applicable for investors holding shares in electronic form.

## **FILMCITY MEDIA LIMITED**

**Regd. Office: Filmcity House, 307 Raut Lane, Opposite ISKCON, Juhu, Mumbai – 400049**

### **PROXY FORM**

D.P. Id*		Folio No.	
Client Id*		No. of Share /(s) held	

I/We ..... of ..... in the district of ..... being a Member/Members of the above-named company, hereby appoint ..... of ..... in the district of ..... or failing him ..... of ..... in the district of ..... as my/our Proxy to attend and vote for me/us and on my/our behalf at the 16th ANNUAL GENERAL MEETING of the Company held Aishwarya Hall, 13 Oshiwara, Link Plaza, Ground Floor, Near Oshiwara Police Station, Mumbai – 400 053 on 27th September, 2010 at 10.00 a.m.

Signed this ..... day of ..... 2010

Affix 15 Paise  
or more  
Revenue  
Stamp

\*Applicable for investors holding shares in electronic form.

NOTE: The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than FORTYEIGHT HOURS before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

**Book-Post**

*If undelivered, please return to :*

**FILMCITY MEDIA LIMITED**

A-9, Shree Siddhivinayak Plaza, 3rd Floor, Plot No.  
B-31, Andheri (west), Mumbai- 400 053.

CRYSTAL (022) 66140900  
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