



Mastiii



Annual Report
2011 - 2012



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SRI ADHIKARI BROTHERS TELEVISION NETWORK LIMITED

17TH ANNUAL REPORT 2011-2012

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GENERAL INFORMATION

BOARD OF DIRECTORS

Gautam Adhikari
Chairman & Whole-Time Director

Markand Adhikari
Vice-Chairman &
Managing Director

Arun Khakhar
Independent Director

Prasannakumar Gawde
Independent Director

M. S. Kapur
Independent Director

AUDITORS

A. R. Sodha & Co.
Chartered Accountants

BANKERS

Punjab National Bank
Canara Bank

COMPANY SECRETARY

Payal Garg

REGISTERED OFFICE

6th Floor, Adhikari Chambers,
Oberoi Complex, New Link Road,
Andheri (West), Mumbai 400 053.

Tel.: 91-22-40230000
Fax: 91-22-26395459

E-mail: investorservices@adhikaribrothers.com
Website: www.adhikaribrothers.com

REGISTRAR & SHARE TRANSFER AGENTS

Sharex Dynamic (India) Pvt. Ltd.,
Unit No. 1, Luthra Industrial Estate,
Safed Pool, Andheri Kurla Road,
Andheri (East), Mumbai -400072.

Tel.: 91-22-2851 5644/ 2851 5606
Fax.: 91-22-2851 2885

E-mail: sharexindia@vsnl.com
Website: www.sharexindia.com



CHAIRMAN'S STATEMENT

It gives me immense pleasure to interact with you once again through the foreword to the 17th Annual Report for the year ended 31st March 2012.

The future of India's media and entertainment industry looks extremely promising with changes such as analogue cable sunset date by 2014. Digital is the buzzword thus bringing the media and entertainment industry at an inflexion point. Every segment within the media and entertainment industry is getting impacted by digitalization in a significant way. To achieve better quality viewing and transparency in revenue earning and sharing, digitalization is the inevitable path forward. Digitalisation will provide superlative experience with digital content, played on digital platform, viewed on a digital screen.

From a content providers perspective the year under review & the forthcoming years spell good. While digitalization will change the demand supply dynamics for broadcasters, the proposed reduction in carriage fees is likely to remove market differences and create a more level playing field for all the broadcasters. In such a scenario content will become the key differentiator.

Your company is rightly positioned and is closely watching the developments in the sector. Recent initiatives of content tie up with Hungama & broadcasting tie ups with Ditto TV & Avani TV are some of the positive developments. Our content division is in the process of launching a mega serial "Honey Judaa na Hum" for SONY TV at prime time.

Mastiii, the music channel launched in July 2010 by TV Vision Ltd. (Wholly owned subsidiary company) recorded one of the fastest growth to leadership position in the history of Indian broadcasting & continues to maintain its leadership position during the period under review. The programme Golden Era with Annu Kapoor is a viewer favourite & tops all rating chart in this genre.

Dabangg & Dhamaal, territory specific television channels launched through HHP Broadcasting Services Private Limited and UBJ Broadcasting Private Limited and Positioned as India's first hindi regional general entertainment channel continues to enjoy positive response from the market. Dabangg in particular has achieved leadership position in its segment.

Your company has been dynamically responding to the changing dynamics in the environment by proactively taking strategic initiatives to take advantages of the opportunities being thrown up by the market.

I would like to convey my appreciation for the support and the patience you, as shareholders, have extended to the company over the years. I would also like to acknowledge the contribution of the advertisers, producers, artistes, bankers, employees and all stakeholders of the Company.

With warm regards,

Gautam Adhikari

Chairman & Wholetime Director

Place: Mumbai

Date: 29th August, 2012



NOTICE

Notice is hereby given that 17th Annual General Meeting of the members of Sri Adhikari Brothers Television Network Limited will be held on Friday, 28th day of September, 2012 at 1.00 P.M. at Celestial Banquets, B-47, Paramount, New Link Road, Oshiwara, Andheri (West), Mumbai - 400 053 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2012.
3. To appoint a Director in place of Mr. M. S. Kapur, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. A. R. Sodha & Co., Chartered Accountants (FRN:110324W), Mumbai as Statutory Auditors of the Company to hold office from the conclusion of ensuing Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provision of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any modification(s) or reenactment thereof for the time being in force) and subject to all applicable laws and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company and subject to the provisions of listing agreements entered into by the Company with the stock exchanges where the Company's shares are listed and subject to any other necessary approval, consent, permission and/or sanction of the Central Government, Reserve Bank of India, Ministry of Finance, and/or any other appropriate authorities, including banks, financial institutions or other creditors; subject to the provisions of the Foreign Exchange Management Act, 1999 (FEMA), Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 as amended and all applicable regulations framed and notifications issued there under; Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, including the guidelines for Qualified Institutional Placement prescribed in Chapter VIII thereof and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission or sanction and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee(s) constituted /to be constituted by the Board to exercise its powers including powers conferred by this resolution and/or by duly authorized persons thereof for the time being exercising the powers conferred on the Board by this resolution), the consent and approval of the members of the Company be and is hereby accorded to create, issue, offer and allot, in the course of one or more public / private offerings in domestic and /or in the course of an international offering(s) with or without green shoe options, equity shares (including Qualified Institutions Placement (QIP's) under ICDR Regulations) and/ or equity shares through Global Depository Receipts (GDRs) and / or American Depository Receipts (ADRs) or Foreign Currency Convertible Bonds (FCCBs) and/or other securities convertible into equity shares at the option of the Company and / or holder (s) of such securities , and/or securities linked to equity shares and /or securities including non convertible debentures with warrants or other securities with or without warrants, which may be either detachable or linked and which warrant has a right exercisable by the warrant holder to subscribe for equity shares and/ or any instruments or securities representing either equity shares and/ or convertible securities linked to equity shares (including the issue and allotment of equity shares pursuant to a green shoe option, if any), (all of which are hereinafter collectively referred as "securities") to eligible investors under applicable laws, regulations and guidelines whether residents or non residents and / or institutions/ banks and / or incorporated bodies , mutual funds, venture capital funds, and /or multi lateral financial institutions and / or individuals and/ or trustees and/ or stabilizing agents or otherwise, and whether or not such investors are members of the Company , through Prospectus and / or Letter of Offer or Circular and/or on public and/or private/preferential basis, such issue and allotment to be made at such times/ intervals in one or more tranches, for cash, at such price or prices, in such



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manner and where necessary , in consultation with the Book Running Lead Managers and/or other Advisors or otherwise, on such terms and conditions as the Board may, in its absolute discretion , decide at the time of issue of securities provided that the total amount raised through the issuance of such securities shall not exceed ₹150 Crores (Rupees One Hundred Fifty Crores Only) or its equivalent in one or more currencies, including premium if any, as may be decided by the Board.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid securities may have all or any terms and conditions or combination of terms in accordance with applicable Regulations, prevalent market practices etc.

RESOLVED FURTHER THAT the relevant date for the determination of applicable price for the issue of the Depository Receipts and/or securities issued pursuant to QIP shall be the date on which the Board of the Company decides to open the proposed issue, or the date on which the holder of securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said equity shares, as the case may be ("Relevant Date").

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities or as may be necessary in accordance with the terms of the offering and all such equity shares shall rank *pari passu* with the then existing equity shares of the Company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of securities or securities representing the same or equity shares, as described herein above, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at their discretion deem necessary or desirable for such purpose, including without limitation the utilization of issue proceeds, entering into of underwriting and marketing arrangements and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit."

By Order of the Board of Directors

Place: Mumbai
Date: 29th August, 2012

Payal Garg
Company Secretary

Registered Office:

6th Floor, Adhikari Chambers,
Oberoi Complex, New Link Road,
Andheri (West),
Mumbai - 400 053

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF ON POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. Members/Proxies should bring their Attendance Slip duly filled and signed for attending the meeting.
3. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto and forms part of this notice.
4. Corporate members are requested to send duly certified copy of the Board resolution pursuant to section 187 of the Companies Act, 1956 authorising their representative to attend and vote at the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 24th September, 2012 to Friday, 28th September, 2012 (both days inclusive).
6. Dividend on equity shares as recommended by the Board of Directors for the year ended 31st March, 2012, if approved by the members at the ensuing Annual General Meeting, will be paid to those members whose names shall appear on the Company's Register of Members as on the date of the Annual General Meeting of the Company i.e. 28th September, 2012.



7. In terms of Sections 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company is required to be transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government and no claims shall lie against the said fund or the Company for the amount of dividend so transferred to IEPF. Shareholders who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2006 or any subsequent financial year(s) are requested to make their claims to the Company.
8. Members desirous of seeking information relating to the accounts and operations of the Company are requested to address their queries to the Company at least 7 days in advance of the meeting to enable the company to keep the information ready.
9. Members holding shares in physical form are requested to notify any change in their address to the Company quoting their folio number immediately. Members holding shares in electronic form may update such details with their respective Depository Participants.
10. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for crediting the dividend through National Electronic Clearing Services (NECS) to investors wherever ECS and bank details are available. In the absence ECS details, the Company will print the bank account details, if available, on the payment instruments for distribution of dividend.
11. Members are requested to address all correspondences, including dividend mandates to the Registrar and Share Transfer Agents-Sharex Dynamic (India) Private Limited at Unit No. 1, Luthra Industrial Estate, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai- 400 072.
12. In pursuance of the Clause 49(IV)(G) of the Listing Agreement, details of director seeking re-appointment at the ensuing Annual General Meeting to be held on Friday, 28th day of September, 2012, are given below:

| | |
|--|--|
| Name of Director | Mr. M. S. Kapur |
| Date of Birth | 10.03.1946 |
| Nationality | Indian |
| Date of appointment as director | 31.05.2010 |
| Designation | Director |
| Qualification | Retired Banking Professional |
| Experience/Expertise | He is a retired Banking Professional having varied experience |
| Shareholding in the Company (Equity shares of ₹ 10/- each) | Nil |
| List of Directorships held in other Companies | <ol style="list-style-type: none"> 1. Corporate Ispat Alloys Limited 2. Broadcast Initiatives Limited 3. CHD Developers Limited 4. Shaktibhog Foods Limited 5. United Breweries (Holdings) Limited 6. Precision Pipes And Profiles Company Limited 7. EMCO Energy Limited 8. G B Tools And Forgings Limited 9. Kingfisher Airlines Limited 10. ISID Private Limited 11. The Lake (Shore) Palace Hotel Private Limited |
| List of Chairmanship and Membership in Public Companies (considered only Audit Committee and Shareholders' /Investors Grievance Committee) | <p>Chairman</p> <ol style="list-style-type: none"> 1. Corporate Ispat Alloys Limited - Audit Committee 2. GB Tools Limited - Audit Committee 3. Broadcast Initiatives Limited - Investor Grievance Committee <p>Members</p> <ol style="list-style-type: none"> 1. Broadcast Initiatives Limited - Audit Committee 2. Shaktibhog Foods Limited - Audit Committee 3. Precision Pipes And Profiles Company Limited- Investor Grievance Committee 4. Emco Energy Limited - Audit Committee and Investor Grievance Committee 5. Sri Adhikari Brothers Television Network Limited - Audit Committee and Investor Grievance Committee |
| Relationship with existing Directors of the Company | None |



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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 5

Mastiii, a music and comedy television channel launched by TV Vision Limited, a wholly owned subsidiary Company in July, 2010 has been the chartbuster throughout the year and has achieved stupendous success. The company through its step down subsidiaries also launched regional hindi general entertainment television channel namely "**Dabangg**" and "**Dhamaal**".

The Company is planning to launch series of regional territory specific general entertainment television channels in near future through its group/subsidiaries companies. In order to meet capital expenditure, long term working capital requirements, other requirements arising out of expansion of business activities, and for general corporate purposes including but not limited for repayment or prepayment of loans taken by Company and subsidiary companies, the Company proposes to mobilize funds by way of offer / issue and allot in the course of international/ domestic offering (s) in one or more tranches to foreign investors/ domestic financial institutions/ mutual funds/ other eligible entities, equity shares of nominal value of ₹ 10/- each or equity shares underlying securities in the form of QIPs / GDRs / ADRs / FCCBs and/ or any other permitted instruments/ securities convertible into equity shares (at a later date as may be determined by the Board of Directors) for an aggregate value not exceeding ₹ 150 Crores (Rupees one hundred Fifty crores).

The detailed terms and conditions of the offer will be determined in consultation with Advisors, Lead Managers and Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The proposed resolution is an enabling resolution conferring authority on the Board of Directors to cover all the present and future contingencies and corporate requirements in terms of Section 81 (1A) of the Companies Act, 1956 and the listing agreement entered into with stock exchange(s), which requires that new shares are first to be offered on pro-rata basis to the existing shareholders of the Company, unless the shareholders at a general meeting decide otherwise by passing a special resolution. Accordingly, consent of the shareholders of the Company is being sought pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the listing agreement executed by the company with the stock exchanges where its shares are listed.

The Board recommends the resolution for your approval as set out at item no. 5 of the notice.

None of the Directors of the Company are concerned or interested in the said resolution.

By Order of the Board of Directors

Place: Mumbai
Date: 29th August, 2012

Payal Garg
Company Secretary

Registered Office:

6th Floor, Adhikari Chambers,
Oberoi Complex, New Link Road,
Andheri (West),
Mumbai - 400 053



D I R E C T O R S ' R E P O R T

Dear Members,

Your Directors have pleasure in presenting the 17th Annual Report together with the Audited Statements of Accounts of the Company for the financial year ended on 31st March, 2012.

1. Financial highlights

| Particulars | (₹ In Millions) | |
|---|--|--|
| | For the year ended 31 st March, 2012 | For the year ended 31 st March, 2011 |
| Total Revenue from business | 485.64 | 329.22 |
| Earnings before finance charges, Depreciation and Tax | 134.12 | 108.58 |
| Less: Finance charge | 27.83 | 21.53 |
| Earnings before depreciation, tax and Amortization (EBDTA) | 106.29 | 87.05 |
| Less: Depreciation | 91.75 | 81.14 |
| Earnings/(Loss) before Tax (EBTA) | 14.54 | 5.91 |
| Tax Expenses | (2.63) | 0.49 |
| Profit / (Loss) After Tax (PAT) | 17.17 | 5.42 |
| Profit b/f from previous year | 6.20 | 21.53 |
| Surplus available for Appropriation | 23.37 | 26.95 |
| Less: Proposed Dividend | 14.80 | 14.80 |
| Less: Tax on Proposed Dividend | 2.40 | 2.40 |
| Less: Short Provision for final dividend (2009-10) | - | 3.08 |
| Less : Short Provision for Dividend Distribution Tax(2009-10) | - | 0.47 |
| Balance carried to Balance Sheet | 6.17 | 6.20 |

The comments of the Board of Directors on the financial performance have been provided under the title Management Discussion and Analysis as an attachment to this report.

2. Dividend

Your directors are pleased to recommend a dividend of ₹ 0.60 per Equity Share, for the financial year ended on 31st March, 2012. The outgo on account of this dividend will be ₹ 17.20 millions (including dividend distribution tax of ₹ 2.40 millions). The dividend, if approved, shall be payable to those members whose name shall appear on the Company's Register of Members as on the date of Annual General Meeting of the Company i.e. 28th September, 2012.

3. Directors

In accordance with the provisions of Section 256 of the Companies Act, 1956, and the Articles of Association of the Company, Mr. M. S. Kapur retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment and your Board recommends for his re-appointment.

Further, Mr. Gautam Adhikari was re-appointed as a Whole Time Director of the Company for a period of three years w.e.f. 1st October, 2011 and the members approved his re-appointment at the last Annual General Meeting held on 28th September, 2011.

4. Directors' Responsibility Statement

Pursuant to the provisions contained in Section 217 (2AA) of the Companies Act 1956, the Directors of your Company confirm:

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;



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- b) That they have selected such accounting policies and applied them consistently and have 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 as at 31st March, 2012 and of the profit of the Company for the year ended on that date;
- c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;
- d) That they have prepared the annual accounts on a going concern basis.

5. Subsidiary Companies

As on 31st March, 2012, the Company had six subsidiary companies, viz.:

| Sr. No. | Name of the Subsidiary Company | Remarks |
|---------|---|---|
| 1 | TV Vision Limited (Formerly known as TV Vision Private Limited) | The name of the Company was changed to TV Vision Limited on 23 rd June, 2011 consequent upon conversion into public limited company. |
| 2 | MPCR Broadcasting Service Private Limited (MPCR) | TV Vision Limited entered into Share Purchase Agreement with the Company on 1 st July, 2011 for acquisition of 100% stake in these Companies. Accordingly, MPCR, UBJ and HHP have become step down subsidiaries of the Company on transfer of stake to TV Vision Limited on 1 st August, 2011. |
| 3 | UBJ Broadcasting Private Limited (UBJ) | |
| 4 | HHP Broadcasting Services Private Limited (HHP) | |
| 5 | Westwind Realtors Private Limited | There were no significant business activities during the year. |
| 6 | Maiboli Broadcasting Private Limited | The Company was incorporated on 30 th November, 2011 as Wholly Owned Subsidiary Company. |

Further, on 4th April, 2012 the Company has incorporated "SAB Entertainment Network Private Limited", as a Wholly Owned Subsidiary Company.

As a result of the aforementioned changes, as on date the company has following subsidiary Companies:

| Sr. No. | Name of the Subsidiary Company | Status of the Company |
|---------|---|---------------------------------|
| 1 | TV Vision Limited | Wholly Owned Subsidiary Company |
| 2 | Maiboli Broadcasting Private Limited | |
| 3 | SAB Entertainment Network Private Limited | |
| 4 | Westwind Realtors Private Limited | Subsidiary Company |
| 5 | MPCR Broadcasting Service Private Limited | Step Down Subsidiary Company |
| 6 | UBJ Broadcasting Private Limited | |
| 7 | HHP Broadcasting Services Private Limited | |

6. Consolidated Financial Statements

The Ministry of Corporate Affairs (MCA) vide General Circular No.2/2011 No. 51/12/2007-CL-III dated 8th February 2011 read with General Circular No.3/2011 No. 5/12/2007-CL-III dated 21st February 2011 has granted a general exemption from attaching the Balance Sheet of subsidiary companies with holding company's Balance Sheet, if the holding company presents in its Annual Report Consolidated Financial Statements duly audited by its Statutory Auditors. The Company is publishing Consolidated Financial Statements in the Annual Report and accordingly the Company is not attaching the Balance Sheets of its subsidiary companies with its Balance Sheets. Further, as



required under the said circular, a statement of financial information of the subsidiary companies viz. TV Vision Limited (formerly known as TV Vision Private Limited), Westwind Realtors Private Limited, MPCR Broadcasting Service Private Limited (MPCR), UBJ Broadcasting Private Limited (UBJ), HHP Broadcasting Services Private Limited (HHP), and Maiboli Broadcasting Private Limited is given in Annexure attached to this report.

The Annual Accounts of the subsidiary companies will be available on the company's website www.adhikaribrothers.com and shall also be made available to the shareholders on request and will also be kept for inspection at the Registered Office of the Company and of the Subsidiary Company during the Office hours on all working days and during the Annual General Meeting.

7. Public Deposits

Your Company has neither accepted nor renewed any deposit within the meaning of Section 58A and 58AA of the Companies Act, 1956 and rules made thereunder during the year ended 31st March 2012. However, Public deposits amounting to ₹ 1,31,000/- remain unclaimed as on 31st March 2012.

8. Change in Share Capital of the Company

The Company allotted 2,79,500 Equity shares on exercise of Options granted under SABTNL ESOP Scheme 2009-10 to the eligible employees of the Company on 9th May, 2011. On 16th July, 2011 the Company allotted 15,00,000 Equity shares of ₹10/- each on conversion of warrants issued on preferential basis.

The aforesaid equity shares are listed on both the stock exchanges.

