

7TH ANNUAL REPORT
2005-2006



RADAAN
MEDIWORKS (I) LIMITED



RADAAN

Corporate Information

BOARD OF DIRECTORS

R. RADIKAA
Executive Chairperson & Wholtime Director

RAJU RADHA
Director (Personnel)

P.K. RAGHU KUMAR
Director

HARSH DALMIA
Director

R. SARATHKUMAR
Director

M.K. SINHA
Director

S. PRIYADARSHAN
Director

P.M. VENKATASUBRAMANIAN
Director

ROY JOSEPH PULIYANKUNNEL
C.O.O.

R. HARIHARAN
G.M. (Finance)

S. BALAKRISHNAN
Company Secretary

REGISTERED OFFICE :

No. 10, Paul Appasamy St.,
T. Nagar, Chennai - 600 017
Ph : + 91 44-28345032 / 28345033 /
28345037 / 28345038 / 28345040
Fax : + 91 44-28345031
Website : www.radaan.tv
email : info@radaan.tv

AUDITORS :

CNGSN & ASSOCIATES
Chartered Accountants
"Agastyar Manor"
New No. 20, Old No. 13,
Raja Street,
T. Nagar, Chennai - 600 017

LEGAL ADVISOR :

PH. ARVINDH PANDIAN
Advocate
New No. 115, First Floor,
Luz Church Road,
Mylapore, Chennai - 600 004

BANKERS :

INDIAN OVERSEAS BANK
Saidapet, Chennai - 600 015

REGISTRARS & SHARE TRANSFER AGENT :

Cameo Corporate Services Limited
Subramanian Building Vth Floor
No. 1, Club House Road,
Chennai 600 002
Ph : 044-28460300 (5 lines)
Fax : 044-28460120 Grams : "CAMEO"
E-Mail : cameo@satyam.net.in

CONTENTS

Corporate Information	1	Auditors' Report	24
Notice to the Shareholders	2	Annexure to the Auditors' Report	25
Directors' Report	5	Balance Sheet	28
Management Discussion and Analysis	8	Profit and Loss Account	29
Report on Corporate Governance	12	Schedules to the Accounts	30
Auditor's Certificate on Corporate Governance	23	Cash Flow Statements	39
		Balance Sheet Abstract	40

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Seventh Annual General Meeting of the members of Radaan Mediaworks (I) Limited, will be held at Guindy Lodge, Madras Race Club, Guindy, Chennai on Thursday, the 28th September 2006 at 12.15 P.M. to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March 2006, Profit & Loss account for the year ended 31st March 2006 together with the Reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Mrs.R.Radikaa, who retires by rotation and being eligible offers herself for reappointment.
- To appoint a Director in place of Mr. Raju Radha, who retires by rotation and being eligible offers himself for reappointment.
- To appoint a Director in place of Dr.M.K.Sinha, who retires by rotation and being eligible offers himself for re-appointment.
- To re-appoint M/s. CNGSN & Associates, Chartered Accountants as Auditors of the company who shall hold office from the conclusion of this Annual General Meeting of the company till the conclusion of the next Annual General Meeting of the company on such remuneration as may be fixed in this behalf by the Board of Directors of the company.

SPECIAL BUSINESS:

- To consider and if thought fit to pass with or without modification (s) the following Resolution as Special resolution:

RESOLVED THAT in partial modification of Resolution No.1 passed in the Extraordinary General Meeting of the company held on March 26,2005 and in accordance with the applicable provisions of the Companies Act (including any amendment to or enactment thereof) and subject to the approval of the Central Government as may be required, consent be and is hereby accorded for redesignating of Mrs.R.Radikaa from Executive Chairperson & Wholtime Director to Chairperson & Managing Director and for her appointment as Chairperson & Managing Director of the company for a period of 3 years with effect from the date of approval by the members in the General Meeting subject to the following:

"FURTHER RESOLVED THAT Mrs. R.Radikaa as Chairperson and Managing Director of the company shall be overall in-charge of all policy and corporate matters including guiding, directing, supervising and implementing new projects, finance and administration"

"FURTHER RESOLVED THAT pursuant to the applicable provisions of the companies Act 1956, and subject to the approval of the Central Government, consent and is hereby accorded for the payment of professional services rendered by Mrs. R. Radikaa towards Acting and Creative Direction subject however to a combined maximum payment of Rs. 2 Crores/annum as Artiste fees for the financial years 2006-07 and 2007-08.

FURTHER RESOLVED THAT reimbursement of expenses incurred for travelling, Boarding and lodging in respect of the appointee during business trips, provision of car to use on the company's business and telephone at residence and entertainment expenses incurred for the business shall not be treated as perquisites.

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to carry out necessary modifications, amendments, corrections, etc in the above said resolutions as and when necessary for the purpose of implementing the intent of the above said resolution"

Date: 31.07.2006

Place: Chennai

Registered office:

10, Paul Appasamy Street
T. Nagar
Chennai-600 017.

By order of the Board

S. Balakrishnan
Company Secretary

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarily certified copy of that power of authority should however be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.
2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business as set out in the notice is annexed hereto.
3. The Register of Members and the Share Transfer books of the company will remain closed from 21st September 2006 to 28th September 2006, (both days inclusive).
4. Members holding shares in physical form in their own interest are requested to dematerialize the shares to avail the benefits of electronic holding/trading.
5. For shares held in physical form, any change in address may be immediately intimated to the company/ Share transfer agent by quoting the folio nos. For shares held in demat form change in address may be intimated directly to the members' DP.
6. Members/Proxies are requested to fill the Attendance slip sent with the Annual Report for attending the Meeting.
7. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
8. The company's equity shares are listed in Madras and National Stock Exchanges.
9. In the case of Joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.
10. As a measure of economy copies of the Annual report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copy of Annual Report to the Meeting.
11. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing such representatives to attend and vote at the Annual General Meeting.
12. In compliance of SEBI directions to all listed companies to maintain all works relating to share registry- both physical and electronic at single point i.e. either in house or by SEBI registered "Registrar & Share Transfer Agent" (RTA) the company's Registrar and Share Transfer Agent for both physical and demat segment are M/s. Cameo Corporate Services Limited, Chennai- 600 002.

Address of Registrar and Share Transfer Agent
M/s. Cameo Corporate Services Limited
Subramanian Building
No.1 Club House Road, Chennai- 600 002
Ph: 044-28460300 Fax: 044- 28460129
E-mail: cameosys@satyam.net.in
13. Pursuant to the provisions of Section 100A of the Companies Act, shareholders are entitled to make nomination in respect of the shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B duly filled in and signed by them, to the Registrars and Transfer Agents M/s. Cameo Corporate Services Limited, Chennai- 600 002 and to the Depository Participants in case the shares are held in electronic form.
14. All documents referred to it in the accompanying Notice are available for inspection by the members at the Registered office of the company on all working days between 11.00 a.m. and 1.00 p.m. prior to the date of the Meeting.
15. Appointment /Reappointment of Directors:
At the ensuing Annual General Meeting, Mrs.R.Radikaa, Mr. Raju Radha and Dr.M.K.Sirha retire by rotation and being eligible offer themselves for reappointment. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the Report on Corporate Governance published in the Annual Report.

ANNEXURE TO NOTICE:**Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956**

The following explanatory statement sets out all the material facts relating to the Special business mentioned in the accompanying notice dated 31st July 2006 and shall be taken as forming part of the Notice.

Item No.6:

Mrs. R. Radikaa was appointed as Executive Chairperson & Wholtime Director of the company for a period of 5 years with effect from 29th January 2005 on the terms and conditions and remuneration as approved by the shareholders at the EGM of the company held on 26th March 2005. The Central Government have given their approval for the remuneration not exceeding Rs.80 lakhs /annum till the ensuing General Meeting of the company.

Meanwhile the Board at their Meeting held on 21-03-2006, have pursuant to the recommendation of the Remuneration Committee approved the proposal for payment of the revised Artiste fees from the earlier Rs. 80 lakhs/annum to Rs. 2 crores/annum for the years 2006-07 and 2007-08 subject to Central Government approval. Apart from payment towards the professional services rendered by her by way of Acting and Creative direction, Mrs. R. Radikaa did not draw any remuneration by way of salary during the year and earlier years.

Mrs.R.Radikaa is an accomplished business personality and a role model in the Media & Entertainment Industry having the right blend of managerial talent, rich experience in Acting, and creative ability in conceptualizing, strategizing, directing and implementing successfully various Media related efforts contributing to the consistent growth of the company right from inception.

Considering her experience and contribution right from inception of the company, the Board has redesignated her as the Chairperson and Managing Director of the company and for the payment of fees as given in the Resolution. This is based on the recommendation of the Remuneration Committee at the Meetings held on 21-03-06 and 31-07-06.

The recommendation of the revised artiste fees is in line with the prevailing industry trend and practices and considering her rich experience and track record as an accomplished and reputed Artiste the Board has recommended the same for approval by the members. As per the provisions of the Companies Act this requires approval of the Central Government.

None of the Directors of the company is anyway concerned or interested in the above resolution except Mrs.R.Radikaa herself, Mr. Raju Radha, Mr.R. Sarathkumar, Directors being relatives of Mrs.R.Radikaa.

A brief resume of Mrs. R.Radikaa and the information of details pertaining to her to be provided as required under clause B of Schedule XIII and under Clause 49 of the listing agreement is furnished in report on corporate Governance forming part of the Annual Report.

The Directors recommend the Resolution to be adopted as a Special resolution by the shareholders.

Date: 31.07.2006

Place: Chennai

Registered office:

10, Paul Appasamy Street
T. Nagar
Chennai-600 017

By order of the Board

S. Balakrishnan
Company Secretary

DIRECTORS' REPORT

Dear shareholders,

Your Directors have pleasure in presenting the Seventh Annual report together with the Audited accounts of the company for the year ended 31-03-2006.

Financial Performance:

The performance of the company was satisfactory for the year ended 31-03-2006 as detailed below:

(Rs. in Lakhs)

Particulars	2005-2006	2004-2005
Turnover	3014.54	3122.19
Profit before Interest, finance charges and Depreciation & after provision for Bad debts	427.98	438.32
Interest and finance charges	50.18	70.35
Profit before depreciation	368.80	367.97
Depreciation	131.31	116.58
Profit before Tax	237.49	251.22
Provision for income tax:		
Current Tax	25.00	50.00
Deferred Tax	22.53	26.00
Fringe Benefit Tax	4.01	-
Profit after Tax	185.95	175.22

Dividends:

Your company wants to conserve the resources and utilize the profits for the increased funds requirements in view of sizable projects on hand and accordingly after deliberations it is proposed not to recommend any dividend for the year ended 31-03-2006.

Review of Performance:

Although your company has achieved satisfactory results by means of effecting better cost control measures, the performance of your company fell short in terms of maintaining revenue growth for the year.

