SRI ADHIKARI BROTHERS
TELEVISION NETWORK LTD.

Annual Report
2010-2011

MAStiii | दबंग | Dhamaal | mauj masti

a Sri Adhikari Brothers enterprise

www.mastiii.com

Mujhe meri Family Se Bachao





GAJAB FAMILY

AB MUSIC KE SAATH COMEDY KA SUPER DOSE

Mastiii

SRI ADHIKARI BROTHERS TELEVISION NETWORK LIMITED
16TH ANNUAL REPORT 2010-2011

CONTENTS

Page Nos.

Chairman's Statement 02

Directors' Report 03

Management Discussion and Analysis 09

Report on Corporate Governance 12

Auditors' Report on Annual Accounts 23

Annual Accounts 26

Auditors' Report on Consolidated Annual Accounts 45

Consolidated Annual Accounts 46

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
(w.e.f. 31st May, 2010)

AUDITORS

A. R. Sodha & Co.
Chartered Accountants

BANKERS

Punjab National Bank

COMPANY SECRETARY

Laxman Vasandani

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 AGENT

Sharex Dynamic (India) Pvt. Ltd.,
Unit 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 16th Annual Report for the year ended 31st March, 2011.

We are looking forward to 2011-12 as a very exciting year in terms of growth. The overall Media and Entertainment Industry in India is expected to grow at a compounded annual growth rate (CAGR) of 14 percent per annum. The year 2011-12 is likely to witness the increasing penetration of traditional and new media. Factors like potential for penetration of different mediums, greater segmentation of audiences and catering to individual niches, growth expected from regional markets, government and industry players, push for digitization, increasing mobile and broadband penetration are pointing towards a very promising future for the whole industry.

From a content provider's perspective, Content production is expected to grow at a CAGR of 15-20 % p.a. over the next two years. Growth is expected to be driven due to an intrinsic need for differentiated content across the growing number of channels competing in the broadcasting space. The advent of convergence i.e. merging of customer end devices like PC's, Mobiles, tablets into a converged communication channel as well as the advent of 3G is likely to bring in content evolution.

Your company is rightly positioned and is closely watching the developments in the sector. Strategic initiatives are being road mapped to consolidate our position through its wholly owned subsidiaries and group companies.

Mastiii, a music and humour television channel launched in July 2010 by TV Vision Ltd. (wholly owned subsidiary company) consistently continues to dominate & maintain its leadership position in the csm 15+ HSM markets. The channel recorded one of the fastest growths to the leadership position in the history of Indian Broadcasting in recent times. Mastiii continues to grow from strength to strength.

In keeping with the company's strategic expansion policies, the group has also launched two more television channels **Dabangg** & **Dhamaal** in February 2011 through HHP Broadcasting Services Private Limited and UBJ Broadcasting Pvt. Ltd. (step down subsidiaries) respectively. Both channels are positioned as India's first Hindi regional general entertainment channel in encrypted form. **Dabangg** is specifically targeting and available to the territory of Uttar Pradesh, Bihar, Jharkhand and Uttarakhand. **Dhamaal** is specifically targeting and available to the territory of Madhya Pradesh, Rajasthan and Chhattisgarh. Apart from opening up newer avenues in terms of local and retail revenues, the model has got potential to redefine the broadcasting space.

Your company is also well positioned to leverage on content syndication opportunities likely to be witnessed due to the constantly increasing players in the broadcasting space, with its own library of more than 4000 hours across various genres. Apart from the same, the company sees sizeable revenue and is in the process of identifying partners to take the channels into the International arena. The company is also conducting feasibility studies to tie up its content with various digital platforms and increase its bottom line.

To conclude, I wish to place on record my appreciation for the support extended to the company by its advertisers, producers, artistes, bankers, shareholders and creditors. I also place on record my appreciation for the support extended by the staff to enable the company to have broader vision and step further confidently.

With warm regards,

Gautam Adhikari
Chairman & Whole Time Director

Place: Mumbai
Date :13th August, 2011

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 16th Annual Report together with the Audited Statements of Accounts of the Company for the financial year ended on 31st March 2011.

1. Financial Highlights:

(Rupees in millions)

Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
Total Revenue from business	**329.22**	303.09
Earnings before finance charges, Depreciation & Tax	**108.58**	120.83
Less: Finance charge	**21.53**	38.48
Earnings before depreciation, tax & amortisation (EBDTA)	**87.05**	82.35
Less: Depreciation	**81.14**	78.40
Earnings/(Loss) before Tax (EBT)	**5.91**	3.95
Tax Expenses	**0.49**	5.08
Profit / (Loss) After Tax (PAT)	**5.42**	(1.13)
Profit b/f from previous year	**21.53**	34.07
Surplus available for Appropriation	**26.95**	32.94
Less: Proposed Dividend	**14.80**	9.76
Less: Tax on Proposed Dividend	**2.40**	1.66
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	**6.20**	21.53

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 Re. 0.60 per Equity Share, for the financial year ended on 31st March, 2011. The outgo on account of this dividend will absorb Rs. 17.20 millions (including dividend tax payable of Rs. 2.40 millions) including dividend on 279,500 Equity Shares of Rs.10/- each allotted on 9th May, 2011 upon exercise of options granted under SABTNL ESOP Scheme 2009-10 to the eligible employees of the Company and on 15,00,000 Equity Shares of Rs.10/- each allotted on 16th July, 2011 upon conversion of warrants issued on preferential basis.

The dividend, if approved, shall be payable to the shareholders registered in the books of the Company and the beneficial owners as per details furnished by the depositories as on 28th September 2011.

3. Directors:

In accordance with the provisions of the Articles of Association of the Company, Mr. Prasannakumar Gawde 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.

Mr. Gautam Adhikari is re-appointed as a Whole Time Director of the Company for a further period of 3 years w.e.f. 1st October, 2011, subject to the approval of members and Central Government.

Your Board recommends the re-appointment of Mr. Gautam Adhikari as Whole Time Director of the Company for your approval.

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.

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, 2011 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, 2011, the Company had five subsidiary companies, viz.:

Sr. No.	Name of the Subsidiary Company	Remarks
1	TV Vision Private Limited	The name of the Company was changed to TV Vision Limited on 23rd 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 1st July, 2011 for acquisition of 100% stake in these Companies. Accordingly, MPCR, UBJ & HHP have become step down subsidiaries of the Company on transfer of stake to TV Vision Limited on 1st 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.

Further, on 1st April, 2011 the Company acquired 100% stake in Mastiiidotcom Entertainment Private Limited by purchase of its equity shares.

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

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

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 general entertainment television channels namely "**Dabangg**" specifically targeting Uttar Pradesh, Bihar, Jharkhand & Uttarakhand through HHP and

"**Dhamaal**" targeting Madhya Pradesh, Rajasthan and Chhattisgarh through UBJ. The Company is planning to launch series of region specific general entertainment television channels in the near future through its group/subsidiary companies.

6. Consolidated financial statement of Subsidiary Companies:

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 the Consolidated Financial Statements duly audited by its Statutory Auditors of the Company. Accordingly, the Company is publishing consolidated financial statements in the Annual Report and is not attaching the Balance Sheets of the subsidiary companies. Further, as required under the said circular, a statement of financial information of the subsidiary companies viz. TV Vision Limited (previously TV Vision Pvt. Ltd.), Westwind Realtors Private Limited, MPCR Broadcasting Service Private Limited (MPCR), UBJ Broadcasting Private Limited (UBJ) and HHP Broadcasting Services Private Limited (HHP) is given in Annexure A attached to this report.

The Annual Accounts of the subsidiary companies are 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 Companies during the Office hours on all working days.

7. Public Deposits:

The Company has not accepted /renewed any fixed deposits from the Public during the year under review. However, Public deposits amounting to Rs. 1,31,000/- remains unclaimed as on 31st March 2011.

8. Change in Share Capital of the Company:

On 12th August, 2010, the Company allotted 51,25,000 Equity Shares of Rs.10/- each on conversion of warrants issued on preferential basis.

The Company issued and allotted 30,00,000 Warrants on 21st March, 2011, on preferential basis convertible into even number of Equity Shares at an issue price of Rs.46.50 (including premium of Rs. 36.50 per share) to the persons in Promoter Group. The Preferential Allotment was made in accordance with Chapter VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009.

On 30th March, 2011, the Company allotted 15,00,000 Equity Shares of Rs.10/- each on conversion of warrants issued on preferential basis.

On 9th May, 2011, the Company allotted 2,79,500 Equity Shares of Rs.10/- each on exercise of Options granted under SABTNL ESOP Scheme 2009-10 to the eligible employees of the Company .

On 16th July, 2011 the Company allotted 15,00,000 Equity Shares of Rs.10/- each on conversion of warrants issued on preferential basis.

Based on the above changes, the issued, subscribed & paid up Capital of the Company has increased to Rs.24,66,30,000/- divided into 2,46,63,000 Equity shares of Rs.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 re-appointment of M/s. A. R. Sodha & Co., Chartered Accountants, as the Statutory Auditors of the Company.

10. Auditors' Qualification:

In respect to Auditors' remarks in their report 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 nature of business activities carried out by the Company, your directors has nothing to report with respect to conservation of energy.

(B) Research and Development:

The Company has not carried out any specific research activity and so no benefit has been derived from it.

(C) Technology absorption, adaptation and innovation:

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

(D) Foreign Exchange Earnings and Outgo:

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

	Year ended 31.03.2011 (Rs. in Millions)	Year ended 31.03.2010 (Rs. in Millions)
Foreign Exchange earned	Nil	Nil
Foreign Exchange used	16.30	21.28

12. Particulars of Employees:

As per the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules, 1975, as amended, no employees were in receipt of remuneration exceeding the limits as prescribed under that section and hence your directors have nothing to report in this regard.

13. Corporate governance:

Pursuant to Clause 49 of the Listing Agreement 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
- 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 per the Clause 12 of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, is given in Annexure B attached to this report.

15. Outlook:

The Indian Media and Entertainment Industry registered a growth of 11% in the financial year 2010-11. Backed by positive industry sentiment and growing media consumption, the industry is expected to achieve growth rate of 14% in the financial year 2011-12. While television and print media continue to dominate the industry, sectors such as Digital Advertising and Animation VFX also show tremendous potential in the coming years. By 2015, television is expected to account for almost half of the Indian Media and Entertainment Industry revenues.

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

(Rs. in Million)

Issue :	**Amount**
Proceeds from issue of 51,25,000 Shares	102.00
Proceeds from issue of 30,00,000 Shares	139.50
Net Proceeds Received	**241.50**
Application :	
a) Amount Invested in Wholly Owned Subsidiaries by way of Equity Contribution/Loans	148.32
b) Amount utilized for Repayment of Debts	67.30
c) Amount utilized for working capital	25.88
Total Applications	**241.50**

17. Appreciation:

Your 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.

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

For & On behalf of the Board of Directors

Place: Mumbai
Date: 13th August, 2011

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, 2011 under Section 212 of the Companies Act, 1956:

(Rs. In millions)

Particulars	TV Vision Ltd.	Westwind Realtors Private Limited	UBJ Broadcasting Private Limited	MPCR Broadcasting Service Private Limited	HHP Broadcasting Services Private Limited
Share Capital	200.00	10.00	75.00	85.00	85.00
Reserves	(119.78)	(0.06)	-	-	-
Total Assets	535.57	50.12	290.42	259.93	198.70
Total Liabilities	455.35	40.18	215.42	174.93	113.70
Investments (except in subsidiary companies)	-	-	-	-	-
Turnover & Other Receipts	164.40	-	-	-	-
Profit/(Loss) before Taxation	(173.25)	(0.02)	-	-	-
Provision for Taxation	(53.47)	-	-	-	-
Profit /(Loss) after Taxation	(119.78)	(0.02)	-	-	-
Proposed Dividend	-	-	-	-	-

B) The disclosures as per Clause 12 of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are as follows (as on13th August, 2011):

Sr. No.	Particulars	Remarks
a.	Options granted	7,00,000
b.	The pricing formula	At par i.e. Rs.10/- per share
c.	Options vested	2,79,500
d.	Options exercised	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	Rs.27,95,000/-
i.	Total number of Options in force	Vested Options : Nil Unvested Options : 4,20,500
j.	Employee wise details of Options granted to:- (i) Senior Managerial Personnel (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. (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	 Megh Mehta 1,60,000 Anand Shroff 62,500 R. A. Shroff 62,500 Devi Bhandari 50,000 Harinarayanan 40,000 Laxman Vasandani 20,000 Nil 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'	Re. 0.27
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 : Rs.10.00 per Option Fair Value of Option : Rs.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 (i) Risk Free Interest Rate (ii) Expected Life (iii) Expected volatility (iv) Expected dividends (v) The price of the underlying share in the market at the time of grant of Options.	 a. Black-Scholes Merton Model & b. Binomial Option Pricing Model 7.50% 2 years 62% 2% Rs.30/-

For & On behalf of the Board of Directors

Place: Mumbai
Date: 13th August, 2011

Gautam Adhikari
Chairman and Whole Time Director

MANAGEMENT DISCUSSION AND ANALYSIS

Company Overview

During the year under review, your company through its strategic business unit has produced 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 & grew from strength to strength. The year also saw the launch of two more channels namely **Dabangg** & **Dhamaal** which are territory specific in encrypted form positioned as India's first regional Hindi general entertainment channel through its step down subsidiaries.

Industry Overview

The Indian M&E industry was INR 652 billion in 2010 & is estimated to touch INR 738 billion in 2011. The Industry is also estimated to grow at a CAGR of 14% to touch INR 1275 billion in 2015. By 2015 television is expected to account for almost half of the Indian Media & Entertainment Industry revenues. Key drivers of growth will be increasing media penetration and per capita income, convergence & digitization, regionalisation, government regulations & social media.