Based on the above changes, the issued, subscribed and paid up Capital of the Company has increased to ₹ 246,630,000/- divided into 24,663,000 Equity shares of ₹ 10/- each.

9. Auditors

M/s. A. R. Sodha & Co., Chartered Accountants, Mumbai, the Statutory Auditors of the Company hold office up to the conclusion of the ensuing Annual General Meeting of the Company. The Company has received a letter from them to the effect that their re-appointment, if made, would be in conformity with the limits prescribed under Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment of M/s. A. R. Sodha & Co., Chartered Accountants, as the Statutory Auditors of the Company.

10. Auditors' Remarks

With regards to Auditors' remarks for payment of statutory dues, your directors state that the Company has subsequently made the payment of statutory dues, Other remarks in the Auditors' Report are self explanatory.

11. Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information in terms of requirements of clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956 regarding conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo, read along with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is as follows:

(A) Conservation of Energy

The Company continues to implement prudent practices for saving electricity and other energy resources in day-to-day activities. However, considering the business activities carried out by the Company, your director have nothing to report with respect to conservation of energy.

(B) Research and Development:

The Company has not carried out any specific research activity.

(C) Technology absorption, adoption and innovation:

The Company continues to take prudential measures in respect of technology absorption, adoption and take innovative steps to use the scarce resources effectively.



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(D) Foreign Exchange Earnings and Outgo:

The particulars of Foreign Exchange earnings and outgo for the year under review are as follows:

(₹ in Millions)

| | Year ended 31.03.2012 | Year ended 31.03.2011 |
|-------------------------|--------------------------|--------------------------|
| Foreign Exchange earned | 87.01 | Nil |
| Foreign Exchange used | 18.78 | 16.30 |

12. Particulars of Employees:

No employees were in receipt of remuneration exceeding the limits as prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules, 1975, as amended, hence no such particulars are furnished.

13. Corporate governance:

Pursuant to Clause 49 of the Listing Agreement entered with the stock exchange(s), the following have been made a part of the annual report and are attached to this report:

- Management Discussion and Analysis Report
- Corporate Governance Report
- Auditors' Certificate regarding compliance of conditions of Corporate Governance
- Declaration on Compliance with Code of Conduct

14. Employees' Stock Options:

The disclosure of Employees Stock Options as required under Clause 12 of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, is given in annexure attached to this report.

15. Utilization of proceeds from warrants / shares issued on preferential basis

During the year the Company has allotted 15,00,000 equity shares of ₹ 10/- each for cash at an issue price of ₹ 46.50 per share on conversion of 15,00,000 warrants, issued on preferential basis.

The proceeds from issue of shares and warrants has been utilized as follows:

(₹)

| Proceeds: | 31.03.2012 | 31.03.2011 |
|--|-------------------|--------------------|
| from issue of 51,25,000 Shares on preferential basis | - | 102,004,689 |
| from 25% deposit for 30,00,000 warrants | - | 34,875,000 |
| from issue of 15,00,000 Shares, on conversion of warrants (PY. 15,00,000 Shares) | 52,312,500 | 52,312,500 |
| Total | 52,312,500 | 189,192,189 |
| Application of Funds: | | |
| Invested in Wholly Owned Subsidiaries by way of Equity Contribution/Loans | 42,600,000 | 110,151,046 |
| Utilized for Repayment of Debts | - | 57,068,266 |
| Utilized for working capital | 9,712,500 | 21,972,877 |
| Total | 52,312,500 | 189,192,189 |



16. Appreciation

The Directors acknowledge with gratitude and wishes to place on record, their deep appreciation for the continued support and co-operation received by the Company from the various artists, Government authorities, shareholders, bankers, business associates, customers and financial institutions during the year.

The Directors place on record their deep appreciation of the dedication and commitment of your Company's employees at all levels and look forward for their continued support in the future as well.

For & On behalf of the Board of Directors

Place: Mumbai
Date: 29th August, 2012

Gautam Adhikari
Chairman and Whole Time Director

ANNEXURES TO DIRECTOR'S REPORT

- A) Information as required under General Circular No.2/2011 No. 51/12/2007-CL-III dated 8th February 2011 issued by the Ministry of Corporate Affairs (MCA) relating to Subsidiary Companies for the year ended 31st March, 2012 under Section 212 of the Companies Act, 1956:

(₹ in millions)

| Particulars | TV Vision Limited | Westwind Realtors Private Limited | *UBJ Broadcasting Private Limited | *MPCR Broadcasting Service Private Limited | *HHP Broadcasting Services Private Limited | Maiboli Broadcasting Private Limited |
|--|-------------------|-----------------------------------|-----------------------------------|--|--|--------------------------------------|
| Share Capital | 263.75 | 10.00 | 85.00 | 85.00 | 135.00 | 0.10 |
| Reserves | (31.68) | (0.07) | (42.94) | (31.25) | (69.30) | - |
| Total Assets | 981.93 | 49.89 | 360.29 | 365.43 | 508.86 | 15.12 |
| Total Liabilities | 749.86 | 39.96 | 318.23 | 311.68 | 443.16 | 15.02 |
| Investments (except in subsidiary companies) | - | - | - | - | - | - |
| Turnover and Other Receipts | 417.16 | 0.00 | 179.10 | 54.68 | 184.59 | - |
| Profit/(Loss) before Taxation | (144.65) | (0.01) | (62.13) | (45.22) | (100.28) | - |
| Provision for Taxation | (44.32) | - | (19.19) | (13.96) | (30.98) | - |
| Profit/(Loss) after Taxation | (100.33) | (0.01) | (42.94) | (31.26) | (69.30) | - |
| Proposed Dividend | - | - | - | - | - | - |

* Wholly owned subsidiary companies of TV Vision Limited (Formerly known as TV Vision Private Limited)



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

B) The disclosure as required under Clause 12 of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are as follows:

| Sr. No. | Particulars | Remarks |
|---------|--|--|
| a. | Options granted | 7,00,000 |
| b. | The pricing formula | At par i.e. ₹ 10/- per share |
| c. | Options vested during the year | 4,20,500 |
| d. | Options exercised during the year | 2,79,500 |
| e. | The total number of shares arising on exercise of Options | 2,79,500 |
| f. | Options lapsed | Nil |
| g. | Variation of terms of Options | Nil |
| h. | Money realized by exercise of Options | ₹ 27,95,000/- |
| i. | Total number of Options in force | 4,20,500 |
| j. | Employee wise details of Options granted to:- | |
| | (i) Senior Managerial Personnel granted during the year | Nil |
| | (ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year. | Nil |
| | (iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant | Nil |
| k. | Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share' | ₹ 0.70 |
| l. | Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that have been recognized if it had used the fair value of the Options, shall be disclosed. The impact of this difference on profits and on EPS of the Company. | Not Applicable |
| m. | Weighted - average exercise prices and weighted average fair values of Options shall be disclosed separately for Options whose exercise price either equals or exceeds or is less than the market price of the stock. | Exercise Price : ₹ 10.00 per Option Fair Value of Option : ₹ 20.39 per Option |
| n. | A description of the method and significant assumptions used during the year to estimate the fair values of Options, including the following weighted average information: | |
| | Method | a. Black-Scholes Merton Model & b. Binomial Option Pricing Model |
| | (i) Risk Free Interest Rate | 7.50% |
| | (ii) Expected Life | 2 years |
| | (iii) Expected volatility | 62% |
| | (iv) Expected dividends | 2% |
| | (v) The price of the underlying share in the market at the time of grant of Options. | ₹ 30/- |

For and On behalf of the Board of Directors

Place: Mumbai
Date: 29th August, 2012

Gautam Adhikari
Chairman and Whole Time Director



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Company Overview

During the year under review, your company through its strategic business unit has produced and commissioned programmes for various broadcasters. It has also successfully leveraged on its syndication business by sublicensing its owned IPR content on limited usage basis to national and international broadcasters.

The year under review saw **Mastiii**, the music and comedy television channel firmly established itself as a leader in its segment and grew from strength to strength. The year also saw the launch of two more channels **Dabangg** and **Dhamaal** positioned as India's first regional centric Hindi entertainment channels through its step down subsidiaries.

Industry Overview

In 2011, the Indian Media & Entertainment (M&E) Industry registered a growth of 12 percent over 2010, to reach ₹ 728 billion, says the FICCI-KPMG report. The growth trajectory is backed by strong consumption in Tier 2 and 3 cities, continued growth of regional media, and fast increasing new media business. Overall, the industry is expected to register a CAGR of 15 percent to touch ₹ 1,457 billion by 2016.

The Future of India's media & entertainment industry looks extremely promising with changes such as analogue cable sunset date by 2014. Digital is the buzz word thus bringing the media and entertainment industry at an inflexion point. Every segment within the media and entertainment industry is getting impacted by digitalization in a significant way. The Government's push towards digitalization and addressability for cable television by 2014 is welcomed by all stakeholders of our industry. This is expected to provide an impetus to DTH and digital cable growth. Adherence to the sunset date would certainly have a positive impact on the media content distribution in India. It is expected to help players in the television value chain to realize the true potential of their content. It is also expected to cater to the unique and diverse needs of the viewer when it comes to entertainment. To achieve better quality viewing and transparency in revenue earning and sharing, digitalization is the inevitable path forward. Digitalisation will provide superlative experience with digital content, played on digital platform, viewed on a digital screen.

While television continues to be the dominant medium, sectors such as animation and VFX, digital advertising, and gaming are fast increasing their share in the overall pie. Advertising spends across all media accounted for ₹ 300 billion in 2011, contributing to 41 percent of the overall M&E industry's revenues. Advertising revenues witnessed a growth of 13 percent in 2011.

The overall Media and Entertainment Industry in India is expected to continue to grow at a compounded annual growth rate of 14%. The Indian Industry is expected to undergo transformation and consolidation of content and channels. The Industry would take advantage of diverse interests and likings of the demanding Indian viewers. There would be increasing introduction of content specific channels catering to specific interest.

Opportunities and Threat

Opportunities

Learning Curve: The immense experience of the promoters in the media industry has proved to be an added advantage in understanding the taste of audience and producing differentiated contents.

Launch of New Channels: Growth in number of channels especially in niche categories will give the company new opportunities to expand and create various genres of programming based on demand.

Digitization and Convergence : Newer platforms like DTH, digital cable, IPTV and convergence media is expected to transform the landscape of the industry by enabling players to leverage on cross media synergies and attract a whole set of new viewers. Each platform is expected to create its own demand for software.

Challenges and Threats

Differentiated Products: Due to increase in the number of channels content produced needs to be unique to attract viewers.

Low Entry Barriers: Vast plethoras of channels are available at viewer's disposal which has given rise to increased competition.

Increased Payouts: With a view to produce differentiated content, the production cost has increased.



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Consistency: Consistency of programming quality is essential to maintain targeted revenues.

Financials

1. Share Capital

As on 31st March 2012, the Authorized Share Capital of the Company stood at ₹ 350 millions divided into 35 million Equity shares of ₹ 10/- each. The paid up equity capital of the Company was ₹ 246.63 millions comprising of 24.66 million Equity shares of ₹ 10/- each.

2. Reserves And Surplus:

The total Reserves and Surplus as at 31st March 2012 amounted to ₹ 1348.15 million. The reserves include Capital Reserves of ₹ 187.63 millions, General Reserves of ₹ 225.11 millions, the Security Premium Reserves of ₹ 924.86 millions and surplus as per the Statement of Profit and Loss of ₹ 6.18 millions.

3. Secured Loans:

The total secured loan as at 31st March, 2012 stood at ₹ 459.06 millions comprising of Term Loan from Banks of ₹ 450.90 millions and vehicle loan of ₹ 8.16 million.

4. Unsecured Loans:

The total unsecured loan as on 31st March, 2012 stood at ₹ 8.31 millions.

5. Fixed Assets:

Depreciation of ₹ 91.75 millions was charged to the Statement of Profit and Loss. The Net Block of Fixed Assets as on 31st March, 2012 was ₹ 873.79 millions. The Capital WIP amounted to ₹ 104.20 million.

6. Investments:

The total investments as on 31st March, 2012 stood at ₹ 590.10 millions comprising of investment in Lotus Motion Pictures Limited of ₹ 135.00 million. Other investments were made in wholly owned subsidiaries aggregating to ₹ 455.10 millions.

7. Revenues:

The Company earned total revenues of ₹ 485.64 million during the year ended 31st March 2012 as against ₹ 329.22 million of the previous year ended 31st March 2011.

8. Expenses:

The operating expenses of the Company for the year ended 31st March, 2012 is ₹ 351.52 million as against ₹ 220.64 million for the previous year ended 31st March, 2011.

Critical accounting policies

The principles of revenue recognition are as under:

Revenue from sale of program/content rights is recognised when the relevant program/content is delivered.

In respect of Interest Income, it is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Segment wise performance

The Group's reportable operating segments have been determined in accordance with the internal management structure, which is organized based on the operating business segments. During the year Group has two operating Business Segment i.e. a) Content production & distribution and b) Broadcasting. The group does not have any segment based on geographical location.

Internal Controls and Adequacy of those controls

The company has customized accounting packages, which has built in security, which prohibits deletions and overwriting once accounting entry is passed. The company has introduced checks at various levels to monitor the expenses.

Human Resources

Human capital is a very important asset in a media company. Over the years, the company has built up a human resource structure, which has enabled the company to grow and take up challenges. The company has a qualified



team of professionals.

Business Risks

Change in Consumer Preference Risks

The Content developed by the Company need not appeal the target audience always as the target audience preferences are bound to change. The level of creativity required for the audience targeted varies with the available options to the consumers.

Artiste attrition risk

The reason for which the Company's content is preferred by the audience includes artiste attraction also. These artistes are an important part for the content produced by the Company. The attrition of these artistes could affect the consumer preferences.

Revenue Risks

The Company earns revenue by selling commissioned programs or Syndication of various telecast rights to broadcasters, aggregators and satellite networks.

The sustainability of the programs is mainly dependent on the concept, content and the technical expertise. Apart from this, Television Rating Points (TRP) is one of the key indicators, which decide the popularity of the program as well as sustainability of the program.

Technological risks

Advancement of the technology for creation of the content is necessary with the new technologies being adopted by the competitors.

Regulatory issues

The business may have a positive or a negative impact on the revenues in future due to changes in the regulatory framework and tax laws as compared to the current scenario.

Management continuously monitors and makes efforts to arrest decline or adverse output on any of these factors.

Outlook

The overall Media and Entertainment Industry in India is expected to continue to grow at a compounded annual growth rate of 14%. The Indian Industry is expected to undergo transformation and consolidation of content and channels. The Industry would take advantage of diverse interests and likings of the demanding Indian viewers. There would be increasing introduction of content specific channels catering to specific interest.

Exports

Your company successfully leverages the value locked in the expensed out content lying in the library by sub-licensing of the content broadcasters rights on the defined usage basis to the broadcasters and operators in India and abroad. The management expects sizeable revenues in the form of exports in the future.

Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be "forward- looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

For and On Behalf of the Board of Directors

Place: Mumbai
Date: 29th August, 2012

Gautam Adhikari
Chairman and Whole Time Director



REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate governance is a reflection of our culture, policies, relationship with stakeholder, and commitment to values. It is an essential system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. For the Company the Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company. The Company, through its Board and Committees, endeavor's to strike and deliver the highest governing standards for the benefit of its stakeholders.

In accordance with the Clause 49 of the Listing Agreement entered with the stock exchanges and practices followed by the Company on Corporate Governance are as follows:

2. BOARD OF DIRECTORS

a) Composition of the Board and other Directorships of the Board members

The Directors of the Company in a fiduciary position, are empowered to oversee the management functions with a view to ensure its effectiveness and enhancement of shareholders' value. The Board reviews and approves management's strategic plans and business objectives and monitors the Company's strategic direction.

The Company has composition of an appropriate mix of Executive and Non-Executive/Independent Directors on its Board of the Company. The composition of the Board of Directors of the Company as on 31st March, 2012 was as follows:

| Name of the Director | Category of the Director | No. of Directorships held in other Companies | No. of committee positions held in other Companies | |
|-------------------------|-------------------------------------|--|--|--------|
| | | | Chairman | Member |
| Mr. Gautam Adhikari | Chairman and Whole Time Director | 14 | - | - |
| Mr. Markand Adhikari | Vice Chairman and Managing Director | 14 | - | - |
| Mr. Arun Khakhar | Independent Director | 2 | - | - |
| Mr. Prasannakumar Gawde | Independent Director | 7 | 1 | - |
| Mr. M. S. Kapur | Independent Director | 11 | 3 | 5 |

b) Attendance at the Board meetings and last year Annual General Meeting

During the year under review, the Board of Directors met 18 (Eighteen) times viz.:

| | | | |
|---|------------------------------|----|---------------------------------|
| 1 | 1 st April, 2011 | 10 | 10 th August, 2011 |
| 2 | 18 th April, 2011 | 11 | 13 th August, 2011 |
| 3 | 9 th May, 2011 | 12 | 8 th October, 2011 |
| 4 | 14 th May, 2011 | 13 | 1 st November 2011 |
| 5 | 1 st June, 2011 | 14 | 14 th November, 2011 |
| 6 | 1 st July, 2011 | 15 | 5 th December, 2011 |
| 7 | 16 th July, 2011 | 16 | 6 th January 2012 |
| 8 | 3 rd August 2011 | 17 | 14 th February, 2012 |
| 9 | 8 th August, 2011 | 18 | 24 th March, 2012 |



The details of attendance of the Directors at the Board meetings held during the year 2011-12 and at the last Annual General Meeting of the Company held on 28th September, 2011 are as follows:

| Name of the Director | No. of Board meetings attended | Attendance at Last AGM |
|-------------------------|--------------------------------|------------------------|
| Mr. Gautam Adhikari | 18 | Yes |
| Mr. Markand Adhikari | 18 | Yes |
| Mr. Arun Khakhar | 9 | Yes |
| Mr. Prasannakumar Gawde | 7 | Yes |
| Mr. M. S. Kapur | 7 | Yes |

c) Information placed before the Board Members

Matters discussed at Board meetings generally relate to Company's business, periodic results/quarterly/annual results, review of the reports of the Audit Committee, taking note of the minutes of the various committee meetings and compliance with their recommendation(s), suggestion(s), status of compliance of applicable regulations, statutory or listing requirements, etc.

d) Code of Conduct

The Company has laid down a code of conduct for the members of the Board, Senior Management Personnel and employees of the Company. The code has been posted on the website of the Company www.adhikaribrothers.com. A declaration to the effect that the members of the Board and Senior Management personnel have adhered to the same, signed by Mr. Markand Adhikari, Vice-Chairman and Managing Director of the Company, along with the Auditors Certificate on Compliance of Clause 49 of the Listing Agreement by the Company are annexed to this report.

e) Relationship between directors

None of the Directors, except Mr. Gautam Adhikari and his brother Mr. Markand Adhikari, is related to each other.

3. AUDIT COMMITTEE

The Audit Committee of the Company comprises of Mr. Arun Khakhar, Mr. Prasannakumar Gawde, Mr. M. S. Kapur and Mr. Gautam Adhikari. Mr. Arun Khakhar is Chairman of the Committee.

During the financial year 2011 -12, the Audit Committee met 4 (four) times viz. 14th May, 2011, 13th August 2011, 14th November, 2011 and 14th February 2012. Details of meetings attended by each member during the year ended 31st March, 2012 are as follows:

| Name of the Director | Member/Chairman | No. of meetings attended |
|-------------------------|-----------------|--------------------------|
| Mr. Arun Khakhar | Chairman | 4 |
| Mr. Prasannakumar Gawde | Member | 4 |
| Mr. Gautam Adhikari | Member | 4 |
| Mr. M. S. Kapur | Member | 4 |

The Company Secretary and Compliance officer of the Company acts as Secretary to the committee.

Statutory Auditors are invitee at the Audit Committee Meetings.