The Company has been able to maintain Profits by sweating its assets more efficiently by means of enforcing more discipline into operations and by its continued thrust on control of production expenses without compromise on quality. Contrary to popular industry opinion, your company's business model revolves more around sponsored revenues than on commissioned revenues and this time tested model has enabled the company, thanks to its premium Brand image carefully nurtured and consolidated over the years, to purchase time slots from channels and successfully market its content to advertisers through marketing partners. Besides facilitating profit sharing arrangements, the sponsored model has permitted the company to retain the already expanded content rights for subsequent marketing to the vast Indian diaspora in the overseas markets thus translating into significant export income.

Your company continues to be the most preferred television content producer on all the leading channels across all regional languages in South India. Your company continues to produce content in Tamil, Telugu, Malayalam, Kannada in addition to Sinhalese. While our Prestigious Prime time Mega serial "Chechi" in Sun TV continues to achieve very good TRPs having completed 306 episodes as on 31-03-06 in addition to our Telugu Megs "Sooryavamsam" "Katha Kani Katha" "Lalshuni" & Malayalam's "Chechi", the Gameshows launched during the year in all four Southern languages in Sun Network with Gold as the prize money has been a super hit and has won widespread viewers' attention and appreciation all over South India. The only cause for concern is the unabated rise in the Gold prices since the launching of this Show, which is threatening the very viability of this otherwise successful Game show. Likewise, your company successfully completed its Gujarathi Serial "Kanku Pagla" comprising 439 episodes, which also won wide appreciation. Besides your company's all time hit in Tamil " Chithi " is being again aired on DD in addition to "Marupiravi" and thus concentration on reexploitation of Television software library both in domestic and overseas facilitated addition to the topline.

Directors' Report (Contd.)

Your Directors are also pleased to inform that during the second half of the year after due diligence your company has commenced production of the feature film in Tamil "Thalaimagan" with Mr.R.Sarathkumar, our Director on the Board as the Lead Actor. This being the 100th film of Mr.R.Sarathkumar, your company is pleased to produce this film and with such an accomplished Actor in the lead Role, this film which is in the advanced stage of production is expected to do well once released.

Outlook for the year 2006-07:

The outlook for the year 2006-07 looks promising. The company's focus on its core competence namely television content production will be further reinforced with consistency on quality programming targeting of higher TRPs and derisking through a wider channel presence. Besides consolidating its position in the South as the quality Television content producer, your company has aggressively commenced showcasing its programmes on leading satellite television networks in north and has already secured in principle approval for the game show in Marathi. Plans are on to extend the presence in north by seeking to get slots in Gujarathi and Hindi also. Your Company is confident that through an intelligent interplay of superior production values concepts, artistes and a no-compromise mindset can translate into high TRPs and can extend this success formula of transforming a concept into content with a 24x7x52 delivery on schedule to achieve national presence as well. Another area of revenue acceleration for the year will be the production/co-production of feature films after due diligence and careful assessment of risks involved.

Directors:

Mrs. Geetha Ratha resigned as Director with effect from 07-09-2005 and the Board places on record the valuable services rendered by her during her tenure. Mrs. R. Radikaa, Mr. Raju Radha and Mr. M. K. Sinha retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Mrs. R. Radikaa who took over as Executive Chairperson and Wholtime Director of the Company from 20-01-2005 is being redesignated as Chairperson and Managing Director of the Company and the necessary Resolution is being brought for your approval in the ensuing AGM in this regard.

A brief resume of the above Directors, nature of their expertise in specific functional areas and the names of companies in which they hold the Directorships and the membership /Chairmanship of committees of the Board as stipulated under clause 49 of the Listing agreement with the Stock exchanges are given in the section on corporate Governance elsewhere in the Annual Report.

Fixed Deposits:

The company has not accepted any fixed deposit during the year.

Compliance of Section 217 of the Companies Act 1956:

The provisions of Section 217(1)(e) of the companies Act 1956 read together with Companies (Disclosure of particulars in the report of the Board of Directors) rules 1988 regarding conservation of energy and technology absorption are not applicable to the company being in the Media and Entertainment industry. However in Studios, Post production facilities etc adequate measures are being taken to conserve energy, absorb and adapt to the latest Technology as far as possible.

None of the employees is in receipt of remuneration as specified under Section 217(2A) of the companies Act 1956.

Details of Foreign Exchange Earnings and Outgo during the year:

Foreign Exchange Earnings	US \$ 2,20,505 (equivalent to Rs.96,76,968)
Foreign Exchange outgo	US \$ 11,300 (equivalent to Rs.5,15,980)

Corporate Governance:

Pursuant to clause 49 of the Listing agreement with the Stock exchanges, the following have been made a part of the Annual Report and are attached to this report.

- Management discussion and analysis
- Corporate Governance Report
- Certificate from the Auditors regarding compliance of conditions of Corporate Governance.

Directors' Report (Contd.)**Auditors:**

M/s CNGSN & Associates, Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. The company has received a letter from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act. The Board recommends the reappointment of M/s CNGSN & Associates as Statutory Auditors.

Directors' Responsibility Statement:

In compliance of the provisions of Section 217 (2AA) of the Companies Act 1956 ('the Act') your Directors hereby confirm that:

In preparing the annual accounts for the year ended 31st March 2006, all the applicable accounting standards have been followed.

Accounting policies were adopted and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2006

Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities

The Annual accounts have been prepared on a 'going concern' basis.

Social Responsibility:

During the year the company as a mark of social responsibility and gratitude to its viewers, had contributed in its humble way by helping some deserving children needing urgent treatment for cancer/heart ailments and also helped create some awareness about AIDS/ Tsunami Rehabilitation etc., by enabling some affected persons to participate in the Game Show Programme of the company by producing and sponsoring special episodes in this regard.

Acknowledgement:

Your Directors thank and acknowledge the continued cooperation extended by the Government of Tamilnadu, Indian Overseas Bank, Sun TV, Udaya TV, Gemini TV, Surya TV, Doordarshan, UTV Software Communications Ltd, Century communications Ltd, Vision Time, Dheepam TV, Radaan Talent Factory (P)Ltd, The Maharaja Organisation Ltd., Other Overseas Associates and channels, Actors, Actresses, Technicians, employees, Sponsors and the millions of viewers.

Chennai
31-07-2006

For RADAAN MEDIWORKS (I) LIMITED
(Sd/-)
Executive Chairperson and Whistleblower Director

MANAGEMENT DISCUSSION AND ANALYSIS:**Industry Structure and Developments:**

The global Entertainment industry projected to touch a whopping US \$ 1.8 trillion by 2015 is gravitating towards the Asian region and India has the potential to generate a chunk of it about US \$ 200 billion.

The Entertainment industry is one of the fastest growing sectors in the country at an 18% compound annual growth over the past decade. The media and entertainment industry offers secular growth from revenue opportunities in several areas such as advertising, subscription, TV content providers, movies and music. Spending on entertainment is one of the largest components of discretionary household expenditure in most developed markets.

The Entertainment industry has always been successful in drawing masses from the days of Roman Gladiators to Shakespeare to present day movies. Given the inevitable convergence between entertainment and telecommunication, the potential of the industry is unlimited. From the capital market to the corridors of power there is a buzz about entertainment. Entertainment has perhaps come to be regarded as the fourth basic need of mankind after food, clothing and shelter.

From having one public service broadcaster to over 350 channels available today, the Indian television Industry has come a long way and is poised for even higher growth. An urban cable home in the four metros currently receives approximately 90 TV channels in the analogue mode. Fifty of these channels are free-to air and the balance are pay channels which are bundled together into bouquets. The television Industry broadly has three streams of revenue - subscription, advertising and software contract.

India is the third largest television market in the world today. There are over 119 million television households which comprise only about 60 percent of the total households in the country. Of these 119 million television households about 60 million receive cable television services leading to a penetration of only about 42 per cent cable TV households to total TV households and 25 per cent cable TV households to total households in India. As can be seen from these low penetration percentages there exists a huge untapped potential for growth in this industry.

India with more than 30 languages and 5000 television production houses, more than 500 daily and 200 weekly television programmes offers tremendous scope for the industry to thrive and prosper. However in spite of such phenomenal figures, Indian television Programmes have been notching a success ratio by way of audience attention of only around 5-10 percent based on average TRP Ratings and a majority of such successful programmes are produced by a handful of television production houses in India. Radaan is one such production house.

COMPANY OVERVIEW

Your company continues to be one of the most successful Media entertainment companies in India.

It is the most preferred television content provider on all the leading channels across all regional languages in South India.

Your company is engaged in the business of producing world-class television software; digital graphics, imaging special effects, and organizing live events resulting in an integrated business model.

Your company is a leading television content provider in South India with a strong presence in television channels across a number of languages in the region.

Marketing:

Radaan Mediaworks' content is primarily sponsored marketed to advertisers through alliances with Century Communications Limited, UTV software communications Ltd and Vision Time and these agencies have helped attract the crème de la crème of Indian advertisers enhancing in turn the company's brand equity.

Infrastructure:

Your company's sprawling studio facilities comprise 13 postproduction suites to service its projects. These suites comprise seven edit suites including one film edit, five voice studios including one RR & FX and one

Management Discussion and Analysis: (Contd.)

exclusively for Ad posting and Final Mastering. Its hardware and software have been sourced from reputed international vendors like Sony, JVC, Steinberg, and Nuendo among others. The company's state of the art non linear editing suites from Matrix and discreet Logic run on powerful SGI and IBM workstations connected by a sophisticated Broadband network.

Operations:

Your company's turnover during the year was Rs.30.15 crores as against 31.22 crores in the previous year. Tele-series and feature films are taken as separate segments and while Teleserials have resulted in a profit of Rs. 230.99 lakhs the Feature film resulted in a profit of Rs.Rs.6.50 lakhs as against Rs.241.22 lakhs and Rs.10.00 lakhs respectively in the previous year.

Financials at a Glance:

The paid up equity share capital of the company as on 31-03-2006 was 10.83 crores comprising of 5,41,61,540 shares of Rs.2 each.

During the year under review, Reserves & surplus amounted to Rs.14.27 crores as against Rs.12.41 crores in the previous year.

While income from operations was down from Rs. 31.22 crores to Rs.30.15 crores Profit for the year before Interest, Finance charges and Depreciation and after provision for Bad debts was 4.28 crores as against Rs.4.38 crores in the previous year. Interest & finance charges have come down to Rs.59.17 lakhs as against Rs.70.35 lakhs in the previous year. Profit after Tax is Rs.1.86 crores as against Rs.1.75 crores in the previous year. Thus the company has shown satisfactory performance in spite of lesser revenue when compared with the previous year.

STRENGTHS:**Good Creative Team**

The Company has in its fold a high profile creative team headed by Ms.R.Radika, the Chairperson who has an impressive background of more than 25 years relevant industrial experience. The Company has created a second level team to assist her for all the Projects that the company plans for the immediate and future requirements.

