

9TH Annual Report 2007-2008



RADAAN
MEDIWORKS (I) LIMITED

CORPORATE INFORMATION**BOARD OF DIRECTORS****R. RADIKAA**

Chairperson & Managing Director

P.K. RAGHU KUMAR

Director

HARSH DALMIA

Director

R. SARATHKUMAR

Director - Production

R. SANTHANAM

Director - Finance

M.K. SINHA

Director

S. PRIYADARSHAN

Director

P.M. VENKATASUBRAMANIAN

Director

M. KAVIRIMANI

Chief Financial Officer

P. KRISHNASAMY

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:

P.H. 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 V th Floor
No. 1, Club House Road,
Chennai - 600 002
Ph: 044-2846 0390(5 lines)
Fax: 044-28460219 Grams : "CAMEO"
E-Mail : cameoSYS@satyam.net.in

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Notice to the Shareholders

Notice is hereby given that the Ninth Annual General Meeting of the members of Radaan Mediaworks (I) Limited, will be held at Guindy Lodge, Madras Race Club, Guindy, Chennai on Monday, the 29th September 2008 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008, Profit & Loss account for the year ended 31st March 2008 together with the Reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Mr.P.K.Raghukumar, who retires by rotation and being eligible offers himself for reappointment.
- To appoint a Director in place of Mr. Harsh Dalmia, who retires by rotation and being eligible offers himself for reappointment.
- To appoint a Director in place of Mr.R.Santhanam, 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 pursuant to Sec 309 and other applicable provisions of the companies Act 1956, and subject to the approval of the Central Government, consent is hereby accorded for the payment for 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 2008-09 and 2009-10.

"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"

"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."

By order of the Board

Date: 28.06.2008
Place: Chennai

P. Krishnasamy
Company Secretary

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

NOTES :

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 the 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 22nd September 2008 to 29th September 2008. (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: 044-28460309 Fax: 044- 28460129
E-mail: cameosys@satyam.net.in

13. Pursuant to the provisions of Section 109A 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 Registrar 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, Mr.P.K.Raghukumar, Mr.Harsh Dalmia and Mr.R.Santhanam 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 28th June 2008 and shall be taken as forming part of the Notice.

ITEM No. 6

The Board at their Meeting held on 28.06.2008, has pursuant to the recommendation of the Remuneration Committee approved the proposal for payment of the Artiste fees Rs.2 crores/annum for Mrs.R.Radikaa, Chairperson & Managing Director for the years 2008-09 and 2009-10 subject to approval of the Central Government. 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.

Mrs.R.Radikaa 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.

Considering her experience and contribution right from inception of the company, the Board has recommended for the payment of fees as given in the Resolution. This is based on the recommendation of the Remuneration Committee at the Meeting held on 28.06.2008.

The recommendation of the 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 Sec. 306 and other applicable 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.R.Sarathkumar Director being relative 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.

By order of the Board

Date: 28.06.2008

Place: Chennai

P. Krishnaswamy
Company Secretary

Registered office:

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

Dear shareholders,

Your Directors have pleasure in presenting the Ninth Annual report together with the Audited accounts of the company for the year ended 31-03-2008.

Financial Performance:

The performance of the company and comparative statement of the previous year is given below:

(Rs. in Lakhs)

Particulars	2007-2008	2006-2007
Turnover	3218.90	4536.63
Profit before Interest, finance charges and Depreciation & unrecoverable Bad debts	236.54	470.00
Interest and finance charges	80.85	65.79
Profit before depreciation	155.69	384.21
Depreciation	132.25	130.56
Profit before Tax	23.44	253.65
Provision for income tax		
Current Tax	20.00	34.00
Deferred Tax	(12.59)	52.39
Fringe Benefit Tax	3.24	3.79
Profit after Tax	12.79	163.47

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 31-03-2008.