Opportunities & 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 & create various genres of programming based on demand.

Digitization & 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 & 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.

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

Financials

1. **Share Capital**

   As on 31st March 2011, the Authorized Share Capital of the Company stood at Rs.350 millions divided into 35 million Equity Shares of Rs 10/- each. The paid up equity capital of the Company was Rs. 228.84 millions comprising of 22.88 million Equity Shares of Rs. 10/- each.

2. **Reserves And Surplus:**

   The total Reserves and Surplus as at 31st March 2011 amounted to Rs. 1286.15 millions. The reserves include Capital Reserves of Rs.187.63 millions, General Reserves of Rs.225.11 millions, the Security Premium of Rs.867.21 millions and surplus in P & L account of Rs.6.2 millions.

3. Secured Loans:

The total secured loan as at 31st March, 2011 stood at Rs.357.82 millions comprising of Term Loan from Banks of Rs.342.05 millions, interest accrued & due on term loan amounting to Rs.3.58 millions and vehicle loan of Rs.12.19 millions.

4. Unsecured Loans:

The total unsecured loan as at 31st March, 2011 stood at Rs.62.89 millions comprising short term loan from Banks Rs.52.50 millions, Overdraft facility Rs.9.64 millions and interest accrued & due on such loans Rs.0.75 million.

5. Fixed Assets:

Depreciation of Rs.81.14 millions was charged to the Profit and Loss Account. The Net Block of Fixed Assets as on 31st March, 2011 was Rs. 964.50 millions. The Capital WIP & Capital Advance amounted to Rs.227.14 millions.

6. Investments:

The total investments as on 31st March, 2011 stood at Rs.657.31 millions comprising of investment in Lotus Motion Pictures Limited of Rs.210.93 millions. This is a long term investment in a Company having similar line of business of production of movies. Other investments were made in wholly owned subsidiaries aggregating to Rs.445 millions and Rs.1.38 millions in partnership firm.

7. Net Current Assets:

The net current assets as at 31st March, 2011 stood at Rs.195.63 millions.

8. Revenues:

The Company earned total revenues of Rs. 329.22 millions during the year ended 31st March 2011 as against Rs.303.09 millions of the previous year ended 31st March 2010.

9. Expenses:

The operating expenses of the Company for the year ended 31st March, 2011 is Rs. 220.64 millions as against Rs.180.56 millions for the previous year ended 31st March, 2010.

Critical accounting policies

The principles of revenue recognition are as under:

Revenue from sale of program contents / rights, income is recognized when the relevant program is delivered to and accepted by the buyers and all the significant risks and rewards of telecasting rights / license of the program has been transferred to the buyer.

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

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.

Artist attrition risk

The reason for which the Company's content is preferred by the audience includes artist 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 rights to different 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 Indian Media and Entertainment Industry registered a growth of 11% in the financial year 2010-11. Backed by positive industry sentiment and growing media consumption, the industry is expected to achieve growth rate of 14% in the financial year 2011-12. While television and print continue to dominate the industry sectors such as digital Advertising and Animation VFX also show tremendous potential in the coming years. By 2015, television is expected to account for almost half of the Indian Media and Entertainment Industry revenues.

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 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 & On Behalf of the Board of Directors

Place: Mumbai
Date: 13th August, 2011

Gautam Adhikari
Chairman and Whole Time Director

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance refers to a set of laws, regulations and good practices that enables an organization to perform efficiently and ethically generate long term wealth and create value for its stakeholders. The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and the Company always seeks to ensure that its performance goals are met with integrity. The Company has established systems and procedures to ensure that its board of directors is well informed and well equipped to fulfill its overall responsibilities and to provide management with the strategic direction needed to create long term shareholders value. The Company has always worked towards building trust with shareholders, employees , customers, suppliers and other stakeholders based on the principles of good Corporate Governance viz. equity, transparency, fairness, disclosure and accountability.

A report on the implementation of the Code of Corporate Governance as per clause 49 of the Listing Agreement is given below:

2. BOARD OF DIRECTORS

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

The Directors of the Company are in a fiduciary position, 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's has composition of an appropriate mix of Executive and Non-Executive/Independent Directors on the Board of the Company. The composition of the Board of Directors of the Company as on 31st March, 2011 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	15	-	-
Mr. Arun Khakhar	Independent Director	1	-	-
Mr. Prasannakumar Gawde	Independent Director	5	1	-
Mr. M. S. Kapur (w.e.f. 31st May, 2010)	Independent Director	11	1	4

b) Attendance at the Board meetings and Annual General Meetings

During the year under review, the Board of Directors met 14 (fourteen) times viz.:

1	10th April, 2010	8	28th December, 2010
2	28th May, 2010	9	28th January, 2011
3	31st May, 2010	10	11th February, 2011
4	12th August, 2010	11	14th February, 2011
5	21st September,2010	12	7th March, 2011
6	12th November, 2010	13	21st March, 2011
7	11th December, 2010	14	30th March, 2011

The attendance of the Directors at the Board meetings held during the year 2010-11 and at the last Annual General Meeting of the Company held on 29th September, 2010 is as follows:

Name of the Director	No. of Board meetings attended	Attendance at Last AGM
Mr. Gautam Adhikari	14	Yes
Mr. Markand Adhikari	14	Yes
Mr. Arun Khakhar	13	Yes
Mr. Prasannakumar Gawde	7	Yes
Mr. M. S. Kapur (w.e.f. 31st May, 2010)	6	Yes

c) Information placed before the Board Members

Matters discussed at Board meetings generally relate to Company's business, 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), non compliance of any regulation, statutory or listing requirements, if any etc.

d) Code of Conduct

The Company has laid down a code of conduct for the Directors, Senior Management 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 Directors 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 2010 -11, the Audit Committee met 4 (four) times on 28th May, 2010, 12th August, 2010, 12th November, 2010 and 14th February, 2011. Details of meetings attended by each member during the year ended 31st March, 2011 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 (w.e.f. 31st May, 2010)	Member	3
Mr. Gautam Adhikari	Member	4

Statutory Auditors are invitees to the Audit Committee Meetings.

Mr. Laxman Vasandani, Company Secretary acts as the Secretary to the committee.

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/reappointment and fixation of remuneration of the auditors and reviewing the financial statements before submission to the Board.

4. REMUNERATION COMMITTEE

The Remuneration Committee of the Company solely comprised of non-executive and independent directors, comprising of Mr. Arun Khakhar, Mr. Prasannakumar Gawde and Mr. M. S. Kapur (w.e.f. 31st May 2010). Mr. Arun Khakhar is Chairman of the Committee.

Mr. Laxman Vasandani, Company Secretary acts as the Secretary to the Committee.

During the year under review, the Committee met once on 12th August, 2010 and all the members of the committee were present.

The broad terms of reference of the Remuneration Committee are to recommend the Company's policy on remuneration package for Executive Directors of the Company.

Details of Remuneration/ fees paid/ No. of Equity shares held by the Directors during the year-ended 31st March, 2011

(Rs. in millions except no. of shares)

Name	Category	Salary	Perquisites or Allowances	Stock Option	Sitting Fees	No. of Shares held
Mr. Gautam Adhikari	Chairman & Whole-Time Director	4.80	-	-	-	2,068,029
Mr. Markand Adhikari	Vice Chairman & Managing Director	4.20	-	-	-	2,068,028
Mr. Arun Khakhar	Independent/ Non Executive Director	-	-	-	-	100
Mr. Prasannakumar Gawde	Independent/ Non Executive Director	-	-	-	0.07	-
Mr. M. S. Kapur	Independent/ Non Executive Director	-	-	-	0.09	-

5. INVESTORS' GRIEVANCE COMMITTEE

During the financial year 2010-11, the Committee comprised solely of independent and non-executive directors comprising of Mr. Arun Khakhar, Mr. Prasannakumar Gawde and Mr. M. S. Kapur (w.e.f. 31st May 2010). Mr. Arun Khakhar is Chairman of the Committee.

Mr. Laxman Vasandani, Company Secretary acts as the Secretary to 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 transfer, non receipt of Annual Report, dividend declared etc.

During the year review, the Committee met 4 (Four) times viz. 28th May, 2010, 12th August, 2010, 12th November, 2010 and 14th February, 2011. Details of meetings attended by each member during the year ended 31st March, 2011 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 (w.e.f. 31st May, 2010)	Member	3

The Company received 7 (seven) complaints from the investors during the year ended 31st March 2011. All the complaints have been replied to the satisfaction of the investors.

Mr. Laxman Vasandani, Company Secretary is the Compliance officer of the Company.

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 physical transfer, transmission, transposition, issue of duplicate certificates, consolidation / split renewal of share certificates etc.

Mr. Laxman Vasandani, Company Secretary acts as the Secretary to the Committee.

During the year under review, the Share Transfer Committee met 5 (five) times on 10th July, 2010, 26th July, 2010, 29th September, 2010, 20th December, 2010 and 21st March, 2011. Details of meetings attended by each member during the year ended 31st March, 2011 are as follows:

Name of the member	Member/Chairman	No. of Meetings attended
Mr. Gautam Adhikari	Chairman	5
Mr. Markand Adhikari	Member	5

7 . SUBSIDIARY COMPANIES

As on 31st March, 2011, the Company had five subsidiary companies:

1. TV Vision Private Limited (The name of the Company changed to TV Vision Limited on 23rd June, 2011 consequent upon conversion into public limited company.)
2. UBJ Broadcasting Private Limited
3. MPCR Broadcasting Service Private Limited
4. HHP Broadcasting Services Private Limited
5. Westwind Realtors Private 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***".

8. GENERAL BODY MEETINGS

Location, time and date where last three Annual General Meetings were held are given below:

Financial Year	AGM	Date of AGM	Time	Location of the meeting
31st March 2010	15th AGM	29th September, 2010	11.00 a.m.	Indian Medical Association, J. R. Mhatre Marg, JVPD Scheme, Vile Parle (West), Mumbai - 400 049
31st March 2009	14th AGM	30th September, 2009	11.00 a.m.	Empress Court, S V Road, Opp. Irla Nursing Home , Vile Parle (West), Mumbai 400 056
31st March 2008	13th AGM	30th September, 2008	10.00 a.m.	Anand Hall, Gandhigram Road, Near Harekrishna Temple, Juhu, Mumbai 400 049

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

AGM held on	Special Resolution passed
29th September 2010	• To re-appoint Mr. Markand Adhikari as the Managing Director for a further period of Five years on a remuneration of Rs.3,50,000/- per month. • Increase in the remuneration payable to Mr. Ravi Adhikari, Creative Director from Rs.50,000 to Rs.75,000 per month.
30th September, 2009	• To appoint Mr.Gautam Adhikari as Whole Time Director for a period of three years on a remuneration of Rs.4,00,000/- per month
30th September, 2008	• To approve the remuneration payable to Mr. Markand Adhikari as a Managing Director of the Company. • Appointment of Mr. Ravi Adhikari to hold place of profit as a Creative Director. • Appointment of Ms. Ashka Pandit to hold place of profit as a Programming Consultant.

No Special Resolution is proposed to be passed through postal ballot process at ensuing annual general meeting.

Resolution passed through Postal Ballot:

During the year 2010-11, the Company conducted postal ballot process two times. The details of the postal ballot process are given here-in-below:

Postal Ballot I:

The Company issued Postal Ballot Notice to its shareholders on 13th December, 2010. The postal ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Mr. Manish L. Ghia, Practising Company Secretary was appointed as Scrutinizer for conducting the Postal Ballot process. The result of the Postal Ballot process was announced on 12th January, 2011.

The resolutions passed through postal ballot and the voting pattern for the same are as follows:

Sr. No.	Business	Postal Ballot forms received		Valid Votes Casted		
		Total	Valid	Total	In favour	Against
1.	**Ordinary Resolution** under section 94 of the Companies Act, 1956 for increase in the Authorized Share Capital of the Company from Rs. 30 Crore to Rs. 35 Crore	42	36	16046223	16034053	12170
2.	**Ordinary Resolution** under section 16 of the Companies Act, 1956 for substitution of the existing Capital Clause V of the Memorandum of Association of the Company upon increase in Authorized Share Capital from Rs. 30 Crore to Rs. 35 Crore.	42	36	16046213	16034043	12170
3.	**Special Resolution** under Section 31 of the Companies Act, 1956 for substitution of the Article 3 of the Articles of Association of the Company upon increase in Authorized Share Capital from Rs. 30 Crore to Rs. 35 Crore.	42	36	16046213	16033743	12470
4.	**Special Resolution** under Section 81(1A) of the Companies Act, 1956 for giving authority to the Board of Directors 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 Rs. 125 Crore.	42	36	16046213	16034043	12170

All the resolutions were passed with requisite majority.

Postal Ballot II:

The Company issued Postal Ballot Notice to its shareholders on 31st January, 2011. The postal ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Mr. Manish L. Ghia, Practising Company Secretary was appointed as Scrutinizer for conducting the Postal Ballot process. The result of the Postal Ballot process was announced on 3rd March, 2011.

The resolution passed through postal ballot and the voting pattern for the same are as follows:

Sr. No.	Business	Postal Ballot forms received		Valid Votes Casted		
		Total	Valid	Total	In favour	Against
1.	***Special Resolution*** under Section 81 (1A) of the Companies Act, 1956 for offering and issue of 30,00,000 warrants convertible into even number of equity shares of Rs. 10/ each on preferential basis to promoters and other than promoters .	92	81	16047123	16039312	7811

The aforesaid resolution was passed with requisite majority.