Good HR

The company is manned by seasoned Professionals highly skilled technicians across all areas of operations - (Preproduction), production Management and postproduction. All these HR are well trained and experienced in their respective departments.

Professionally Managed

Your company being in Media industry is the pioneer in looking at corporatisation of the operations and implementing MIS into this industry.

Successful Track Record

The company has a successful track record and has proved time and again its capability in different genre' of Programs as is evident from higher TRP for its programmes.

Brand Equity:

Radaan is one of the premier content providers in the country and has well-established brand equity in the current market and has carved a niche for itself in the present industry.

Fully integrated operations:

Radaan has fully integrated operations and has the wherewithal to address any kind of a problem and also provides holistic solutions to the Media Industry.

Management Discussion and Analysis: (Contd.)**WEAKNESS**

1) Currently addressing mainly regional programs 2) No fixed formula to achieve ratings as audience views keep changing. 3) Government policies relating to broadcast license especially to regulate Cable TV /Pay TV 4) Lack of a governing body for censorship.

OPPORTUNITIES:**ABUNDANT AND INCREASING BUSINESS**

This Sector commands a business about Rs. 4000 crores, and is bound to grow at an average rate of 15-20% per annum. The channels are growing at a fast pace and getting increased rapidly year after year.

INCREASING VIEWERSHIP AND EMERGENCE OF NEW CHANNELS

The spread of Cable & Satellite (C&S) homes has been at a very fast pace. Presently there are about 119 million TV homes. Of this, 42% are C & S homes in the country and this is expected to grow at a very fast pace every year.

MARKETS EXIST BOTH IN INDIA AND ABROAD:

There is huge market for a Producer to address both in India as well as abroad. In addition to this a Producer has abundant scope to sell the international rights in Indian languages to Indians living abroad. The experience of Indian Producers in countries like Malaysia, Singapore, Thailand, Indonesia, Middle East, South Africa, UK, Europe, Canada and the USA has been very encouraging and the business prospects and potential promise to be lucrative.

THREATS

- Non-availability of adequate skilled technicians
- No entry barriers for new entrants, thereby competition can be stiff.
- Highly capital intensive.
- Retention of talent
- Changing tastes of the viewers audience.
- Piracy Problems
- Change in Government policies including service tax made applicable for independent TV Producers.

RISKS AND CONCERNS:

The company's programs are mainly running on Sun Network and hence the dependency on one network can affect future business model and profitability of the company adversely. The company is aware of this risk and is in the process of reducing the dependency by launching new programs in the national channels.

The company is currently addressing mainly regional programs and yet to enter the national market.

Your company is planning towards derisking and has entered into an agreement with Doordarshan for telecast of one of its teleserials and is also chalking out plans to enter national as well as international markets and already has started Sinhalese content production meant for Sri Lanka. Recently it has got in principle approval for Marathi Gameshow and plans are on to get slots in Gujarathi and Hindi.

Outlook:

Contrary to popular industry opinion Radaan's business model revolves around sponsored revenues. The company purchases time slots from channels and markets content to advertisers through marketing partners. The sponsored model permits Radaan to retain the already expensed content rights for subsequent marketing to the vast Indian Diasporas in the high margin Asian markets translating into attractive export income.

Over the years, the company progressively plans to derisk the business through the production of Marathi, Gujarati and Sinhalese content either through the commissioned business, commissioned plus minimum guarantee or profit sharing models. Gradually the company has evolved to a hybrid revenue model (commission and profit sharing) for the international market, sharing the IPRs and maximizing revenues.

Management Discussion and Analysis: (Contd.)
Internal Controls and Their Adequacy

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 check and control expenses. The company has appointed a Chartered Accountant firm as Internal Auditors. The internal Auditors periodically review the transactions and also review the efficiency of existing controls.

Financial Performance of last four years at a glance

(Rs. in lakhs)

Particulars	2005-06	2004-05	2003-04	2002-03
Turnover	3014.54	3122.19	3006.70	2532.22
Profit before Interest, finance charges and Depreciation and after provision for Bad debts	427.98	438.32	306.30	376.26
Interest and finance charges	69.18	70.35	76.67	110.26
Profit before depreciation	3568.80	367.97	319.53	266.00
Depreciation	131.31	116.58	118.16	102.70
Profit before Tax	237.49	251.22	201.31	163.27
Provision for income tax:				
Current Tax	25.00	50.00	14.32	12.90
Deferred Tax	22.53	26.00	-	45.18
Fringe Benefit Tax	4.01	-	-	-
Profit after Tax	185.95	175.22	186.89	105.20

Human Resources:

HR is a very important asset in a Media Company. Over the years the company has built up a strong human resource structure, which has enabled the company to progress rapidly. The Company has a strong qualified and experienced team of professionals in creatives, production marketing, Finance, HR & administration etc. As on 31st March 2006, the company had 92 employees on its rolls.

Forward-looking Statements:

Members and Investors are cautioned that the Management discussion and analysis report presented herein above contains the Company's objectives, projections, estimations and expectations, which may be forward looking statements within the meaning of applicable Securities Laws and regulations. Forward-looking statements are based on certain assumptions and expectation of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The important factors, which could have an impact on the company's operations, include economic conditions, changes in Government Regulations and other incidental factors. The company assumes no responsibility to publicly amend modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE
INTRODUCTION

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Corporate Governance is the mechanism by which the principles, values, philosophy and practices of a company manifest in the real world. The Company has been complying with the mandatory requirements of the Code of Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) and incorporated in Clause 49 of the Listing Agreement as amended.

The Company believes that good corporate governance practices should be enshrined in all activities of the company. The Company is committed to strong Corporate Governance and believes in its indispensability in investor protection. Good transparent Corporate Governance ensures that the company is managed and monitored in a responsible manner geared to value creation. A good Corporate Governance system envisages application of best Corporate Practices, adherence to ethical standards for effective management establishment of higher standard of disclosure transparency and performance and enhancement of wealth of all stakeholders. The company is in the continued pursuit of strengthening its governance practices and the company's compliance with the code is given below:

1. Company's Philosophy on Corporate Governance

The Company truly believes in transparency, professionalism and accountability, which are the basic principles of Corporate Governance and will constantly, endeavour to improve on these aspects. The company's philosophy on Corporate Governance envisages the attainment of a high degree of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees and the lenders. The company is committed to achieving the high standards of Corporate Governance and believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

2. Board of Directors:

The Board of Directors at present consists of 8 Directors, out of which 6 are non-executive Directors and Independent directors are 5 in number. As the company has an Executive Chairperson viz Mrs.R.Radikaa, the Board has more than 50% as independent Directors comprising of Mr. P.K. Raghukumar, Mr. Harsh Dalmia, Mr. M.K. Sinha, Mr. S. Priyadarshan & Mr. P.M. Venkatasubramanian. The composition of the Board and the category of Directors is as follows:

Category	Name of the Directors
Promoter/Executive Chairperson	R.Radikaa * <i>Wholetime Director</i>
Promoter/ Executive Director	Raju Radha <i>Director (Personnel)</i>
Non-Executive Director	R. Sarathkumar
Non-Executive Independent Directors	P.K.Raghukumar Harsh Dalmia M.K.Sinha S.Priyadarshan P.M.Venkatasubramanian

* Being redesignated as Chairperson & Managing Director of the company from the date of approval by members at the General Meeting.

Brief resume of the Directors being appointed or reappointed, nature of their expertise in specific functional areas and names of companies in which they hold Directorships and the membership of committees of the Board are furnished hereunder:

Mrs.R.Radikaa-Executive Chairperson & Whole time Director since 29th January 2005 (being redesignated as Chairperson & Managing Director) aged 44 years is holding degree in Home Science. She is an accomplished business personality and a role model in Media & entertainment Industry having the right blend of managerial talent, rich experience in Acting, and creative ability in conceptualizing, strategizing, directing and implementing successfully various Media related efforts contributing to the consistent growth of the company right from inception.

Report on Corporate Governance (Contd.)

She has acted more than 300 films during her career spanning more than two and half decades. She is winner of debut producer for her first film "Meendum oru kathal kadhai" for which she received the Indra Gandhi gold Medal. She has acted in all the Southern regional languages and Hindi movies. During her career she has received one National award from the President of India, six film fare awards for the Best Actress in Tamil and Telugu, five Cinema express awards for the South Indian languages, three Tamilnadu state award for the Best Actress, two Malaysian film Association Award, One Nandhi Award from the Government of Andhra Pradesh for the Best Actress. She is also responsible as the creative head of Radaan. She takes care of the entire pre-production work like story, selection of artistes, concepts, music, and other related matters. Once the production is on the floor, she is appraised and any additional input if required for changes anticipated, would be implemented on her advice. She has given major hits in Television VIZ. "Idhi Katha Kadhu" in Telugu and in Tamil "Chithi", "Annaamalai" and recently "Chelvi". She is one of the select few who have made both film and TV Careers very successful and millions of viewers watch, enjoy and appreciate her acting daily in Prime Time in "Chelvi" which is a leading Tamil Serial. Her Creative Direction is a special skill, which she has developed by her dedicated experience of over two and half decades in the industry. In her own words "I don't watch Television, I watch the faces of people who watch it". It is this passion, which gives her an acute insight into what people like and what they don't.

In short, Mrs.R.Radikaa is a Powerhouse of Creativity coupled with Acting Versatility and her vision has transformed Radaan into one of the Successful Media and Entertainment companies in India. She is also a Director in R3SK Entertainment (P) Ltd.

Mrs. R.Radikaa was not paid any remuneration by way of salary or perquisites other than fees for her Acting and Creative Direction.

Mrs. R. Radikaa is the promoter of Radaan Mediaworks (I) Ltd and holding 2,78,39,790 shares of the company as on 31-03-06.

General Information:

Nature of Industry: The Entertainment industry has always been successful in drawing masses from the days of Roman Gladiators to Shakespeare to present day movies. Given the inevitable convergence between entertainment and telecommunication, the potential of the industry is unlimited. From the capital market to the corridors of power there is a buzz about entertainment. Entertainment has perhaps come to be regarded as the fourth basic need of mankind after food, clothing and shelter. The global Entertainment industry projected to touch a whopping US \$ 1.8 trillion by 2015 is gravitating towards the Asian region and India has the potential to generate a chunk of it about US \$ 200 billion.

The company is one of the most successful Media and Entertainment companies in India and a leading television content provider in South India right from 1966.