Review of Performance :

Your Company has recorded a profit before tax of about 0.23 crores compared to Rs.2.53 Crores last year. After making tax provision Rs.10.65 Lakhs as against Rs.90.18 Lakhs previous year, the profit after tax is 0.13 crores compared to the last year of Rs.1.63 Crores. This low profit was due to fall in turnover by 29% compared to last year on account of closure of week and game shows and comparatively low revenue from feature film. Further, during the year Bad Debts were written off to the tune of Rs.65 Lakhs.

The Company has not been able to maintain Revenue and could not achieve significant profits by its continued pursuit of cost control in the operation without compromises on quality and monitoring of the production expenses. "Kannamoochi Enada" Tamil film released this year incurred only losses. The Tamil TV Serial "Arase" was a Super Hit.

During the year, your company launched new program in Kannada Language "Lakshmi" and in Telugu Language "Ammaye Kaparam", both of them are performing well. Further, week end shows in Tamil Languages titled "Thiruvatar Thirumathi" was commenced and ended after telecast of 28 Episodes. Dubbed version of Arase was produced in Telugu and Malayalam as "Jhansi" to channel on a funded basis.

Outlook for the year 2007-08:

Your Company is very optimistic as regard the out look for the year 2008-09 in terms of profitability and revenues which will continue to grow along with the industry standards. The Company had a tie-up with SUN TV towards Production of Tamil Feature films and the shooting of first film titled "Pookadal Ravi" is expected to start during September 2008. "Jaggubal" by Mr.K.S.Ravikumar is expected to commence commercial Production during the month of August 2008, Mr.R.Sarathkumar and Ms.Shreya are playing main roles in the film.

During the Financial year 2008-09, your Company is confident of launching one more Prime time Teleserial in Sun TV.

Directors :

Mr.P.K.Raghukumar, Mr.Harsh Dalmia and Mr.R.Santhanam retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

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 \$ 146,968 (equivalent to Rs.60,22,931/-)

Foreign Outgo Earnings NIL

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.

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 2008, 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 2008

Proper and sufficient care 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.

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
28-06-2008

For RADAAN MEDIAWORKS (I) LIMITED
(Sd/-)
R.Radikaa
CHAIRPERSON AND MANAGING DIRECTOR

Industry Structure and Developments:

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, movie 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 700 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 100 TV Channels in the analogue mode. Fifty of these channels are free-to air and the balances 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 219 million television households which comprise only about 60 percent of the total households in the country. Of these 219 million television households about 50 million receive cable television services leading to a penetration of only about 42 percent cable TV households of total TV households and 25 percent cable TV household 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 8000 television production houses, more than 700 daily and 300 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 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 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.32.19 crores as against 45.37 crores in the previous year. Tele-serials and feature films are taken as separate segments and while Teleserials have resulted in a profit of Rs. 29.75 lakhs the Feature film resulted in a loss of Rs.6.30 lakhs as against Rs.248.42 lakhs and Rs.5.23 lakhs profit respectively in the previous year.

FINANCIALS AT A GLANCE:

The paid up equity share capital of the company as on 31-03-2008 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.16.03 crores as against Rs.15.90 crores in the previous year.

While Profit before tax decreases from Rs.2.54 Crores last year to Rs.0.23 Crores this year, Profit after tax also decreased from Rs.1.63 Crores last year to Rs.0.12 Crores this year. This was due to fall in turnover on account of closure of weekend game shows and low revenue from feature film apart from writing off of Bad debts to the tune of Rs.65 lakhs.

STRENGTHS:

Good Creative Team

The Company has in its fold a high profile creative team headed by Mrs.R.Radikaa, 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 from feature film aspect 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.

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.6000 crores, and is bound to grow at an average rate of 15-20% per annum. These 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 219 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 chalking out plans to enter national as well as international markets and already has started Sinhalese content production meant for Sri Lanka.

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.