The terms of reference of the Committee are wide. Besides having access to all the required information from within the Company, the Committee acts as a link between the Statutory Auditors and the Board of Directors of the Company.

The brief description of terms of reference includes reviewing the audit and risk management function of the Company, recommending the appointment/re-appointment and fixation of remuneration of the Auditors and reviewing the financial statements before submission to the Board.



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4. REMUNERATION COMMITTEE

The Remuneration Committee of the Company solely comprised of Non-Executive/Independent Directors, comprising of Mr. Arun Khakhar, Mr. Prasannakumar Gawde and Mr. M. S. Kapur. Mr. Arun Khakhar is Chairman of the Committee.

During the year under review, the Committee met once on 13th August, 2011 and all the members of the committee were present.

The Company Secretary and Compliance officer of the company acts as Secretary to the committee.

The broad terms of reference of the Remuneration Committee are to recommend the remuneration payable to Executive Directors of the Company

Details of Remuneration/ fees paid/ No. of Equity shares held by the Directors during the year ended 31st March, 2012

(₹ in millions except no. of shares)

| Name | Category | Salary | Perquisites or Allowances | Stock Option | Sitting Fees | Total | No. of Shares held |
|-------------------------|-----------------------------------|--------|---------------------------|--------------|--------------|-------|--------------------|
| Mr. Gautam Adhikari | Chairman & Whole-Time Director | 4.80 | - | - | - | 4.80 | 2,068,129 |
| Mr. Markand Adhikari | Vice Chairman & Managing Director | 4.20 | - | - | - | 4.20 | 2,068,528 |
| Mr. Arun Khakhar | Independent Director | - | - | - | - | | 100 |
| Mr. Prasannakumar Gawde | Independent Director | - | - | - | 0.06 | | NIL |
| Mr. M. S. Kapur | Independent Director | - | - | - | 0.13 | | NIL |

5. INVESTORS' GRIEVANCE COMMITTEE

During the financial year 2011-12, the Committee comprised solely of Non-Executive/ Independent Directors comprising of Mr. Arun Khakhar, Mr. Prasannakumar Gawde and Mr. M. S. Kapur. Mr. Arun Khakhar is Chairman of the Committee.

The Committee meets as and when required to deal with the matters relating to monitoring and redressal of complaints from shareholders relating to non receipt of Annual Report, dividend, etc.

During the year under review, the Committee met 4 (four) times viz. on 14th May 2011, 13th August, 2011, 14th November, 2011 and 14th February 2012 .Details of meetings attended by each member during the year ended 31st March, 2012 are as follows:

| Name of the Director | Member/Chairman | No. of meetings attended |
|-------------------------|-----------------|--------------------------|
| Mr. Arun Khakhar | Chairman | 4 |
| Mr. Prasannakumar Gawde | Member | 4 |
| Mr. M. S. Kapur | Member | 4 |

The Company Secretary and Compliance officer of the company acts as Secretary to the committee.

The Company received 3 (three) complaints from the investors during the year ended 31st March 2012. All the complaints have been replied to the satisfaction of the investors.



6. SHARE TRANSFER COMMITTEE

The Committee comprises of Mr. Gautam Adhikari and Mr. Markand Adhikari.

The Share Transfer Committee is empowered to consider and approve the transfer, transmission, transposition of share in physical mode, issue of duplicate share certificates, consolidation / split renewal of share certificates etc.

During the year under review, the Share Transfer Committee met 3(three) times on 20th August 2011, 12th September 2011 and 15th March 2012. Details of meetings attended by each member during the year ended 31st March, 2012 are as follows:

| Name of the member | Member/Chairman | No. of Meetings attended |
|----------------------|-----------------|--------------------------|
| Mr. Gautam Adhikari | Chairman | 3 |
| Mr. Markand Adhikari | Member | 3 |

The Company Secretary and Compliance officer of the company acts as Secretary to the committee.

7. SUBSIDIARY COMPANIES

As on 31st March, 2012, the Company had six subsidiary companies:

a) Subsidiary companies:

1. TV Vision Limited (The name of the Company changed to TV Vision Limited on 23rd June, 2011 subsequent upon conversion from private company into public limited company.)
2. Westwind Realtors Private Limited
3. Maiboli Broadcasting Private Limited

b) Step down subsidiary companies:

1. UBJ Broadcasting Private Limited (subsidiary of TV Vision Limited)
2. MPCR Broadcasting Service Private Limited (subsidiary of TV Vision Limited)
3. HHP Broadcasting Services Private Limited (subsidiary of TV Vision Limited)

Except TV Vision Limited, no other subsidiary Company fall under the norms prescribed in Clause 49 of the Listing Agreement for "Material non-listed Indian Subsidiaries". The requirements of Clause 49 of the Listing Agreement with regard to subsidiary companies have been complied with.

8. GENERAL BODY MEETINGS

Details of date, time and location where last three Annual General Meetings (AGMs) were held are given below:

| Financial Year | AGM | Date of AGM | Time | Location of the meeting |
|-----------------------------|----------------------|----------------------------------|------------|---|
| 31 st March 2011 | 16 th AGM | 28 th September, 2011 | 11.00 a.m. | Indian Medical Association, J. R. Mhatre Marg, JVPD Scheme, Vile Parle (West), Mumbai - 400 049 |
| 31 st March 2010 | 15 th AGM | 29 th September, 2010 | 11.00 a.m. | Indian Medical Association, J. R. Mhatre Marg, JVPD Scheme, Vile Parle (West), Mumbai - 400 049 |
| 31 st March 2009 | 14 th AGM | 30 th September, 2009 | 11.00 a.m. | Empress Court, S V Road, Opp. Irla Nursing Home, Vile Parle (West), Mumbai 400 056 |



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In the last three AGMs, following special resolutions were passed:

| AGM held on | Resolution | Purpose of Resolution |
|----------------------------------|--------------------|---|
| 28 th September, 2011 | Special Resolution | <ul style="list-style-type: none"> To re-appoint Mr. Gautam Adhikari as Whole Time Director of the Company for further period of three years w.e.f. 1st October, 2011 on a remuneration of ₹ 4,00,000/- per month. To adopt new Set of Articles of Association of the Company. To create, issue, offer and allot securities of the Company as QIPs/FCCBs/GDRs/ADRs or other permissible securities/instruments, for a value not exceeding ₹ 125 Crores. |
| 29 th September, 2010 | Special Resolution | <ul style="list-style-type: none"> To re-appoint Mr. Markand Adhikari as the Managing Director for a further period of five years w.e.f. 18th August, 2010 on a remuneration of ₹ 3,50,000/- per month. Increase in the remuneration payable to Mr. Ravi Adhikari, Creative Director from ₹ 50,000/- to ₹ 75, 000/- per month w.e.f. 1st October, 2010 for the remaining period of his tenure. |
| 30 th September, 2009 | Special Resolution | <ul style="list-style-type: none"> To appoint Mr. Gautam Adhikari as Whole Time Director for a period of three years w.e.f 1st October, 2008 on a remuneration of ₹ 4,00,000/- per month . |

During the year under review, no resolution was passed by means of Postal Ballot. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

9. DISCLOSURES

a) Related Party Transactions

Transactions with related parties are disclosed in Note No. 28 of Notes to Accounts to the Financial Statements in the Annual Report. These transactions do not have any conflicts with the Company's interest. The Audit Committee has reviewed these transactions.

b) Disclosure of accounting treatment

In the preparation of the financial statements, the Company has followed the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable.

c) Disclosure of Risk management

The Company has adequate risk assessment and minimization procedure.

d) Compliance by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital market. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other Statutory Authorities during the last three years.

e) Whistle Blower Policy

The Company has no formal Whistle Blower policy, however it takes cognizance of complaint made and suggestions given by the employees and whenever necessary, suitable corrective steps are taken for it. No employee was denied to access the audit committee for the same purpose.

f) CEO/CFO certification

In terms of the requirements of Clause 49(V) of the Listing Agreement, the Vice-Chairman and Managing Director of the Company has submitted necessary certificate to the Board at its meeting held on 29th August, 2012 confirming the particulars specified under the said clause.



g) Details of presentations made to institutional investors or analysts

The Company has not made any presentations to institutional investors or to the analysts during the year under review.

10. MEANS OF COMMUNICATION

Publication of Quarterly Results

The financial results are published in "Business Standard" and "Mahanayak"/"Tarun Bharat"/"Mumbai Mitra" in compliance with Listing Agreement. Also the results are available on Company's website www.adhikaribrothers.com and also on NSE's website www.nseindia.com and BSE's website www.bseindia.com

Management Discussion and Analysis Report

The Management Discussion and Analysis is given separately in this Annual Report.

11. GENERAL INFORMATION FOR SHAREHOLDERS

| | |
|--|--|
| a) Date, Time and Venue of Annual General Meeting | Date : 28 th September 2012 Day : Friday Time : 1.00 p.m. Venue : Celestial Banquets, B-47, Paramount, New Link Road, Oshiwara, Andheri (West), Mumbai - 400 053 |
| b) Financial Calendar (2012-13) | Tentative Dates i) First Quarter Results - On 14 th August, 2012 ii) Second Quarter Results - By 12 th November, 2012 iii) Third Quarter Results - By 14 th February, 2013 iv) Fourth Quarter/Yearly Results - By 15 th May, 2013 (Un-audited Results) or - By 30 th May, 2013 (Audited Results). |
| c) Date of Book Closure | Monday, 24 th September 2012 to Friday, 28 th September 2012 (both days inclusive) |
| d) Dividend payment date | From 8 th October 2012 to 15 th October 2012 |
| e) Listing on Stock Exchanges | The Equity Shares of the company are listed on: 1. National Stock Exchange of India Ltd. 2. BSE Ltd. The Company has paid the necessary Listing fees to BSE Ltd. and National Stock Exchange of India Ltd. for the year 2012-13. |
| f) Scrip Code / Symbol | BSE : 530943, NSE : SABTN |
| g) Demat ISIN Number For CDSL and NSDL | INE416A01036 |



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h) Market Price Data

The monthly high and low quotations of shares traded on National Stock Exchange of India Ltd. and BSE Ltd. during each month in last financial year are as follows:

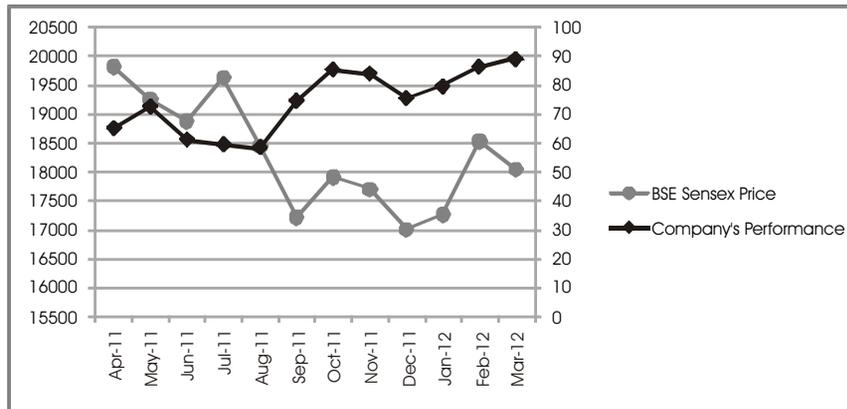
| Month | National Stock Exchange of India Limited | | BSE Limited | |
|--------|--|-------|-------------|-------|
| | Price (₹)* | | Price (₹)** | |
| | High | Low | High | Low |
| Apr-11 | 66.00 | 58.45 | 65.00 | 58.25 |
| May-11 | 69.85 | 55.30 | 72.50 | 54.95 |
| Jun-11 | 60.55 | 50.15 | 61.10 | 50.25 |
| Jul-11 | 58.60 | 50.50 | 59.30 | 50.05 |
| Aug-11 | 55.00 | 47.20 | 58.20 | 46.50 |
| Sep-11 | 74.60 | 55.00 | 74.50 | 55.15 |
| Oct-11 | 84.75 | 70.00 | 85.40 | 71.40 |
| Nov-11 | 85.00 | 67.80 | 84.00 | 67.00 |
| Dec-11 | 75.00 | 56.35 | 75.40 | 56.50 |
| Jan-12 | 85.20 | 61.65 | 79.60 | 60.30 |
| Feb-12 | 89.85 | 70.00 | 86.40 | 69.70 |
| Mar-12 | 89.90 | 61.40 | 89.00 | 64.20 |

*Source: www.nseindia.com

**Source: www.bseindia.com

i) Performance in comparison to SENSEX

The performance of the Company's Equity Shares relative to the BSE Sensitive Index (BSE Sensex) is given in the chart below.



j) Registrar and Share Transfer Agents

Sharex Dynamic (India) Private Limited,

Unit No. 1, Luthra Industrial Estate,
Safed Pool, Andheri Kurla Road,
Andheri (East), Mumbai -400072.
Tel.: 91-22-2851 5644 / 2851 5606
Fax: 91-22-2851 2885
E-mail: sharexindia@vsnl.com
Website: www.sharexindia.com



k) Share Transfer System

All shares sent or transferred in physical form are registered by the Registrar and Share Transfer Agents within 30 days of the lodgment, if documents, are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares processed and the confirmation is given to the respective depositories i.e National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

l) Category wise distribution of equity shareholding as on 31st March, 2012.

| Category | Number of shares held | Percentage of Shareholding (%) |
|---------------------------------|-----------------------|--------------------------------|
| Promoter and Promoter Group | 10,991,259 | 44.57 |
| Mutual Funds/ UTI | 900 | 0.00 |
| Financial Institutions/ Banks | 304 | 0.00 |
| Venture Capital Funds | 0 | 0.00 |
| Insurance Companies | 206,950 | 0.84 |
| Foreign Institutional Investors | 1,100 | 0.00 |
| Bodies Corporate | 8,702,889 | 35.29 |
| Individuals | 4,548,476 | 18.45 |
| Clearing Member | 195,982 | 0.79 |
| NRIs | 15,140 | 0.06 |
| GRAND TOTAL | 24,663,000 | 100.00 |

m) Distribution of shareholding as on 31st March 2012

| Nominal Value of Shares | Number of shareholders | % of total number of shareholders | Nominal Value Shares (in ₹) | % of Total Nominal Value of Shares |
|-------------------------|------------------------|-----------------------------------|------------------------------|------------------------------------|
| 1 TO 5000 | 11,314 | 91.74 | 12,160,770 | 4.93 |
| 5001 TO 10000 | 526 | 4.26 | 4,279,300 | 1.74 |
| 10001 TO 20000 | 208 | 1.69 | 3,314,670 | 1.34 |
| 20001 TO 30000 | 94 | 0.76 | 2,413,010 | 0.98 |
| 30001 TO 40000 | 36 | 0.29 | 1,314,040 | 0.53 |
| 40001 TO 50000 | 27 | 0.22 | 1,255,170 | 0.51 |
| 50001 TO 100000 | 43 | 0.35 | 3,287,560 | 1.33 |
| 100001 TO ABOVE | 85 | 0.69 | 218,605,480 | 88.64 |
| Total | 12,333 | 100.00 | 246,630,000 | 100.00 |

n) Dematerialization of shares and Liquidity

About 99.79% of the shares have been dematerialized as on 31st March ,2012. The Equity shares of the Company are traded on, BSE Limited and the National Stock Exchange of India Limited.

o) Outstanding ADRs, GDRs, Warrants or any convertible instruments, conversion date and impact on Equity

CONVERTIBLE WARRANTS:

The Company had issued and allotted 30,00,000 warrants convertible into even number of Equity shares to persons in promoter group on 21st March, 2011 at an issue price of ₹ 46.50 per share on preferential basis. The Equity shares are listed on both the stock exchange. The Preferential Allotment was made in accordance with



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

Chapter VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009.

The Company has allotted 15,00,000 Equity shares of ₹ 10/- each two times on 30th March, 2011 and 16th July 2011 upon conversion of warrants issued on preferential basis.

As on 31st March, 2012 there are no warrants outstanding for conversion into Equity shares.

OPTIONS GRANTED UNDER SABTNL ESOP SCHEME 2009-10:

The Company has granted 7,00,000 options under SABTNL ESOP Scheme 2009-10 to the eligible employees on 15th April, 2010. Out of these options, during the year 2010-11, 279,500 options vested and same was exercised by the Employees of the Company during the year 2011-12. During the year 2011-12, 4,20,500 options were vested under the said scheme and the same are outstanding as on 31st March, 2012. The Equity shares exercised by the employees are listed on both the stock exchanges.

The Company has not issued any ADRs, GDRs or any other convertible instruments except as mentioned above.

p) Address for Investor Correspondence

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares, please write to:

Sharex Dynamic (India) Private Limited,

Unit: Sri Adhikari Brothers Television Network Ltd.

Unit No. 1, Luthra Industrial Estate,

Safed Pool, Andheri Kurla Road,

Andheri (East), Mumbai 400072.

Tel.: 91-22-2851 5644/ 2851 5606

Fax: 91-22-2851 2885

E-mail: sharexindia@vsnl.com

For general correspondence:

The Company Secretary

Sri Adhikari Brothers Television Network Ltd.

6th Floor, Adhikari Chambers,

Oberoi Complex, New Link Road,

Andheri (West), Mumbai 400 053.

Email: investorservices@adhikaribrothers.com



DECLARATION REGARDING COMPLIANCE OF CODE OF CONDUCT

To the best of my knowledge and belief, I hereby confirm that all the members of the Board and the Senior Management Personnel of the company have complied with the provisions of the Code of Conduct as laid down by the Company during the financial year ended on 31st March, 2012.

For **Sri Adhikari Brothers Television Network Ltd.**

Markand Adhikari
Vice Chairman & Managing Director

Place: Mumbai
Date: 29th August, 2012

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
SRI ADHIKARI BROTHERS TELEVISION NETWORK LIMITED

We have examined the records concerning Compliance of the conditions of Corporate Governance by **SRI ADHIKARI BROTHERS TELEVISION NETWORK LIMITED** for the year ended 31st March, 2012 as stipulated in clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The compliance of conditions of Corporate Governance is responsibility of the management; our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

On the basis of relevant records and documents maintained and furnished to us & the information and explanations given to us by the Company's management, to the best of our knowledge and belief, we certify that the Company has complied with the conditions of corporate governance, as stipulated in Clause 49 of the said Listing Agreement.

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

For **A. R. Sodha & Co.**
Chartered Accountants
(FRN 110324W)

A.R. Sodha
Partner
M. No. 31878

Place: Mumbai
Date: 29th August, 2012



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

AUDITORS' REPORT

To,
The Members,
Sri Adhikari Brothers Television Network Ltd.

We have audited the attached Balance Sheet of **Sri Adhikari Brothers Television Network Ltd.** as at 31st March 2012, and also the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. These 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the Paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, 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 accounts 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 is in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report is in compliance with the Accounting standard referred to in Section 211 (3C) of the Companies Act, 1956;
- e) On the basis of written representations received from the Directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and gives true and fair view in conformity with the accounting principles generally accepted in India
 - i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - ii. In the case of Statement of Profit and Loss, of the Profit for the year ended on that date.
 - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For A. R. SODHA & Co.
Chartered Accountants
(FRN 110324W)

A. R. Sodha
Partner
M. No 31878

Place: Mumbai
Date: 29th August, 2012

**ANNEXURE TO AUDITORS' REPORT****Referred to in Paragraph 3 of Our Report of even date,**

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

1.
 - a. The Company has generally maintained proper records of fixed assets showing full particulars, including quantitative details and situation of fixed assets.
 - b. According to information given to us, fixed assets have been physically verified by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable with regard to the size of the company and nature of assets. According to information and explanations given to us by the management, no material discrepancy was noticed on such verification.
 - c. During the year the company has not disposed off substantial part of its fixed asset.
2.
 - a. Physical verification of inventory has been conducted at reasonable intervals by the management.
 - b. The procedures, as informed and explained to us, 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 is generally maintaining proper records of inventory and no material discrepancy noticed on physical verification between the physical stocks and the book records.
3.
 - a. According to the information and explanation given to us and on the basis of records furnished before us, company has granted interest free unsecured loans to 4 parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is ₹ 4185.86 Lacs and the year end balance is ₹ 3408.60 Lacs.
 - b. According to information and explanation furnished to us, the rate of interest and other terms and conditions are not prejudicial to the interest of the company.
 - c. According to information and explanation given to us these loans are repayable on demand and during the year company has not demanded the repayment of loan, hence question of regularity of payment of principal does not arise.
 - d. As company has not demanded the repayment of loan hence there is no overdue amount.
 - e. According to the information and explanation given to us and on the basis of records furnished before us, company has not taken any loans from parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4(iii) (e), (f) & (g) of Companies (Auditor's Report) Order, 2003 are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for sale of goods and services. Neither we have come across nor have we been informed of any continuing failure to correct major weakness in the internal control.
5.
 - a. In our opinion and according to the information and explanation given to us, the particulars of contract or arrangements that were required to be entered in the register maintained under Section 301 of the Companies Act 1956 have been so entered in the said register.
 - b. In respect of transactions entered exceeding the value of five lacs in the register maintained in pursuance of Section 301 of the Companies Act 1956, according to information and explanation given to us, the transactions made pursuance of such contracts or arrangements have been made at prices which are *prima-facie* reasonable having regard to prevailing market prices at the relevant time.