The company has been achieving consistent performance as is obvious from the figures as given below:

(Rs. in lakhs)	2002-03	2003-04	2004-05	2005-06
Income from Serials	2532.22	3096.70	3122.10	3014.54
PBT	163.27	201.21	251.22	237.49
PAT	105.20	186.88	175.22	185.95
Export earnings	102.99	237.91	105.74	96.77

Mr. Raju Radha, Director of the company since October 2002 aged 42 years completed Diploma in Commerce and Economics in London. He started his career in the financial services activity and focused on funding for film industry. He is also engaged in shipping Business running successfully in Sri Lanka. He is also a Director of Sar Shipping company (I) Pvt Ltd, Marine express lines (P) Limited. As Director of the company he oversees the Personnel affairs of the company. He is a member of the Audit Committee, Shareholders/Investors' Grievance committee and also the Remuneration committee of the company.

Mr. Raju Radha is a promoter of Radaan Mediaworks (I) Ltd and holding 35,59,375 shares as on 31-03-06.

Report on Corporate Governance (Contd.)

Dr. M.K.Sinha, 71 years, brings with him four decades of rich experiences in Banking Industry in senior positions including as Chairman-cum-Managing Director of State Bank of India (now retired). He has held a variety of operational, organizational and administrative assignments in seven Associate Banks of SBI as DMD. He is a MA & PhD in Mathematics and has also served as a Consultant in Banking with the World Bank.

Dr.M.K.Sinha is a Director in Pasupathi fabrics Ltd, Amines and plasticizers Ltd, K Sera Sera Ltd, Prag Bosomi synthetics Ltd, SKS shipping Ltd, Shaun consultancy and services Pvt Ltd and Entertainment World Developers Pvt Ltd and member of the Audit committee in Pasupathi Fabrics Ltd and Amines and Plastizers Ltd.

Mr. M.K.Sinha is the Chairman of Remuneration committee of our company. He does not hold any share in the company.

Non-executive Directors' shareholding as on 31-03-2006- Nil.

Board Meetings, Committee Meetings and Procedures:

- a) The company held Seven meetings during the year by giving one-week notice to each of the Directors. These were on 29-04-2005, 30-6-2005, 30-07-2005, 07-09-2005, 29-10-2005, 31-01-2006, 21-03-2006. Out of these Seven, four were Meetings held at the end of each quarter as required under Clause 41 of the Listing Agreement, one for considering Audited results for the year, and the remaining two Meetings were convened to address the specific needs of the company. The Company has held atleast one Meeting in every three months and the time gap between any two Meetings was not more than three months.
- b) The Meetings were held either at the Company's Registered office at No.10, Paul Appusamy Street, T.Nagar, Chennai-600 017 or at the nearby Hotel Benz park, T.Nagar, Chennai.
- c) All divisions/departments in the company are encouraged to plan their functions well in advance particularly with regard to matters requiring discussion/approval/decision in the Board /Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for Board Meetings.
- d) The Board is periodically appraised with regard to the Finance, Sales and Marketing and the major business segments and operations of the company, before taking on record the results of the company for the preceding financial quarter. The Board's annual agenda includes review of performance of the company for the year and whether to conserve funds for working capital in the light of the performance of the company or to recommend dividend, determining Directors who shall retire by rotation and recommending appointment of Directors/Auditors, authentication of annual accounts and approving Directors' Report, formulation and approval of strategic business plan for the company and the principal issues that the company expects to face in the future. Board Meetings also note and review functions of Committees.
- e) The Company Secretary records the Minutes of the proceedings of each Board and Committee Meetings. Draft Minutes are circulated to all the members of the Board for their comments. The Minutes of the proceedings of a Meeting are entered in the Minutes Book within 30 days from the conclusion of the Meeting.
- f) The Company secretary while preparing the Agenda notes on Agenda, minutes etc of the Meeting(s), is responsible for ensuring adherence to the applicable provisions of law including the Companies Act 1966 and compliance with the provisions of the Listing Agreement.

Report on Corporate Governance (Contd.)
Directors' Attendance Particulars and Directorships held:

Name of Director	Attendance Board Meetings (7)	Particulars Last AGM	Directorships In other Public Limited Companies Incorporated in India	Committee Memberships	Committee Chairmanship
Ms. R. Radhika	7	Yes	-	-	-
Mr. Raju Radha	6	Yes	-	3	-
Ms. Geetha Ratha*	1	No	-	-	-
Mr. P.K. Raghu Kumar	7	Yes	2	2	1
Mr. Harsh Dalmia	6	No	3	1	-
Mr. R. Sarathkumar	7	Yes	-	-	1
Dr. M.K. Sinha	5	Yes	5	2	1
Mr. S. Priyadarshan	2	No	-	1	-
Mr. P.M. Venkatasubramanian**	4	Yes	4	3	4

** Mr. P.M. Venkatasubramanian inducted as Additional Director w.e.f. 30-06-2005.

* Director since resigned.

None of the Directors was a member of more than 10 Committees nor was the Chairman of more than five across all companies in which he was a Director.

a) Information supplied to the Board.

Among others, this includes:

- Review of annual operating plans and Budgets and updates.
- Quarterly results of the company and its operating divisions or business segments.
- Minutes of meeting of Audit Committee and other Committees of the Board.
- Material important show cause, demand, prosecution and penalty notices
- Fatal or serious accidents or dangerous occurrences,
- Any materially relevant default in financial obligations to and by the company or substantial non-payment in respect of sales made by the company.
- Any issue involves possible public claims of substantial nature,
- Transactions that involve substantial payments towards goodwill, brand equity or intellectual property,
- Sale of material nature, of investments, assets, which is not in the normal course of business,
- Non-compliance of any regulatory or statutory provisions or listing requirements as well as Shareholder services.

The other required information as listed in the amended clause 49 of the Listing Agreement is also made available to the Board for discussion and consideration at Board Meetings. These are submitted either as part of the agenda papers well in advance of the Board Meetings or are tabled in course of the Board Meetings. Besides CEO/CFO Certification as specified under Corporate Governance clause is also complied with by CEO and CFO certifying as required and submitting the same to the Board accordingly.

Code of conduct for Board of Directors and Senior Management Personnel:

The company has adopted a code of conduct ("The Code") for Board of Directors and Senior Management Personnel. The code has been communicated to Directors and the members of the Senior Management. The code has also been displayed on the company's website. www.radaan.tv All Board members and Senior Management have confirmed compliance with the code for the year ended 31st March 2006. The Annual report contains a declaration to this effect signed by the CEO viz Chairperson and Wholtime Director and also by Company Secretary as the Compliance officer for the code.

Report on Corporate Governance (Contd.)
b) Committees of the Board
Audit Committee

A Qualified and an independent Audit Committee of the Board of the Company is functioning. It monitors and supervises the Managements financial reporting process with a view to ensure accurate and proper disclosure and transparency and quality of financial reporting. The terms of reference to the Audit Committee are as contained in Clause 49 of the listing agreement and Section 292A of the Companies Act 1956. The responsibilities of the Audit committee include inter alia

- overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board the appointment/reappointment /replacement and /or removal of Statutory Auditors and fixation of audit fees and payment for any other services rendered by them.
- Reviewing with the Management the annual and quarterly financial statements before submission to the Board for approval with particular reference to the matters specified in the listing Agreement.
- Reviewing of any related party transaction.
- Review with the Management on the performance of Statutory and Internal Auditors
- Reviewing with the Management external and internal auditors, the adequacy of internal control systems.
- Discussion with external auditors regarding audit plan as well as post audit discussion to ascertain any area of concern.
- Review of Management discussion and analysis of financial conditions and results of operations and other matters as specified under clause 49 of the Listing Agreement
- Other matters as set out in the Listing Agreement.

The company continued to derive immense benefits from the deliberations of the Audit Committee comprising four Directors – Mr. P.K. Raghu Kumar, Mr. Harsh Dalmia and Mr. P.M.Venkatasubramanian Independent Directors and Mr. Raju Radha, Director with Mr.P.K.Raghu Kumar, as its Chairman. The Chairman was present at the Annual General Meeting held on 27th September 2005. All the members of the Audit committee are financially literate, and independent directors are eminent professionals equipped with sound knowledge in financial management and accounting. Mr.S.Balakrishnan, Secretary of the company acts as the Secretary of the Audit committee. Minutes of each Audit Committee meeting are placed before, and discussed in the full Board.

During the year the Audit Committee has met 5 times on 29-04-05, 30-06-05, 30-07-05, 29-10-05, 31-01-06 as against the minimum requirement of 4 Meetings. The Internal Auditors and the Statutory Auditors are invited to be present at the Audit committee Meetings.

Table 4: Attendance record of Audit committee members

Name of Director	No. of Meetings	Meetings attended
Mr. P.K. Raghu Kumar, <i>Chairman</i>	5	5
Mr. Raju Radha	5	5
Mr. Harish Dalmia	5	4
Mr. P.M. Venkatasubramanian (Inducted on 30-06-05)	5	2

Report on Corporate Governance (Contd.)

Shareholders/Investors' Grievances committee

The Shareholders/Investors Grievance Committee specifically looks into redressing of Shareholders and investors' complaints such as transfer of shares and to ensure expeditious share transfer process. The committee also looks into redressal of shareholders' complaints like transfer of shares, non-receipt of Balance sheet etc. The Committee also oversees the performance of the Registrars and Transfer agents and recommends measures for overall improvement in the quality of investor services.

This committee consists of Mr.R.Sarathkumar (Chairman) who is a non-executive Director, Mr. Raju Radha, Mr.P.K.Raghukumar and Mr.P.M.Venkatasubramanian and met 3 times during the year. To expedite the process of share transfers the Company ensures physical shares are processed by the Registrars and Share Transfer agents-Cameo Corporate services Limited and approved by Shareholders'/Investors' Grievance Committee /Board and the certificates are despatched to the transferees within a maximum period of one month from the date of receipt of the transfer documents by Cameo Corporate Services Limited provided the share documents are valid in all respects.

Table 5: Attendance record of Investor Grievance Committee Members

Name of Director	No. of Meetings	Meetings attended
Mr. R. Sarathkumar, Chairman	3	3
Mr. Raju Radha	3	3
Mr. P.K. Raghu Kumar	3	3
Mr. P.M. Venkatasubramanian (Inducted on 30-06-05)	3	1

MANAGEMENT:

Disclosures by management to the Board.

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board, and interested directors neither participate in the discussion, nor do they vote on such matters.

SHAREHOLDERS

a) Disclosure regarding appointment or re-appointment of Directors

According to the Articles of Association of Radaan's, not less than 2/3rd of the total Directors of the company shall be person whose period of office is liable to determination by retirement of Directors by rotation. All the Directors are eligible and are offering themselves for re-election as and when required.

b) Communication to Shareholders

Radaan has its own website and all vital information relating to the company and its performance including quarterly results, official press releases and presentation to analysts are posted on the website. The company's website address is www.radaan.tv

c) Remuneration Committee:

The committee comprises of four Directors: Dr. M.K.Sinha (Chairman), Mr.P.K.Raghukumar, and Mr. S.Priyadarshan, all independent Directors besides Mr. Raju Radha and met twice on 29-04-2005 and 21-03-2006 during the year. The Chairman was present at the Annual General Meeting held on 27th September, 2005.