Internal Controls and Their Adequacy

The Company has customized accounting packages and also has well established system in place 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	2007-08	2006-07	2005-06	2004-05
Turnover	3218.90	4536.63	3014.54	3122.19
Profit Before Interest, Finance Charges and Depreciation and after provision for Bad Debts	236.54	470.00	427.98	438.32
Interest and Finance Charges	80.84	85.79	59.18	70.35
Profit before Depreciation	155.70	384.22	368.80	367.97
Depreciation	132.25	130.57	131.31	116.58
Profit before Tax	23.44	253.65	237.49	251.22
Provision for Income Tax:				
Current Tax	20.00	34.00	25.00	50.00
Deferred Tax	(12.59)	52.39	22.53	26.00
Fringe Benefit Tax	3.24	3.79	4.01	-
Profit after Tax	12.80	163.47	185.95	175.22

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 2008, the company had 73 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.

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 in all material aspects.

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 5 are Non-Executive Directors and Independent directors are 5 in number. As the company has an Executive Chairperson & Managing Director viz Mrs.R.Radkaa, 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, and Mr.P.M.Venkatasubramanian. The composition of the Board and the category of Directors are as follows:

Category	Name of the Directors
Promoter/Executive Chairperson	R.Radkaa Chairperson & Managing Director
Executive Directors	R. Sarathkumar Director (Production)
	R.Santhanam Director (Finance)
Non-Executive/ Independent Directors	P.K.Raghukumar Harsh Dalmia M.K.Sinha S.Priyadarshan P.M.Venkatasubramanian

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:

Mr.P.K.Raghu Kumar, AICWA, ACS, CAIIB, aged 55 years, Director of the Company since Feb, 2003 and has almost three decades of Experience in various aspects in Banking. He has more than 15 years of Experience in Merchant Banking/ Investment Banking, Project financing & other diverse financial advisory services. He holds Directorship in Money Shoppe Network Ltd. He is the Chairman of the Audit Committee, and Member of the Shareholders' /Investors Grievance Committee and the Remuneration Committee of the company.

Mr. Harsh Dalmia, Director of the company since February 2003 aged 30 years has completed Bachelor of Arts in Communication studies from Babson College, Boston, Massachusetts. He is a founder member of young entrepreneur society in Mumbai. He is also a Director in Watermark Financial consultants Limited, Database Software Technology (P) Limited, Venkatesh Securities Limited and Surya pharmaceuticals Limited. He started his career in Marketing division after which he focused Management trainings and is also involved in identifying the financial, operational and strategic opportunities prevailing the company's corporate clients. He is the member of the Audit Committee of our company.

Mr.R.Santhanam, Director (Finance) since from January 2007, aged 61 years, is an Economic Graduate. He hailed from a respectable family and an Ex-Banker. He worked for 37 years in the Banking Industry and held several senior positions like regional head and General Manager etc. He has got necessary expertise in Financial and Investment portfolios. He has very rich experience in the matter of evaluation of Projects, Developing the financial systems of the Corporates, identifying the sources of Long term funds and short term funds with expertise knowledge and experience in the risk management.

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 entertainment industry as a whole including films music, broadcasting and television, and live events is estimated to be worth about Rs.20,000 crores of which the Television Industry is by far the largest being worth about Rs.15,000 Crores. Further the industry is estimated to provide employment to almost Six Million people and has a tremendous growth potential

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 1999.

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

(Rs. in Lakhs)	2005-06	2006-07	2007-08
Income from Serials	3014.54	4536.63	3218.90
PBT	237.49	253.65	23.44
PAT	185.95	163.47	12.79
Export Earnings	96.77	108.00	60.23

Foreign investment: FILs were holding 0.28 as on 31-03-08.

Non-executive Directors' shareholding as on 31-03-2008- Nil.

Board Meetings, Committee Meetings and Procedures:

- The company held Four meetings during the year by giving one-week notice to each of the Directors. These were on 25.04.2007, 30.07.2007, 30.10.2007, and 28.01.2008. These four Meetings were held at the end of each quarter as required under Clause 41 of the Listing Agreement. 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
- The Meetings were held at the Company's Registered office at No.10, Paul Appasamy Street, T.Nagar, Chennai-600 017.
- 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.
- 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.