9. DISCLOSURES

a) Related Party Transactions

Transactions with related parties are disclosed in Note No. 4 of Notes to Accounts of Schedule 16 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

Though there is no formal Whistle-blower policy, the Company takes cognizance of complaints made and suggestions given by the employees. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employees were denied to access the Audit Committee.

f) CEO/CFO certification

In terms of the requirements of Clause 49(V) of the Listing Agreement, the Managing Director has submitted necessary certificate to the Board at its meeting held on 13th August, 2011 stating 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** : 28th September 2011 **Day** : Wednesday **Time** : 11.00 a.m. **Venue** : Indian Medical Association, J. R. Mhatre Marg, JVPD Scheme, Vile Parle (West), Mumbai 400049
b)	**Financial Calendar (2011-12) Tentative Dates**	i) First Quarter Results - On 13th August, 2011 ii) Second Quarter Results - By 14th Novermber, 2011 iii) Third Quarter Results - By 14th February, 2012 iv) Fourth Quarter/Yearly Results - By 15th May, 2012 (in case Un-audited Results) or - By 30th May, 2012 (in case Audited Results).
c)	**Date of Book Closure**	Friday, 23rd September 2011 to Wednesday, 28th September 2011 (both days inclusive)
d)	**Dividend payment date**	From 5th October 2011 to 11th October 2011
e)	**Listing on Stock Exchanges**	The Equity Shares of the company are listed on: 1. National Stock Exchange of India Ltd. 2. Bombay Stock Exchange Ltd. The Company has paid the listing fees for the year 2011-12.
f)	**Stock Code Symbol**	NSE : SABTN, BSE : 530943
g)	**Demat ISIN Number For CDSL and NSDL**	INE416A01036

h) Market Price Data

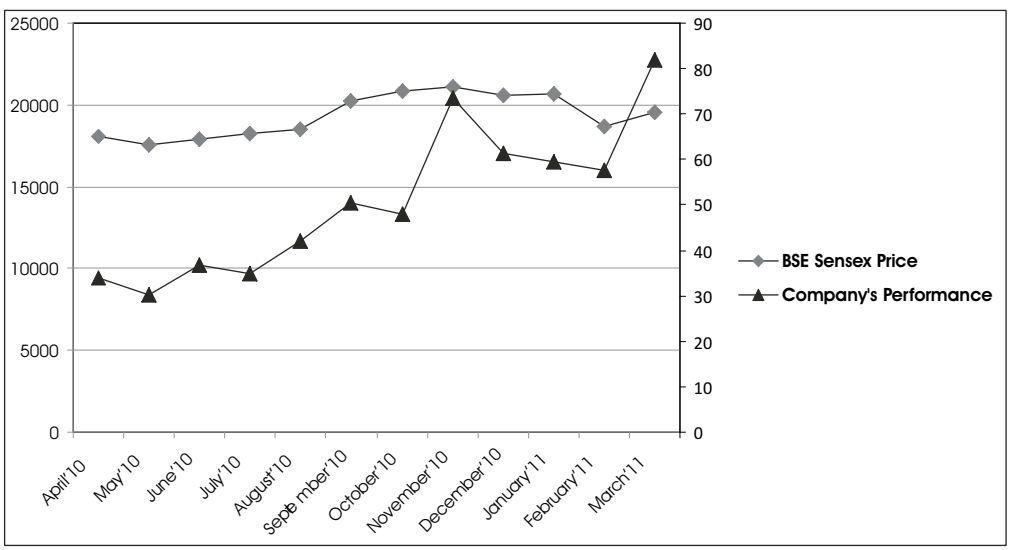
The monthly high and low quotations of shares traded on the National Stock Exchange of India Ltd. and the Bombay Stock Exchange Ltd. during each month in the financial year are as follows:

Month	National Stock Exchange of India Limited		Bombay Stock Exchange Limited	
	Price (Rs.)*		Price (Rs.)**	
	High	Low	High	Low
April'10	32.75	27.60	34.10	27.50
May'10	32.00	26.15	30.25	26.00
June'10	36.70	25.40	36.70	26.10
July'10	34.95	28.85	34.95	28.85
August'10	41.35	31.50	41.90	31.65
September'10	50.55	37.60	50.40	37.70
October'10	48.00	40.00	47.90	40.15
November'10	74.40	39.70	73.50	39.00
December'10	61.30	45.85	61.20	45.85
January'11	59.95	40.25	59.50	42.25
February'11	57.70	39.00	57.60	39.00
March'11	82.00	54.55	81.80	55.00

*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 1, Luthra Industrial Estate,
1st Floor, 44-E, M.Vasanti Marg,
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 at 31st March 2011.

Category	Number of shares held	Percentage of Shareholding (%)
Promoter and Promoter Group	9,491,259	41.48
Mutual Funds/ UTI	900	0.00
Financial Institutions/ Banks	304	0.00
Venture Capital Funds	0	0.00
Insurance Companies	206,950	0.90
Foreign Institutional Investors	1,100	0.00
Bodies Corporate	9,629,070	42.08
Individuals	3,527,163	15.42
Clearing Member	11,129	0.05
NRIs	15,625	0.07
GRAND TOTAL	**22,883,500**	**100.00**

m) Distribution of shareholding as at 31st March 2011

Shares of Nominal Value	Number of shareholders	% of total number of shareholders	Nominal Value Shares (in Rs.)	% of Total Nominal Value of Shares
1 TO 5000	12,847	91.38	14,210,610	6.21
5001 TO 10000	640	4.55	5,235,150	2.29
10001 TO 20000	268	1.91	4,218,150	1.84
20001 TO 30000	96	0.68	2,475,110	1.08
30001 TO 40000	50	0.36	1,777,740	0.78
40001 TO 50000	38	0.27	1,774,070	0.78
50001 TO 100000	52	0.37	3,917,580	1.71
100001 TO ABOVE	68	0.48	195,226,590	85.31
Total	**14,059**	**100.00**	**228,835,000**	**100.00**

n) Dematerialization of shares and Liquidity

About 99.75% of the shares have been dematerialized as on 31st March 2011. The Equity Shares of the Company are traded on, Bombay Stock Exchange 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 has 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 Rs.46.50 per share on preferential basis. The Preferential Allotment was made in accordance with Chapter VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009.

The Company has allotted 15,00,000 Equity shares of Rs. 10/- each two times on 30th March, 2011 and 16th July 2011 upon conversion of warrants issued on preferential basis. The 15,00,000 Equity share allotted on 30th March, 2011 are now listed on both the stock exchanges viz., National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Company is in process of listing of balance 15,00,000 Equity shares allotted on 16th July, 2011 with both the stock exchanges.

As on date 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 of the Company on 15th April, 2010. Out of these options, during the year 2010-11, 279,500 options vested and exercised by the Employees, for which the Company has issued and allotted 279,500 Equity shares of Rs.10/- each on 9th May, 2011. The Equity Shares 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, and please write to:

Sharex Dynamic (India) Private Limited,
Unit 1, Luthra Industrial Estate,
1st Floor, 44-E, M.Vasanti Marg,
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 Limited
Adhikari Chambers,
Oberoi Complex, New Link Road,
Andheri (West), Mumbai 400 053
Tel.: 91-22-4023 0000
Fax: 91-22-2639 5459
E-mail: investorservices@adhikaribrothers.com
Website: www.adhikaribrothers.com

DECLARATION REGARDING COMPLIANCE OF CODE OF CONDUCT

To the best of my knowledge and belief, I hereby confirm that all the Board members and the Senior Management Personnel of the company have complied with the provision of the Code of Conduct as laid down by the Company for Directors and Senior Management Personnel during the financial year ended on 31st March, 2011.

For and on behalf of the Board of Directors

Markand Adhikari
Vice Chairman & Managing Director

Place: Mumbai
Date: 13th August, 2011

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, 2011 as stipulated in clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of 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 and 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: 13th August, 2011

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, 2011, and also the Profit and Loss Account, 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 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, Profit and Loss Account and Cash Flow Statement dealt with by this report is in agreement with the books of accounts;

d) In our opinion, the Balance Sheet, Profit and Loss Account 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011.

   ii. In the case of Profit and Loss Account, of the profit for the year ended on that date and

   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 Accountant
(FRN 110324W)

A. R. Sodha
Partner
M. No 31878

Place: Mumbai
Date: 13th August, 2011

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. We have been informed that, the tangible fixed assets has 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 & 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 involved during the year is Rs.2646.06 Lacs and the year end Balance is Rs.1014.31 Lacs
   b. According to information and explanation furnished to us, as these loans are granted to wholly owned subsidiaries of the company in our opinion the rate of interest and other terms and conditions on which the Company has given loans are not, prima facie, prejudicial to the interest of the Company
   c. As these loans are interest free there is no question of payment of interest. With respect to principal as these loans are repayable on demand we cannot comment on regularity of repayment of principal.
   d. As these loans are repayable on demand we cannot comment for 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 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 Rupees 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.
6. Company has not accepted deposit from the public; accordingly clause 4(vi) of 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 the business.
8. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of the products dealt with by the company.
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 delays in payment of Tax Deducted at Source and Dividend Distribution Tax*.

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 of Rs.21.31 Lacs.*

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

Particulars	Year	Pending at	Demand
Income Tax Demand	A.Y. 2000-01	Mumbai High Court	Rs. 616 Lacs

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. In Our opinion and according to information and explanation given to us and records furnished to us for verification, the company has *delayed payment of interest and principle to bank aggregating to Rs. 519.66 Lacs by 5 to 30 days, Rs.318 Lacs by 31 to 60 days and 35.44 than 60 days.*
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.
15. According to the information and explanation given to and records of the Company examined by us, the company has given Security, collateral security and corporate guarantee for loans taken by wholly own Subsidiaries of the company 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, loans raised on short-term basis have not, prima facie, been used for long-term purpose.
18. During the year, the company has made preferential allotment of shares and warrants to Parties covered in the Register maintained under Section 301 of the Companies Act, 1956. As these shares and warrants are issued as per pricing norms stipulated in Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, in our opinion price at which they are issued are not prima facie prejudicial to the interest of the company.
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, 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 Accountant
(FRN 110324W)

A R Sodha
Partner
M. No 31878
Place: Mumbai
Date: 13th August, 2011

BALANCE SHEET AS AT 31ST MARCH 2011

	Schedule	AS AT 31.03.2011 (Rupees)	AS AT 31.03.2010 (Rupees)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**228,835,000**	162,585,000
Share Warrant Application Money		**17,437,500**	34,001,565
Reserve & Surplus	2	**1,286,154,875**	1,165,677,158
		1,532,427,375	1,362,263,723
Loan Funds			
Secured Loan	3	**357,821,940**	371,317,143
Unsecured Loan	4	**62,886,099**	6,309,655
		420,708,039	377,626,798
Deferred Tax Liability		**106,309,373**	106,133,528
Employee Stock Option		**7,273,000**	-
TOTAL		**2,066,717,787**	1,846,024,049
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		**1,372,329,531**	1,190,859,299
Less : Depreciation		**407,827,334**	327,134,887
Net Block		**964,502,197**	863,724,412
Capital WIP & Capital Advance		**227,140,993**	307,445,813
		1,191,643,190	1,171,170,225
Investment	6	**657,305,621**	438,854,367
Current Assets, Loans & Advances	7		
Inventories		**932,500**	-
Sundry Debtors		**106,727,306**	157,908,137
Cash & Bank Balances		**2,241,246**	33,937,082
Loans, Advances & Deposit		**205,690,725**	129,649,662
		315,591,777	321,494,881
Less : Current Liabilities & Provisions	8		
Current Liabilities		**84,733,851**	80,269,744
Provisions		**35,225,842**	23,330,953
		119,959,693	103,600,697
Net Current Assets		**195,632,084**	217,894,184
Deferred Tax Assets (MAT Credit)		**20,091,358**	18,105,271
Deferred Employee Compensation		**2,045,333**	-
TOTAL		**2,066,717,787**	1,846,024,049
Notes To Accounts	16		

The Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet.

As per our report of even date

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

A.R.Sodha
Partner
M.No.31878
Mumbai, 13th August, 2011

For & on behalf of the Board of Directors

Gautam Adhikari
Chairman & Whole Time Director

Laxman Vasandani
Company Secretary

Markand Adhikari
Vice Chairman & Managing Director

Mumbai, 13th August, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Schedule	For the Year Ended 31.03.2011 (Rupees)	For the Year Ended 31.03.2010 (Rupees)
INCOME			
Sales		324,394,578	281,605,280
Other Income	10	4,829,841	21,483,996
		329,224,419	303,089,276
EXPENDITURE			
Production Expenses	11	144,982,565	122,981,432
(Increase)/Decrease in Inventory	12	-	1,551,188
Administration Expenses	13	73,901,610	52,764,548
Selling & Distribution Expenses	14	1,757,836	3,266,478
Miscellaneous Expenditure W/off	9	-	1,692,299
		220,642,011	182,255,945
PROFIT/(LOSS) BEFORE FINANCE CHARGES, DEPRECIATION & TAX		**108,582,408**	120,833,331
Finance Charges	15	21,528,259	38,484,668
PROFIT/(LOSS) BEFORE DEPRECIATION & TAX		**87,054,149**	82,348,663
Depreciation	5	81,137,225	78,397,845
PROFIT/(LOSS) BEFORE TAX		**5,916,924**	3,950,818
Provision for Taxation:			
Current Tax		**1,986,087**	610,401
Deferred Tax		**(1,810,243)**	4,465,714
Earlier Years(Excess)/Short Provision		**317,525**	-
PROFIT/(LOSS) AFTER TAX		**5,423,555**	(1,125,297)
Profit/(Loss) brought from Previous Year		**21,527,630**	34,065,906
Balance Carried To Balance Sheet		**26,951,185**	32,940,610
APPROPRIATION			
Proposed Dividend		**14,797,800**	9,755,100
Dividend Distribution Tax on Dividend		**2,400,573**	1,657,879
Short Provision for final Dividend 2009-10		**3,075,070**	-
Short Provision for Dividend Distribution Tax 2009-10		**473,052**	-
Balance Carried To Balance Sheet		**6,204,690**	21,527,630
		26,951,185	32,940,609
Basic Earning Per Share		**0.28**	(0.12)
Diluted Earning Per Share		**0.27**	(0.12)
(See Note No.5 of schedule 16)			
Notes To Accounts	16		

The Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet.