Report on Corporate Governance (Contd.)

Radaan's remuneration policy is based on three tenets: pay for responsibility, pay for performance and potential, and pay for growth. The Company's remunerations committee is vested with all the necessary powers and authority to ensure appropriate disclosure on the above remuneration of the whole-time Directors and to deal with all elements of remuneration package of all such directors. This includes details of fixed components and performance-linked incentives. Since the appointment of the Whole-time Director are by virtue of their employment with the company as management employees, their service contracts, notice period and severance fee, if any, is governed by the management remuneration policy of the company. The details of remuneration paid to Wholetime Directors are given in Notes on accounts and are as follows:

Apart from payment towards the professional services rendered by her by way of Acting and Creative direction, Mrs. R. Radikaa, Executive Chairperson & Wholetime Director did not draw any remuneration by way of salary during the year.

Accordingly Mrs.R.Radikaa was paid Rs. 79,60,000 during the year as fees for Artist cum Creative Head.

Mr. R. Sarath Kumar, Non-executive Director was paid Rs.1,11,10,000 during the year as Artist payment for the Tamil feature film being produced by the company.

The aggregate value of salary and perquisites paid to Mr. Raju Radha during the year was Rs.3,60,000/- by way of Director remuneration in accordance with the approval of members at the last AGM held on 27th September 2005.

The non-executive Directors are only entitled to be paid only Sitting fees for Board/committee meetings attended by them at the rate of Rs.9000 for Board Meetings and Rs.1000 per Committee Meetings attended by them. The sitting fees paid to the Non-executive Directors for 2005-06 are as detailed below:

Name of the Director	Sitting Fees	Commission	Total
Mr. R. Sarathkumar	66,000	-	66,000
Mr. P.K. Raghukumar	74,000	-	74,000
Mr. Harsh Dalmia	57,000	-	57,000
Dr. M.K. Sinha	47,000	-	47,000
Mr. Priyadarshan	19,000	-	19,000
Mr. P.M. Venkatasubramanian	39,000	-	39,000

As for the Non-Whole time Directors, their appointment is for the benefit of their professional expertise in their individual capacity as independent business executives. Accordingly, the service contract, notice period and severance fees, if any of the company are not applicable to such Non-Whole time Directors.

d) Investors grievance

As mentioned earlier in this chapter, the company has constituted Shareholder/Investors' grievance committee for redressing Shareholders' and Investors' complaints. The status on complaints is reported to the Board of Directors regularly.

Sri.S.Balakrishnan, Company Secretary is the compliance officer for complying with the requirements of listing agreement with the Stock exchanges.

The total number of complaints received and resolved to the satisfaction of the shareholders during the year under review was 7. Outstanding complaints as on 31st March 2006 were: NIL.

Share Transfer

M/s. Cameo Corporate Services Limited Registrar, who is registered with SEBI as a category - 1 Registrar, handles all share transfer, Share Transfers, demat requests and all other investor related activities and attended to and processed at the office of our Registrar and Share Transfer Agent.

Report on Corporate Governance (Contd.)

Shareholders' correspondence should be addressed to:

M/S Cameo Corporate services Limited
"Subramanian Building"
V Floor
1, Club House Road
Chennai-600 002
Ph: (044) 28460390 Fax: (044) 28460129
E-mail: cameosys@satyam.net.in

e) General Body Meeting

Details of last three Annual General Meeting are given below:

Financial year ended	Date	Time	Venue
31-03-2003	29-09-2003	12.15 P.M.	Madras Race Club, Guindy, Chennai
31-03-2004	21-09-2004	12.15 P.M.	Guindy Lodge Madras Race Club, Guindy, Chennai
31-03-2005	27-09-2005	12.15 P.M.	Guindy Lodge Madras Race Club, Guindy, Chennai

None of the subjects placed before the shareholders in the last Annual General Meeting required approval by a Postal ballot.

During the last three years AGMs held, no special resolution was passed in the years 2003-04 & 2004-05. In 2002-03 special resolutions were passed for amending the Articles of Association of the company inter alia for payment of Sitting fees and for keeping the Register of members at the office of the Share transfer Agent M/s Cameo Corporate services Ltd, Chennai-600 002.

None of the subjects placed before the shareholders in this Annual general Meeting requires approval of the shareholders by postal ballot.

Disclosures:

i) Related Party Transactions

The Company related parties and transactions are listed below

a. Parties where control exists

Mrs.R.Radikaa Chairperson Holder of more than 50% of Paid up capital:

b. Other related parties/key management personnel with whom transaction have taken place during the year.

Name of the Person	Nature of Relationship
a. Mr. Raju Radha	Director (Personnel) relative.
b. Mr.R.Sarathkumar	Director-relative

Sl.No.	Nature of Transactions	Amounts
1.	Artist cum Creative Direction payment - R. Radikaa	79,60,000/-
2.	Director's Remuneration-Raju Radha	3,60,000/-
3.	Artist Fee - R. Sarathkumar	1,11,10,000/-

ii) The company has complied with the requirements of the Stock Exchanges, SEBI and other statutory Authorities on all matters related to capital markets as and when applicable. The stock Exchanges or SEBI or any other Statutory Authority has imposed no penalties or strictures on the company.

Report on Corporate Governance (Contd.)

**GENERAL SHAREHOLDERS INFORMATION
AGM**

Date	Thursday the 28th September 2006
Time	12.15 P.M.
Venue	Guindy Lodge, Madras Race Club, Guindy Chennai
Date of Book Closure	21st September 2006 to 28th September 2006
Listing on Stock Exchanges	The Madras Stock Exchange Limited National Stock Exchange of India Limited
ISIN Number for NSDL & Central Depository Services Limited	INE874F01027
Registrar and share Transfer Agent	M/s. Cameo Corporate Services Limited Subramanian Building No. 1, Club House Road, Chennai - 600 002 Ph: 044-28460390 Fax: 044-28460129 E-Mail: cameosys@satyam.net.in

(Note: Annual listing fees for the year 2006-07 were duly paid to the above stock exchanges).

Financial Calendar (tentative) Adoption of the Quarterly Results for the Quarter ending

30th June, 2006	Last week of July 2006
30th September, 2006	Last week of October 2006
31st December 2006	Last week of January 2007
31st March 2007	Last week of April 2007

SHARE TRANSFER SYSTEM & RTA

In compliance of SEBI directions to all listed companies to maintain all works relating to share registry- both physical and electronic at single point i.e. either in house or by SEBI registered "Registrar & Share Transfer Agent" (RTA) the company's Registrar and Share Transfer Agent for both physical and demat segment are M/s. Cameo Corporate Services Limited, Chennai-600 002.

Address of Registrar and Share Transfer Agent
M/s. Cameo Corporate Services Limited
Subramanian Building
No.1 Club House Road, Chennai- 600 002
Ph: 044-28460390 Fax: 044-28460129
E-mail: cameosys@satyam.net.in

Shareholders are therefore requested to correspond with the Share Transfer Agent for transfer / transmission of shares, change of address and queries pertaining to the shareholding.

Market Price Data:

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

Month	National Stock Exchange of India Ltd.	
	High	Low
April 2005	9.15	6.90
May 2005	9.25	6.95
June 2005	11.25	7.25
July 2005	11.20	8.10
August 2005	16.20	9.00
September 2005	19.45	9.20
October 2005	10.20	6.80
November 2005	9.00	7.00
December 2005	8.30	7.10
January 2006	8.60	7.15
February 2006	7.80	5.25
March 2006	7.30	4.45

Report on Corporate Governance (Contd.)
DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2006

Share holdings	Share holder		Share Amount	
	Number	% of Total	In Rs.	% of total
Upto 5000	8754	88.04	11702100	10.80
5001-10000	647	6.51	5097294	4.71
10001-20000	290	2.92	4563234	4.21
20001-30000	86	0.87	2116032	1.96
30001-40000	42	0.42	1496192	1.38
40001-50000	43	0.43	1993386	1.84
50001-100000	41	0.41	2970214	2.74
100001 and above	40	0.40	78384628	72.36
Total	9643	100.00	10,83,23,080	100.00

SHAREHOLDING PATTERN AS ON 31-03-2006

	Category	No. of Shares held	% of Shareholding
A	PROMOTERS HOLDING		
1	Promoters		
	* Indian Promoters	33459728	61.78
	* Foreign Promoters	Nil	Nil
2	Persons Acting in Concert	10000	0.02
	Sub-Total	33469728	61.80
B	NON-PROMOTERS HOLDING		
3	Institutional Investors		
A	Mutual Funds and UTI	Nil	Nil
B	Banks, Financial Institutions, Insurance Companies (Central/State/Govt. Institutions/Non-Government Institutions)	Nil	Nil
C	FIs	150000	0.28
	Sub-Total-	150000	0.28
4	Others		
A	Private Corporate Bodies	5955348	11.00
B	Indian Public	14000979	25.85
C	NRI/OCBs	89496	0.18
D	Any other (Clearing Members)	485987	0.89
	Sub-Total	20541812	37.92
	GRAND TOTAL	541161540	100.00

Out of 20691812 equity shares of Rs. 2/- each held by persons other than Promoters

20510243 shares have been dematerialized as on 31-st March 2006 accounting for 99%.

The company has not issued any Global depository receipt /American Depository Receipt /warrant or any convertible instrument which is likely to have impact on the company's equity.

Report on Corporate Governance (Contd.)
Changes in Demat Scenario:

SEBI has issued a circular dated 28th January 2005 rationalising the fee structure for dematerialisation of securities as follows:

Effective from February 1, 2005

- No investor shall be required to pay any charge towards opening of a Beneficiary owner (BO) account except for statutory charges as may be applicable.
- No investor shall be required to pay any charge for credit of securities into his/her BO account and
- No custody charge shall be levied on any investor who would be opening a BO account on or after February 1, 2005.

With effect from April 1, 2005 the issuer companies will bear the custody charges.

The shareholders are requested to make use of this opportunity and dematerialize their physical share certificates through a depository participant. Shareholders requiring any further clarification /assistance on the subject may contact the company's share transfer agents.

Non-Mandatory Disclosures:

The non-mandatory requirements have been adopted to the extent and in the manner as stated hereunder.

The Board:

As the Company has Executive Chairperson the implementation of this non-mandatory requirement does not arise.

No specific tenure has been fixed for the independent Directors.

Remuneration Committee:

As already declared elsewhere in the Report, the company has a Remuneration Committee.

Shareholder Rights:

The half yearly results of the company are published in newspaper and its website www.radaan.tv. The results are not sent to the shareholders individually.

Audit Qualifications:

The statutory financial statements of the company for the year are unqualified.