- 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.
- 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 1956 and compliance with the provisions of the Listing Agreement.

Directors' Attendance Particulars and Directorships held:

Name of Director	Attendance Board Meetings (4)	Particulars Last AGM	Directorships In other Public Limited Companies Incorporated in India	Committee Memberships	Committee Chairmanships
Ms. R. Radkaa	4	Yes	-	-	-
Mr. P. K. Raghu Kumar	4	Yes	2	2	1
Mr. Harsh Dalmia	1	No	3	1	-
Mr.R.Sarathkumar	4	Yes	-	1	1
Dr.M.K.Sinha	3	Yes	5	2	1
Mr. S.Priyadarshan	2	No	-	1	-
Mr. P.M.Venkatasubramanian	3	Yes	4	3	4
Mr.R.Santhanam	4	Yes	-	-	-

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 of the Listing Agreement is also made available to the Board for discussion and consideration at Board Meetings. The Board of Radaan Mediaworks (I) Limited is routinely presented with information under the above heads whenever applicable and materially significant. 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.

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 2008. The Annual report contains a declaration to this effect signed by the CEO viz Chairperson and Managing Director.

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, Mr.R.Sarathkumar, Excutive Director with Mr.P.K.Raghukumar, as its Chairman. The Chairman was present at the Annual General Meeting held on 24th September 2007. 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. Minutes of each Audit Committee meeting are placed before, and discussed in the Board meetings.

During the year the Audit Committee has met 4 times on 24.04.2007, 30.07.2007, 30.10.2007 and 28.01.2008. 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, Chairman	4	4
Mr. Harsh Dalmia	4	1
Mr. P.M.Venkatasubramanian	4	3
Mr. R.Sarathkumar	4	4

Shareholders/Investors Grievance 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 an Executive Director, Mr.P.K.Raghukumar and Mr.P.M.Venkatasubramanian, independent directors. 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.

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 Three Directors: Dr.M.K.Sinha (Chairman), Mr.P.K.Raghukumar, and Mr.S.Priyadarshan all independent Directors and met once on 25th April 2007 during the year.

Radaan's remuneration policy is based on three tenets: pay for responsibility, pay for performance and potential, and pay for growth. The Company's remuneration 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 Wholtime 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 & Managing Director did not draw any remuneration by way of salary during the year.

Accordingly Mrs.R.Radikaa was paid Rs.1,25,30,000 during the year as fees for Artist cum Creative Head.

Mr.R.Sarathkumar, Executive Director was paid Rs.1,06,93,330/- during the year as Director Remuneration, Rent for Godown and as Artist payment for the Tamil feature film being produced by the company.

Mr.R.Santhanam, Executive Director was paid Rs.16,80,000/- during the year as Director Remuneration.

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 Board of Directors had revised the sitting fee for Board Meeting to Rs.10,000/- and for Audit Committee as Rs.5000/- . The sitting fees paid to the Non-executive Directors for 2007-08 are as detailed below:

Name of the Director	Sitting fees	Commission	Total
Mr.P.K.Raghukumar	56,000	-	56,000
Mr.Harsh Dalmia	15,000	-	15,000
Dr. M.K.Sinha	30,000	-	30,000
Mr.Priyadarshan	20,000	-	20,000
Mr.P.M.Venkatasubramanian	40,000	-	40,000

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.P.Krishnasamy, 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.. Nil outstanding complaints as on 31st March 2008 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 are attended to and processed at the office of our Registrar and Share Transfer Agent.

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(6 lines) 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
31.03.2005	27.09.2005	12.15PM	Guindy Lodge Madras Race Club, Guindy, Chennai.
31.03.2006	28.09.2006	12.15PM	Guindy Lodge Madras Race Club, Guindy, Chennai.
31.03.2007	24.09.2007	12.15.PM	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 where AGMs were held, no special resolution was passed in the years 2004-05 & 2006-07. In 2005-06 special resolution was passed for redesignating Mrs.R.Radikaa as Chairperson & Managing Director of the Company.