As per our report of even date

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

A.R.Sodha
Partner
M.No.31878
Mumbai, 13th August, 2011

For & on behalf of the Board of Directors

Gautam Adhikari
Chairman & Whole Time Director

Laxman Vasandani
Company Secretary

Markand Adhikari
Vice Chairman & Managing Director

Mumbai, 13th August, 2011

CASH FLOW STATEMENT ANNEXED TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2011

(Rs.in Million)

		For The Year Ended 31.03.2011	For The Year Ended 31.03.2010
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit / (Loss) before Tax and Extraordinary items	**5.92**	3.95
	Adjustments for :		
	Depreciation	**81.14**	78.40
	Interest Income	**(0.43)**	(0.14)
	Profit on Sale of Mutual fund units	**(0.07)**	(0.49)
	Loss on sale of fixed assets	**0.05**	0.01
	Interest on Loan funds	**20.27**	26.33
	Deferred Employee Compensation Cost	**5.23**	-
	Share of Profit from Partnership	**(0.08)**	(0.25)
	Delayed payment on Dividend Tax	**0.09**	0.09
	Preliminary / Share Issue Expenses written off	**0.55**	1.69
	Operating profit before working capital changes	**112.67**	109.59
	Adjustments for :		
	(Increase)/Decrease in Sundry Debtors & Other Receivables	**(25.39)**	(87.51)
	(Increase)/Decrease in Inventories	**(0.93)**	1.55
	Increase/(Decrease) in Trade payable and provisions	**7.40**	35.53
	Cash generated from operations	**93.76**	59.17
	Direct taxes paid/(refund)	**(0.21)**	(1.42)
	Net cash from operating activities	**93.97**	60.59
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of/advance for Fixed Assets	**(82.86)**	(144.57)
	Sale of Fixed Assets/ Refund of Capital Advance	**0.27**	68.30
	Investments made during the year	**(221.17)**	(227.58)
	Amount Withdrawn from Partnership Firm	**2.80**	-
	Interest Income Received	**0.43**	0.14
	Profit on Sale of Mutual fund units	**0.07**	0.49
	Net cash from investing activities	**(300.46)**	(303.22)
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Issue of Shares & Warrants	**189.19**	222.83
	Share Issue Expenses	**(4.26)**	(0.42)
	Buy Back of FCCB	**-**	(207.41)
	Loan taken	**51.00**	329.27
	Repayment of Term Loan from Bank	**(73.44)**	(3.12)
	Short Term Loan from Bank	**85.00**	34.75
	Repayment of Short Term Loan	**(22.86)**	(74.72)
	Loan Taken - Vehicle loan	**8.93**	-
	Repayment of Loan - Vehicle Loan	**(4.04)**	(2.98)
	Interest on Loan from Bank	**(40.86)**	(25.10)
	Interest on FCCB Debentures	**-**	(1.23)
	Dividend Distribution Tax Paid	**(1.04)**	-
	Dividend Paid	**(12.83)**	(6.60)
	Net cash used in financing activities	**174.80**	265.27
	Net decrease in cash and cash equivalents (A+B+C)	**(31.70)**	22.64
	Opening balance of cash and cash equivalents	**33.94**	11.32
	Closing balance of cash and cash equivalents	**2.24**	33.96

Notes:

1 The Cash Flow Statement has been prepared as per Indirect Method.

2 Cash & cash equivalent represent cash & bank balance (including fixed deposit with bank).

As per our report of even date

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

A.R.Sodha
Partner
M.No.31878
Mumbai, 13th August, 2011

For & on behalf of the Board of Directors

Gautam Adhikari
Chairman & Whole Time Director

Laxman Vasandani
Company Secretary

Markand Adhikari
Vice Chairman & Managing Director

Mumbai, 13th August, 2011

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	AS AT 31.03.2011 (Rupees)	AS AT 31.03.2010 (Rupees)
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
35,000,000 (P.Y.30,000,000) Equity shares of Rs.10/- each.	**350,000,000**	300,000,000
Issued, Subscribed & Paid-up		
22,883,500 (P.Y.16,258,500)Equity shares of Rs.10/- each.fully paid up	**228,835,000**	162,585,000
	228,835,000	162,585,000
SCHEDULE 2		
RESERVES & SURPLUS		
A) Capital Reserve	**187,631,659**	28,467,950
Add:Discount on buy back of Foreign Currency	**-**	159,163,709
Convertible Bonds)	**187,631,659**	187,631,659
B) Securities Premium Account	**731,407,174**	612,753,441
Add:Premium on conversion of preferential warrants	**139,506,250**	119,073,750
Less : Expenses on Issue of Shares	**3,705,593**	420,017
	867,207,831	731,407,174
C) General Reserve	**225,110,695**	225,110,695
D) Surplus in Profit & Loss Account	**6,204,690**	21,527,630
	1,286,154,875	1,165,677,158
SCHEDULE 3		
SECURED LOANS		
Term Loan	**342,045,755**	326,021,391
Interest Accrued and Due	**3,581,883**	3,245,624
(Secured against equitable mortgage of land and all the present and future construction of proposed project at Kandivali and hypothecation of studio equipment, furniture and fixtures)		
[Installment due within a year Rs.71,720,000(P.Y Rs.26,000,000)]		
Short Term Loan From Bank	**-**	34,166,668
Interest Accrued and Due		583,924
Vehicle Loan	**12,194,302**	7,299,536
(Against Hypothecation of vehicles)		
[Installment due within a year Rs.52,51,200(P.Y 3,648,174)]		
	357,821,940	371,317,143
SCHEDULE 4		
UNSECURED LOANS		
Overdraft facility	**9,640,000**	-
Short Terms Loans from Bank	**52,500,000**	6,200,000
Interest Accrued and Due	**746,099**	109,655
(Overdraft and Short Term Loan is Secured against personal asset of the Director)		
	62,886,099	6,309,655

SCHEDULE 5
FIXED ASSETS

(Amount in Rupees)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	NET BLOCK
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	As at 01.04.2010	For the Year Ended 31.03.2011	Adjsutment	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Business & Commercial Rights	417,178,457	-	-	**417,178,457**	165,977,460	41,717,846	-	**207,695,306**	**209,483,151**	251,200,997
Land & Building	437,360,669	-	-	**437,360,669**	25,185,871	7,128,979	-	**32,314,850**	**405,045,819**	412,174,798
Plant & Machinery & Media Assets	181,974,038	169,949,564	-	**351,923,602**	73,086,886	17,283,578	-	**90,370,464**	**261,553,138**	108,887,152
Improvement to Lease Assets	17,326,357	-		**17,326,357**	12,985,580	4,340,777	-	**17,326,357**	**-**	4,340,777
Sets	45,886,346	-	-	**45,886,346**	10,170,433	2,904,606	-	**13,075,039**	**32,811,307**	35,715,913
Furniture & Fixtures	66,448,341	67,500	-	**66,515,841**	27,279,245	4,210,453	-	**31,489,698**	**35,026,143**	39,169,096
Vehicles	19,561,655	11,122,704	764,601	**29,919,758**	7,895,014	2,662,532	444,778	**10,112,768**	**19,806,990**	11,666,641
Computers	5,123,436	1,095,065	-	**6,218,501**	4,554,398	888,455	-	**5,442,853**	**775,648**	569,038
TOTAL	**1,190,859,299**	**182,234,833**	**764,601**	**1,372,329,531**	**327,134,887**	**81,137,225**	**444,778**	**407,827,334**	**964,502,197**	863,724,412
Capital WIP	307,445,813	88,695,180	169,000,000	227,140,993	-	-	-	-	227,140,993	-
Previous Year	1,196,854,579	6,127,856	12,123,136	1,190,859,299	260,544,218	78,397,845	11,807,176	327,134,887	863,724,412	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	AS AT 31.03.2011 (Rupees)	AS AT 31.03.2010 (Rupees)
SCHEDULE 6		
UNQUOTED-INVESTMENT		
Lotus Motion Pictures Ltd	**210,926,000**	210,926,000
In Subsidaries Company		
Tv Vision Pvt.Ltd.	**200,000,000**	100,000,000
(20,000,000 (P.Y 10,000,000) shares of Rs.10 each fully paid up)		
Tv Vision Pvt Ltd. - Share application money	**-**	24,330,000
MPCR Broadcasting Service Pvt Ltd.	**85,000,000**	16,000,000
(8,500,000 (P.Y 1,600,000) shares of Rs.10 each fully paid up)		
HHP Broadcasting Services Pvt.Ltd	**85,000,000**	16,000,000
(8,500,000 (P.Y 1,600,000) shares of Rs.10 each fully paid up)		
UBJ Broadcasting Pvt.Ltd.	**75,000,000**	16,000,000
(7,500,000 (P.Y 1,600,000) shares of Rs.10 each fully paid up)		
UBJ Broadcasting Pvt Ltd. - Share application money	**-**	51,500,000
Investment In Partnership Firm	**1,379,621**	4,098,367
	657,305,621	438,854,367
SCHEDULE 7		
CURRENT ASSETS, LOANS & ADVANCES		
Inventories		
Work In Progress	**932,500**	-
Sundry Debtors		
(Unsecured Considered good)		
Outstanding for more than six months	**12,528,120**	46,949,579
Other debts	**94,199,186**	110,958,558
[including Rs.Nil (P.Y Rs.42,804,402) due from Company under same management]	**106,727,306**	157,908,137
Cash & Bank Balances		
Cash on Hand	**935,048**	482,759
Balance with Scheduled Banks in		
Current Accounts	**29,163**	31,143,225
Fixed Deposit	**1,277,035**	2,311,098
	2,241,246	33,937,082
Loans, Advances & Deposits		
(Unsecured, Considered good)		
Premises Deposit	**33,000,000**	33,000,000
Prepaid Expenses	**632,106**	610,828
Interest Receivable	**429,615**	364,649
Loan/Advances to Subsidaries	**125,702,726**	60,846,563
Other Advances & Receivables	**41,878,137**	34,827,622
Less: Provision for Other advances	**4,048,141**	-
[including Rs.Nil (P.Y Rs.3,221,845) due from Company under same management]	**205,690,725**	129,649,662

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	AS AT 31.03.2011 (Rupees)	AS AT 31.03.2010 (Rupees)
SCHEDULE 8		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors & Other Liability	**84,211,027**	79,746,919
[For dues to Micro, Small and Medium Enterprise refer Note No.14 of Notes to Accounts]		
Unclaimed Interest on F.D	**199,647**	199,648
*Unclaimed Dividend	**192,177**	192,178
*Unclaimed Fixed Deposit	**131,000**	131,000
(Kept in a separate Bank A/c)	**84,733,851**	80,269,744
Provisions:		
For Expenses	**13,300,050**	10,360,935
For Taxation	**3,069,540**	610,401
Proposed Dividend	**14,797,800**	9,755,100
Dividend Distribution Tax	**4,058,452**	2,604,516
	35,225,842	23,330,953
SCHEDULE 9		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses & Share Issue Expenses		
Opening Balance	**-**	1,692,299
Add: Addition During the year	**-**	-
Less : Written off during the year	**-**	1,692,299
	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	For the Year ended 31.03.2011 (Rupees)	For the Year ended 31.03.2010 (Rupees)
SCHEDULE 10		
OTHER INCOME		
Interest Income	**430,010**	142,805
Exchange Rate Difference	**1,882,269**	11,323,681
Sundry Balance Written Back	**-**	4,877,378
Dividend On Mutual Fund	**65,911**	-
Rent Income	**-**	282,500
Miscellaneous Income	**2,370,397**	4,611,765
Share of profit in Partnership Firm	**81,254**	245,867
	4,829,841	21,483,996
SCHEDULE 11		
PRODUCTION EXPENSES		
Programme Purchase Cost	**135,441,000**	108,500,000
Remuneration to Artist & Technicians	**13,112,159**	4,476,526
Shooting Charges	**9,872,602**	7,137,078
Location & Equipment Hire Charges	**8,851,766**	2,163,669
Technical Charges	**14,500**	343,972
Cassettes Purchase	**1,899,588**	360,187
	169,191,615	122,981,432
Less : Cost of Work in Process Programmes	**932,500**	-
Less: Programme Share Cost	**23,276,550**	-
	144,982,565	122,981,432
SCHEDULE 12		
(INCREASE)/DECREASE IN INVENTORIES		
Opening Balance	**-**	(1,551,188)
Closing Balance	**-**	-
	-	1,551,188