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

6. The company has not accepted deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975. Accordingly Clause 4(vi) of the Companies (Auditor's Report) Order, 2003 is not applicable.
7. According to information & explanation given to us by the management, we are of the opinion that the Internal Audit system is commensurate with the size of the company and the nature of its business.
8. We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9.
 - a. The company is generally regular in depositing statutory dues including Custom Duty, Income tax, Provident Fund, Employee State Insurance, Professional tax, cess and other statutory dues except for delays in dividend distribution tax and Tax Deducted at Source.
 - b. According to information and explanation given to us and records examined by us no undisputed statutory dues including Custom Duty, Service Tax, Income tax, Provident Fund, Employee State Insurance, Professional tax, cess is outstanding as at 31st March for more than six months from the date they become payable except dividend distribution tax amounting to ₹ 21.32 Lacs, which has been paid subsequently.
 - c. According to the information and explanation given to us, there are no dues relating to Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess or any other statute, which have not been deposited on account of dispute except as stated below

| Name of statute | Nature of dues | Year(s) to which it pertains | Amount Not Paid (₹) | Forum where dispute is pending |
|----------------------|-------------------|------------------------------|---------------------|--------------------------------|
| Income Tax Act, 1961 | Income Tax Demand | 2000-01 | ₹374.63 | Mumbai High Court |

10. The Company has no accumulated losses and has not has incurred cash loss during the year and in the immediately preceding financial year.
11. According to information and explanation given to us and records furnished to us for verification as on balance sheet date company has overdue to Banks amounting to ₹140.23 lacs and the same has been paid subsequently.
12. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not chit fund, nidhi, mutual fund, and societies accordingly clause 4(xiii) of Companies (Auditor's Report) Order, 2003 is not applicable.
14. The Company is not dealing or trading in Shares and Securities. Accordingly Clause 4(xiv) Companies (Auditor's Report) Order, 2003 is not applicable.
15. According to the information and explanation given to us and records of the Company examined by us, the company has given corporate guarantee for loans taken by Subsidiaries from the bank. The terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company.
16. According to information and explanation given to us and records examined by us term loans availed during the year have been applied for the purpose for which they were obtained
17. According to the information and explanations given and overall examination of records furnished to us, funds raised on short-term basis have not, prima facie, been used for long-term purpose.
18. During the year, the company has not made preferential allotment of shares and warrants to Parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly clause 4(xviii) of Companies (Auditor's Report) Order, 2003 is not applicable.



19. During the year, the Company has not issued any debentures. Accordingly clause 4(xix) of Companies (Auditor's Report) Order, 2003 is not applicable.
20. According to information and explanation given to us and records examined by us company has not raised any money by public issue during the year under audit. Accordingly clause 4(xx) of Companies (Auditor's Report) Order, 2003 is not applicable.
21. During the course of our examination of the books and records of the company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the company noticed or reported during the period nor we have been informed of such instances by the management.

For A. R. SODHA & Co.

Chartered Accountants
(FRN 110324W)

A R Sodha

Partner
M. No 31878

Place: Mumbai

Date: 29th August, 2012



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

BALANCE SHEET AS AT 31ST MARCH 2012

| | Notes | As at 31.03.2012 (₹) | As at 31.03.2011 (₹) |
|---------------------------------|-------|-----------------------------|-----------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 246,630,000 | 228,835,000 |
| Share Warrant Application Money | | - | 17,437,500 |
| Reserve & Surplus | 3 | <u>1,348,150,450</u> | <u>1,293,427,875</u> |
| | | 1,594,780,450 | 1,539,700,375 |
| Non Current Liabilities | | | |
| Long Term Borrowings | 4 | 247,474,268 | 274,841,398 |
| Long Term Provisions | 5 | 957,760 | 848,808 |
| Deferred Tax Liability | | <u>103,626,261</u> | <u>106,309,373</u> |
| | | 352,058,289 | 381,999,579 |
| Current Liabilities | | | |
| Short Term Borrowings | 6 | 8,311,430 | 62,886,099 |
| Trade Payables | 7 | 20,252,412 | 76,099,173 |
| Other Current Liabilities | 8 | 223,941,310 | 88,439,765 |
| Short Term Provisions | 9 | <u>38,844,058</u> | <u>31,307,493</u> |
| | | 291,349,210 | 258,732,530 |
| | | <u>2,238,187,949</u> | <u>2,180,432,484</u> |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 10 | 706,022,739 | 755,019,045 |
| Intangible Assets | | 167,765,305 | 209,483,151 |
| Capital Work-in-Progress | | <u>104,200,296</u> | <u>76,140,993</u> |
| | | 977,988,341 | 1,040,643,189 |
| Non-current Investment | 11 | 455,100,000 | 657,305,621 |
| Long Term Loans & Advances | 12 | 70,446,334 | 206,483,611 |
| Current Assets | | | |
| Current Investments | 13 | 135,000,000 | - |
| Inventories | 14 | - | 932,500 |
| Trade Receivables | 15 | 121,699,046 | 106,727,306 |
| Cash and Bank Balances | 16 | 3,041,014 | 2,241,246 |
| Short Term Loans & Advances | 17 | 471,910,401 | 156,394,749 |
| Other Current Assets | 18 | <u>3,002,813</u> | <u>9,704,061</u> |
| | | 734,653,274 | 275,999,862 |
| | | <u>2,238,187,949</u> | <u>2,180,432,484</u> |

Significant Accounting Policies

1

Accompanying notes are integral parts of the Financial Statements

As per our report of even date

For A. R. Sodha & Co.

Chartered Accountants
(FRN:110324W)

A. R. Sodha

Partner

M.No.31878

Place: Mumbai

Date: 29th August, 2012

For & on behalf of the Board

Gautam Adhikari

Chairman & Whole Time Director

Markand Adhikari

Vice Chairman & Managing Director

Payal Garg

Company Secretary



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2012

| | Notes | For the year ended 31.03.2012 (₹) | For the year ended 31.03.2011 (₹) |
|--|-------|---|---|
| INCOME | | | |
| Revenue form Operations | | 484,495,655 | 324,394,578 |
| Other Income | 19 | 1,142,223 | 4,829,841 |
| | | <u>485,637,878</u> | <u>329,224,419</u> |
| EXPENSES | | | |
| Operational Cost | 20 | 262,656,861 | 144,982,565 |
| Employee Benefit Expenses | 21 | 19,036,453 | 19,764,828 |
| Other Expenses | 22 | 69,824,642 | 55,894,618 |
| Finance Cost | 23 | 27,830,675 | 21,528,259 |
| Depreciation | 10 | 91,749,700 | 81,137,225 |
| Total | | <u>471,098,331</u> | <u>323,307,495</u> |
| Profit before Tax | | 14,539,547 | 5,916,924 |
| Tax Expenses | | | |
| Current Tax | | 2,909,036 | 1,986,087 |
| Deferred Tax | | (2,683,112) | 175,844 |
| Mat Credit Entitlement | | (2,868,091) | (1,986,087) |
| Earlier Years Short Provision | | 10,766 | 317,525 |
| | | <u>(2,631,401)</u> | <u>493,369</u> |
| Profit/(Loss) after tax | | <u>17,170,948</u> | <u>5,423,555</u> |
| Basic Earning Per Share (refer note 27) | | 0.71 | 0.28 |
| Diluted Earning Per Share (refere note 27) | | 0.70 | 0.27 |

Significant Accounting Policies

1

Accompanying notes are integral parts of the Financial Statements

As per our report of even date

For A. R. Sodha & Co.

Chartered Accountants
(FRN:110324W)

A. R. Sodha

Partner
M.No.31878
Place: Mumbai
Date: 29th August, 2012

For & on behalf of the Board

Gautam Adhikari

Chairman & Whole Time Director

Markand Adhikari

Vice Chairman & Managing Director

Payal Garg

Company Secretary



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

CASH FLOW STATEMENT ANNEXED TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2012

| PARTICULARS | For the Year ended 31.03.2012 ₹ | For the Year ended 31.03.2011 ₹ |
|---|---------------------------------------|---------------------------------------|
| A Cash flow from Operating Activities: | | |
| Profit before Tax as per Statement of Profit and Loss | 14,539,547 | 5,916,924 |
| Adjustment for: | | |
| Depreciation | 91,749,700 | 81,137,225 |
| Interest Income | (56,457) | (430,010) |
| Profit on Sale of Mutual fund units | - | (65,911) |
| Loss on sale of fixed assets | - | 49,823 |
| Deferred Employee Compensation Cost | 1,969,669 | 5,227,467 |
| Share of Profit from Partnership | - | (81,254) |
| Preliminary / Share Issue Expenses written off | - | 550,000 |
| Bank Interest | 27,830,675 | 20,274,226 |
| Operating Profit before Working Capital changes | <u>136,033,134</u> | <u>112,578,490</u> |
| Adjustment for change in working capital: | | |
| (Increase) / Decrease in Inventories | 932,500 | (932,500) |
| (Increase) / Decrease in Trade Receivables | (14,971,740) | 51,180,831 |
| (Increase) / Decrease in Advances & Assets | (171,878,504) | (76,569,087) |
| Increase / (Decrease) in Current Liabilities | <u>(48,961,346)</u> | <u>7,497,864</u> |
| Cash generated from Operations | <u>(98,845,956)</u> | <u>93,755,598</u> |
| Direct Taxes (Paid)/Refund | <u>(108,135)</u> | <u>210,522</u> |
| Net Cash (used in) / generated from Operating Activities | <u>(98,954,091)</u> | <u>93,966,120</u> |
| B Cash flow from Investing Activities: | | |
| Purchase of/advance for Fixed Assets | (29,094,852) | (82,856,169) |
| Sale of Fixed Assets/ Refund of Capital Advance | - | 270,000 |
| Investments made | (255,100,000) | (221,170,000) |
| Sale of Investments | 320,926,000 | - |
| Amount Withdrawn from Partnership Firm | 1,379,621 | 2,800,000 |
| Interest Income Received | 56,457 | 430,010 |
| Profit on Sale of Mutual fund units | - | 65,911 |
| Net Cash (used in) / generated from Investing Activities | <u>38,167,226</u> | <u>(300,460,248)</u> |
| C Cash flow from Financing Activities: | | |
| Proceeds from Issue of Shares & Warrants | 55,107,500 | 189,192,185 |
| Proceeds from Long Term Borrowing | 173,902,629 | 59,934,000 |
| Repayment of Long Term Borrowing | (68,697,567) | (77,475,901) |
| Increase/(decrease) in Short Term Borrowing | (54,574,669) | 62,140,000 |
| Share Issue Expenses paid | - | (4,255,593) |
| Dividend Paid | (14,797,800) | (12,830,170) |
| Dividend Distribution Tax Paid | - | (1,041,301) |
| Bank Interest paid | (29,353,460) | (40,864,928) |
| Net Cash generated from Financing Activities | <u>61,586,633</u> | <u>174,798,292</u> |
| Net increase in Cash and Cash equivalents | <u>799,768</u> | <u>(31,695,836)</u> |
| Opening balance of Cash and Cash equivalents | <u>2,241,246</u> | <u>33,937,082</u> |
| Closing balance of Cash and Cash equivalents | <u>3,041,014</u> | <u>2,241,246</u> |

As per our report of even date

For A. R. Sodha & Co.

Chartered Accountants
(FRN:110324W)

A. R. Sodha

Partner
M.No.31878
Place: Mumbai
Date: 29th August, 2012

For & on behalf of the Board

Gautam Adhikari

Chairman & Whole Time Director

Markand Adhikari

Vice Chairman & Managing Director

Payal Garg

Company Secretary

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS****1. Significant Accounting Policies****1.1 General**

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis and comply in all material aspects with the accounting standards notified under Section 211 (3C), Companies(Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

1.2 Use of Estimate

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

1.3 Provisions, Contingent Liabilities and Contingent Assets

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 will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to affect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

1.4 Fixed Assets**Tangible Fixed Assets**

Tangible Fixed Assets are stated at cost of acquisition as reduced by accumulated depreciation and impairment losses, if any. Acquisition cost comprises of the purchase price and attributable cost incurred for bringing the asset to its working condition for its intended use.

Intangible Fixed Assets

Intangible Fixed Assets are carried at cost less accumulated amortisation and impairment losses, if any. The Cost of intangible assets comprises of cost of purchase, production cost and any attributable expenditure on making the asset ready for its intended use.

Capital Work in Progress :

Capital work in progress are assets that are not yet ready for their intended use which comprises cost of purchase and related attributable expenditures.

1.5 Depreciation/Amortisation**Tangible Fixed Assets**

Depreciation on tangible fixed assets has been provided on straight line method on pro-rata basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

Improvement to Lease Assets is amortised over a balance period of lease on straight line basis.

Intangible Fixed Assets

Intangible fixed assets are amortised over a period of 10 years on Pro Rata Basis.

1.6 Inventories

Cassettes and tapes are charged of fully in the year of purchase.



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

Inventories are valued at lower of cost or net realisable value. The cost of each episode of program is determined on the basis of average cost.

Where carrying amount of inventories does not exceeds recoverable amount in the ordinary course of business or where management does not anticipate any future economic benefit flowing from it appropriate loss has been provided.

1.7 Revenue Recognition

Revenue from sale of program/content rights is recognised when the relevant program/content is delivered. In respect of Interest Income, it is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

1.8 Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency i.e. rupee value, by applying the exchange rate, between the reporting currency and the foreign currency, to the foreign currency amount at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange Differences

Exchange differences arising on the settlement of monetary items or conversion of monetary items at balance sheet date are recognised as income or expenses.

1.9 Investments

Investments that are intended to be held for more than a year are classified as Non-current investments. The Non-current Investments are carried at cost of acquisition. Provision for diminution in value is made if the decline in the value is other than temporary in the opinion of the management. Current Investments are stated at cost or realisable value whichever is lower.

1.10 Employee Benefits

Defined Contribution Plan

Payments to defined contribution plan are charged to Statement of Profit & Loss when contributions to respective funds are due.

Defined Benefit Plan

Employee benefits for Defined benefit schemes, such as leave encashment and gratuity, are provided on the basis of actuary valuation taken at the end of each year.

Other short –term employee benefits are charged to Statement of Profit & Loss on accrual basis.

1.11 Borrowing Cost

Borrowing costs directly attributable to development of qualifying asset are capitalized till the date qualifying asset is ready for put to use for its intended purpose. Other Borrowing costs are recognized as expense and charged to profit & loss account.

1.12 Leases

Operating Lease expenses are charged to Statement of Profit & Loss on accrual basis.



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

1.13 Taxes on Income

Current Tax provision is made based on the tax liability computed after considering tax allowances and exemptions at the balance sheet date as per Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax asset is recognized 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. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

The carrying amount of Deferred Tax Assets are reviewed at each balance sheet date and written down or written up, to reflect the amount that is reasonably or virtually certain, as the case may be, to be realized.

1.14 Earning Per Share

Basic earnings per share is 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. Dilutive earning per shares is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the result would be anti-dilutive.

| | AS AT 31.03.2012 (₹) | AS AT 31.03.2011 (₹) |
|---|----------------------------|----------------------------|
| 2 Share Capital | | |
| Authorised | | |
| 35,000,000 (P.Y. 35,000,000) Equity shares of ₹10/- each | <u>350,000,000</u> | <u>350,000,000</u> |
| Issued, Subscribed & Paid-up | | |
| 24,663,000 (P.Y. 22,883,500) Equity shares of ₹10/- each fully paid up | <u>246,630,000</u> | <u>228,835,000</u> |
| | <u>246,630,000</u> | <u>228,835,000</u> |

Terms and Rights attached to Equity Shares:

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

The amount of per share dividend recognised as distributions to equity shareholders during the year ended 31st March, 2012 is ₹ 0.60 (P.Y. ₹ 0.60), subject to approval by shareholders in the ensuing annual general meeting.

The reconciliation of the number of shares outstanding and the amount of share capital as at 31st March, 2012 is set out below:

| Particulars | As at 31/03/2012 | | As at 31/03/2011 | |
|------------------------------------|-------------------|--------------------|------------------|-------------|
| | Numbers | ₹ | Numbers | ₹ |
| At the beginning of the Year | 22,883,500 | 228,835,000 | 16,258,500 | 162,585,000 |
| Add:- Issued During the year | 1,779,500 | 17,795,000 | 6,625,000 | 66,250,000 |
| Outstanding at the end of the year | 24,663,000 | 246,630,000 | 22,883,500 | 228,835,000 |



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

NOTES TO FINANCIAL STATEMENTS

The details of shareholders holding more than 5% shares are set out below:

| Name of the shareholder | As at 31/03/2012 | | As at 31/03/2011 | |
|--------------------------------|------------------|--------|------------------|--------|
| | Numbers | % | Numbers | % |
| Gautam Adhikari | 2,068,129 | 8.39% | 2,068,029 | 9.04% |
| Markand Adhikari | 2,068,528 | 8.39% | 2,068,028 | 9.04% |
| Ravi Adhikari | 3,425,000 | 13.89% | 2,675,000 | 11.69% |
| Kailashnath Adhikari | 3,428,102 | 13.90% | 2,677,002 | 11.70% |
| Inayata Constructions Pvt. Ltd | 2,204,857 | 8.94% | 2,750,000 | 12.02% |
| Assent Trading Pvt. Ltd. | 1,769,685 | 7.18% | 2,750,000 | 12.02% |
| Keynote Enterprises Pvt. Ltd. | 2,210,000 | 8.96% | 2,750,000 | 12.02% |

| | |
|-------------------|------------|
| AS AT | AS AT |
| 31.03.2012 | 31.03.2011 |
| (₹) | (₹) |

3 Reserves & Surplus

Capital Reserve

| | | |
|--------------------------------------|--------------------|-------------|
| Balance at the beginning of the year | 187,631,659 | 187,631,659 |
| Additions during the year | - | - |
| Balance at year end | 187,631,659 | 187,631,659 |

Securities Premium Account

| | | |
|-----------------------------------|--------------------|-------------|
| As per last Balance Sheet | 867,207,831 | 731,407,174 |
| Add: Addition during the year | 57,654,005 | 139,506,250 |
| Less: Expenses on Issue of Shares | - | 3,705,593 |
| Balance at year end | 924,861,836 | 867,207,831 |

Share options outstanding account

| | | |
|--|--------------------|-----------|
| Balance at the beginning of the year | 7,273,000 | - |
| Add: Amounts recorded on grants during the year | - | 7,273,000 |
| Less: Deferred stock compensation expense | - | - |
| Less :Transferred to Securities premium account | (2,904,005) | - |
| Less: Written back to Statement of Profit and Loss during the year | - | - |
| Balance at year end | 4,368,995 | 7,273,000 |

General Reserve

| | | |
|--------------------------------------|--------------------|-------------|
| Balance at the beginning of the year | 225,110,695 | 225,110,695 |
| Additions during the year | - | - |
| Balance at year end | 225,110,695 | 225,110,695 |



NOTES TO FINANCIAL STATEMENTS

| | AS AT 31.03.2012 (₹) | AS AT 31.03.2011 (₹) |
|--|-----------------------------|-----------------------------|
| 3 Reserves & Surplus (Contd..) | | |
| Surplus/(deficit) as per the statement of profit and Loss | | |
| Balance at the beginning of the year | 6,204,690 | 21,527,630 |
| Add : Profit for the year | 17,170,948 | 5,423,555 |
| Less : Proposed Dividend | (14,797,800) | (14,797,800) |
| Less : Dividend Distribution Tax on Dividend | (2,400,573) | (2,400,573) |
| Less : Short Provision for final Dividend F.Y 2009-10 | - | (3,075,070) |
| Less : Short Provision for Dividend Distribution Tax F.Y 2009-10 | - | (473,052) |
| Balance at year end | <u>6,177,265</u> | <u>6,204,690</u> |
| | <u>1,348,150,450</u> | <u>1,293,427,875</u> |
| 4 Long Term Borrowings | | |
| Secured | | |
| Term Loan from Banks | 228,570,000 | 164,570,000 |
| Less : Current Maturity (Included in Other Current Liabilities) | <u>99,000,000</u> | <u>39,000,000</u> |
| | 129,570,000 | 125,570,000 |
| External Commercial Borrowings | 172,326,579 | 177,091,813 |
| Less : Current Maturity (Included in Other Current Liabilities) | <u>90,801,509</u> | <u>35,720,000</u> |
| | 81,525,070 | 141,371,813 |
| Corporate Loan from Bank | 50,000,000 | - |
| Less : Current Maturity (Included in Other Current Liabilities) | <u>18,000,000</u> | <u>-</u> |
| | 32,000,000 | - |
| Vehicle Loan | 8,164,598 | 12,194,302 |
| Less : Current Maturity (Included in Other Current Liabilities) | <u>3,785,400</u> | <u>4,294,717</u> |
| | 4,379,198 | 7,899,585 |
| | <u>247,474,268</u> | <u>274,841,398</u> |

Term loan and External Commercial borrowings from Punjab National Bank are secured by way of equitable mortgage of land and all the present and future assets created out of loan proceeds for project at Kandivali and hypothecation of studio equipment and furniture and fixtures. Further, the loan is guaranteed by personal guarantee of promoter directors.