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 & Managing Director 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.R.Sarathkumar	Director-relative

Sl.No.	Nature of Transactions	Amounts
1.	Artist cum Creative Director payment -R.Radikaa	1,25,30,000/-
2.	Mr.R.Sarathkumar (Towards Directors' Remuneration, Rent for Godown and Artist payment for the feature Film.)	1,06,93,330/-

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.

GENERAL SHAREHOLDERS INFORMATION**ANNUAL GENERAL MEETING**

Date	Monday the 29 th September 2008
Time	10.00 A.M.
Venue	Guindy lodge, Madras Race club, Guindy Chennai
Date of Book Closure	22 nd September 2008 to 29 th September 2008
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 2008-09 were duly paid to the above stock exchanges).

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

30 th June, 2008	Last week of July 2008
30 th September 2008	Last week of October 2008
31 st December 2008	Last week of January 2009
31 st March 2009	Last week of April 2009

SHARE TRANSFER SYSTEM

The company's shares are traded in the Stock Exchanges compulsorily in demat mode. Shares in physical mode, which are lodged for transfer either with the company or with the share transfer agent are processed and subject to exercise of option under compulsory transfer cum-demat procedure, share certificates are either dematted or returned within the time prescribed by the authorities.

REPORT ON CORPORATE GOVERNANCE (Contd)
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 2007	5.45	4.00
May 2007	11.20	4.50
June 2007	9.40	7.20
July 2007	8.70	7.05
August 2007	8.30	6.50
September 2007	9.65	7.75
October 2007	8.40	6.75
November 2007	8.35	6.50
December 2007	12.10	7.30
January 2008	14.35	7.35
February 2008	8.60	7.00
March 2008	7.45	5.00

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2008

Share holdings	Share holder		Share Amount	
	Number	% of Total	In Rs	% of total
Upto 5000	11894	90.53	14294510	13.20
5001-10000	699	5.32	5496712	5.07
10001-20000	290	2.21	4614846	4.26
20001-30000	76	0.58	1859016	1.72
30001-40000	58	0.44	2116500	1.95
40001-50000	30	0.23	1404590	1.30
50001-100000	47	0.36	3371962	3.11
100001 and above	44	0.33	75164944	69.39
Total	13138	100.00	108323080	100

SHAREHOLDING PATTERN AS ON 31-03-2008

Category of Share Holder	No: of Holders	Total No. of Shares	Shares in DMAT	Total Shareholding as a Percentage of Total Number of Shares	
				As a % of (A+B)	As a % of (A+B+C)
A. SHARE HOLDING OF PROMOTER AND PROMOTER GROUP					
1. Indian					
a. Individuals / Hindu Undivided Family	1	27849790	27849790	51.4198	51.4198
b. Central Government/State Government(s)	0	0	0	0.0000	0.0000
c. Bodies Corporate	0	0	0	0.0000	0.0000
d. Financial Institutions/ Banks	0	0	0	0.0000	0.0000
e. Any Other	0	0	0	0.0000	0.0000
Sub-Total (A)(1)	1	27849790	27849790	51.4198	51.4198
2. FOREIGN					
a. Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0.0000	0.0000
b. Bodies Corporate	0	0	0	0.0000	0.0000
c. Institutions	0	0	0	0.0000	0.0000
d. Any Other	0	0	0	0.0000	0.0000
Sub-Total (A)(2)	0	0	0	0.0000	0.0000
Total Shareholding of Promoter And Promoter Group (A)=(A)(1)+(A)(2)	1	27849790	27849790	51.4198	51.4198