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	For the Year ended 31.03.2011 (Rupees)	For the Year ended 31.03.2010 (Rupees)
SCHEDULE 13		
ADMINISTRATIVE EXPENSES		
Salaries, Allowances etc.	**18,833,339**	8,765,338
Contribution To Provident Fund & Others Fund	**422,627**	326,552
Staff Welfare Expenses	**508,862**	561,832
Electricity Charges	**5,095,516**	4,619,892
Communication Expenses	**1,223,509**	978,670
Insurance Charges	**533,621**	1,004,783
Rent, Rates & Taxes	**5,180,938**	4,444,284
Repairs & Maintenance	**2,329,669**	1,657,090
Traveling & Conveyance	**6,363,548**	4,685,444
Legal & Professional Charges	**10,389,142**	9,130,510
Printing & Stationery	**451,883**	413,629
Membership & Subscription	**273,650**	300,521
General Expenses	**7,755,313**	6,363,544
Audit Fees	**500,000**	500,000
Loss on Sale of Asset	**49,823**	12,460
Directors' Remuneration	**9,000,000**	9,000,000
Provision for Doubtful advances	**4,048,141**	-
Sundry Debit Balance w/off	**942,029**	-
	73,901,610	52,764,548
SCHEDULE 14		
SELLING & DISTRIBUTION EXPENSES		
Business Promotion Expenses	**1,426,888**	1,333,974
Advertising & Marketing Expenses	**330,948**	1,932,504
	1,757,836	3,266,478
SCHEDULE 15		
FINANCE CHARGES		
Bank Interest	**20,274,226**	25,096,321
Interest on FCCB	**-**	1,229,179
Others	**1,254,033**	12,159,168
	21,528,259	38,484,668

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 16

ACCOUNTING POLICIES & NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis for preparation of Financial Statements:

The financial statements have been prepared under the historical cost convention ignoring changes, if any, in the purchasing power of money and on accounting principles of going concern. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

b) Use of Estimate

The preparation of financial statements in conformity with Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

c) Fixed Assets:

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

d) Depreciation:

- 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.
- Intangible Assets comprising of Business & Commercial Rights are amortized over a period of 10 years on Pro Rata basis.
- Improvement to leased assets are amortised over the period of Lease

e) Inventories

- Cassettes and Tapes are charged off fully in the year of purchase.
- Inventories are valued at lower of cost or net realizable value. The cost of each episode of a program is determined on the basis of average cost.
- Where the carrying amount of inventory exceeds recoverable amount in the ordinary course of business or where the management does not anticipate any future economic benefits flowing from it, appropriate expense / loss has been provided for

f) Revenue Recognition:

The principles of revenue recognition are as under:

- In respect of sale of program contents / rights, income is recognized when the relevant program is delivered to and accepted by the buyers and all the significant risks and rewards of telecasting rights / license of the program has been transferred to the buyer.
- In respect of Interest Income, it is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

g) Investments:

- Investments that are intended to be held for more than a year are classified as Long-term investments. The Long Term Investments are carried at cost of acquisition. Provision for diminution in value is made if

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

the decline in the value is other than temporary in the opinion of the management. Other Investments are stated at cost or Market Value whichever is lower

- Investment in shares of a company, the holding of which is directly related to the right to hold the investment property and the legal title to it, is classified as Land & Building and carried at its Investment value and other ancillary cost attributable to it.

h) Foreign Currency Transaction:

- **Initial Recognition**

  Foreign currency transactions are recorded in the reporting currency i.e. rupee value, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency 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 on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statement, are recognised as income or expenses in the year in which they arise.

i) Employee Benefits:

- Employee benefit in the form of provident fund is charged to profit & loss account when contributions to respective funds are due. Liability in respect of Leave Encashment & Gratuity is provided on the basis of actuary valuation taken at the end of each year.
- Other short term employee benefits are charged to profit & loss account on accrual basis.

j) 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 as part of cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred.

K) Taxes on Income:

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

Deferred income taxes reflect 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 / virtually certain, as the case may be, to be realized.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

l) Earning Per Share

Basic earning 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.

Diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period adjusted for the effects of all dillutive potential equity shares.

m) Provisions

A provision is recognized when the company has a present obligation as a result of past event; it is probable that an outflow of resources 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 required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

II. NOTES TO ACCOUNTS

1. PREFERENTIAL ISSUE

During the year on 12th August, 2010 Company has allotted 51,25,000 equity shares of Rs. 10 each on conversion of 41,25,000 warrants issued on 19th November, 2009 and 10,00,000 warrants issued on 28th January, 2010 at the issue price of Rs.25.25 & Rs.31.85 respectively.

Further during the year company has allotted 30,00,000 warrants on 21st March, 2011 in accordance with SEBI (ICDR) Regulations. These warrants are convertible into equivalent number of Equity shares of Rs.10 each within 18 months from the date of issue at the rate of Rs.46.50 per share (including premium of Rs.36.50 per share). On 30th March, 2011 Company has allotted 15,00,000 equity shares of Rs. 10 each on conversion of 15,00,000 warrants.

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

(Rs. in Million)

Issue :	**Amount**
Proceeds from issue of 51,25,000 Shares	102.00
Proceeds from 25% deposit for 30,00,000 warrants	34.88
Proceeds from issue of 15,00,000 Shares	52.31
Net Proceeds Received	**189.19**
Application :	
a) Amount Invested in Wholly Owned Subsidiaries by way of Equity Contribution/Loans	110.15
b) Amount utilized for Repayment of Debts	57.07
c) Amount utilized for working capital	21.97
Total Applications	**189.19**

2. EMPLOYEE STOCK OPTION

The company has granted in April 2010, 700,000 options to eligible employees under the SABTNL ESOP Scheme 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 Rs.10/- Face value. The Exercise Price of the Options is Rs.10/- .

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

The stock option discount has been amortized over the vesting period of two years on straight line basis. A sum of Rs. 52.27 lacs (Previous year Rs.Nil) representing proportionate charge for the year has been included in the accounts under Salaries, Allowances & Bonus.

Potential number of Diluted Equity shares to be issued under Employees Stock Option Plan 2010 is 2,56,374/- (Previous year Nil) of Rs.10/- each.

Details of Option are as follows

Number of Options Granted, Exercised & forfeited	**31/03/2011**
Option Outstanding, beginning of the period	NIL
Granted	7,00,000
Less : Exercised	NIL
Less : Forfeited	NIL
Options Outstanding, end of year	7,00,000

3. SEGMENT REPORTING :

The Company is operating in Single Primary Business Segment i.e. Content production & distribution. Accordingly no Segment Reporting as per Accounting Standard-17 has been reported.

4. RELATED PARTIES DISCLOSURES :

(a) List of Related Parties & Relationship :

NAME OF THE RELATED PARTY	**NATURE OF RELATIONSHIP**
Westwind Realtors Private Limited	Subsidiary Company
TV Vision Private Limited	Wholly owned Subsidiary Company
UBJ Broadcasting Private Limited	Wholly owned Subsidiary Company
MPCR Broadcasting Services Private Limited	Wholly owned Subsidiary Company
HHP Broadcasting Services Private Limited	Wholly owned Subsidiary Company
Key Management Personnel	
Gautam Adhikari	Chairman & Whole Time Director
Markand Adhikari	Vice Chairman & Managing Director
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
Others	
SAB & View Entertainment	50% Partnership Firm
Mastiiidotcom Entertainment Private Limited	Directors having Substantial Interest
Infra Projects Vision Private Limited	Directors having Substantial Interest
Kartavyaa Publication Private Limited	Directors having Substantial Interest
Dream Merchant Cinema Private Limited	Directors having Substantial Interest
Cinema Today Private Limited	Directors having Substantial Interest
Regional Broadcasters Private Limited	Directors having Substantial Interest
Sri Adhikari Brothers Assets Holding Private Limited	Directors having Substantial Interest
Broadcast Initiatives Limited	Directors having Substantial Interest

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(b) Transactions with Related Parties:

(Rs.In Million)

Transactions	Sub-sidiaries	Key Management Personnel	Relatives of Key management personnel	Others	Total
Revenue/Reimbursement of Exp Received	24.99 (-)	- (-)	- (-)	0.81 (0.97)	25.80 (0.97)
Rendering of Services / Reimbursement of expenses	0.47 (0.55)	9.12 (9.12)	1.03 (1.33)	- (-)	10.62 (11.00)
Advance/Loan/Deposit given in current liabilities	526.15 (69.28)	- (-)	0.22 (-)	2.68 (6.43)	529.05 (75.71)
Advance/Loan/Deposit Taken	- (-)	144.30 (-)	- (-)	- (0.69)	144.30 (0.69)
Outstanding balance included in current liabilities	- (0.96)	3.44 (20.05)	0.30 (0.32)	0.05 (-)	3.79 (21.33)
Outstanding balance included in current assets	125.70 (60.85)	33.00 (33.00)	- (-)	0.66 (46.63)	159.36 (140.48)
Investment Made	221.17 (223.73)	- (-)	- (-)	- (3.85)	221.17 (227.58)
Capital Contribution received	- (-)	- (-)	111.07 (92.63)	- (-)	111.07 (92.63)
Guarantee/Security & Collateral Security Given	7,451.55 (1,600.75)	- (-)	- (-)	- (-)	7,451.55 (1,600.75)

Figure in parenthesis are comparative figure of Previous Year

5. BASIC AND DILUTED EARNING PER SHARE:

Particulars	31st March 2011	31st March 2010
Profit / (Loss) after Tax (Rupees)	5,423,555	(1,125,297)
Weighted average number of shares outstanding during the year. (Face Value Rs.10 per share)	1,95,24,253	93,79,048
Basic Earning/(Loss) Per share (Rupees)	**0.28**	(0.12)
Weighted average number of shares outstanding during the year for Diluted earning	1,97,70,794	93,79,048
Diluted Earning/(Loss) Per share (Rupees)	**0.27**	(0.12)

6. 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.

7. DEFERRED TAX LIABILITY / ASSETS:

The Company has accounted for Deferred Tax in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India. Accordingly, the components of deferred tax

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

assets/liability are as follows.

(Rs. in Million)

Deferred Tax Liability:	**As at 31st March 2011**	**As at 31st March 2010**
Depreciation & Miscellaneous Expenditure	108.04	106.33
Leave Encashment	(0.39)	(0.20)
Provision for Doubtful Debts	(1.34)	-
Net Deferred Tax Liability	**106.31**	106.13
Deferred Tax Asset:		
MAT Credit	20.09	18.10
Total Deferred Tax Asset	**20.09**	18.10

Considering principle of prudence as enunciated in Accounting Standard 22 "Accounting for Taxes on Income " with regards to availability of sufficient future taxable income with virtual certainty, deferred tax assets for the current year have not been recognised on unabsorbed depreciation and carry forward business loss.

8. The disclosure required under Accounting Standard 15 "Employee Benefits" are given below

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized and charged off for the year are as under

(Rs.in Million)

Particulars	**31st March 2011**	**31st March 2010**
Employers Contribution to Provident Fund	**0.29**	0.23

Defined Benefits Plan

Employees gratuity fund scheme manage by Life Insurance Corporation of India is defined benefit plan. The present value of obligations is determined based on actuarial valuation using projected unit credit method which recognized 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. The obligation for leave encashment is recognized in the same manner.

(Rs. in Million)

Particulars	**Gratuity**		**Leave Encashment**	
(A) Reconciliation of opening and closing balances of Defined Benefits Obligation	March 11	March 10	March 11	March 10
Defined Benefit Obligation at beginning of the year	0.86	0.80	0.97	0.40
Current Service Cost	0.12	0.14	0.08	0.22
Interest Cost	0.07	0.06	0.22	0.03
Actuarial (gain)/loss	0.28	0.04	0.09	0.41
Benefits Paid	0.09	0.18	0.02	0.09
Defined Benefit obligation at year end	1.24	0.86	1.17	0.97

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Gratuity		Leave Encashment	
(B) Reconciliation of Opening and closing balances of fair value of plan assets				
Fair value of plan assets at the beginning of the year	0.82	0.60	-	-
Expected return on plan assets	0.07	0.05	-	-
Actuarial/(Gain) Loss	0.00	0.01	-	-
Employer Contribution	0.00	0.34	-	-
Benefits Paid	0.09	0.18	-	-
Fair value of plan assets at the year end	0.80	0.82	-	-
Actual return on plan assets	0.07	0.06	-	-
(C) Reconciliation of fair value of assets and obligation			-	-
Fair value of plan assets as at 31st March	0.80	0.82	-	-
Present Value of obligation as at 31st March	1.24	0.86	-	-
Amount recognized in Balance Sheet	0.44	0.04	-	-
(D) Expenses recognized during the year (under head "Employment Cost")				
Current Service Cost	0.12	0.14	0.22	0.22
Interest Cost	0.07	0.06	0.08	0.03
Expected Return	0.07	0.05	-	-
Actuarial(gain)/loss	0.28	0.03	0.02	0.41
Net Cost	0.40	0.18	0.28	0.66
(E) Investment details				
LIC Group Gratuity (Cash Accumulation) Policy	64.51%	95.58%		
(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	8%		-	
Rate of Escalation in Salary (per annum)	5%		5%	

9. CAPITAL COMMITMENTS:

Estimated amount of contracts outstanding on account of capital commitment (net of advances) is Rs.Nil (P.Y. 33.1 Million).

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

10. CONTINGENT LIABILITIES:

(Rs. in Million)

PARTICULARS	As at 31.03.2011	As at 31.03.2010
Claims against the Company not acknowledged as Debt	-	20.00
Income Tax Demand / Penalty	61.60	-
Custom Duty obligation for EPCG Scheme	4.59	4.59

11. EVENTS OCCURING AFTER BALANCE SHEET DATE

To the best of knowledge of the management, there are no events occurring after the Balance Sheet date that provide additional information materially affecting the determination of the amount relating to the conditions existing at the Balance Sheet Date that requires adjustment to the Assets or Liabilities of the Company except to the extent stated otherwise.

12. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4, 4B, 4C & 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (to the extent applicable).