Term loan from Canara Bank is secured by way of negative lien on content rights acquired from loan proceeds. Further, the loan is guaranteed by personal guarantee of Promoter Directors and is collaterally secured by assets belonging to Promoter Directors and their relative.

Corporate Loan is secured by way of first charge on the program/content rights acquired from loan proceeds. Further loan is guaranteed by personal guarantee of promoter directors and collaterally secured by assets belonging to promoter director.

Vehicle loan is secured by way of hypothecation of vehicles.

These loan are repayable on monthly and quarterly installment basis spreading upto financial year 2014-15 and rate of interest for the term loan is Base Rate + 4.00%, for external commercial borrowing rate is LIBOR 6M+7% and for corporate loan rate is Base Rate + 4.25%.



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

NOTES TO FINANCIAL STATEMENTS

| | AS AT 31.03.2012 (₹) | AS AT 31.03.2011 (₹) |
|--|----------------------------|----------------------------|
| 5 Long Term Provisions | | |
| Provision for Employee Benefits | | |
| - Provision for compensated absences | 957,760 | 848,808 |
| | <u>957,760</u> | <u>848,808</u> |
| 6 Short Term Borrowings | | |
| Unsecured | | |
| Short Terms Loans from Bank | - | 52,500,000 |
| Overdraft facility | 8,311,430 | 10,386,099 |
| | <u>8,311,430</u> | <u>62,886,099</u> |
| 7 Trade Payables | | |
| Other than Acceptance | 20,252,412 | 76,099,173 |
| | <u>20,252,412</u> | <u>76,099,173</u> |
| 8 Other Current Liabilities | | |
| Current Maturities of Long Term Borrowings | 211,586,908 | 79,014,717 |
| Interest Accrued and Due | 2,443,040 | 3,965,825 |
| Unclaimed Interest on Fixed Deposits | 199,647 | 199,647 |
| Unclaimed Dividend * | 409,262 | 192,177 |
| Unclaimed Fixed Deposit * | 131,000 | 131,000 |
| (* Kept in a separate Bank A/c) | | |
| Advance and Deposit Received | 6,306,097 | - |
| Other Payables | 2,865,356 | 4,936,398 |
| | <u>223,941,310</u> | <u>88,439,764</u> |
| 9 Short Term Provisions | | |
| Provision for Expenses | 12,372,384 | 12,451,242 |
| Provision for Income Tax (net of TDS) | 4,741,797 | - |
| Proposed Dividend | 14,797,800 | 14,797,800 |
| Dividend Distribution Tax | 6,932,077 | 4,058,452 |
| | <u>38,844,058</u> | <u>31,307,494</u> |



NOTES TO FINANCIAL STATEMENTS

(₹)

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|---------------------------------------|---------------------|-------------|------------|---------------------|------------------------|---------------------|---------------------|---------------------|
| | As at 01.04.2011 | Additions | Deductions | As at 31.03.2012 | Charge for the year | As at 31.03.2012 | As at 31.03.2012 | As at 31.03.2011 |
| Tangible Assets: | | | | | | | | |
| Land & Building | 437,360,669 | - | - | 437,360,669 | 7,148,510 | - | 397,897,309 | 405,045,819 |
| Plant & Machinery and Media Assets | 351,923,602 | 379,705 | - | 352,303,307 | 31,859,689 | - | 230,073,154 | 261,553,138 |
| Improvement to Lease Asset | 17,326,357 | - | - | 17,326,357 | - | - | - | - |
| Sets | 45,886,346 | - | - | 45,886,346 | 2,904,606 | - | 29,906,701 | 32,811,307 |
| Furniture & Fixtures | 66,515,841 | - | - | 66,515,841 | 4,221,988 | - | 30,804,155 | 35,026,143 |
| Vehicles | 29,919,758 | - | - | 29,919,758 | 2,850,164 | - | 16,956,826 | 19,806,990 |
| Computers | 6,218,501 | 655,844 | - | 6,874,345 | 1,046,897 | - | 384,595 | 775,648 |
| Sub-total | 955,151,074 | 1,035,549 | - | 956,186,623 | 50,031,855 | - | 706,022,739 | 755,019,045 |
| Previous Year | 773,680,842 | 182,234,835 | 764,601 | 955,151,076 | 39,419,379 | 444,778 | 755,019,048 | - |
| Intangible Assets: | | | | | | | | |
| Business & Commercial Rights | 417,178,457 | - | - | 417,178,457 | 41,717,846 | - | 167,765,305 | 209,483,151 |
| Sub-total | 417,178,457 | - | - | 417,178,457 | 41,717,846 | - | 209,483,151 | - |
| Previous Year | 417,178,457 | - | - | 417,178,457 | 41,717,846 | - | 209,483,151 | - |
| Capital Work-in-progress | | | | | | | 104,200,296 | 76,140,993 |



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

NOTES TO FINANCIAL STATEMENTS

| | AS AT 31.03.2012 (₹) | AS AT 31.03.2011 (₹) |
|---|----------------------------|----------------------------|
| 11 Non-current Investment | | |
| Lotus Motion Pictures Ltd. | - | 210,926,000 |
| In Subsidiary Companies | | |
| TV Vision Ltd. (45,500,000 (P.Y 20,000,000) shares of ₹ 10 each fully paid up) | 455,000,000 | 200,000,000 |
| Maiboli Broadcasting Pvt.ltd (10,000 (P.Y Nil) shares of ₹ 10 each fully paid up) | 100,000 | - |
| MPCR Broadcasting Service Pvt Ltd. (Nil (P.Y 85,00,000) shares of ₹ 10 each fully paid up) | - | 85,000,000 |
| HHP Broadcasting Services Pvt.Ltd (Nil (P.Y 85,00,000) shares of ₹ 10 each fully paid up) | - | 85,000,000 |
| UBJ Broadcasting Pvt.Ltd. (Nil (P.Y 75,00,000) shares of ₹ 10 each fully paid up) | - | 75,000,000 |
| Investment In Partnership Firm | - | 1,379,621 |
| | <u>455,100,000</u> | <u>657,305,621</u> |
| 12 Long Term Loans & Advances (Unsecured, Considered good) | | |
| Capital Advances | 21,000,000 | 151,000,000 |
| MAT Credit Entitlement | 22,959,449 | 20,091,358 |
| Payment against Disputed Income Tax Demand | 24,204,732 | - |
| Deposits | 2,282,153 | 35,392,253 |
| | <u>70,446,334</u> | <u>206,483,611</u> |
| 13 Current Investments | | |
| Lotus Motion Pictures Ltd. | 135,000,000 | - |
| | <u>135,000,000</u> | <u>-</u> |
| 14 Inventories | | |
| Work In Progress | - | 932,500 |
| | <u>-</u> | <u>932,500</u> |
| 15 Trade Receivables | | |
| Over Six Months | | |
| - Considered Good | 13,460,147 | 12,528,120 |
| Others | | |
| - Considered Good | 108,238,899 | 94,199,186 |
| | <u>121,699,046</u> | <u>106,727,306</u> |



NOTES TO FINANCIAL STATEMENTS

| | AS AT 31.03.2012 (₹) | AS AT 31.03.2011 (₹) |
|--|--|--|
| 16 Cash & Bank Balances | | |
| Cash on Hand | 202,366 | 935,048 |
| Balance with Scheduled Banks in | | |
| - Current Accounts | 1,561,613 | 29,163 |
| - Fixed Deposit | 1,277,035 | 1,277,035 |
| | 3,041,014 | 2,241,246 |
| 17 Short Term Loans & Advances | | |
| (Unsecured) | | |
| Loans and Advances to Subsidiaries* | 381,171,250 | 125,702,726 |
| Others Advances & Receivables, Considered good | 90,739,151 | 30,692,023 |
| Others Advances Considered Doubtful | 4,048,141 | 4,048,141 |
| Less: Provision for doubtful advances | (4,048,141) | (4,048,141) |
| | 471,910,401 | 156,394,749 |
| <i>[*includes share application money pending allotment of ₹ 150 lacs (P.Y.Nil)]</i> | | |
| 18 Other Current Assets | | |
| Prepaid Expenses | 655,946 | 632,106 |
| Interest Receivable | 467,515 | 429,615 |
| Other Receivables | 1,803,488 | 6,597,007 |
| Deferred Employee Compensation | 75,864 | 2,045,333 |
| | 3,002,813 | 9,704,061 |
| | For the Year ended 31.03.2012 (₹) | For the Year ended 31.03.2011 (₹) |
| 19 Other Income | | |
| Interest Income | 56,457 | 430,010 |
| Exchange Rate Difference | - | 1,882,269 |
| Dividend On Mutual Fund | - | 65,911 |
| Miscellaneous Income | 1,090,672 | 2,370,397 |
| Share of profit/loss in Partnership Firm | (4,906) | 81,254 |
| | 1,142,223 | 4,829,841 |



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

NOTES TO FINANCIAL STATEMENTS

| | For the Year ended 31.03.2012 (₹) | For the Year ended 31.03.2011 (₹) |
|--|---|---|
| 20 Operational Cost | | |
| Programme Purchase and Production Cost | 260,591,750 | 135,441,000 |
| Remuneration to Artist & Technicians | 14,296,781 | 13,112,159 |
| Shooting Charges | 14,596,919 | 9,872,602 |
| Location & Equipment Hire Charges | 14,131,980 | 8,851,766 |
| Technical Charges | 165,750 | 14,500 |
| Cassettes Purchase | 1,580,875 | 1,899,588 |
| | 305,364,055 | 169,191,615 |
| Less: Cost of Work in Process for Programme | - | 932,500 |
| Less: Programme Share Cost | 42,707,194 | 23,276,550 |
| | 262,656,861 | 144,982,565 |
| 21 Employee Benefit Expenses | | |
| Salaries, Allowances etc. | 17,725,649 | 18,833,339 |
| Contribution To Provident Fund & Others Fund | 724,907 | 422,627 |
| Staff Welfare Expenses | 585,897 | 508,862 |
| | 19,036,453 | 19,764,828 |
| 22 Other Expenses | | |
| Electricity Charges | 1,877,584 | 5,095,516 |
| Communication Expenses | 1,944,403 | 1,223,509 |
| Insurance Charges | 672,638 | 533,621 |
| Rent, Rates & Taxes | 1,039,101 | 5,180,938 |
| Repairs & Maintenance | 4,505,839 | 2,329,669 |
| Traveling & Conveyance | 6,189,137 | 6,363,548 |
| Legal & Professional Charges | 8,826,961 | 10,389,142 |
| Printing & Stationery | 545,607 | 451,883 |
| Membership & Subscription | 1,473,517 | 273,650 |
| General Expenses | 8,686,936 | 7,755,313 |
| Audit Fees (refer note 32) | 500,000 | 500,000 |
| Loss on Sale of Asset | - | 49,823 |
| Director Remuneration | 9,000,000 | 9,000,000 |
| Foreign Exchange Loss | 22,328,082 | - |
| Business Promotion Expenses | 1,300,912 | 1,426,888 |
| Advertising & Marketing Expenses | 206,657 | 330,948 |
| Provision for Doubtful advances | - | 4,048,141 |
| Sundry Debit Balance w/off | 727,269 | 942,029 |
| | 69,824,642 | 55,894,618 |
| 23 Finance Cost | | |
| Bank Interest | 25,341,598 | 20,274,226 |
| Others | 2,489,077 | 1,254,033 |
| | 27,830,675 | 21,528,259 |



NOTES TO FINANCIAL STATEMENTS

24 Preferential Issue of Shares and Warrants

During the year the Company has issued 15,00,000 equity shares on conversion of 15,00,000 warrants. The proceeds from issue of shares and warrants has been utilized as follows:

(₹)

| Proceeds: | 31.03.2012 | 31.03.2011 |
|---|-------------------|--------------------|
| from issue of 51,25,000 Shares | - | 102,004,689 |
| from 25% deposit for 30,00,000 warrants | - | 34,875,000 |
| from issue of 30,00,000 Shares, on conversion of warrants | 52,312,500 | 52,312,500 |
| Total | 52,312,500 | 189,192,189 |
| Application of Funds: | | |
| Invested in Wholly Owned Subsidiaries by way of Equity Contribution/Loans | 42,600,000 | 110,151,046 |
| Utilized for Repayment of Debts | - | 57,068,266 |
| Utilized for working capital | 9,712,500 | 21,972,877 |
| Total | 52,312,500 | 189,192,189 |

25 Employees Stock Option

The company has granted in April 2010, 700,000 options to eligible employees under the SABTNL Employees Stock Option Scheme 2009-10 (ESOP 2009-10). These options would be vested over a period of two years from the date of grant of options. 50% of these options vested in April 2011 and the balance will vest in April 2012. The options can be exercised within one year from the date of vesting. Each option is convertible into equivalent number of Equity Share of ₹10/- Face value. The Exercise Price of the Option is ₹10.

The stock option discount has been amortized over the vesting period of two years on straight line basis. A sum of ₹ 19.70 lacs (P.Y. ₹ 52.27 lacs) representing proportionate charge for the year has been included in the accounts under Salaries, Allowances etc.

Potential number of Diluted Equity shares to be issued under Employees Stock Option Scheme 2009-10 is 2,10,551 (Previous year 2,56,374/-) of ₹10/- each.

Details of Option are as follows

| Particulars | 31.03.2012 | 31.03.2011 |
|---|------------|------------|
| Option Outstanding, beginning of the period | 700,000 | NIL |
| Granted during the year | NIL | 700,000 |
| Less : Exercised during the year | 279,500 | NIL |
| Less : Forfeited during the year | NIL | NIL |
| Options Outstanding at end of year | 420,500 | 700,000 |

26 Segment Reporting

The Company is operating in single primary business segment i.e. Content Production and distribution. Accordingly no segment reporting as per Accounting Standard 17 has been reported.



NOTES TO FINANCIAL STATEMENTS

27 Basic and Diluted Earning Per Share

| Particulars | 31.03.2012 | 31.03.2011 |
|---|------------|------------|
| Profit for the Year (₹) | 17,170,948 | 5,423,555 |
| Weighted average Number of Shares outstanding during the year (Face Value ₹10 per share) | 24,199,555 | 19,524,253 |
| Basic Earning Per share (₹) | 0.71 | 0.28 |
| Weighted average Number of Shares outstanding during the year for Diluted earning | 24,410,105 | 19,770,794 |
| Diluted Earning Per share (₹) | 0.70 | 0.27 |

28. Related Party Disclosures

a) List of Related Parties & Relationship:-

i. Subsidiary Companies

| | |
|--------------------------------------|------------------------------|
| TV Vision Ltd. | Subsidiary Company |
| Westwind Realtors Pvt. Ltd. | Subsidiary Company |
| Maiboli Broadcasting Pvt. Ltd. | Subsidiary Company |
| HHP Broadcasting Services Pvt. Ltd. | Step-down Subsidiary Company |
| UBJ Broadcasting Pvt. Ltd. | Step-down Subsidiary Company |
| MPCR Broadcasting Services Pvt. Ltd. | Step-down Subsidiary Company |

ii. Key Management Personnel (KMP):

| | |
|------------------|-----------------------------------|
| Gautam Adhikari | Chairman & Whole Time Director |
| Markand Adhikari | Vice Chairman & Managing Director |

iii. Relatives of Key Management Personnel

Heeren Adhikari
Urvee Adhikari
Kanchan Adhikari
Ravi Adhikari
Kailashnath Adhikari

iv. Others

| | |
|---|--|
| SAB & View Entertainment | 50% Joint Venture |
| Infra Projects Vision Pvt Ltd | Directors having Substantial Interest |
| Kartavyaa Publication Pvt Ltd | Directors having Substantial Interest |
| Dream Merchant Cinema Pvt Ltd | Directors having Substantial Interest |
| Cinema Today Pvt Ltd | Directors having Substantial Interest |
| Sri Adhikari Brothers Assets Holding Pvt Ltd. | Directors having Substantial Interest |
| Urvee Adhikari Creation | Relative of Director having Substantial Interest |



NOTES TO FINANCIAL STATEMENTS

b) Transaction with Related Parties:

(₹)

| Nature of Transaction | | Subsidiaries/ Fellow Subsidiaries | Key Management Personnel | Relative of Key Management Personnel | Others | Total |
|---|-------|---|--------------------------------|--|----------------------|-------------------------------------|
| Reimbursement of expenses received | (P.Y) | 48,056,317 (24,990,554) | - (-) | - (-) | - (806,000) | 48,056,317 (25,796,554) |
| Rendering of Services/ Reimbursement of expenses | (P.Y) | 451,099 (468,535) | 9,120,000 (9,120,000) | 1,186,200 (1,036,136) | - (-) | 10,757,299 (10,624,671) |
| Advance/Loan/Deposit given (net) | (P.Y) | 239,428,815 (101,431,651) | - (-) | - (-) | - (-) | 239,428,815 (101,431,651) |
| Advance/Loan/Deposit taken (net) | (P.Y) | 3,500,000 (-) | 119,531 (-) | - (-) | - (-) | 3,619,531 (-) |
| Outstanding Balance included in current Liability | (P.Y) | 3,971,312 (-) | 759,783 (3,439,486) | 302,703 (303,643) | - (-) | 5,033,798 (3,743,129) |
| Outstanding Balance included in current assets | (P.Y) | 366,171,300 (125,702,726) | 33,000,000 (330,000,000) | - (-) | 450,335 (661,800) | 399,621,635 (456,364,526) |
| Investment made | (P.Y) | 255,100,000 (221,170,000) | - (-) | - (-) | - (-) | 255,100,000 (221,170,000) |
| Investment sold | (P.Y) | 245,000,000 (-) | - (-) | - (-) | - (-) | 245,000,000 (-) |
| Capital Contribution received | (P.Y) | - (-) | - (-) | 52,312,600 (111,075,000) | - (-) | 52,312,600 (111,075,000) |

29 Employee Benefits Plan

Defined Contribution Plan

Contribution to Defined Contribution plans are recognised and charged off for the year are as under

(₹)

| Particulars | 31.03.2012 | 31.03.2011 |
|--|---------------|------------|
| Employers Contribution to Provident Fund | 780420 | 453225 |

Defined Benefit Plan

Employees gratuity and leave encashment scheme is defined benefit plan. The present value of obligation is determined based on actuarial valuation using projected unit credit method which recognised each period of service as giving rise to additional need of employee benefit entitlement and measures each unit separately to build up the final obligation.