Category of Share Holder	No: of Holders	Total No. of Shares	Shares in DMAT	Total Shareholding as a Percentage of Total Number of Shares	
B. PUBLIC SHAREHOLDING					
1. Institutions					
a. Mutual Funds and UTI	0	0	0	0.0000	0.0000
b. Financial Institutions/Banks	1	7200	7200	0.0132	0.0132
c. Central Government/State Government(s)	0	0	0	0.0000	0.0000
d. Venture Capital Funds					
e. Insurance Companies	0	0	0	0.0000	0.0000
f. Foreign Institutional Investors	1	150000	0	0.2769	0.2769
g. Foreign Venture Capital Investors	0	0	0	0.0000	0.0000
h. Any Other	0	0	0	0.0000	0.0000
Sub-Total (B)(1)	2	157200	7200	0.2902	0.2902
2. Non-Institutions					
a. Bodies Corporate					
	444	8485208	8485208	15.6664	15.6664
b. Individuals-					
i. Individual Shareholders Holding Nominal Share Capital upto Rs. 1 Lakh					
	12413	13791744	13764674	25.4640	25.4640
ii. Individual Shareholders Holding Nominal Share Capital in Excess of Rs. 1 Lakh					
c. Any Other	17	2993526	2993526	5.5270	5.5270
Clearing Member	44	69651	69651	0.1285	0.1285
Hindu Undivided Families	178	623115	623115	1.1504	1.1504
Non-Resident Indians	39	168606	168606	0.3113	0.3113
Trust	2	22700	22700	0.0419	0.0419
	261	884072	884072	1.6322	1.6322
Sub-Total (B)(2)	13135	26154580	26127480	48.2896	48.2896
TOTAL PUBLIC SHAREHOLDING (B)=(B)(1)+(B)(2)					
	13137	26311750	26134680	48.5801	48.5801
TOTAL (A) + (B)					
	13138	54161540	53984470	100.0000	100.0000
C. Shares Held by Custodians and Against which depository Receipts have been issued					
	0	0	0	0.0000	0.0000
GRAND TOTAL	13138	54161540	53984470	100.0000	100.0000

Out of 26311750 equity shares of Rs. 2/- each held by persons other than Promoters 26134680 shares have been dematerialized as on 31st March 2008 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.

Changes in Demat Scenario:

SEBI has issued a circular dated 28th January 2005 rationalizing the fee structure for dematerialization 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.

AUDITOR'S 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, 2008 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
Memb. No. 11205

Place : Chennai
Date : 28.06.2008

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, 2008.

(Sd/-)
R. Radika
Chairperson & Managing Director

(Sd/-)
P. Krishnasamy
Company Secretary

Place Chennai
Date : 28.06.08

AUDITOR'S REPORT TO THE MEMBERS OF RADAAN MEDIA WORKS (I) LTD

We have audited the attached Balance Sheet of RADAAN MEDIAWORKS (I) Ltd. as at 31st March 2008 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 included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also included 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 paragraph 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 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 accounts 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 standard referred to in sub-section (3C) of section 211 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 2008 from being appointed as a director in terms of clause(g) of sub section(1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanation 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 2008, and
 - ii. In the case of Profit and Loss Account, of the profit for the year ended on that date.
 - iii. In the case of cash flow statement, of cash flows for the year ended on that date

FOR **CNGSN & ASSOCIATES**
Chartered Accountants

Place : Chennai
Date : 28.06.2008

(Sd/-)
C.N. Gangadaran
Partner
Memb.No. 11205

Annexure referred to in paragraph 3 of the report of even date of the Auditors to the members of RADAAN MEDIAWORKS (I) LIMITED on the accounts for the year ended 31st March 2008.

1. (a) The company is maintaining proper records, showing full particulars including quantitative details and situation of fixed assets.
- (b) The company has done a physical verification of its fixed assets during the year. However the reconciliation between the books and physical verification remains pending. However, the management feels that the discrepancies, if any, may not be material.
- (c) No substantial part of the fixed assets has been disposed off during the year and the going concern status of the company is not affected.
2. (a) Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stock and the book records were not material.
3. The company has neither taken nor given loans, during the year secured or unsecured from/to companies, firms 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 explanation 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 explanation 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 explanation given to us, the transaction 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 provision of section 58A and 58A.A 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 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. There are no undisputed taxes outstanding beyond 6 months.
- (b) There are no disputed taxes.
10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. On the basis of the 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 the 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 raised term loans and they have been applied for the purpose obtained.
17. According to the information and explanation given 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 of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4 (xvii) of the Companies (Auditor's Report) Order 2003 is not applicable.
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 given to us, no fraud on / by the company was noticed / reported during the year that causes the financial statements to be materially misstated.