Particulars	12 Months Ended 31.03.2011		12 Months Ended 31.03.2010	
	Quantity (Nos.)	Rs. In Million	Quantity (Nos.)	Rs. In Million
(a) Raw material (cassettes) consumed	1,569	1.90	449	0.36
(b) Value of imported & indigenous Raw material (cassettes) consumed:	Rs. In Million	%	Rs. In Million	%
(I) Imported	-	-	-	-
(II) Indigenous	-	-	-	-
			12 Months ended 31.03.2011 (Rs. in Million)	12 Months ended 31.03.2010 (Rs. in Million)
(c) Value of imports calculated on C.I.F basis			Nil	Nil
(d) Expenditure in foreign currency				
(a) Interest/Loan Processing Expenses			16.30	21.28
(E) Directors Remuneration				
a) Salaries			9.00	9.00
b) Perquisites			0.12	0.12
Computation of net profit under Section 349 of the Companies Act, 1956 is not furnished as no commission is payable/paid to the Managing Director.				
(F) Payment To Auditors(Excluding Service Tax)				
a) Audit fees			0.40	0.40
b) Tax Audit fees			0.10	0.10
c) Other Services(Including Reimbursement of expenses)			0.08	0.10

13. CURRENT ASSETS AND CURRENT LIABILITIES:

Balances of Sundry Debtors, Sundry Creditors, and Loans & Advances, receivable /payable are taken as per books and are subject to confirmation and reconciliation, if any and Cash & Bank Balance.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

14. DETAILS ABOUT THE MICRO, SMALL AND MEDIUM ENTERPRISES

In absence of information regarding vendors covered under the Micro, Small and Medium Enterprises Development Act, 2006, disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act has not been given

15. Figures of previous year have been regrouped, rearranged and recasted wherever considered necessary.

As per our report of even date

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

A R Sodha
Partner
M No 31878
Mumbai : 13th August, 2011

For & on behalf of the Board of Directors

Gautam Adhikari
Chairman & Whole Time Director

Laxman Vasandani
Company Secretary

Markand Adhikari
Vice Chairman & Managing Director

Mumbai : 13th August, 2011

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	**Registration Details**			
	Registration No.	83853	State Code	11
	Balance Sheet Date	31/03/2011		
II	**Capital raised during the year (Rs.in Thousand)**			
	Public Issue	NIL	Right Issue	NIL
	Bonus Issue	NIL	Private Placement	66,250
III	**Position of Mobilisation and Deployment of Funds (Rs.in Thousand)**			
	Total Liabilities	2,066,718	Total Assets	2,066,718
	Source of Funds			
	Paid up Capital	22,835	Reserve & Surplus	1,286,155
	Share Application Money	17,438	Secured Loans	357,822
	Unsecured Loans	62,886	Deferred Tax Liability	106,309
	Employee Stock Option Plan	7,273		
	Application of Funds			
	Net Fixed Assets	1,191,643	Investments	657,306
	Net Current Assets	195,632	Misc. Expenditure	NIL
	Deferred Tax Assets (MAT Credit)	20,091	Deferred Employee Compensation	2,045
IV	**Performance of Company (Rs.in Thousand)**			
	Turnover	324,395	Total Expenditure	323,307
	Profit before Tax	5,916	Profit after Tax	5,423
	Earning per Share (Rs.)	0.28	Dividend Rate %	6

V **Generic Names of Three Principal Product/Services of Company**
(as per Monetary terms)

Product Description : Media & Entertainment Industry (Content Production)

Items Code No. (ITC Code) NOT ALLOTTED

For & on behalf of the Board of Directors

Gautam Adhikari
Chairman & Whole Time Director

Markand Adhikari
Vice Chairman & Managing Director

Laxman Vasandani
Company Secretary

Place : Mumbai
Date : 13th August, 2011

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 associate (referred to as 'Group') as at 31st March, 2011 and the Consolidated Profit and Loss Account 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) 23, Accounting for Investment in Associates 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, 2011 and

ii) In the case of Consolidated Profit & Loss Account of the loss for the year ended on that date and

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 : 13th August, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

	Schedule	AS AT 31.03.2011 (Rupees)	AS AT 31.03.2010 (Rupees)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**228,835,000**	162,585,000
Share Warrant Application Money		**17,437,500**	34,001,565
Employee Stock Option Outstanding		**5,227,467**	-
Reserve & Surplus	2	**1,166,339,267**	1,165,655,474
		1,417,839,434	1,362,242,039
Loan Funds			
Secured Loan	3	**1,102,976,520**	531,392,336
Unsecured Loan	4	**67,339,099**	6,401,655
TOTAL		**1,170,315,619**	537,793,991
Minority Interest		**3,285,508**	3,293,300
Deferred Tax Liability		**112,444,086**	106,133,528
		2,703,884,447	2,009,462,858
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		**2,054,886,133**	1,358,712,475
Less : Depreciation		**448,771,986**	327,134,887
Net Block		**1,606,114,147**	1,031,577,588
Capital WIP & Capital Advance		**235,271,982**	307,445,813
		1,841,386,129	1,339,023,401
Investment	6	**210,926,000**	210,926,000
Current Assets, Loans & Advances	7		
Inventories		**932,500**	10,317,144
Sundry Debtors		**198,327,629**	164,304,592
Cash & Bank Balances		**17,839,313**	35,565,061
Deposit & Advances		**538,283,373**	364,999,841
		755,382,815	575,186,638
Less : Current Liabilities & Provisions	8		
Current Liabilities		**169,305,701**	128,409,238
Provisions		**42,689,493**	23,552,055
		211,995,194	151,961,293
Net Current Assets		**543,387,621**	423,225,345
Deferred Tax Assets(Mat Credit)		**79,696,973**	18,105,271
Miscellaneous Expenditure	9	**705,000**	1,612,200
(To the extent not written off or adjusted)			
Pre-Operative Expenses		**27,782,724**	16,570,641
TOTAL		**2,703,884,447**	2,009,462,858
Notes To Accounts	17		

The Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet.

As per our report of even date

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

A.R.Sodha
Partner
M.No.31878
Mumbai, 13th August, 2011

For & on behalf of the Board of Directors

Gautam Adhikari
Chairman & Whole Time Director

Laxman Vasandani
Company Secretary

Markand Adhikari
Vice Chairman & Managing Director

Mumbai, 13th August, 2011

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Schedule	For the Year Ended 31.03.2011 (Rupees)	For the Year Ended 31.03.2010 (Rupees)
INCOME			
Sales		493,455,868	295,905,280
Other Income	10	4,912,574	20,763,625
		498,368,442	316,668,905
EXPENDITURE			
Production Expenses	11	148,752,363	136,729,078
(Increase)/Decrease in Inventory	12	895,772	655,416
Direct Expenses	13	31,976,198	-
Administration Expenses	14	106,380,390	53,389,795
Distributionm & Marketing	15	194,199,986	3,266,478
Miscellaneous Expenditure W/off	9	1,152,765	1,692,299
		483,357,474	195,733,066
PROFIT/(LOSS) BEFORE FINANCE CHARGES, DEPRECIATION & TAX		**15,010,968**	120,935,840
Finance Charges	16	60,248,449	38,490,624
PROFIT/(LOSS) BEFORE DEPRECIATION & TAX		**(45,237,481)**	82,445,216
Depreciation	5	122,081,877	78,397,845
PROFIT/(LOSS) BEFORE TAX		**(167,319,358)**	4,047,371
Provision for Taxation:			
Current Tax		2,022,423	720,348
Deferred Tax		(55,281,144)	4,465,714
Earlier Years(Excess)/Short Provision		317,525	-
PROFIT/(LOSS) AFTER TAX		**(114,378,161)**	(1,138,691)
Less : Minority Interest (Share in Loss)		(7,792)	(4,425)
PROFIT/(LOSS) for the Period		**(114,370,369)**	(1,134,266)
Profit/(Loss) brought from Previous Year		21,505,946	34,053,190
Balance Carried To Balance Sheet		**(92,864,423)**	32,918,925
APPROPRIATION			
Proposed Dividend		14,797,800	9,755,100
Dividend Distribution Tax on Dividend		2,400,573	-
Short Provision for final Dividend 2009-10		3,075,070	-
Short Provision for Dividend Distribution Tax 2009-10		473,052	1,657,879
Balance Carried To Balance Sheet		(113,610,918)	21,505,946
		(92,864,423)	32,918,925
Basic & Diluted Earning Per Share (See Note No 8 of schedule 17)		(5.86)	(0.12)
Notes To Accounts	**17**		

The Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet.

As per our report of even date

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

A.R.Sodha
Partner
M.No.31878
Mumbai, 13th August, 2011

For & on behalf of the Board of Directors

Gautam Adhikari
Chairman & Whole Time Director

Laxman Vasandani
Company Secretary

Markand Adhikari
Vice Chairman & Managing Director

Mumbai, 13th August, 2011

CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2011

CASH FLOW FROM OPERATING ACTIVITIES	For The Year Ended 31.03.2011	For The Year Ended 31.03.2010
Net Profit / (Loss) before Tax and Extraordinary items	(167.32)	4.05
Adjustments for :		
Depreciation	122.08	78.40
Pre operative expenses incurred in last year	3.56	-
Dividend Received	(0.13)	-
Interest Income	(0.43)	(0.14)
Profit on Sale of Mutual fund units	(0.07)	(0.49)
Loss on sale of fixed assets	0.05	0.01
Interest on Loan funds	55.43	-
Deferred Employee Compensation Cost	5.23	-
Share of Profit from Partnership		26.33
Delayed payment on Dividend Tax	0.09	0.09
Preliminary / Share Issue Expenses written off	1.70	1.69
Operating profit before working capital changes	**20.20**	109.92
Adjustments for :	-	
(Increase)/Decrease in Sundry Debtors & Other Receivables	(204.20)	(326.17)
(Increase)/Decrease in Inventories	(0.04)	(8.77)
Increase/(Decrease) in Trade payable and provisions	49.88	69.39
Cash generated from operations	**(134.16)**	(155.63)
Direct taxes paid/(refund)	(2.26)	(0.16)
Net cash from operating activities	**(136.42)**	(155.78)
CASH FLOW FROM INVESTING ACTIVITIES	-	
Purchase of/advance for Fixed Assets	(565.14)	(296.25)
Expenses Incurred for Channel Development	(22.65)	-
Sale of Fixed Assets/ Refund of Capital Advance	0.27	68.30
Sale of Investment	20.00	-
Investments made during the year	(20.00)	-
Dividend Received	0.13	-
Interest Income Received	0.43	0.14
Profit on Sale of Mutual fund units	0.07	0.49
Net cash from investing activities	**(586.89)**	(227.31)
CASH FLOW FROM FINANCING ACTIVITIES	-	
Proceeds from Issue of Shares & Warrants	189.19	222.83
Share Issue Expenses	(4.50)	(8.04)
Buy Back of FCCB	-	(207.41)
Loan taken	631.55	489.34
Repayment of Term Loan from Bank	(74.94)	(3.12)
Short Term Loan from Bank	85.00	34.75
Repayment of Short Term Loan	(22.86)	(74.72)
Loan Taken - Vehicle loan	8.93	-
Repayment of Loan - Vehicle Loan	(4.04)	(2.98)
Loan from Others - Unsecured Loan	49.25	-
Repayment of Loan from - Others	(44.89)	-
Interest on car loan	-	-
Interest on term Loan from Bank	(68.11)	(35.62)
Pre-Operative Expenses Incurred	(25.13)	-
Interest on FCCB Debenture	-	(1.23)
Dividend Distribution Tax Paid	(1.04)	-
Dividend Paid	(12.83)	(6.60)
Net cash used in financing activities	**705.59**	407.20
Net decrease in cash and cash equivalents (A+B+C)	(17.73)	24.10
Opening balance of cash and cash equivalents	35.57	11.47
Closing balance of cash and cash equivalents	**17.84**	35.57

Notes:

1.The Cash Flow Statement has been prepared as per Indirect Method.

2.Cash & cash equivalent represent cash & bank balance (including fixed deposit with bank).