Training of Board Members/mechanism for evaluating non-executive Directors:

All the non-executive Directors are having rich experience and expertise in the functional areas and hence in the opinion of the Board they do not require any further training.

Whistle Blower Mechanism:

The Board has broadly considered the subject and decided that the existing system itself is adequate.

Means of communication:

The company's audited annual results and un-audited quarterly financial results are widely published in English and Tamil Newspapers. Members are requested to view the Website for information at www.radaan.tv.

Postal Ballot:

The company has not yet made use of postal Ballot as none of the subjects as specified therein has come up for consideration so far.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by M/s. Radaan Mediaworks (I) Limited for the year ended 31st March, 2006 as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the abovementioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances were pending for a period exceeding one month against the company as per the records maintained by the shareholders/ Investor's Grievance Committee.

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

For CNGSN & ASSOCIATES
Chartered Accountants

(Sd/-)

C.N. GANGADARAN
Partner
Memh. No. 11205

Place : Chennai
Date : 31.07.2006

Declaration pursuant to Clause 49 of Listing Agreement regarding adherence to the Code of Conduct

To

The Shareholders of Radaan Mediaworks (I) Limited

We hereby declare that all members of the Board and the Senior Management personnel have affirmed compliance with the respective provisions of the Code of Conduct of the company formulated by the Board of Directors for the financial year ended 31st March 2006.

R. Radikaa
Executive Chairperson &
Wholetime Director

S. Balakrishnan
Company Secretary

Place : Chennai
Date : July 31, 2006

AUDITORS' REPORT TO THE MEMBERS OF RADAAN MEDIWORKS (I) LIMITED

We have audited the attached Balance Sheet of RADAAN MEDIWORKS (I) Limited as at 31st MARCH 2006 and also the Profit and Loss Account of the Company for the year ended on that date. 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 statement 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 Department of Company Affairs, in terms of sub-section 4(A) of section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the company.

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

- a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by the law have been kept by the Company, so far as appears from our examination of those books.
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2006 from being appointed as a director in terms of Clause (g) of Subsection (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 give a 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 2006.
 - 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 CNGSN & ASSOCIATES
Chartered Accountants

(Sd/-)

C.N. GANGADARAN
Partner
Memh. No. 11205

Place : Chennai
Date : 31.07.2006

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of the report of even date of the Auditors to the members of RADAAN MEDIWORKS (I) LIMITED on the accounts for the year ended 31st March 2006.

- 1) (a) The Company is maintaining proper records, showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but, according to the information and explanations given to us, there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) No substantial part of the fixed assets have been disposed off during the year and the going concern status of the company is not affected.
- 2) In our opinion, clause 4 (ii) is not applicable to the company since its nature of business is not as such.
- 3) The Company has neither taken nor given loans, during the year secured or unsecured from /to companies, firm or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- 4) In our opinion, and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regards to purchase of fixed assets and for the sale of teleserial / game shows and feature film.
- 5) In respect of transactions covered under section 301 of the Companies Act, 1956
 - (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register to be maintained under that Section.
 - (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangement have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) The Company has not accepted any Fixed Deposits from the public during the year and therefore, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under does not arise.
- 7) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
- 8) Maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 is not applicable to the company.
- 9) (a) According to the records of the company, undisputed statutory dues including Provident fund, employees state insurance fund, income-tax, wealth tax, service tax, sales tax, customs duty, excise duty and other statutory dues have been deposited regularly during the year with the appropriate authorities.
- (b) The disputed statutory dues aggregating to Rs.2,86,256/- that have not been deposited on account of matters pending before the appropriate authorities are as under:

S. No.	Name of the statute	Forum where dispute is pending	Amount
1.	Income Tax Act, 1961	Dy. Commissioner of Income tax Media Circle II, Chennai A.Y: 2001-2002	Rs. 2,86,256

Annexure to the Auditors' Report (Contd.)

10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. On the basis of examination of books of accounts carried out by us and according to information and explanations given to us, the company has not defaulted in repayment of dues to banks during the year.
12. No loans or advances have been granted by the company against pledge of securities.
13. In our opinion the company is not a chit fund or a nidhi, mutual benefit fund / society. Therefore clause 4(xiii) of the companies (auditor's report) order, 2003 is not applicable to the company.
14. Clause 4(xiv) of companies (auditor's report) order 2003 is not applicable to the company as it is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanation given to us, the company has not given any corporate guarantee during the year.
16. During the year, the company has applied term loans for which the loans were obtained.
17. According to the information and explanations give to us by the management, the funds raised on short term basis have not been used for long term investment.
18. During the year the company has not made any preferential allotment to parties and companies covered in the register maintained under section 301 of the companies act, 1956.
19. The company has not issued any debentures during the year and therefore the question of creation of securities does not arise.
20. During the year, the company has not raised any money by way of public issue and the question of disclosing the end use of money by the management does not arise.
21. According to the information and explanations give to us, no fraud on/by the company was noticed / reported during the year that causes the financial statements to be materially misstated.

For CNGSN & ASSOCIATES
Chartered Accountants

(Sd/-)

C.N. GANGADARAN
Partner
Memh. No. 1120

Place : Chennai
Date : 31.07.2006

BALANCE SHEET AS AT 31.03.2006

**FINANCIAL
SECTION**

PARTICULARS	SCH.		31.03.2006	31.03.2005
I. SOURCES OF FUNDS:				
I. SHAREHOLDERS FUNDS :				
Share Capital	A		108,323,080	108,323,080
Reserves & Surplus	B		142,652,671	124,057,965
II. LOAN FUNDS :				
Secured Loans	C		84,640,180	48,021,270
			335,615,931	280,402,315
II. APPLICATION OF FUNDS :				
Fixed Assets				
Gross Block	D	138,736,247		133,909,657
Less : Depreciation		49,589,850		39,188,776
Net Block			89,146,397	94,720,880
Brand Equity		7,500,000		7,500,000
Less : Depreciation		4,502,055		3,752,065
Net Block			2,997,945	3,747,945
Investments	E		1,965,183	6,000
Cash Balance on Hand	F		396,515	175,259
Funds in Transit			-	4,731,326
Balances with Current Account with Schedule Banks			16,687,793	6,790,928
Sundry Debtors			127,727,251	116,900,409
Work in Progress			67,527,322	10,683,320
Teleserials Rights & Picture Productions			48,835,646	43,180,219
Loans & Advances			44,113,774	36,649,300
Prepaid Taxes (Net of Provisions)			9,731,623	7,024,957
			315,019,924	226,244,719
Less : Current Liabilities & Provisions	G			
Current Liabilities			73,513,520	44,317,230
Net Current Assets			241,506,404	181,927,488
			335,615,931	280,402,315

(Sd/-)
R. RADIKAA
Executive Chairperson &
Whole time Director

(Sd/-)
R. SARATHKUMAR
P.K. RAGHU KUMAR
Directors

As per our Report attached
For CNGSN & ASSOCIATES
Chartered Accountants

(Sd/-)
R. HARIHARAN
G.M. (Finance)

(Sd/-)
S. BALAKRISHNAN
Company Secretary

(Sd/-)
C.N. GANGADARAN
Partner

Place : Chennai
Date : 31.07.2006

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2006

PARTICULARS	SCH.	31.03.2006	31.03.2005
INCOME :			
Revenue from Teleserials / Telefilms	H	301,454,162	312,218,003
Other Income	I	1,004,346	203,628
Increase / (Decrease) in Work in Progress	J	56,834,002	(14,907,772)
Stock		1,443,901	-
		360,736,411	297,514,459
EXPENDITURE :			
Expenses on Teleserials - Production Cost	K	288,900,580	228,027,608
Employees Cost	L	5,463,382	5,844,443
Administrative Expenses	M	20,296,761	16,555,106
Selling & Marketing Expenses	N	278,173	3,256,123
		314,938,896	253,682,370
Profit before Interest, Finance			
Charges, Bad Debts & Depreciation		45,797,515	43,832,089
Provision of Bad Debts		3,000,000	-
Interest & Finance Charges	O	5,917,651	7,035,382
Profit before depreciation		36,879,865	36,786,707
Depreciation	E	13,131,256	11,657,835
Profit after Depreciation before tax		23,748,609	25,138,872
Prior period expenses		-	16,711
Profit before tax		23,748,609	25,122,161
Provision for tax			
Current Tax		2,500,000	5,000,000
Deferred Tax		2,253,057	2,589,777
FBT		400,846	-
Profit after tax		18,594,706	17,522,384
Balance brought forward from last year		48,692,331	32,109,146
Opening deferred tax liability on Software Library		-	939,199
Balance transferred to Balance Sheet		67,287,037	48,692,331
Earnings per share		0.34	0.32
Significant Accounting Policies & Notes on Accounts	P		

(Sd/-)
R. RADIKAA
 Executive Chairperson &
 Whole time Director

(Sd/-)
R. SARATHKUMAR
P.K. RAGHU KUMAR
 Directors

As per our Report attached
 For CNGSN & ASSOCIATES
 Chartered Accountants

(Sd/-)
R. HARIHARAN
 G.M. (Finance)

(Sd/-)
S. BALAKRISHNAN
 Company Secretary

(Sd/-)
C.N. GANGADARAN
 Partner

Place : Chennai
 Date : 31.07.2006

Schedules Forming Part of the Accounts as at 31st March 2006

PARTICULARS	31.03.2006	31.03.2005
A. SHARE CAPITAL :		
Authorised Capital:		
5,57,50,000 Equity Shares of Rs. 2/- each	111,500,000	111,500,000
Issued Capital:		
5,42,29,040 Equity Shares of Rs. 2/- each	108,458,080	108,458,080
Subscribed & Paid-up Capital:		
5,41,61,540 Equity Shares of Rs. 2/- each	108,323,080	108,323,080
Of the Above :		
1. 58,73,890 Shares of Rs. 10 each (Since Subdivided) allotted for consideration other than cash as fully paid-up		
2. 6,19,898 equity shares of Rs. 10 each (Since Subdivided) allotted as fully paid-up bonus shares by way of Capitalisation of Profits and 1,700 equity shares of Rs. 10 each (Since subdivided) forfeited		
	108,323,080	108,323,080
B. RESERVES & SURPLUS :		
Share Premium - on Equity Shares	75,365,634	75,365,634
Profit & Loss Account	67,287,037	48,692,331
	142,652,671	124,057,965
C. SECURED LOANS :		
Cash Credit Account - Indian Overseas Bank	35,652,322	41,120,463
(All the above loans are secured by way of first charge on the movable properties of the company including Book Debts and Stock in trade and additionally secured by mortgage of immovable properties of directors & Pledge of Shares held by the directors in the Company and also guaranteed by the managing director)		
Term Loan - Indian Overseas Bank		
(i) For purchase of equipments & Constructions	2,659,305	2,773,370
(ii) For producing Tamil feature film (Secured against first charge of assets & Negatives acquired under this Term Loan)	40,007,379	-
	6,321,684	4,127,437
Hire Purchase Loans (Secured by the Hypothecation of movable assets covered under the respective Hypothecation Agreements)		
	84,640,180	48,021,270