Place : Chennai
Date : 28.06.2008

FOR CNGSN & ASSOCIATES
Chartered Accountants

sd/-
C.N.Gangadaram
Partner
Mem.No. 11205

FINANCIAL SECTION

PARTICULARS	SCH.		31.03.2008	31.03.2007
I. SOURCES OF FUNDS :				
1. SHAREHOLDERS FUNDS:				
Share Capital	A		108,323,080	108,323,080
Reserves & Surplus	B		160,279,252	158,999,613
2. LOAN FUNDS:				
Secured Loans	C		69,566,007	50,919,966
3. Deferred Tax Liabilities				
			18,713,823	19,973,029
			356,882,162	338,215,688
II. APPLICATION OF FUNDS:				
Fixed Assets				
Gross Block	D	148,125,277		142,979,550
Less: Depreciation		73,965,451		61,544,993
Net Block			74,159,826	81,434,557
Brand Equity		7,500,000		7,500,000
Less: Depreciation		6,002,055		5,252,055
Investments	E		1,497,945	2,247,945
			1,965,183	1,965,183
Current Assets, Loans & Advances				
Cash Balance On Hand	F		143,693	916,372
Balances with Current Account with Schedule Banks			10,013,534	12,071,556
Sundry Debtors			189,064,389	172,404,573
Inventories			6,357,952	6,504,742
Work In Progress			47,877,883	52,764,448
Teleserials Rights, Film Rights & Picture Productions			83,588,864	61,545,182
Loans & Advances			38,076,603	43,287,553
Prepaid Taxes (Net of Provisions.)			13,383,027	12,022,753
			368,505,745	361,517,190
Less: Current Liabilities & Provisions	G		89,246,533	108,949,178
Net Current Assets			279,259,212	252,568,002
			356,882,162	338,215,688

Place : Chennai
Date: 28-06-2008.

sd/-
R. Radikaa
Chairperson & Managing Director

sd/-
R.Santhanam
Director - Finance

sd/-
P.K Raghukumar
Director

sd/-
R.Sarathkumar
Director - Production

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

Chartered Accountants
sd/-
C.N. GANGADARAN
Partner
Membership No. 11205

sd/-
P. Krishnasamy
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008

PARTICULARS	SCH.	31.03.2008	31.03.2007
INCOME:			
Revenue from Teleserials / Telefilms	H	321,890,076	453,663,218
Other Income	I	7,863,412	2,021,767
Increase / (Decrease) in Work in Progress	J	(4,886,565)	(14,762,873)
Increase / (Decrease) in Stock		(146,790)	5,060,841
		324,720,133	445,982,953
EXPENDITURE:			
Expenses on Teleserials - Own Production	K	273,124,838	365,964,040
Employees Cost	L	5,834,151	7,607,734
Administrative Expenses	M	15,303,032	15,116,862
Selling & Marketing Expenses	N	303,968	293,824
		294,565,989	388,982,460
Profit Before Interest and Finance Charges, Doubtful Debts & Depreciation		30,154,144	57,000,493
Unrecoverable & Doubtful debts	O	6,500,000	10,000,000
Interest & Finance Charges	P	8,084,543	8,578,637
Profit Before Depreciation		15,569,601	38,421,856
Depreciation		13,225,307	13,056,581
Profit after Depreciation before Tax		2,344,294	25,365,275
Provision For Tax			
Current Tax		2,000,000	3,400,000
Deferred Tax		(1,259,206)	5,239,079
FBT		323,859	379,254
Profit After Tax		1,279,640	16,346,942
Balance brought forward from last year		83,633,979	67,287,037
Balance transferred to Balance Sheet		84,913,619	83,633,979