As per our report of even date

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

A.R.Sodha
Partner
M.No.31878
Mumbai, 13th August, 2011

For & on behalf of the Board of Directors

Gautam Adhikari
Chairman & Whole Time Director

Laxman Vasandani
Company Secretary

Markand Adhikari
Vice Chairman & Managing Director

Mumbai, 13th August, 2011

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	AS AT 31.03.2011 (Rupees)	AS AT 31.03.2010 (Rupees)
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
35,000,000 (P.Y.30,000,000) Equity shares of Rs.10/- each.	**350,000,000**	300,000,000
Issued, Subscribed & Paid-up		
22,883,500 (P.Y.16,258,500)Equity shares of Rs.10/- each.fully paid up	228,835,000	162,585,000
	228,835,000	162,585,000
SCHEDULE 2		
RESERVES & SURPLUS		
A) Capital Reserve	187,631,659	28,467,950
Add:Discount on buy back of foreign Currency Convertible Bonds	-	159,163,709
	187,631,659	187,631,659
B) General Reserve	**225,110,695**	225,110,695
C) Securities Premium Account	731,407,174	612,753,441
Add:Premium on conversion of preferential warrants	139,506,250	119,073,750
Less:Expenses on Issue of shares	3,705,593	420,017
	867,207,831	731,407,174
D) Surplus in Profit & Loss Account	(113,610,918)	21,505,946
	1,166,339,267	1,165,655,474
SCHEDULE 3		
SECURED LOANS		
Term Loan	1,080,545,755	486,021,391
Interest Accrued and Due	10,236,463	3,320,817
(Secured against equitable mortgage of land and all the present and future construction of proposed project at Kandivali and hypothecation of studio equipment, furniture and fixuture,Negative lien on Programme Library and first charge on future receivable)		
(Installment due with in a year Rs.93,720,000 (P.Y Rs,28,000,000)		
Short Term Loan From Bank		34,166,668
Interest Accrued and Due		583,924
(Secured against assignment of receivable and first charge on TV serial & Programme rights)		
Vehicle Loan	12,194,302	7,299,536
(Against Hypothecation of vehicles)		
(Installment due within a year Rs.52,51,200(P.Y 3,648,174)		
	1,102,976,520	531,392,336
SCHEDULE 4		
UNSECURED LOANS		
From Directors	4,453,000	92,000
Overdraft Facility	9,640,000	-
Short Terms Loans from Bank	52,500,000	6,200,000
Interest Accrued and Due	746,099	109,655
(Overdraft and Short Term Loan is secured against Personal asset of the Director)		
	67,339,099	6,401,655

SCHEDULE 5
FIXED ASSETS

(Amount in Rupees)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	NET BLOCK
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	As at 01.04.2010	For the Period Ended 31.03.2011	Adjsutment	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Channel Development Cost	5,180,679	141,684,297	-	**146,864,976**	-	6,016,885		**6,016,885**	**140,848,091**	5,180,679
Business & Commercial Rights	563,678,457	356,533,308	-	**920,211,765**	165,977,460	72,156,197	-	**238,133,657**	**682,078,108**	397,700,997
Land & Building	453,533,166	-	-	**453,533,166**	25,185,871	7,128,979	-	**32,314,850**	**421,218,316**	428,347,295
Plant & Machinery &	181,974,038	176,671,344	-	**358,645,382**	73,086,886	17,396,033	-	**90,482,919**	**268,162,463**	108,887,152
Media Asset	-			**-**	-	-		**-**	**-**	-
Improvement to Lease Asset	17,326,357	3,136,914		**20,463,271**	12,985,580	4,406,129	-	**17,391,709**	**3,071,562**	4,340,777
Sets	45,886,346	-	-	**45,886,346**	10,170,433	2,904,606	-	**13,075,039**	**32,811,307**	35,715,913
Furniture & Fixtures	66,448,341	67,500	-	**66,515,841**	27,279,245	4,210,453	-	**31,489,698**	**35,026,143**	39,169,096
Vehicles	19,561,655	11,802,711	764,601	**30,599,765**	7,895,014	2,711,558	444,778	**10,161,794**	**20,437,971**	11,666,641
Decoder		4,583,618		**4,583,618**	-	4,082,182	-	**4,082,182**	**501,436**	-
Computer Software		1,150,000		**1,150,000**	-	158,591	-	**158,591**	**991,409**	-
Computers	5,123,436	1,308,567	-	**6,432,003**	4,554,398	910,264	-	**5,464,662**	**967,341**	569,038
TOTAL	1,358,712,475	696,938,259	764,601	2,054,886,133	327,134,887	122,081,877	444,778	448,771,986	1,606,114,147	1,031,577,588
Capital WIP & Capital Advance	307,445,813	94,695,652	169,000,000	233,141,465	-	-	-	233,141,465	233,141,465	-
Previous Year	1,213,027,076	157,808,535	12,123,136	1,358,712,475	260,544,218	78,397,845	11,807,176	327,134,887	1,031,577,588	-

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	AS AT 31.03.2011 (Rupees)	AS AT 31.03.2010 (Rupees)
SCHEDULE 6		
UNQUOTED-INVESTMENT		
Lotus Motion Pictures Ltd	210,926,000	210,926,000
	210,926,000	210,926,000
SCHEDULE 7		
CURRENT ASSETS, LOANS & ADVANCES		
Inventories		
Work in Progress	932,500	10,317,144
	932,500	10,317,144
Sundry Debtors		
(Unsecured Considered good)		
Outstanding for more than six months	12,528,120	46,949,579
Other debts	185,799,509	117,355,013
(including Nil(P.YRs,42,804,402 due from Company under same management)		
	198,327,629	164,304,592
Cash & Bank Balances		
Cash on Hand	1,044,304	600,493
Balance with Scheduled Banks in		
Current Accounts	15,517,973	32,653,470
Fixed Deposit	1,277,035	2,311,098
	17,839,312	35,565,061
Loans, Advances & Deposits		
(Unsecured, Considered good)		
Premises Deposit	33,000,000	33,000,000
Prepaid Expenses	18,799,524	610,828
Interest Receivable	429,615	364,649
Deposits, Other Advances & Receivables	490,102,375	331,024,364
Less: Provision for Other Advances	4,048,141	-
(Including Rs.Nil (P.Y Rs,3,221,845 due from Company under same management)		
	538,283,373	364,999,841

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	AS AT 31.03.2011 (Rupees)	AS AT 31.03.2010 (Rupees)
SCHEDULE 8		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors & Other Liability	154,947,616	114,051,151
Unclaimed Interest on F.D	199,647	199,648
*Unclaimed Dividend	192,177	192,178
*Unclaimed Fixed Deposit	131,000	131,000
Membership Contribution	13,835,261	13,835,261
(Kept in a separate Bank A/c)	**169,305,701**	128,409,238
Provisions:		
For Expenses	20,763,701	10,472,091
For Taxation	3,069,540	720,348
Proposed Dividend	14,797,800	9,755,100
Dividend Distribution Tax	4,058,452	2,604,516
	42,689,493	23,552,055
SCHEDULE 9		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses & Share Issue Expenses		
Opening Balance	1,612,200	1,692,299
Add: Addition During the year	245,565	1,612,200
Less : Written off during the year	1,152,765	1,692,299
	705,000	1,612,200

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	For the Year ended 31.03.2011 Rupees	For the Year ended 31.03.2010 Rupees
SCHEDULE 10		
OTHER INCOME		
Interest Income	430,010	142,805
Exchange Rate Difference	1,882,269	11,323,681
Sundry Balance Written Back	29,029	4,877,378
Dividend on Mutual Fund Received	200,869	-
Rent Income	-	282,500
Miscellaneous Income	2,370,397	4,136,677
Share of profit in Partnership firm	-	584
	4,912,574	20,763,625
SCHEDULE 11		
PRODUCTION EXPENSES		
Programme Purchase Cost	135,441,000	108,500,000
Remuneration to Artist & Technicians	15,343,261	13,435,805
Shooting Charges	10,880,382	9,583,957
Location & Equipment Hire Charges	9,334,931	4,193,877
Technical Charges	10,224	411,873
Cassettes Purchase	1,951,614	603,567
	172,961,413	136,729,078
Less:Cost of Work in Process Episode	3,730,000	-
Less:Programme Share Cost	20,479,050	-
	148,752,363	136,729,078
SCHEDULE 12		
(INCREASE)/DECREASE IN INVENTORIES		
Opening Balance	(895,772)	(1,551,188)
Closing Balance	-	(895,772)
	895,772	655,416
SCHEDULE 13		
DIRECT EXPENSES		
Song Acquistion Cost	22,616,536	-
Bandwidth Charges	2,895,750	-
NOCC & WPC Charges	163,912	-
Playout Charges	4,200,000	-
Uplinking Charges	2,100,000	-
	31,976,198	-

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	For the Year ended 31.03.2011 Rupees	For the Year ended 31.03.2010 Rupees
SCHEDULE 14		
ADMINISTRATIVE EXPENSES		
Salaries, Allowances etc.	29,858,237	9,245,913
Contribution To Provident Fund & Others Fund	760,149	326,552
Staff Welfare Expenses	729,874	561,832
Electricity Charges	5,589,776	4,619,892
Communication Expenses	1,713,570	978,670
Insurance Charges	533,621	1,004,783
Rent, Rates & Taxes	5,481,402	4,445,534
Repairs & Maintenance	2,532,834	1,657,090
Traveling & Conveyance	7,852,252	4,722,299
Legal & Professional Charges	20,967,790	9,143,010
Printing & Stationery	767,885	416,091
Membership & Subscription	1,471,417	300,521
General Expenses	12,197,763	6,406,619
Audit Fees	777,330	548,530
Web Development Charges	1,105,428	-
Loss on Sale of Asset	49,823	12,460
Provision for Doubtful Advances	4,048,141	-
Sundry Debit Balance W/Off	943,098	-
Director Remuneration	9,000,000	9,000,000
	106,380,390	53,389,795
SCHEDULE 15		
DISTRIBUTION & MARKETING		
Business Promotion Expenses	1,887,250	1,333,974
Advertising & Marketing Expenses	6,573,037	1,932,504
Distribution Expenses	163,204,816	-
Commission on Sales	22,534,883	-
	194,199,986	3,266,478
SCHEDULE 16		
FINANCE CHARGES		
Bank Interest	55,428,680	25,096,321
Interest onf FCCB	-	1,229,179
Others	4,819,768	12,165,124
	60,248,449	38,490,624

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE: 17

ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. GENERAL

Significant Accounting policies and notes to this Consolidated Financial Statements (CFS) are intended to serve as means of informative disclosure and a guide to better understand the consolidated position of the Companies. Recognising this purpose, the Company has disclosed only such policies and notes from the individual financial statements, which fairly present the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed, when referred from the individual financial statements. Reference in these notes to Company, Companies or Group shall mean to include Sri Adhikari Brothers Television Limited or its subsidiaries or Joint Ventures consolidated in the financial statements, unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis for preparation of Financial Statements

The financial statements have been prepared under the historical cost convention ignoring changes, if any, purchasing power of money and on accounting principles of going concern. All income and expenditure having a material bearing on the financial statements are recognised on accrual basis.

b. Use of Estimates

The preparation of financial statements in conformity with Accounting Standards requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure relating to contingent liability at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the parent, its subsidiaries and Joint Venture made upto 31st March each year. All significant inter-company transactions and balances are eliminated on consolidation.

d. Revenue Recognition

The principles of revenue recognition are as under:

In respect of sale of program contents / rights, income is recognized when the relevant program is delivered to and accepted by the buyers and all the significant risks and rewards of telecasting rights / license of the program has been transferred to the buyer.

In respect of advertisement revenue, income net of agency commission is recognized on the date of Telecast of commercial on the Channel.

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

Income from letting of office space is recognized on time proportion basis and in accordance with terms of the agreements.

e. Fixed Assets & Intangibles

i. Tangible Fixed Assets

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

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

ii. Intangible Fixed Assets

- **Channel Development Cost**

  All the expenses relating to setting up of Channel till the date of commercial launch to the extent it relate to development of channel are classified as Channel Development under the head Fixed Assets.

- **Business and Commercial Right**

  Purchase of perpetual films and programme rights and In-house production of Programmes have been capitalized as "Business & Commercial Rights"

f. Depreciation/Amortisation

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.

Decoders are fully depreciated in the year of Purchase

Improvement to leased assets are amortised over the period of Lease

- Intangible Assets comprising of Business & Commercial Rights for Broadcasting are amortized as follows
  a) 20% in the year of Purchase/Production
  b) Balance 80% will be amortized in four years on straight line basis

Intangible Assets comprising of Business & Commercial Rights other than for broadcasting are amortized 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.

Computer Software's are amortized on straight line basis over a period of 3 years on time proportionate basis

g. Investments

Investments that are not readily realisable or intended to be held for more than a year are classified as Long-term investments. The Long Term 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.

Investment in shares of a company, the holding of which is directly related to the right to hold the investment property and the legal title to it, is classified as Land & Building and carried at its investment value and other ancillary cost attributable to it.

Short terms investments are valued at cost or Market price whichever is lower

h. Inventory

Cassettes and Tapes are charged off fully in the year of purchase.

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

Where the carrying amount of inventory exceeds recoverable amount in the ordinary course of business or where the management does not anticipate any future economic benefits flowing from it, appropriate expense / loss has been provided for

i. Foreign Currency Transaction

i. Initial Recognition

Foreign Currency transactions are recorded in the reporting currency, by applying to the foreign

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign Currency monetary items are reported using exchange rate as on 31st March. Non Monetary items, which are carried in items of historical cost denominated in a foreign currency, are reported using exchange rate at the date of the transaction.

iii. Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statement, are recognised as income or expenses in the year in which they arise.

j. Employee Benefits

Employee benefit in the form of provident fund is charged to profit & loss account when contributions to respective funds are due. Liability in respect of Leave Encashment & Gratuity is provided on the basis of actuary valuation taken at the end of each year.

Other short term employee benefits are charged to profit & loss account on accrual basis.

k. 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 as part of cost of that asset. Other borrowing costs are recognised as expenses in the period in which they are incurred.

l. Taxes On Income

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

Deferred income taxes reflect the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing difference 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 assets are recognised 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 realised. 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/virtually certain, as the case may be, to be realised.

m. Earning Per Share

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

n. Provisions

A provision is recognised 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 required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

3. NOTES TO ACCOUNTS

1. 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 Private Limited	31st March, 2011	**100%**	India
UBJ Broadcasting Private Limited	31st March, 2011	**100%**	India
MPCR Broadcasting Service Private Limited	31st March, 2011	**100%**	India
HHP Broadcasting Services Private Limited	31st March, 2011	**100%**	India
Westwind Realtors Private Limited	31st March, 2011	**66.96%**	India
SAB & View Entertainment	31st March, 2011	**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.

2. Preferential Issue

During the year on 12th August, 2010 Company has allotted 51,25,000 equity shares of Rs. 10 each on conversion of 41,25,000 warrants issued on 19th November, 2009 and 10,00,000 warrants issued on 28th January, 2010 at the issue price of Rs.25.25 & Rs.31.85 respectively.

Further during the year company has allotted 30,00,000 warrants on 21st March, 2011 in accordance with SEBI (ICDR) Regulations. These warrants are convertible into equivalent number of Equity shares of Rs.10 each within 18 months from the date of issue at the rate of Rs.46.50 per share (including premium of Rs.36.50 per share). On 30th March, 2011 Company has allotted 15,00,000 equity shares of Rs. 10 each on conversion of 15,00,000 warrants.