Schedules Forming Part of the Accounts as at 31st March 2006
D. FIXED ASSETS SCHEDULE UNDER THE COMPANIES ACT, 1956

Particulars	Rate %	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As on 01.04.2005	Additions	Deletions	As on 31.03.2006	As on 01.04.2005	For the Period	Deletions	As on 31.03.2006	As on 31.03.2006	As on 31.03.2005	
Software Library	10	83,720,000	-	-	63,720,000	21,671,878	6,372,000	-	30,243,878	53,476,022	61,848,022	
Leasehold Rights & Improvements		5,333,166	1,686,423	-	8,029,621	913,764	388,258	-	1,300,022	6,729,599	5,419,434	
Furniture	6.33	2,101,280	72,885	-	2,174,097	522,427	135,265	-	657,692	1,516,405	1,573,895	
Vehicles	9.50	8,206,333	7,488,961	5,332,625	10,362,309	1,410,542	1,315,362	1,285,920	1,448,974	8,913,335	6,946,791	
Office Equipments	4.75	1,705,929	175,134	-	1,884,163	521,574	89,040	-	610,614	1,273,549	1,183,455	
Studio Equipments	7.07	20,558,108	2,825,964	1,563,030	21,821,037	5,821,641	1,586,555	692,458	5,715,737	14,935,300	14,736,466	
Airconditioner	4.75	551,247	-	-	551,247	28,327	26,164	-	54,511	496,736	522,520	
Generator	4.75	9,415	610,000	-	619,415	2,238	14,974	-	17,212	602,203	7,177	
Stabilizer & UPS	4.75	818,240	35,731	7,686	854,281	190,432	26,321	1,805	228,149	606,132	625,814	
Computer	25	8,795,268	233,750	-	8,940,918	7,898,853	418,108	-	8,312,961	827,957	809,415	
Capital W/P	-	1,142,521	-	1,142,521	-	-	-	-	-	-	1,142,521	
GRAND TOTAL		133,903,657	12,832,468	8,165,878	126,726,247	39,168,776	12,391,257	1,980,163	49,365,858	89,146,387	94,728,981	

	31.03.2006	31.03.2005
E. INVESTMENTS :		
600 Equity Shares of Rs. 10/- in Andhra Bank Limited at cost (Listed)	6,000	6,000
429757 Equity Shares of Rs. 10/- (SLR) each in Radaan Talent Factory (Private) Limited (Joint Venture Investment in Sri Lanka)	1,959,183	-
	1,965,183	6,000
F. CURRENT ASSETS, LOANS & ADVANCES :		
Cash on Hand	396,515	175,259
Funds in Transit	-	4,731,325
Balances in Current Account with Schedule Banks	16,687,793	6,799,928
Sundry Debtors (Unsecured and considered good)		
Debts outstanding for a period of exceeding Six months	25,670,450	23,898,082
Other Debts	105,056,801	93,092,327
	130,727,251	116,990,409
Less : Provision for Bad & Doubtful Debts	3,000,000	-
	127,727,251	116,990,409
Work in Progress	67,527,322	10,693,320
Teleserials Rights & Picture Productions	48,835,646	43,180,219
Loans & Advances (Unsecured and considered good) (To be received in cash or in kind or for value to be received)	44,113,774	36,649,300
Prepaid Taxes (Net of Provisions)	9,731,623	7,024,956
	315,019,924	226,244,717

Schedules Forming Part of the Accounts as at 31st March 2006

PARTICULARS	31.03.2006	31.03.2005
G. CURRENT LIABILITIES :		
A. Current Liabilities		
Sundry Creditors for Trade & Expenses	50,097,976	29,136,230
Sundry Creditors - Others	8,568,487	2,348,443
Due to Directors	113,107	351,664
B. Provisions		
Deferred Tax Liability	14,733,950	12,480,893
	73,513,520	44,317,230

For the year ended 31st March, 2006	31.03.2006	31.03.2005
H. TELESERIAL REVENUE :		
Revenue from Teleserials / Telefilms	300,604,162	289,906,048
Revenue from Feature Film	650,000	19,912,555
Revenue from Ad. Telefilm	200,000	2,400,000
	301,454,162	312,218,603
I. OTHER INCOME :		
Miscellaneous Income	129,178	151,860
Interest Received	444,989	50,928
Hire Charges	120,000	-
Profit on Sale of Fixed Assets	40,826	840
Profit on Exchange Fluctuation	289,353	-
	1,004,346	203,628
J. INCREASE / (DECREASE) IN WIP :		
Opening Work in Progress	10,693,320	25,601,092
Closing Work in Progress	67,527,322	10,693,320
	56,834,002	(14,907,772)
K. DIRECT EXPENSES :		
A. Teleserial - Own Production		
Payments to Artists	32,450,478	25,677,826
Payments to Dubbing Artists	4,934,512	3,472,940
Payments to Managers, Art, Set & Camera & Assts.	6,796,858	5,094,704
Telecast Charges	113,846,350	90,431,919
Equipment / Material Hire & Expenses	1,268,868	1,553,590
Payments to Technicians	32,643,471	28,857,141
Production Expenses	9,047,082	10,567,801
Studio Rent & Hire Charges	1,632,105	1,374,400
Titling & Effect Charges	331,450	530,450
Wages & Batta	6,277,024	6,106,176
Costumes & Makeup	1,938,348	1,847,867
Lighting & Generator Hire Charges	6,488,840	4,485,517
Camera Hire & Maintenance Charges	3,269,188	1,500,528
Music Composing & Recording Expenses	2,580,377	2,102,740
Other Project Expenses	3,790,528	5,948,426
Vehicles Maintenance & Hire Charges	3,642,237	4,110,143
Cassettes & Negatives	4,874,451	4,565,543
Location & Auditorium Rent	5,469,258	6,032,975
Prize Money	9,460,128	-
Amortisation of Tele Serial rights	21,333,120	21,331,912
	271,874,673	225,592,597
TOTAL (A)		

Schedules Forming Part of the Accounts for the year ended 31st March 2006

PARTICULARS	31.03.2006	31.03.2005
B. Teleserial - Contract Production		
Kanku Pagla - Production Cost	9,363,200	13,566,000
TOTAL (B)	9,363,200	13,566,000
C. Feature Film Expenses		
Feature film exp.	34,651,254	11,759,485
TOTAL (C)	34,651,254	11,759,485
TOTAL (A + B+ C)	315,889,127	250,918,082
Less : Amortisation of Teleserial Expenses	26,988,547	22,890,384
	288,900,580	228,027,698
L. EMPLOYEES COST :		
Salaries	4,862,185	4,573,854
Contribution to PF & ESI	445,012	377,825
Staff Welfare	156,185	892,763
	5,463,382	5,844,443
M. ADMINISTRATIVE EXPENSES		
Directors Remuneration	300,000	3,675,000
Donation	11,900	208,151
Hire Charges	94,016	51,388
Insurance Charges	1,534,241	534,646
Loss on exchange variation	34,596	236,020
Loss on Sale of Fixed Assets	1,772,515	340,110
Other Administrative Charges	3,839,614	673,341
Pooja Expenses	210,950	320,467
Postage, Telephone charges	2,051,810	2,421,235
Printing & Stationery	657,371	1,217,099
Professional & Consultancy Charges	2,126,615	1,010,206
Remuneration to Auditor's	435,000	591,286
Rent, Rates & Taxes	31,72,776	1,477,878
Repairs & Maintenance	1,321,210	1,325,657
Travelling & Conveyance	2,074,576	1,889,438
Vehicle Maintenance	599,521	583,186
	20,296,761	16,555,106
N. SELLING & MARKETING EXP.		
Business Promotion Charges	217,324	952,400
Tele Serial Marketing Expenses	-	73,192
Brokerage Expenses	-	41,375
Advertisement Expenses	60,549	2,188,157
	278,173	3,255,123
O. INTEREST & FINANCE CHARGES		
Interest & Finance Charges	5,717,978	6,939,999
Bank Charges	199,673	95,383
	5,917,651	7,035,382

SCHEDULES FORMING PART OF THE ACCOUNTS
P. Significant Accounting Policies & Notes on Accounts

NOTES ON ACCOUNTS ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2006 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE:

I. Significant Accounting Policies:
a. Basis of Accounting and Preparation of Financial Statements:

The Financial Statements have been prepared on historical cost convention and in accordance with the normally accepted accounting principles on a going concern basis.

b. Fixed Assets:

Fixed Assets are stated at cost less depreciation.

c. Depreciation / Amortization:

- Depreciation on Fixed Assets, other than Computer and Software Library are provided on Straight Line Method at the rates laid down in Schedule XIV of the Companies Act, 1956. In respect of Computers and Brand Equity, depreciation is provided on Straight Line Method at the rate of 25% and 10% respectively.
- Software Library and Brand Equity are depreciated over a period of their effective life as determined by the management not exceeding ten years from the date of acquisition.
- Improvements effected on premises taken on lease are amortized over period of lease.
- Cost of Tele-Serials / Tele-Films not having any repeat telecast value and other future exploitation benefits are written off in full in the year of telecast.
- Cost of Tele-Serials / Tele-Films / Game shows having repeat telecast value and other future exploitation benefits and in respect of which the company holds right of exploitation - 80% of the cost is written off in the year of telecast and balance 20% is written off equally over the next two years calculated based on absorption method

d. Inventories:

Stock of empty cassettes and undistributed prize money in the form gold is valued at cost and work-in-progress calculated based on absorption method and the same is valued at cost or market price whichever is less.

e. Revenue Recognition:

- Income from Tele-Serials / Tele-Films / Game shows is recognized on accrual basis as per the terms of the Agreement entered into for telecasting / exploitation.
- In case of Domestic Sales, Revenue is recognized on the telecast of the concerned Tele-serial.
- In case of Overseas Sales, Revenue is recognized at the point, when the tapes are delivered.

f. Foreign Currency Transactions:

Transactions pertaining to income and expenditure are accounted at the rate prevailing on the date of transaction.

Outstanding balances of Current Assets and Current Liabilities relating to Foreign Currency transactions are restated in rupees by adopting the rate of exchange prevailing on the date of Balance Sheet and the resultant exchange gains / loss is recognized / written off in the Profit & Loss Account.

g. Investments:

Investment made in joint venture - Radaan Talant Factory Private Ltd is accounted & shown as Investment in accordance with AS-13 Accounting for Investments.