NOTES TO FINANCIAL STATEMENTS

(₹)

| Particulars | Gartuity - funded | | Leave Encashment - unfunded | |
|---|------------------------|------------|-----------------------------|------------|
| | 31.03.2012 | 31.03.2011 | 31.03.2012 | 31.03.2011 |
| A) Reconciliation of Opening and closing balance of defined benefit obligation | | | | |
| Defined Benefit obligation at the beginning of the year | 1,244,862 | 859,089 | 1,168,062 | 972,483 |
| Current Service Cost | 198,514 | 117,092 | 230,868 | 224,773 |
| Interest Cost | 99,589 | 68,727 | 93,445 | 77,799 |
| Acturial (Gain)/Loss | 183,987 | 289,377 | (214,734) | (17,844) |
| Benefits Paid | (28,558) | (89,423) | (627) | (89,149) |
| Defined Benefit Obligation at year end | 1,698,394 | 1,244,862 | 1,277,014 | 1,168,062 |
| B) Reconciliation of Opening and closing balance of fair value of assets | | | | |
| Fair Value of Plan assets at the beginning of the year | 799,573 | 821,095 | | |
| Expected return on plan assets | 63,966 | 65,688 | | |
| Acturial Gain/(Loss) | 6,703 | 2,213 | NA | |
| Employer Contribution | - | - | | |
| Benefits Paid | (28,558) | (89,423) | | |
| Fair Value of Plan assets at year end | 841,684 | 799,573 | | |
| Actual Return on Plan assets | 70,669 | 67,901 | | |
| C) Reconciliation of Fair Value of assets and Obligation | | | | |
| Fair Value of Plan Assets as at 31 st March | 841,684 | 799,573 | - | - |
| Present Value of obligation as at 31 st March | 1,698,394 | 1,244,862 | 1,277,014 | 1,168,062 |
| Amount Recognised in Balance Sheet | 856,710 | 445,289 | 1,277,014 | 1,168,062 |
| D) Expenses recognised during the year | | | | |
| Current Service Cost | 198,514 | 117,092 | 230,868 | 224,773 |
| Interest Cost | 99,589 | 68,727 | 93,445 | 77,799 |
| Expected return on plan assets | (63,966) | (65,688) | - | - |
| Acturial (Gain)/Loss | 177,284 | 287,163 | (214,734) | (17,844) |
| Net Cost | 411,421 | 407,295 | 109,579 | 284,728 |
| E) Investment Details | | | | |
| LIC Group Gratuity Cash Accumulation Policy | 49.56% | 64.23% | | NA |
| F) Actuarial Assumption | | | | |
| Mortality Table (LIC) | LIC (1994-96) Ultimate | | LIC (1994-96) Ultimate | |
| Discount Rate (Per Annum) | 8% | | 8% | |
| Expected Rate of Return on Plan Assets (Per Annum) | 8% | | NA | |
| Rate of Escalation in Salary (Per Annum) | 5% | | 5% | |



NOTES TO FINANCIAL STATEMENTS

30 Consolidation of Financial Statements:

SABe TV Ltd, a WOS of a company is in the process of voluntary winding up and it is not carrying on any operating activity, Residual value of the investment in the WOS is fully adjusted in the earlier years against the amount payable to the WOS. Accordingly, company has not consolidated Financial Statements of SABe TV Ltd.

31 Deferred Tax Liability (net)

(₹)

| Particulars | 31.03.2012 | 31.03.2011 |
|--|--------------------|--------------------|
| Tax effect of items constituting Deferred Tax Liability | | |
| On difference between book balance and tax balance of Fixed Assets | 105,394,301 | 108,042,064 |
| | 105,394,301 | 108,042,064 |
| Tax effect of items constituting Deferred Tax Assets: | | |
| For Compensated absence | 423,349 | 388,000 |
| Provision for Doubtful Debts | 1,344,691 | 1,344,691 |
| | 1,768,040 | 1,732,691 |
| Net Deferred Tax Liability | 103,626,261 | 106,309,373 |

32. Payment to Auditors (excluding Service Tax)

(₹)

| Particulars | 31.03.2012 | 31.03.2011 |
|----------------|----------------|----------------|
| Audit Fees | 400,000 | 400,000 |
| Tax Audit Fees | 100,000 | 100,000 |
| Others | 215,000 | 80,000 |
| Total | 715,000 | 580,000 |

33 Contingent Liability and Events occurring after Balance Sheet date

There is no contingent liability as on Balance Sheet date except as stated below:

(₹)

| Particulars | 31.03.2012 | 31.03.2011 |
|--|----------------------|--------------------|
| a) Guarantees Given for Loan taken by Subsidiaries | 1,100,000,000 | 740,000,000 |
| b) Income Tax Demand / Penalty | 61,668,180 | 61,668,180 |
| Total | 1,161,668,180 | 801,668,180 |

34 Capital and Other Commitment

As on Balance sheet date there is no outstanding Capital and Other Commitment.

35 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Company has not received any confirmation from its vendors that whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006, hence the amounts unpaid at the year end together with interest paid / payable under this Act cannot be identified.



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

36 Previous Year Figures

The revised Schedule VI of the Companies Act, 1956 has become effective from 01.04.2011 for the preparation of financial statements, which has significantly impacted the disclosure and presentation made in financial statement. The previous year figures have been regrouped/reclassified wherever considered necessary to correspond with current year classification/disclosure.

As per our report of even date

For A. R. Sodha & Co.

Chartered Accountants
(FRN:110324W)

A. R. Sodha

Partner

M.No.31878

Place: Mumbai

Date: 29th August, 2012

For & on behalf of the Board

Gautam Adhikari

Chairman & Whole Time Director

Markand Adhikari

Vice Chairman & Managing Director

Payal Garg

Company Secretary



AUDITORS' REPORT

To,
The Members,
Sri Adhikari Brothers Television Network Ltd.

We have audited the attached Consolidated Balance Sheet of **Sri Adhikari Brothers Television Network Ltd.** and its subsidiaries and Joint Venture (referred to as 'Group') as at 31st March, 2012 and the Consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto.

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

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 statements presentation. We believe that our audit provides a reasonable basis for our opinion

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 27 Financial Reporting of Interest in Joint Venture issued by the Institute of Chartered Accountants of India.

We report that in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements gives a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012 and
- ii) In the case of Consolidated Statement of Profit & Loss of the loss for the year ended on that date.
- iii) In the case of Consolidated Cash Flow Statement, of the Cash flows for the year ended on that date.

For A. R. SODHA & CO.
Chartered Accountants
(FRN 110324W)

A. R. Sodha
Partner
M. No. 31878

Place: Mumbai.
Date : 29th August, 2012



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2012

| | Notes | As at 31.03.2012 (₹) | As at 31.03.2011 (₹) |
|---------------------------------|-------|-----------------------------|-----------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 246,630,000 | 228,835,000 |
| Share Warrant Application Money | | - | 17,437,500 |
| Reserve & Surplus | 3 | <u>981,679,625</u> | <u>1,173,612,267</u> |
| | | <u>1,228,309,625</u> | <u>1,419,884,767</u> |
| Minority Interest | | 3,281,492 | 3,285,508 |
| Non Current Liabilities | | | |
| Long Term Borrowings | 4 | 1,222,724,268 | 993,841,397 |
| Deferred Tax Liability | | - | 52,838,471 |
| Other Long Term Liability | 5 | 13,835,261 | 13,835,261 |
| Long Term Provisions | 6 | <u>1,860,962</u> | <u>1,245,532</u> |
| | | <u>1,238,420,491</u> | <u>1,061,760,662</u> |
| Current Liabilities | | | |
| Short Term Borrowings | 7 | 58,311,430 | 67,339,099 |
| Trade Payables | 8 | 166,078,901 | 140,621,918 |
| Other Current Liabilities | 9 | 372,255,776 | 120,808,188 |
| Short Term Provisions | 10 | <u>79,424,485</u> | <u>38,228,139</u> |
| | | <u>676,070,592</u> | <u>366,997,344</u> |
| TOTAL | | <u>3,146,082,200</u> | <u>2,851,928,280</u> |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 11 | 739,528,853 | 782,196,538 |
| Intangible Assets | | 1,007,175,540 | 823,917,607 |
| Capital Work-in-Progress | | <u>107,854,336</u> | <u>84,271,982</u> |
| | | <u>1,854,558,729</u> | <u>1,690,386,127</u> |
| Non-current Investment | 12 | - | 210,926,000 |
| Deferred Tax assets(net) | | 58,299,933 | - |
| Long Term Loans & Advances | 13 | 480,554,947 | 490,990,264 |
| Other Non-Current asset | 14 | 14,359,313 | 28,487,724 |
| Current Assets | | | |
| Current Investments | 15 | 135,000,000 | - |
| Inventories | 16 | - | 932,500 |
| Trade Receivables | 17 | 353,889,344 | 198,327,629 |
| Cash and Bank Balances | 18 | 8,084,536 | 17,839,313 |
| Short Term Loans & Advances | 19 | 200,099,729 | 161,837,557 |
| Other Current Assets | 20 | <u>41,235,669</u> | <u>52,201,165</u> |
| | | <u>738,309,277</u> | <u>431,138,165</u> |
| TOTAL | | <u>3,146,082,200</u> | <u>2,851,928,280</u> |

Significant Accounting Policies

1

Accompanying notes are integral parts of the Financial Statements

As per our report of even date

For & on behalf of the Board

For A. R. Sodha & Co.

Chartered Accountants
(FRN:110324W)

Gautam Adhikari

Chairman & Whole Time Director

A. R. Sodha

Partner

M.No.31878

Place: Mumbai

Date: 29th August, 2012

Markand Adhikari

Vice Chairman & Managing Director

Payal Garg

Company Secretary



CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2012

| | Notes | For the year ended 31.03.2012 (₹) | For the year ended 31.03.2011 (₹) |
|---|-------|---|---|
| INCOME | | | |
| Revenue form Operations | | 1,319,917,692 | 493,455,868 |
| Other Income | 21 | <u>1,104,580</u> | <u>4,912,574</u> |
| | | <u>1,321,022,272</u> | <u>498,368,442</u> |
| EXPENSES | | | |
| Operational Cost | 22 | 1,038,082,422 | 341,366,708 |
| (Increase)/decrease in Inventory | | - | 895,772 |
| Employee Benefit Expenses | 23 | 59,621,884 | 31,348,260 |
| Other Expenses | 24 | 145,587,881 | 109,746,734 |
| Finance Cost | 25 | 197,576,333 | 60,248,448 |
| Depreciation | 11 | <u>217,908,855</u> | <u>122,081,877</u> |
| Total | | <u>1,658,777,375</u> | <u>665,687,799</u> |
| Profit before Tax | | (337,755,103) | (167,319,357) |
| Tax Expenses | | | |
| Current Tax | | 2,919,283 | 2,022,423 |
| Deferred Tax | | (111,138,405) | (55,281,144) |
| Mat Credit Entitlement | | (2,878,338) | - |
| Earlier Years Short Provision | | <u>10,766</u> | <u>317,525</u> |
| | | <u>(111,086,694)</u> | <u>(52,941,196)</u> |
| Profit/(Loss) after tax | | <u>(226,668,408)</u> | <u>(114,378,161)</u> |
| Less: Minority Interest(share in Loss) | | <u>(4,016)</u> | <u>(7,792)</u> |
| Profit/(Loss) for the Period | | <u>(226,664,392)</u> | <u>(114,370,369)</u> |
| Basic Earning Per Share (refer note 30) | | (9.37) | (5.86) |
| Diluted Earning Per Share (refer note 30) | | (9.29) | (5.78) |

Significant Accounting Policies

1

Accompanying notes are integral parts of the Financial Statements

As per our report of even date

For & on behalf of the Board

For A. R. Sodha & Co.

Chartered Accountants
(FRN:110324W)

Gautam Adhikari

Chairman & Whole Time Director

A. R. Sodha

Partner

M.No.31878

Place: Mumbai

Date: 29th August, 2012

Markand Adhikari

Vice Chairman & Managing Director

Payal Garg

Company Secretary



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2012

| PARTICULARS | For the Year ended 31.03.2012 ₹ | For the Year ended 31.03.2011 ₹ |
|---|---------------------------------------|---------------------------------------|
| A Cash flow from Operating Activities: | | |
| Profit before Tax as per Statement of Profit and Loss | (337,755,103) | (167,319,357) |
| Adjustment for: | | |
| Depreciation | 217,908,855 | 122,081,877 |
| Interest Income | (56,457) | (430,010) |
| Dividend Received | - | (134,958) |
| Profit on Sale of Mutual fund units | - | (65,911) |
| Loss on sale of fixed assets | - | 49,823 |
| Deferred Employee Compensation Cost | 1,969,469 | 5,227,467 |
| Preliminary / Share Issue Expenses written off | 705,000 | 1,702,765 |
| Bank Interest | 197,576,333 | 55,428,680 |
| Operating Profit before Working Capital changes | <u>80,348,097</u> | <u>16,540,376</u> |
| Adjustment for change in working capital: | | |
| (Increase) / Decrease in Inventories | 932,500 | (36,728) |
| (Increase) / Decrease in Trade Receivables | (155,561,715) | (34,023,037) |
| (Increase) / Decrease in Advances and Assets | (145,962,775) | (170,179,664) |
| Increase / (Decrease) in Current Liabilities | 82,328,663 | 49,977,324 |
| Cash used in Operations | <u>(137,915,229)</u> | <u>(137,721,729)</u> |
| Direct Taxes Paid | (108,135) | (2,262,263) |
| Net Cash (used in) / generated from Operating Activities | <u>(138,023,364)</u> | <u>(139,983,992)</u> |
| B Cash flow from Investing Activities: | | |
| Purchase of/advance for Fixed Assets | (382,081,457) | (587,793,717) |
| Sale of Fixed Assets/ Refund of Capital Advance | 130,000,000 | 270,000 |
| Purchase of Investment | - | (20,000,000) |
| Sale of Investment | 75,926,000 | 20,000,000 |
| Interest Income Received | 56,457 | 430,010 |
| Dividend Received | - | 134,958 |
| Profit on Sale of Mutual fund units | - | 65,911 |
| Net Cash (used in) / generated from Investing Activities | <u>(176,099,000)</u> | <u>(586,892,838)</u> |
| C Cash flow from Financing Activities: | | |
| Proceeds from Issue of Shares & Warrants | 55,107,500 | 189,192,185 |
| Proceeds from Long Term Borrowing | 533,902,629 | 640,481,834 |
| Repayment of Long Term Borrowing | (86,197,567) | (78,975,901) |
| Increase/(decrease) in Short Term Borrowing | (9,027,669) | 66,501,000 |
| Share Issue Expenses and Pre-operative expenses paid | 10,603,534 | (26,062,973) |
| Dividend Paid | (14,797,800) | (12,830,170) |
| Dividend Distribution Tax Paid | - | (1,041,301) |
| Bank Interest paid | (185,223,040) | (68,113,591) |
| Net Cash generated from Financing Activities | <u>304,367,587</u> | <u>709,151,083</u> |
| Net increase in Cash and Cash equivalents | <u>(9,754,778)</u> | <u>(17,725,747)</u> |
| Opening balance of Cash and Cash equivalents | 17,839,313 | 35,565,061 |
| Closing balance of Cash and Cash equivalents | <u>8,084,536</u> | <u>17,839,313</u> |

As per our report of even date

For A. R. Sodha & Co.

Chartered Accountants

(FRN:110324W)

A. R. Sodha

Partner

M.No.31878

Place: Mumbai

Date: 29th August, 2012

For & on behalf of the Board

Gautam Adhikari

Chairman & Whole Time Director

Markand Adhikari

Vice Chairman & Managing Director

Payal Garg

Company Secretary



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

1.1 General

These consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis and comply in all material aspects with the accounting standards notified under Section 211 (3C), Companies(Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

1.2 Use of Estimate

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

1.3 Provisions, Contingent Liabilities and Contingent Assets

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 will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to affect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

1.4 Fixed Assets

Tangible Fixed Assets

Tangible Fixed Assets are stated at cost of acquisition as reduced by accumulated depreciation and impairment losses, if any. Acquisition cost comprises of the purchase price and attributable cost incurred for bringing the asset to its working condition for its intended use.

Intangible Fixed Assets

Intangible Fixed Assets are carried at cost less accumulated amortisation and impairment losses, if any. The Cost of intangible assets comprises of cost of purchase, production cost and any attributable expenditure on making the asset ready for its intended use.

Capital Work in Progress :

Capital work in progress are assets that are not yet ready for their intended use which comprises cost of purchase and related attributable expenditures.

1.5 Depreciation/Amortisation

Tangible Fixed Assets

Depreciation on tangible fixed assets has been provided on straight line method on pro-rata basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

Improvement to Lease Assets is amortised over a balance period of lease on straight line basis.

Depreciation on decoders is provided 100% in the year of purchase or in the year which Company starts commercial operations of respective channel, whichever is later.



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Intangible Fixed Assets

Business and Commercial Rights of Broadcasting segment are amortized 20% in the year of purchase/production or in the year in which Company starts commercial operations of respective channel, whichever is later and remaining 80% are amortized in subsequent four years on a straight line basis.

Business and Commercial right other than Broadcasting segment are amortised over a period of 10 years on Pro Rata Basis.

Channel Development cost is amortized on straight line basis over a period of ten years on time proportionate basis.

Software are amortized on straight line basis over a period of 3 years on time proportionate basis.

1.6 Inventories

Cassettes and tapes are charged of fully in the year of purchase.

Inventories are valued at lower of cost or net realisable value. The cost of each episode of program is determined on the basis of average cost.

Where carrying amount of inventories does not exceeds recoverable amount in the ordinary course of business or where management does not anticipate any future economic benefit flowing from it appropriate loss has been provided.

1.7 Revenue Recognition

Revenue from advertisements (net of agency commission) is recognised on telecast basis and revenue from sale of program/content rights is recognised when the relevant program/content is delivered.

In respect of Interest Income, it is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

1.8 Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency i.e. rupee value, by applying the exchange rate, between the reporting currency and the foreign currency, to the foreign currency amount at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange Differences

Exchange differences arising on the settlement of monetary items or conversion of monetary items at balance sheet date are recognised as income or expenses.

1.9 Investments

Investments that are intended to be held for more than a year are classified as Non-current investments. The Non-current Investments are carried at cost of acquisition. Provision for diminution in value is made if the decline in the value is other than temporary in the opinion of the management. Current Investments are stated at cost or realisable value whichever is lower.



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.10 Employee Benefits

Defined Contribution Plan

Payments to defined contribution plan are charged to Statement of Profit & Loss when contributions to respective funds are due.

Defined Benefit Plan

Employee benefits for Defined benefit schemes, such as leave encashment and gratuity, are provided on the basis of actuary valuation taken at the end of each year.