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

(Rs. in Million)

Issue :	**Amount**
Proceeds from issue of 51,25,000 Shares	102.00
Proceeds from 25% deposit for 30,00,000 warrants	34.88
Proceeds from issue of 15,00,000 Shares	52.31
Net Proceeds Received	**189.19**
Application :	
a) Amount Invested in Wholly Owned Subsidiaries by way of Equity Contribution/Loans	110.15
b) Amount utilized for Repayment of Debts	57.07
c) Amount utilized for working capital	21.97
Total Applications	**189.19**

3. Change in Accounting Policy

During the year company has changed its accounting policy w. r. t. Production cost of programmes to classify it as Intangible Assets and amortized over a period of 5 years instead of classifying it as Inventory and charge to profit and loss account on first telecast basis. The management is of the view that these programmes are

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

not held to sell in the ordinary course of business but it is held for generating Free Commercial Time. Had the same accounting policy would have been followed loss for the year would have been higher by Rs.4,57,53,406/- and Intangible Assets would have been lower by Rs.4,57,53,406/-, Capital Working Progress would have been lower by Rs.32,17,747/- and Current Assets would have been Higher by Rs.32,17,747/-

4. Employee Stock Option

The parent company has granted in April 2010, 700,000 options to eligible employees under the SABTNL Employees Stock Option Plan 2010 (ESOP 2010). 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 Rs.10/- Face value. The Exercise Price of the Option is Rs.10.

The stock option discount has been amortized over the vesting period of two years on straight line basis. A sum of Rs. 52.27 lacs (Previous year Rs.Nil) representing proportionate charge for the year has been included in the accounts under Salaries, Allowances & Bonus.

Potential number of Diluted Equity shares to be issued under Employees Stock Option Plan 2010 is 2,56,374/- (Previous year Nil) of Rs.10/- each.

Details of Option are as follows

Number of Options Granted, Exercised & forfeited	**31/03/2011**
Option Outstanding, beginning of the period	Nil
Granted	7,00,000
Less : Exercised	Nil
Less : Forfeited	Nil
Options Outstanding, end of year	7,00,000

5. 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.

Business Segment (Rs. in Million)

Description	**Content production & distribution**	**Broadcasting**	**Elimination**	**Total**
Segment Revenue				
External Sales	329.19	164.26	-	493.45
Inter-Segment Sales	-	-	-	-
Total Revenue	329.19	164.26	-	493.45
Segment Results	27.45	(134.53)	-	(107.08)
Operating Profit Before Interest & Tax But After Depreciation				(107.08)
Interest Expense				60.24
Profit Before Tax				(167.32)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Description	Content production & distribution	Broadcasting	Elimination	Total
Current Tax				2.02
Deferred Tax				(55.28)
Earlier Year Tax				0.32
Profit After Tax				(114.38)
Minority Interest				(0.01)
Net Profit				(114.37)
Other Segment Information			Unallocated	
Segment Assets	1,383.45	1,196.54	227.83	2,807.82
Segment Liabilities	540.76	827.58	14.10	1,382.44
Capital Expenditure	101.93	520.70	-	622.63
Depreciation/Amortisation	81.14	40.94	-	122.08
Other Non Cash Expenditure	-	1.15	-	1.15

This being first year of applicability of segment information comparative figures of previous year is not available

6. Related Party Disclosure

a. The Group has entered into the following related party transactions; such parties and transactions are identified as per Accounting Standard 18 issued by The Institute of Chartered Accountants of India:

Name of Related Party	Relationship
Key Management Personnel	
Gautam Adhikari	Chairman & Whole Time Director
Markand Adhikari	Vice Chairman & Managing Director
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
Others	
Infra Projects Vision Pvt Ltd	Directors having Substantial Interest
Broadcast Initiatives Limited	Directors having Substantial Interest
Kartavyaa Publication Pvt Ltd	Directors having Substantial Interest
Dream Merchant Cinema Private Limited	Directors having Substantial Interest
Cinema Today Private Limited	Directors having Substantial Interest
Regional Broadcasters Private Limited	Directors having Substantial Interest
Sri Adhikari Brothers Assets Holding Private Limited	Directors having Substantial Interest
Regional Broadcasters Private Limited	Directors having Substantial Interest
Mastiiidotcom Entertainment Private Limited	Directors having Substantial Interest

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

b. Transactions With Related Parties

(Rs. in million)

Transactions	Key Management Personnel	Relatives of Key management personnel	Others	Total
Rendering of Services / Reimbursement of expenses	9.18 (9.12)	1.39 (1.33)	1.11 (-)	11.68 (10.45)
Outstanding balance included in Current Liability	2.96 (20.14)	0.42 (0.32)	1.16 (-)	4.54 (20.46)
Advance/Loan/Deposit Given	0.50 (-)	0.22 (-)	2.67 (4.93)	3.39 (4.93)
Outstanding Balance included in Current Assets	33.00 (33.00)	- (-)	- (46.58)	33.00 (79.58)
Advance/Loan/Deposit Taken	210.99 (-)	- (-)	- (0.69)	210.99 (0.69)
Outstanding balance included in Unsecured Loan	4.45 (-)	- (-)	- (-)	4.45 (-)
Capital Contribution received	- (-)	111.08 (43.26)	- (-)	111.08 (43.26)

7. Capital Commitment and capital Work in Process

Estimated amount of contracts outstanding on account of capital commitment (net of advances) is Rs.2.45 (P.Y.Rs 33.10) Million.

8. Earning Per Share

(Rs. in million)

Particulars	31st March 2011	31st March 2010
Profit / (Loss) after Tax (Rupees)	(114,370,369)	(1,125,297)
Weighted average number of shares outstanding during the year. (Face Value Rs.10 per share)	195,24,253	93,79,048
Basic Earning / (Loss) Per share (Rupees)	**(5.86)**	(0.12)
Weighted average number of shares outstanding during the year for diluted earning	195,24,253	93,79,048
Diluted Earning / (Loss) Per share (Rupees)	**(5.86)**	(0.12)

9. Deferred Tax Asset

The Company has accounted for Deferred Tax in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India. Accordingly, the components of deferred tax assets /liability as at 31st March 2011 are as follows:

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in million)

Deferred Tax Liability:	As at 31st March 2011	As at 31st March 2010
Depreciation & Miscellaneous Expenditure	114.58	106.33
Leave Encashment	(0.80)	(0.20)
Provision for Doubtful Debts	(1.34)	-
Net Deferred Tax Liability	**112.44**	106.13
Deferred Tax Asset:		
Unabsorbed Depreciation	19.19	-
Business Loss	40.41	-
MAT Credit	20.09	18.10
Total Deferred Tax Asset	**79.69**	18.10

10. Contingent Liabilities:

(Rs. in Millions)

PARTICULARS	As at 31.03.2011	As at 31.03.2010
Claims against the Company not acknowledged as Debt	-	20.00
Custom Duty obligation for EPCG Scheme	4.59	4.59
Income Tax Demand / Penalty	61.60	-

11. Events Occurring After Balance Sheet Date

To the best of knowledge of the management, there are no events occurring after the Balance Sheet date that provide additional information materially affecting the determination of the amount relating to the conditions existing at the Balance Sheet Date that requires adjustment to the Assets or Liabilities of the Company except to the extent stated otherwise.

12. Figures of previous year have been regrouped, rearranged and recasted wherever considered necessary.

As per our report of even date

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

A R Sodha
Partner
M No 31878
Mumbai : 13th August, 2011

For & on behalf of the Board of Directors

Gautam Adhikari
Chairman & Whole Time Director

Laxman Vasandani
Company Secretary

Markand Adhikari
Vice Chairman & Managing Director

Mumbai : 13th August, 2011

NOTES

NOTES

a Sri Adhikari Brothers enterprise

we create, other follows...

www.dabangg.tv
www.dhamaal.tv

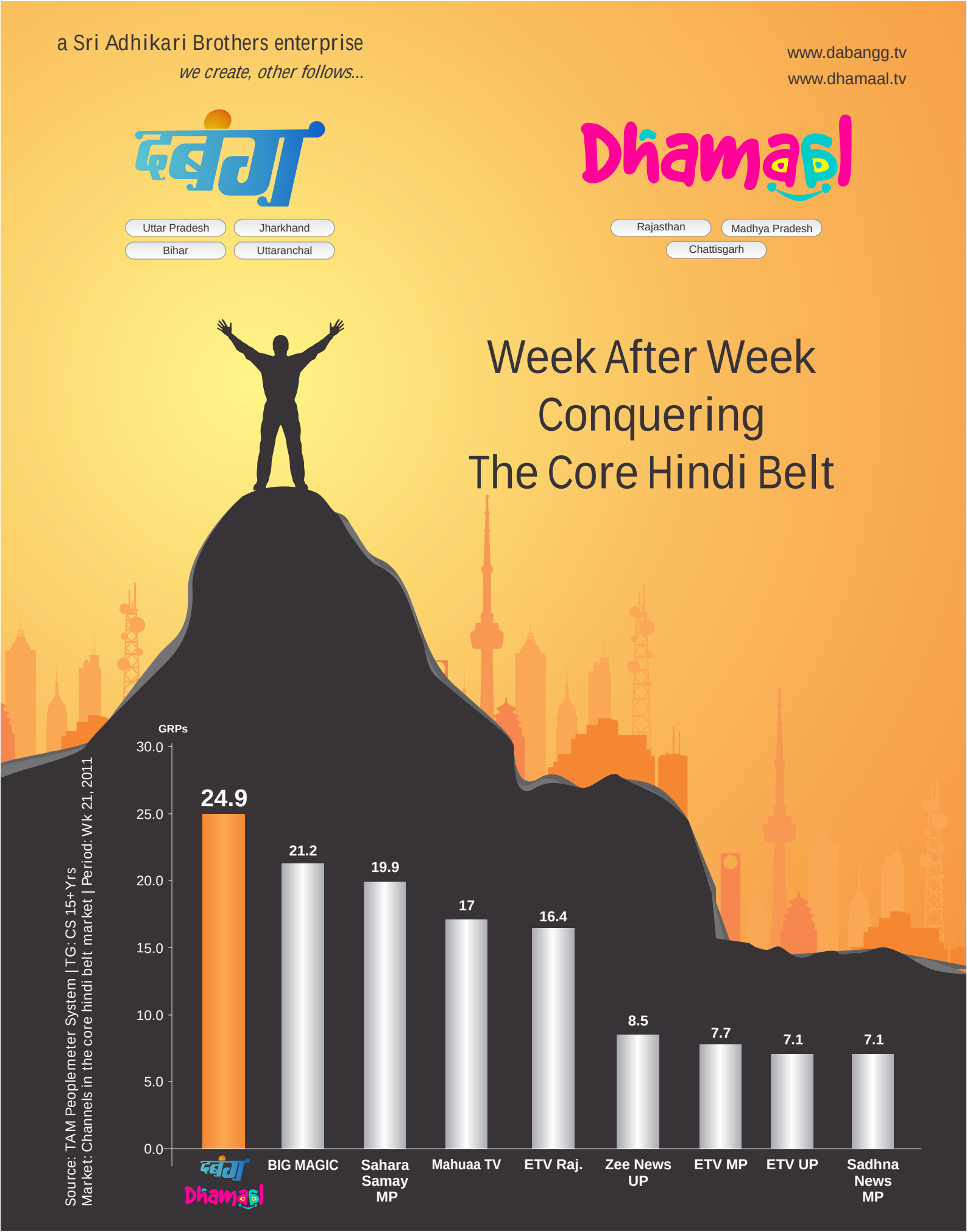
दबंग

Uttar Pradesh | Jharkhand | Bihar | Uttaranchal

Dhamaal

Rajasthan | Madhya Pradesh | Chattisgarh

Week After Week Conquering The Core Hindi Belt

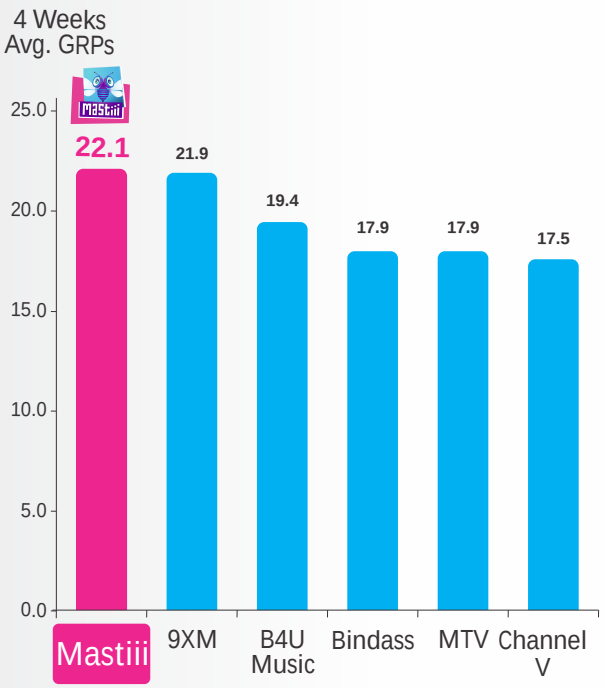


Source: TAM Peoplemeter System | TG: CS 15+ Yrs
Market: Channels in the core hindi belt market | Period: Wk 21, 2011

a Sri Adhikari Brothers enterprise

Undisputed no. 1 music channel of year

MAStiii



Source: TAM Peoplemeter System | Target Group: CS 15+ Yrs
Markets: HSM | Time Period: Wk 27-30, 2011 ending 23rd July



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

Adhikari Chambers, Oberoi Complex, Next to Laxmi industrial Estate, New Link Road, Andheri (West), Mumbai - 400 053. Tel.: 022 26395400 / 40230000
Fax: 022 26395459 • Website : www.adhikaribrothers.com