Schedules Forming Part of the Accounts (contd.)
h. Retirement Benefits:

Employee Retirement Benefits will be accounted for in the year in which such liabilities accrue.

i. Earnings Per Share:

The Company reports Basic and Diluted Earnings per Share (EPS) in accordance with Accounting Standard 30 Earnings Per Share issued by the Institute of Chartered Accountants of India. The Basic / Diluted EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity share (including Bonus Shares) during the accounting period.

j. Accounting for Taxes on Income:

Current tax is determined on the basis of the amount of tax payable on taxable income for the year. In accordance with the Accounting Standard-22 Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, Deferred Tax is calculated at current statutory income tax rates and is recognized on timing differences between taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods.

k. Impairment of Assets:

The Company has a policy of comparing the recoverable value with the carrying cost and charging impairment when required.

l. Contingent Liabilities & Provisions:

All known liabilities & Provisions of material nature have been provided for in the accounts in accordance with AS-29 Provisions, Contingent Liabilities & Contingent Assets.

II. Notes on Accounts:

- The Company has entered into leasehold agreements with Directors for acquiring leasehold rights for a period of 20 years in respect of properties at No.10, Paul Appasamy Street, Chennai 600 017.

The consideration for lease deposit was Rs. 140 Lakhs out of which a sum of Rs. 75 Lakhs was discharged by way of allotment of 7,50,000 equity shares of Rs. 10/- each as fully paid and balance by way of cash. During the year lease deposit has been increased to 200 Lakhs. The registration formalities in respect of lease agreements are yet to be completed.

- The cost of Episodes of Tele Serials / Games Shows / Tele-Films / Feature Films completed and pending telecast as on the date of Balance Sheet has been considered as work-in-progress and calculated based on absorption method valued at cost.

- There are no outstanding dues to small-scale industries.

4. Particulars of Directors Remuneration:

Sl.No.	Name	Designation	2005-06	2004-05
1.	Raju Radha	Director (Personnel)	3,60,000	Nil
2.	M.R. Mohan Ratha	Managing Director	Nil	18,00,000/-
3.	B.S. Radhakrishnan	Wholetime Director	Nil	12,00,000/-
4.	D. Ravichander Babu	Director - Finance	Nil	6,75,000/-

Schedules Forming Part of the Accounts (contd.)
Managerial Remuneration:

Computation of net profit in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956.

(Rs. In Lacs)

PARTICULARS	2005-06	2004-05
Profit before taxation	237.49	251.22
Add : Depreciation as per Companies Act	131.31	116.58
Loss on Sale of Fixed Assets	17.72	3.40
Managerial Remuneration	3.60	36.75
Less : Depreciation as per section 350 of Companies Act, 1956	131.31	116.58
Net Profit for the year	268.81	291.37

- The overall Managerial Remuneration is Rs. 3,60,000/-, which is within maximum ceiling limit laid down in Schedule XIII of the Companies Act, 1956.

5. Segment Reporting:

The Company operates in two Business Segments

- Production of Tele-serial/Game show and
- Production of Feature Films

Sl.No.	Particulars	Year Ended 31.03.2006	Year Ended 31.03.2005
1.	Segment Revenue a) Tele Serials / Game Show b) Feature Films Total Net Sales / Income from Operations	3,008.04 6.50 3,014.54 3,014.54	2,925.09 199.13 3,124.22 3,124.22
2.	Segment Results Profit / (Loss) (Before tax from each segment) a) Tele Serials / Game Show b) Feature Films Total Profit before Tax	230.99 6.50 237.49	241.22 10.00 251.22
3.	Capital Employed (Segment Assets - Segment Liabilities) a) Teleserials / Game Show b) Feature Films c) Un-allocable Assets - Liabilities	2,454.25 55.51 -	2,294.13 19.52 -
	TOTAL	2,509.76	2,313.65

Schedules Forming Part of the Accounts (contd.)
6. Related Parties Disclosure:

As per the Accounting Standard 18 issued by the Institute of Chartered Accountants of India, the Company's related parties and transactions are listed below:

a. Parties where control exists:

Ms. R. Radikaa Chairperson Holder of more than 50% of paid-up Capital

b. Other related parties / key management personnel with whom transactions have taken place during the year.

Sl.No.	Name of the Person	Nature of Relationship	Amount	Particulars
1.	R. Radikaa	Chairperson	79,60,000	Artist cum Creative Head payment in the professional capacity
2.	R. Sarathkumar	Director	1,11,10,900	Artist Payments
3.	Raju Radha	Director	3,60,000	Directors Remuneration

7. Earnings per Equity Share:

Sl.No.	Particulars	2005-06	2004-05
1.	Profit of the year (Rs.)	1,85,94,706	1,75,22,384
2.	Weighted Average No. of equity shares (including bonus) for Basic/Diluted Earnings per share	5,41,61,540	5,41,61,540
3.	Earnings per share	.34	.32

8. The Net Deferred Tax Liability comprise of the following:

Sl.No.	Particulars	31.03.2006	31.03.2005
1.	Depreciation on Fixed Assets	1,66,37,567	1,30,05,475
2.	Amortization of Tel-Serial Cost	19,03,617	5,24,582
3.	Sub - Total (1 - 2)	1,47,33,950	1,24,80,893
4.	Less : Operating Deferred Tax Liability	1,24,80,893	98,81,116
5.	Net Deferred Tax Liability	22,53,057	25,99,116

9. Contingent Liabilities not provided for:

Sl.No.	Particulars	31.03.2006	31.03.2005
1.	Estimated amount of contracts remaining to be executed on Capital Accounts	Nil	Nil
2.	Claims against the company not acknowledged as debts	Nil	Nil

10. Auditor's Remuneration: (including Service Tax)

Sl.No.	Particulars	31.03.2006	31.03.2005
1.	Audit Fee	3,50,000	3,50,000
2.	Tax Audit	85,000	82,650

Schedules Forming Part of the Accounts (contd.)

11. Licensed and Installed capacity	-	Not Applicable	
12. Earnings in Foreign Currency	-	US \$ 220,505 Equivalent to Rs.96,76,968	US \$238,602 Equivalent to Rs.1,05,74,266
13. Expenditure in Foreign Currency	-	US \$ 11,300 Equivalent to Rs. 5,15,980	US \$ 38,336 Equivalent to Rs.17,44,157

14. The Confirmation of Balances of Debtors & Creditors is yet to be received in some case.

15. Figures of Previous year have been re-grouped and re-classified, wherever necessary to conform to those of the current year.

16. Figures have been rounded off to the nearest rupee.

(Sd/-)
R. RADIKAA
 Executive Chairperson &
 Whole time Director

(Sd/-)
R. SARATHKUMAR
P.K. RAGHU KUMAR
 Directors

As per our Report attached
 For CNGSN & ASSOCIATES
 Chartered Accountants

(Sd/-)
R. HARIHARAN
 G.M. (Finance)

(Sd/-)
S. BALAKRISHNAN
 Company Secretary

(Sd/-)
C.N. GANGADARAN
 Partner

Place : Chennai
 Date : 31.07.2006

Cash Flow Statement for the year ended 31st March, 2006
 Pursuant to Clause 32 of the Listing Agreement

	2005-2006		2004-2005	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before tax		23,748,609		25,122,161
Add: Finance Charges	5,917,051		7,035,382	
Depreciation	13,131,256		11,657,835	
Loss on Sale of Fixed Assets	1,772,515		340,110	
		20,821,421		19,633,327
Less: Interest Received	444,989	44,570,030	50,928	44,155,488
Dividend Received	-		840	
Profit on sale of fixed assets	40,826	485,815		51,768
Operating Profit before Working Capital Changes		-44,084,215		44,103,720
(Increase) / Decrease in Work in Progress	(56,834,002)		14,907,772	
(Increase) / Decrease in Sundry Debtors	(10,736,542)		(30,128,568)	
(Increase) / Decrease in Loans & Advances	(18,326,568)		41,842,248	
Increase / (Decrease) in Current Liabilities	26,943,233		(13,941,328)	
		(58,954,179)		12,680,124
Cash Generated from Operating Activities		(14,869,964)		66,783,844
Fringe Benefit Tax Paid		400,846		Nil
Net Cash Generated from Operating Activities (A)		(15,270,810)		56,783,844
B. CASH FLOW FROM INVESTING ACTIVITIES				
Cash Outflow				
Purchase of Fixed Assets	11,789,947		44,713,200	
Investment in Joint Venture	1,569,184		-	
Cash Inflow				
Sales of Fixed Assets	3,251,486		400,000	
Interest Received	444,989		50,228	
Dividend Received	-		840	
Net Cash from Investing Activities (B)		(10,052,656)		(44,261,522)
C. CASH FLOW FROM FINANCIAL ACTIVITIES				
Increase / (Decrease) in Share Capital	-		7,382,999	
Increase / (Decrease) in Bank Borrowings	34,425,263		(2,548,575)	
Increase / (Decrease) in Other Secured Loans	2,193,647		(928,464)	
Increase / (Decrease) in Unsecured Loans	-		(1,900,000)	
Finance Charges	(5,917,661)		(7,035,382)	
Net Cash from Financing Activities (C)		30,701,259		(5,029,422)
Net Increase in Cash & Cash Equivalents (A+B+C)		5,377,795		7,492,900
Cash & Cash Equivalents at the beginning of the year		11,706,513		4,213,616
Cash & Cash Equivalents at the end of the year		17,084,308		11,706,513
Net Increase / (Decrease) in Cash & Cash equivalents		5,377,795		7,492,900

Note :

1. The above cash flow statement has been prepared under the indirect method as set out the Accounting Standard 3 issued by the Institute of Chartered Accountants of India on Cash Flow Statements

 (Sd/-)
R. RADIKAA
 Executive Chairperson &
 Whole time Director

 (Sd/-)
R. SARATHKUMAR
P.K. RAGHU KUMAR
 Directors

 As per our Report attached
 For **CNGSN & ASSOCIATES**
 Chartered Accountants

 (Sd/-)
R. HARIHARAN
 G.M. (Finance)

 (Sd/-)
S. BALAKRISHNAN
 Company Secretary

 (Sd/-)
C.N. GANGADARAN
 Partner

 Place : Chennai
 Date : 31.07.2006

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE
I. Registration Details

 Registration No. State Code

 Balance Sheet Date
II. Capital raised during the year

(Amount in Thousand of Rupees)

 Public Issue Right Issue

 Bonus Issue Private Placement
III. Position of Mobilisation and Deployment of Funds

(Amount in Thousand of Rupees)

 Total Liabilities Total Assets

 Source of Funds Paid-up Capital Reserves & Surplus

 Secured Loans Unsecured Loans
Application of Funds

 Net Fixed Assets Investments

 Net Current Assets Misc. Expenditure

 Accumulated Losses
IV. Performance of Company

(Amount in Thousand of Rupees)

 Turnover Total Expenditure

 Profit / (Loss) before Tax Profit / (Loss) after Tax

 Earning per share in Rs. Dividend
V. Generic Names of Principal Products of Company

 Items Code No.

 Product Description