Other short-term employee benefits are charged to Statement of Profit & Loss on accrual basis.

1.11 Borrowing Cost

Borrowing costs directly attributable to development of qualifying asset are capitalized till the date qualifying asset is ready for put to use for its intended purpose. Other Borrowing costs are recognized as expense and charged to profit & loss account.

1.12 Leases

Operating Lease expenses are charged to statement of profit and loss on accrual basis.

1.13 Taxes on Income

Current Tax provision is made based on the tax liability computed after considering tax allowances and exemptions at the balance sheet date as per Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax asset is recognized 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. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

The carrying amount of Deferred Tax Assets are reviewed at each balance sheet date and written down or written up, to reflect the amount that is reasonably or virtually certain, as the case may be, to be realized.

1.14 Preliminary & Pre-Operative Expenses

Preliminary expenses are written off fully in the year in which Company starts its commercial operations and Pre-operative expenses are written off fully in the year in which respective channel starts its commercial operations.

1.15 Earning Per Share

Basic earnings per share is 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. Dilutive earning per shares is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the result would be anti-dilutive.



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | AS AT 31.03.2012 (₹) | AS AT 31.03.2011 (₹) |
|---|----------------------------|----------------------------|
| 2 Share Capital | | |
| Authorised | | |
| 35,000,000 (P.Y. 35,000,000) Equity shares of ₹ 10/- each | <u>350,000,000</u> | <u>350,000,000</u> |
| Issued, Subscribed & Paid-up | | |
| 24,663,000 (P.Y. 22,883,500) Equity shares of ₹ 10/- each fully paid up | <u>246,630,000</u> | <u>228,835,000</u> |
| | <u>246,630,000</u> | <u>228,835,000</u> |
| 3 Reserves & Surplus | | |
| Capital Reserve | | |
| Balance at the beginning of the year | 187,631,659 | 187,631,659 |
| Additions during the year | - | - |
| Balance at year end | <u>187,631,659</u> | <u>187,631,659</u> |
| Securities Premium Account | | |
| As per last Balance Sheet | 867,207,831 | 731,407,174 |
| Add: Addition during the year | 57,654,005 | 139,506,250 |
| Less: Expenses on Issue of Shares | <u>2,819,877</u> | <u>3,705,593</u> |
| Balance at year end | <u>922,041,959</u> | <u>867,207,831</u> |
| Share options outstanding account | | |
| Balance at the beginning of the year | 7,273,000 | - |
| Add: Amounts recorded on grants during the year | - | 7,273,000 |
| Less :Transferred to Securities premium account | <u>(2,904,005)</u> | - |
| Less: Written back to Statement of Profit and Loss during the year | - | - |
| Balance at year end | <u>4,368,995</u> | <u>7,273,000</u> |
| General Reserve | | |
| Balance at the beginning of the year | 225,110,695 | 225,110,695 |
| Additions during the year | - | - |
| Balance at year end | <u>225,110,695</u> | <u>225,110,695</u> |
| Surplus/(deficit) as per the statement of profit and Loss | | |
| Balance at the beginning of the year | (113,610,918) | 21,505,946 |
| Add : Profit/(Loss) for the year | <u>(226,664,392)</u> | <u>(114,370,369)</u> |
| Less : Proposed Dividend | <u>(14,797,800)</u> | <u>(14,797,800)</u> |
| Less : Dividend Distribution Tax on Dividend | <u>(2,400,573)</u> | <u>(2,400,573)</u> |
| Less : Short Provision for final Dividend F.Y 2009-10 | - | (3,075,070) |
| Less : Short Provision for Dividend Distribution Tax F.Y 2009-10 | - | (473,052) |
| Balance at year end | <u>(357,473,683)</u> | <u>(113,610,918)</u> |
| | <u>981,679,625</u> | <u>1,173,612,267</u> |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | AS AT 31.03.2012 (₹) | AS AT 31.03.2011 (₹) |
|---|-----------------------------|----------------------------|
| 4 Long Term Borrowings | | |
| Secured | | |
| Term Loan from Banks | 1,309,570,000 | 903,070,000 |
| Less : Current Maturity (Included in Other Current Liabilities) | <u>204,750,000</u> | <u>58,500,000</u> |
| | 1,104,820,000 | 844,570,000 |
| | | |
| External Commercial Borrowings | 172,326,579 | 177,091,812 |
| Less : Current Maturity (Included in Other Current Liabilities) | <u>90,801,509</u> | <u>35,720,000</u> |
| | 81,525,070 | 141,371,812 |
| | | |
| Corporate Loan from Bank | 50,000,000 | - |
| Less : Current Maturity (Included in Other Current Liabilities) | <u>18,000,000</u> | <u>-</u> |
| | 32,000,000 | - |
| | | |
| Vehicle Loan | 8,164,598 | 12,194,302 |
| Less : Current Maturity (Included in Other Current Liabilities) | <u>3,785,400</u> | <u>4,294,717</u> |
| | 4,379,198 | 7,899,585 |
| | <u>1,222,724,268</u> | <u>993,841,397</u> |

Term loan and External Commercial borrowings from Punjab National Bank are secured by way of equitable mortgage of land and all the present and future construction of proposed project at Kandivali and hypothecation of studio equipment and furniture and fixtures. Further, the loan is guaranteed by personal guarantee of promoter directors.

Term loan from Canara Bank is secured by way of negative lien on content rights acquired from loan proceeds. Further, the loan is guaranteed by personal guarantee of Promoter Directors and is collaterally secured by assets belonging to Promoter Directors and their relative.

Term loans related to subsidiary companies are secured by negative lien on programme rights and other assets, hypothecation of present and future receivables and all current and future assets of respective Company. Further, the loan is guaranteed by personal guarantee of promoter directors.

Corporate Loan is secured by way of first charge on the program/content rights acquired from loan proceeds. Further loan is guaranteed by personal guarantee of promoter directors and collaterally secured by assets belonging to promoter director.

Vehicle loan is secured by way of hypothecation of vehicles.

Term Loans are repayable on monthly and quarterly installment basis spreading upto financial year 2016-17 and rate of interest for the term loan is Base Rate plus 3 to 6%, for external commercial borrowing rate is LIBOR 6M+7% and for corporate loan rate is Base Rate + 4.25%.

5 Other Long Term Liabilities

| | | |
|-------------------------|--------------------------|-------------------|
| Membership contribution | 13,835,261 | 13,835,261 |
| | <u>13,835,261</u> | <u>13,835,261</u> |



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | AS AT 31.03.2012 (₹) | AS AT 31.03.2011 (₹) |
|---|----------------------------|----------------------------|
| 6 Long Term Provisions | | |
| Provision for Employee Benefits | | |
| - Provision for compensated absences | 1,412,670 | 1,054,215 |
| - Provision for gratuity (net) | 448,292 | 191,317 |
| | <u>1,860,962</u> | <u>1,245,532</u> |
| 7 Short Term Borrowings | | |
| Unsecured | | |
| Short Terms Loans from Bank | 50,000,000 | 52,500,000 |
| Overdraft facility | 8,311,430 | 10,386,099 |
| From Director | - | 4,453,000 |
| | <u>58,311,430</u> | <u>67,339,099</u> |
| <p>Short Term loan is secured by way of negative lien on content rights acquired from loan proceeds. Further, the loan is guaranteed by personal guarantee of promotor Directors and also collaterally secured by assets belonging to promoter Directors.</p> | | |
| 8 Trade Payables | | |
| Other than Acceptance | 166,078,901 | 140,621,918 |
| | <u>166,078,901</u> | <u>140,621,918</u> |
| 9 Other Current Liabilities | | |
| Current Maturities of Long Term Borrowings | 317,336,908 | 98,514,717 |
| Interest Accrued and Due | 22,973,698 | 10,620,406 |
| Unclaimed Interest on Fixed Deposits | 199,647 | 199,647 |
| Unclaimed Dividend * | 409,262 | 192,177 |
| Unclaimed Fixed Deposit * | 131,000 | 131,000 |
| (* Kept in a separate Bank A/c) | | |
| Advance and Deposit Received | 2,806,097 | - |
| Other Payables | 28,399,164 | 11,150,241 |
| | <u>372,255,776</u> | <u>120,808,188</u> |
| 10 Short Term Provisions | | |
| Provision for Expenses | 52,952,851 | 19,371,887 |
| Provision for Income Tax | 4,741,757 | - |
| Proposed Dividend | 14,797,800 | 14,797,800 |
| Dividend Distribution Tax | 6,932,077 | 4,058,452 |
| | <u>79,424,485</u> | <u>38,228,139</u> |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|---------------------------------------|---------------------|-------------|------------|---------------------|------------------------|---------------------|---------------------|---------------------|
| | As at 01.04.2011 | Additions | Deductions | As at 31.03.2012 | Charge for the year | As at 31.03.2012 | As at 31.03.2012 | As at 31.03.2011 |
| Tangible Assets: | | | | | | | | |
| Land & Building | 453,533,166 | - | - | 453,533,166 | 7,148,510 | 39,463,360 | 414,069,806 | 421,218,316 |
| Plant & Machinery and Media Assets | 358,645,382 | 6,655,013 | - | 365,300,395 | 32,254,803 | 122,737,723 | 242,562,672 | 268,162,462 |
| Improvement to Lease Asset | 20,463,271 | 23,848 | - | 20,487,119 | 1,048,895 | 18,440,604 | 2,046,515 | 3,071,562 |
| Sets | 45,886,346 | - | - | 45,886,346 | 2,904,606 | 15,979,645 | 29,906,701 | 32,811,307 |
| Furniture & Fixtures | 66,515,841 | - | - | 66,515,841 | 4,221,988 | 35,711,686 | 30,804,155 | 35,026,143 |
| Vehicles | 30,599,765 | 708,925 | - | 31,308,690 | 2,972,511 | 13,134,305 | 18,174,385 | 20,437,971 |
| Computers | 6,432,003 | 2,224,993 | - | 8,656,996 | 1,227,715 | 6,692,377 | 1,964,619 | 967,341 |
| Decoders | 4,583,618 | 8,190,097 | - | 12,773,715 | 8,691,533 | 12,773,715 | - | 501,436 |
| Sub-total | 986,659,392 | 17,802,876 | - | 1,004,462,268 | 60,470,561 | 264,933,415 | 739,528,853 | 782,196,538 |
| Previous Year | 773,680,842 | 197,570,656 | 764,601 | 970,486,897 | 43,750,204 | 204,462,853 | 766,024,044 | - |
| Intangible Assets: | | | | | | | | |
| Business & Commercial Rights | 920,211,765 | 233,388,565 | - | 1,153,600,330 | 133,139,346 | 371,273,004 | 782,327,326 | 682,078,107 |
| Channel Development Cost | 146,864,976 | 86,143,339 | - | 233,008,315 | 19,960,990 | 25,977,875 | 207,030,440 | 140,848,091 |
| Softwares | 1,150,000 | 21,164,323 | - | 22,314,323 | 4,337,958 | 4,496,549 | 17,817,774 | 991,409 |
| Sub-total | 1,068,226,741 | 340,696,227 | - | 1,408,922,968 | 157,438,294 | 401,747,428 | 1,007,175,540 | 823,917,607 |
| Previous Year | 568,859,136 | 396,906,817 | - | 965,765,953 | 78,331,674 | 244,309,134 | 721,183,757 | - |
| Capital Work-in-progress | | | | | | | 107,854,336 | 84,271,982 |



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | AS AT 31.03.2012 (₹) | AS AT 31.03.2011 (₹) |
|--|----------------------------|----------------------------|
| 12 Non-current Investment | | |
| Lotus Motion Pictures Ltd | - | 210,926,000 |
| | <u>-</u> | <u>210,926,000</u> |
| 13 Long Term Loans & Advances (Unsecured, Considered good) | | |
| Advances and Deposits | 412,390,806 | 319,898,906 |
| Capital Advances | 21,000,000 | 151,000,000 |
| MAT Credit Entitlement | 22,959,409 | 20,091,358 |
| Payment against Disputed Income Tax Demand | 24,204,732 | - |
| | <u>480,554,947</u> | <u>490,990,264</u> |
| 14 Other Non-Current Assets | | |
| Preliminary Expenses | 6,512,469 | 705,000 |
| Pre-operative Expenses | 7,846,844 | 27,782,724 |
| | <u>14,359,313</u> | <u>28,487,724</u> |
| 15 Current Investments | | |
| Lotus Motion Pictures Ltd | 135,000,000 | - |
| | <u>135,000,000</u> | <u>-</u> |
| 16 Inventories | | |
| Work In Progress | - | 932,500 |
| | <u>-</u> | <u>932,500</u> |
| 17 Trade Receivables | | |
| Over Six Months | | |
| - Considered Good | 13,855,958 | 12,528,120 |
| Others | | |
| - Considered Good | 340,033,386 | 185,799,509 |
| | <u>353,889,344</u> | <u>198,327,629</u> |
| 18 Cash & Bank Balances | | |
| Cash and Cash Equivalent | | |
| Cash on Hand | 326,507 | 1,044,304 |
| Balance with Scheduled Banks in | | |
| - Current Accounts | 6,480,993 | 15,517,974 |
| - Fixed Deposit | 1,277,035 | 1,277,035 |
| | <u>8,084,536</u> | <u>17,839,313</u> |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | AS AT 31.03.2012 (₹) | AS AT 31.03.2011 (₹) |
|--|---|---|
| 19 Short Term Loans & Advances | | |
| (Unsecured) | | |
| Advances & Receivables, Considered good | 200,099,729 | 161,837,557 |
| Advances Considered Doubtful | 4,048,141 | 4,048,141 |
| Less: Provision for doubtful advances | <u>(4,048,141)</u> | <u>(4,048,141)</u> |
| | <u>200,099,729</u> | <u>161,837,557</u> |
| 20 Other Current Assets | | |
| Prepaid Expenses | 5,653,186 | 18,799,524 |
| Interest Receivable | 467,515 | 429,615 |
| Deferred Employee Compensation | 75,864 | 2,045,333 |
| Other Receivables | <u>35,039,104</u> | <u>30,926,693</u> |
| | <u>41,235,669</u> | <u>52,201,165</u> |
| | For the Year ended 31.03.2012 (₹) | For the Year ended 31.03.2011 (₹) |
| 21 Other Income | | |
| Interest Income | 56,457 | 430,010 |
| Exchange Rate Difference | - | 1,882,269 |
| Dividend On Mutual Fund | - | 200,869 |
| Miscellaneous Income | <u>1,048,123</u> | <u>2,399,426</u> |
| | <u>1,104,580</u> | <u>4,912,574</u> |
| 22 Operational Cost | | |
| Cost of Production and Purchase | 610,737,477 | 171,368,899 |
| Carriage Fee | 382,545,490 | 160,638,147 |
| Telecast Expenses | <u>44,799,455</u> | <u>9,359,662</u> |
| | <u>1,038,082,422</u> | <u>341,366,708</u> |
| 23 Employee Benefit Expenses | | |
| Salaries, Allowances etc. | 56,814,705 | 29,858,237 |
| Contribution To Provident Fund & Others Fund | 1,582,565 | 760,149 |
| Staff Welfare Expenses | <u>1,224,614</u> | <u>729,874</u> |
| | <u>59,621,884</u> | <u>31,348,260</u> |



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | For the Year ended 31.03.2012 (₹) | For the Year ended 31.03.2011 (₹) |
|------------------------------------|---|---|
| 24 Other Expenses | | |
| Communication Expenses | 3,933,794 | 1,713,570 |
| Rent, Rates & Taxes | 3,772,366 | 5,481,402 |
| Repairs & Maintenance | 4,972,512 | 2,532,834 |
| Insurance Charges | 697,564 | 533,621 |
| Legal & Professional Charges | 30,796,372 | 23,534,459 |
| Printing & Stationery | 1,333,590 | 767,885 |
| Membership & Subscription | 4,893,672 | 1,471,417 |
| General Expenses | 11,819,964 | 9,747,752 |
| Travelling & Conveyance | 12,087,592 | 7,852,252 |
| Electricity Expenses | 5,130,623 | 5,589,776 |
| Audit Fees | 969,326 | 777,330 |
| Stamp Duty | 5,469,413 | 2,450,011 |
| Director Remuneration | 9,000,000 | 9,000,000 |
| Foreign Exchange Loss | 22,328,082 | - |
| Business Promotion Expenses | 1,664,867 | 1,887,250 |
| Commission on Sales | 3,913,471 | 22,534,883 |
| Loss on Sale of Asset | - | 49,823 |
| Provision for Doubtful Advances | - | 4,048,141 |
| Web Development Charges | - | 1,105,428 |
| Preliminary Expenses w/off | 705,000 | 1,152,765 |
| Sundry Debit Balance w/off | 727,269 | 943,098 |
| Advertisement & Marketing Expenses | 21,372,404 | 6,573,037 |
| | 145,587,881 | 109,746,734 |
| 25 Finance Cost | | |
| Bank Interest | 188,193,976 | 55,428,680 |
| Others | 9,382,357 | 4,819,768 |
| | 197,576,333 | 60,248,448 |

26 The Subsidiaries and Joint Venture considered in the consolidated financial statements

| Name of Subsidiary/ Joint Venture | Financial year of Subsidiary Ended on | Extent of Holding/ Interest | Country of Incorporation |
|-----------------------------------|---------------------------------------|-----------------------------|--------------------------|
| TV Vision Ltd (Consolidated) | 31 st March, 2012 | 100% | India |
| Maiboli Broadcasting Pvt.Ltd | 31 st March, 2012 | 100% | India |
| Westwind Realtors Pvt.Ltd | 31 st March, 2012 | 66.96% | India |
| SAB & View Entertainment | 31 st March, 2012 | 50% | India |

SABe TV Ltd, a WOS of a company is in the process of voluntary winding up and it is not carrying on any operating activity, Residual value of the investment in the WOS is fully adjusted in the earlier year against the amount payable to the WOS. Accordingly, company has not consolidated Financial Statements of SABe TV Ltd.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Preferential Issue of Shares and Warrants

During the year the Company has issued 15,00,000 equity shares on conversion of 15,00,000 warrants.

The proceeds from issue of shares and warrants has been utilized as follows:

(₹)

| Proceeds: | 31.03.2012 | 31.03.2011 |
|---|-------------------|--------------------|
| Proceeds from issue of 51,25,000 Shares | - | 102,004,689 |
| Proceeds from 25% deposit for 30,00,000 warrants | - | 34,875,000 |
| Proceeds from issue of 30,00,000 Shares, on conversion of warrants | 52,312,500 | 52,312,500 |
| Total Proceeds Received | 52,312,500 | 189,192,189 |
| Application of Funds: | | |
| Invested in Wholly Owned Subsidiaries by way of Equity Contribution/Loans | 42,600,000 | 110,151,046 |
| Utilized for Repayment of Debts | - | 57,068,266 |
| Utilized for working capital | 9,712,500 | 21,972,877 |
| Total Applications | 52,312,500 | 189,192,189 |

28 Employees Stock Option

The company has granted in April 2010, 700,000 options to eligible employees under the SABTNL Employees Stock Option Scheme 2009-10 (ESOP 2009-10). These options would be vested over a period of two years from the date of grant of options. 50% of these options vested in April 2011 and the balance will vest in April 2012. The options can be exercised within one year from the date of vesting. Each option is convertible into equivalent number of Equity Share of ₹10/- Face value. The Exercise Price of the Option is ₹10.

The stock option discount has been amortized over the vesting period of two years on straight line basis. A sum of ₹ 19.70 lacs (P.Y. ₹ 52.27 lacs) representing proportionate charge for the year has been included in the accounts under Salaries, Allowances etc.

Potential number of Diluted Equity shares to be issued under Employees Stock Option Scheme 2009-10 is 2,10,551 (Previous year 2,56,374/-) of ₹10/- each.

Details of Option are as follows

| Particulars | 31.03.2012 | 31.03.2011 |
|---|-------------------|-------------------|
| Option Outstanding, beginning of the period | 700,000 | NIL |
| Granted during the year | NIL | 700,000 |
| Less : Exercised during the year | 279,500 | NIL |
| Less : Forfeited during the year | NIL | NIL |
| Options Outstanding at end of year | 420,500 | 700,000 |

29 Segment Reporting

The Group's reportable operating segments have been determined in accordance with the internal management structure, which is organized based on the operating business segments. During the year Group has two operating Business Segment i.e. a) Content production & distribution and b) Broadcasting. The group does not have any segment based on geographical location.



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹)

| Particulars | 31.03.2012 | 31.03.2011 |
|---|----------------------|----------------------|
| Revenue | | |
| Content Production and Distribution | 484,495,655 | 329,194,578 |
| Broadcasting | 835,422,037 | 164,261,290 |
| Inter-Segment Revenue | - | - |
| Elimination | - | - |
| Total | 1,319,917,692 | 493,455,868 |
| Results | | |
| Operating Profit/(Loss) Before Interest and Tax but after depreciation | | |
| Content Production and Distribution | 42,357,066 | 27,458,318 |
| Broadcasting | (182,535,837) | (134,529,227) |
| Elimination | - | - |
| Total | (140,178,770) | (107,070,909) |
| Less: Finance Cost | 197,576,333 | 60,248,449 |
| Total Profit/(Loss) Before Tax | (337,755,103) | (167,319,358) |
| Less: Tax Expenses | (111,086,694) | (52,941,197) |
| Profit After Tax | (226,668,408) | (114,378,161) |
| Less: Minority Interest | (4,016) | (7,792) |
| Net Profit | (226,664,392) | (114,370,369) |
| Other Information | | |
| Segment Assets | | |
| Content Production and Distribution | 1,163,290,398 | 1,291,114,763 |
| Broadcasting | 1,819,409,004 | 1,278,498,804 |
| Unallocated Assets | 163,383,594 | 229,476,242 |
| Total Assets | 3,146,082,997 | 2,799,089,810 |
| Segment Liabilities | | |
| Content Production and Distribution | 539,781,398 | 534,422,736 |
| Broadcasting | 1,363,717,750 | 826,673,946 |
| Unallocated Liabilities | 14,273,427 | 18,108,360 |
| Total Liabilities | 1,917,772,575 | 1,379,205,042 |
| Capital Expenditure | | |
| Content Production and Distribution | 29,094,852 | 101,930,013 |
| Broadcasting | 352,986,605 | 522,834,685 |
| Depreciation | | |
| Content Production and Distribution | 91,749,700 | 81,137,225 |
| Broadcasting | 126,159,155 | 40,944,652 |
| Other Non-cash Expenditure | | |
| Content Production and Distribution | 727,269 | - |
| Broadcasting | 705,000 | 1,152,765 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Basic and Diluted Earning Per Share

| Particulars | 31.03.2012 | 31.03.2011 |
|---|---------------|---------------|
| Profit for the Year (₹) | (226,664,392) | (114,370,369) |
| Weighted average Number of Shares outstanding during the year (Face Value ₹10 per share) | 24,199,555 | 19,524,253 |
| Basic Earning Per share (₹) | (9.37) | (5.86) |
| Weighted average Number of Shares outstanding during the year for Diluted earning | 24,410,105 | 19,770,794 |
| Diluted Earning Per share (₹) | (9.29) | (5.78) |

31 Related Party Disclosures

a) List of Related Parties & Relationship:-

i. Key Management Personnel (KMP):

| | |
|------------------|-----------------------------------|
| Gautam Adhikari | Chairman & Whole Time Director |
| Markand Adhikari | Vice Chairman & Managing Director |

ii. Relative of Key Management Personnel

| | |
|----------------------|--------------------------------------|
| Heeren Adhikari | Brother of Key Management Personnel |
| Urvee Adhikari | Daughter of Key Management Personnel |
| Kanchan Adhikari | Wife of Key Management Personnel |
| Ravi Adhikari | Son of Key Management Personnel |
| Kailashnath Adhikari | Son of Key Management Personnel |

iii. Others

| | |
|--|--|
| Infra Projects Vision Pvt. Ltd. | Directors having Substantial Interest |
| Kartavyaa Publication Pvt. Ltd. | Directors having Substantial Interest |
| Dream Merchant Cinema Pvt. Ltd. | Directors having Substantial Interest |
| Cinema Today Pvt. Ltd. | Directors having Substantial Interest |
| Sri Adhikari Brothers Assets Holding Pvt. Ltd. | Directors having Substantial Interest |
| Urvee Adhikari Creation | Relative of Director having Substantial Interest |

b) Transaction with Related Parties:

(₹)

| Nature of Transaction | | Key Management Personnel | Relative of Key Management Personnel | Total |
|--|-------|--------------------------------|--|-----------------------------------|
| Rendering of Service/ Reimbursement of Expenses | (P.Y) | 9,180,000 (9,180,000) | 1,656,449 (1,386,136) | 10,836,449 (10,566,136) |
| Advance/Loan/Deposit taken (net) | (P.Y) | 119,531 (-) | - (-) | 119,531 (-) |
| Advance/Loan/Deposit given (net) | (P.Y) | - (500,000) | - (-) | - (500,000) |
| Outstanding Balance included in Current Liability | (P.Y) | 752,573 (2,961,044) | 479,703 (429,649) | 1,232,276 (3,390,693) |
| Outstanding Balance included in Current Assets | (P.Y) | 33,500,000 (33,500,000) | - (-) | 33,500,000 (33,500,000) |



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| Nature of Transaction | | Key Management Personnel | Relative of Key Management Personnel | Total |
|--|-------|-----------------------------|--------------------------------------|------------------------------------|
| Outstanding Balance included in Unsecured Loan | (P.Y) | - (4,453,000) | - (-) | - (4,453,000) |
| Capital Contribution received | (P.Y) | 52,312,500 (111,075,000) | - (-) | 52,312,500 (111,075,000) |

32 Deferred Tax Liability (net) (₹)

| Particulars | 31.03.2012 | 31.03.2011 |
|---|---------------------|-------------------|
| Tax effect of items constituting Deferred Tax Liability | | |
| On difference between book balance and tax balance of Fixed Assets | 139,330,165 | 114,584,328 |
| | 139,330,165 | 114,584,328 |
| Tax effect of items constituting Deferred Tax Assets: | | |
| Provision for compensated absences, gratuity and other employee benefit | 764,685 | 510,587 |
| Unabsorbed Depreciation | 85,570,940 | 19,194,162 |
| Carry Forward Business Losses | 109,561,784 | 40,411,453 |
| Others | 387,999 | 284,964 |
| Provision for Doubtful Debts | 1,344,691 | 1,344,691 |
| | 197,630,099 | 61,745,857 |
| Net Deferred Tax Liability/(Assets) | (58,299,934) | 52,838,471 |

33 Contingent Liability and Events occurring after Balance Sheet date

There is no contingent liability as on Balance Sheet date except as stated below:

(₹)

| Particulars | 31.03.2012 | 31.03.2011 |
|-----------------------------|------------|------------|
| Income Tax Demand / Penalty | 61,668,180 | 61,668,180 |

34 Capital and Other Commitment

As on Balance sheet date there is no outstanding Capital and Other Commitment.

35 Previous Year Figures

The revised Schedule VI of the Companies Act, 1956 has become effective from 01.04.2011 for the preparation of financial statements, which has significantly impacted the disclosure and presentation made in financial statement. The previous year figures have been regrouped/reclassified wherever considered necessary to correspond with current year classification/disclosure.

As per our report of even date

For A. R. Sodha & Co.

Chartered Accountants
(FRN:110324W)

A. R. Sodha

Partner
M.No.31878
Place: Mumbai
Date: 29th August, 2012

For & on behalf of the Board

Gautam Adhikari

Chairman & Whole Time Director

Markand Adhikari

Vice Chairman & Managing Director

Payal Garg

Company Secretary

SRI ADHIKARI BROTHERS TELEVISION NETWORK LIMITED

Registered Office : 6th Floor, Adhikari Chambers, Oberoi Complex, New Link Road, Andheri (West), Mumbai 400 053.

ATTENDANCE SLIP

(Please complete this attendance slip and hand it over at the entrance of the meeting hall)

Folio No.: _____

No. of shares held: _____

DP ID/Client ID: _____

I hereby record my presence at the 17th Annual General Meeting of the shareholders of the company being held on Friday, 28th day of September, 2012 at 1.00 P.M. at Celestial Banquets, B-47, Paramount, New Link Road, Oshiwara, Andheri (West), Mumbai - 400 053.

Name of the Shareholder/Proxy _____

Signature of the Shareholder/Proxy _____

----- ✂ ----- ✂ ----- ✂ -----

SRI ADHIKARI BROTHERS TELEVISION NETWORK LIMITED

Registered Office : 6th Floor, Adhikari Chambers, Oberoi Complex, New Link Road, Andheri (West), Mumbai 400 053.

PROXY FORM

Folio No.: _____

No. of shares held: _____

DP ID/Client ID: _____

I/We _____ of _____ being member/ members of **SRI ADHIKARI BROTHERS TELEVISION NETWORK LIMITED**, hereby appoint _____

of _____ or failing him/her _____

of _____ as my/our proxy to vote for me/us and my/our behalf at the

17th Annual General Meeting of the company to be held on Friday, 28th day of September, 2012 at 1.00 P.M. at Celestial Banquets, B-47, Paramount, New Link Road, Oshiwara, Andheri (West), Mumbai - 400 053 or at any adjournment thereof.

Place _____

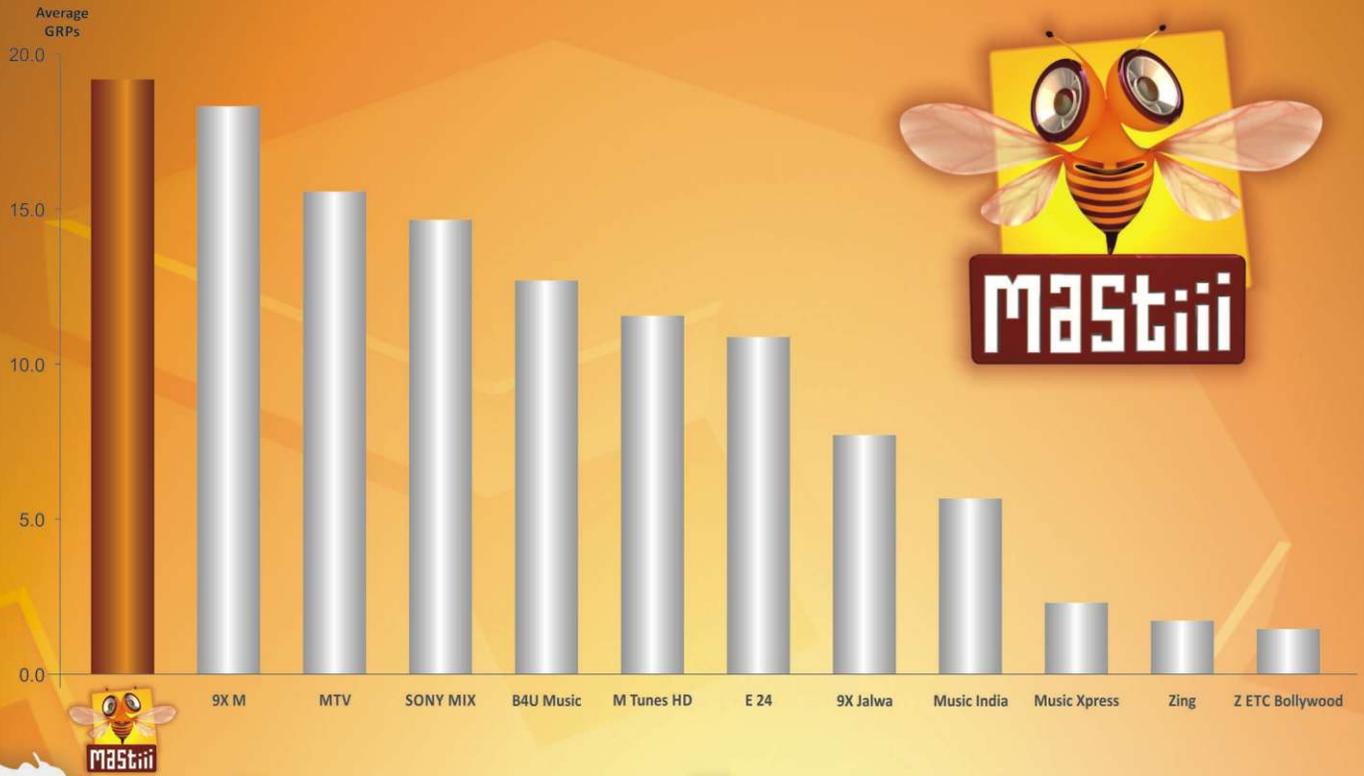
Signed this _____ day of _____ 2012.



Signature of the Shareholder

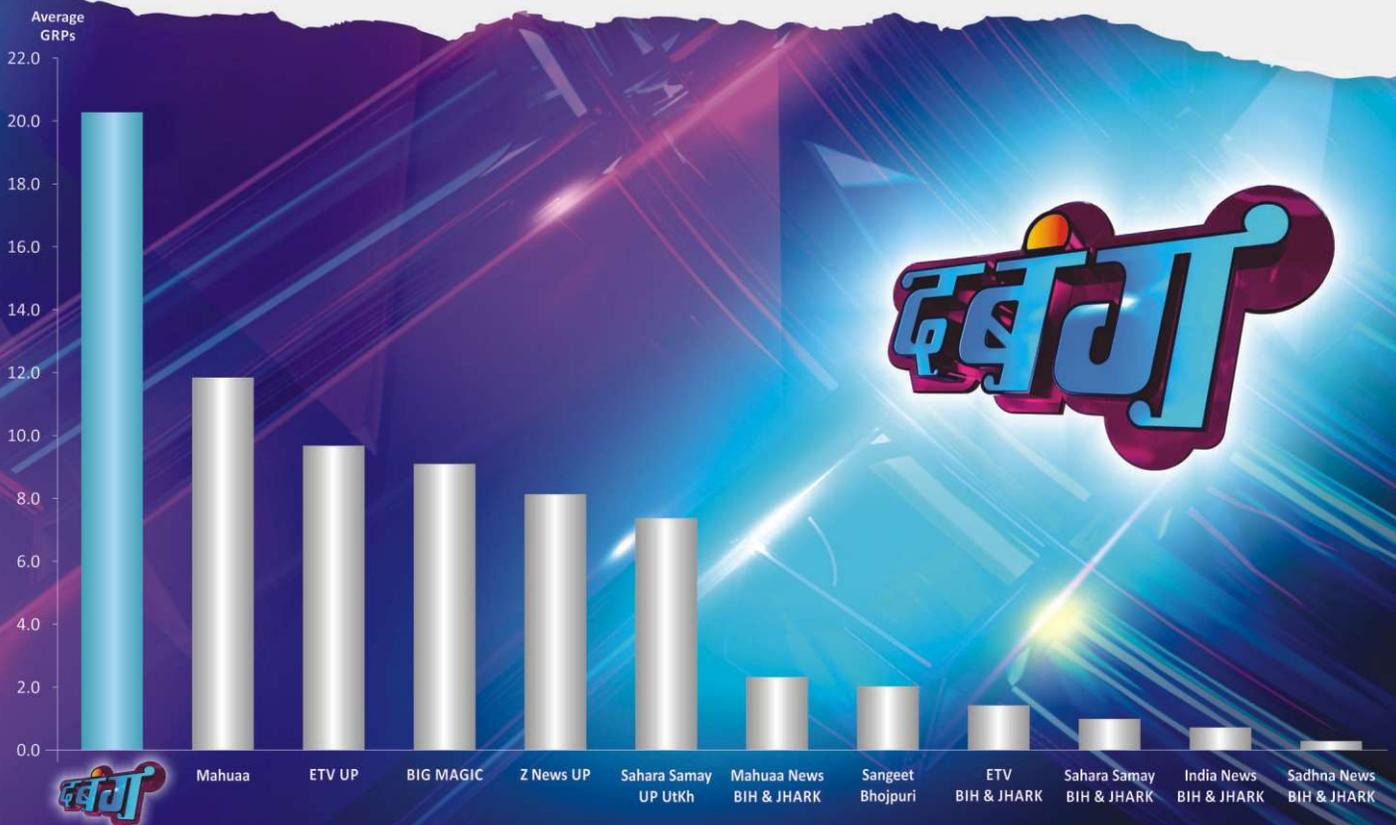
Note: A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself on poll only and such proxy need not be a Member of the Company. Proxies in order to be effective should be deposited at the registered office of the Company not less than 48 hours before the meeting.

Source: TAM Peoplemeter System | Target Group: CS 15+ Yrs
 Markets: HSM | Time Period: Wk 01-33, 2012 (1st Jan. to 18th Aug. 2012)

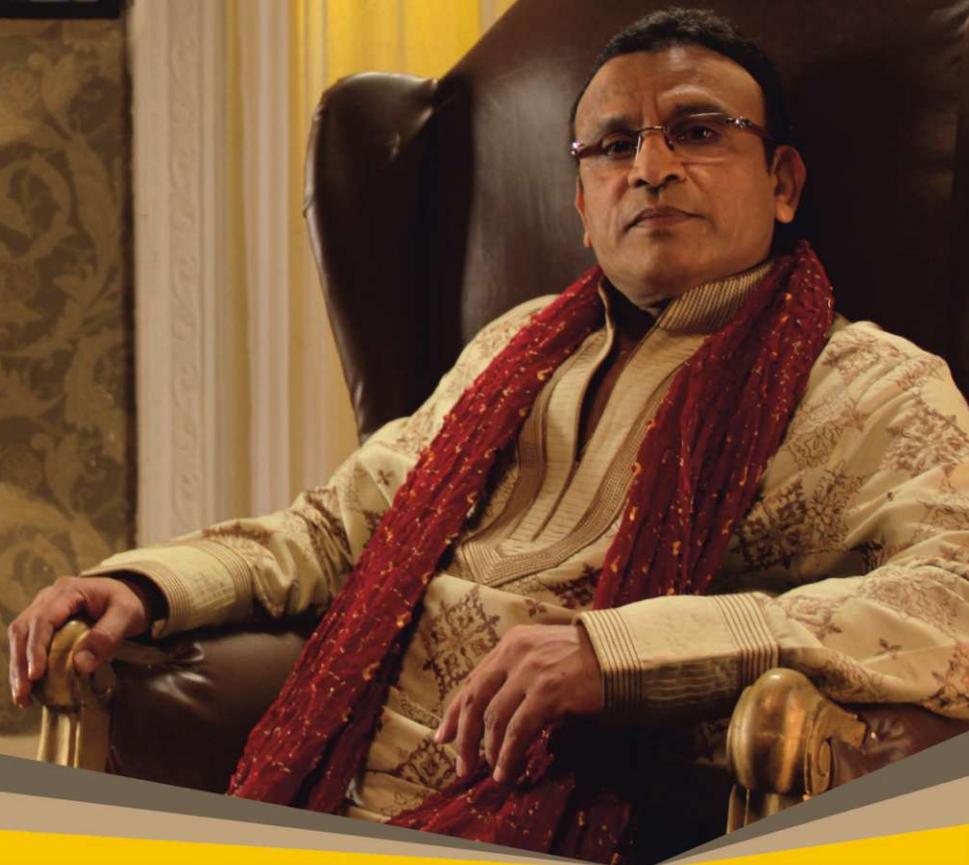


UNDISPUTED no. 1 Of all the TIME 1

Source: TAM Peoplemeter System | Target Group: CS 4+ Yrs
 Markets: HSM | Time Period: Wk 01-33, 2012 (1st Jan. to 18th Aug. 2012)



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Andheri (West), Mumbai - 400 053.

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Website : www.adhikaribrothers.com