Place : Chennai
Date: 28-06-2008.

sd/-
R. Radikaa
Chairperson & Managing Director

sd/-
R.Santhanam
Director - Finance

sd/-
P.K Raghu Kumar
Director

sd/-
R.Sarathkumar
Director - Production

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

sd/-
C.N. GANGADARAN
Partner
Membership No. 11205

sd/-
P. Krishnasamy
Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2008

PARTICULARS	AS AT 31-03-2008	AS AT 31-03-2007
A. SHARE CAPITAL:		
Authorized 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	106,458,080
Subscribed & Paid-up Capital		
5,41,61,540 Equity Shares of Rs. 2/- each	108,323,080	108,323,080
Of the Above:		
1. 5,873,890 Shares of Rs. 10 each (Since subdivided) allotted for consideration other than cash as fully Paid-up		
2. 619,898 equity shares of Rs.10 each (Since Subdivided) allotted as fully Paid-up Bonus Shares by way of Capitalisation of Profits and 1700 equity shares of Rs.10 each (Since subdivided) forfeited.		
	108,323,080	108,323,080
B. RESERVES & SURPLUS:		
Security Premium - on Equity Shares	75,365,634	75,365,634
TOTAL (A)	75,365,634	75,365,634
Profit & Loss Account		
Opening Balance	83,633,978	67,287,037
Add : Net profit for the year	1,279,640	16,346,942
TOTAL (B)	84,913,618	83,633,979
TOTAL (A + B)	160,279,252	158,999,613
C. SECURED LOANS:		
Indian Overseas Bank		
Cash Credit Account	61,255,971	33,141,310
(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 director & Pledge of Shares held and also guaranteed by the Chairperson and Managing Director of the company).		
Term Loan - Indian Overseas Bank		
Film Loan - For producing Tamil feature film		8,345,737
Term Loan - For purchase of equipments & Construction	5,171,232	4,903,042
(Secured against first charge of assets and negative rights acquired under this Term Loan)		
	3,138,804	4,529,877
Hire Purchase Loans		
(Secured by the Hypothecation of movable assets Covered under the respective Hypothecation Agreements)		
	69,566,007	50,919,966

D. FIXED ASSETS SCHEDULE UNDER THE COMPANIES ACT, 1956

Particulars	Rate	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As on 01.04.2007	Additions	Deletions	As on 31.03.2008	As on 01.04.2007	For the Period	Deletions	As on 31.03.2008	As on 31.03.2008	As on 31.03.2007
Software Library	10%	83,720,000	-	-	83,720,000	36,615,978	8,372,000	-	46,987,978	36,732,022	45,104,022
Leasehold Rights & Improvements		8,957,067	1,956,420	-	10,925,487	1,905,249	724,071	-	2,630,320	8,295,167	7,000,816
Furniture	6.33%	2,301,249	-	-	2,301,249	796,594	145,669	-	942,263	1,359,986	1,504,655
Vehicles	9.50%	8,869,355	-	-	8,869,355	2,142,846	853,989	-	2,996,835	5,992,520	6,846,509
Office Equipments	4.75%	2,148,361	34,704	103,600	2,079,465	711,816	112,208	9,074	815,000	1,264,465	1,436,545
Studio Equipments	7.07%	24,839,562	4,364,531	434,720	28,758,373	8,312,077	1,961,481	45,775	10,227,783	16,531,590	16,527,485
Airconditioner	4.75%	606,664	-	-	606,664	85,953	28,522	-	114,875	494,009	522,931
Generator	4.75%	619,413	-	-	619,413	46,634	29,422	-	76,056	643,359	572,781
Stabilizer & UPS	4.75%	834,281	-	-	834,281	267,777	39,628	-	307,405	526,876	565,504
Computer	25.00%	9,062,328	225,440	-	9,287,768	8,659,069	207,867	-	8,866,936	420,832	403,259
Capital work in progress		889,050	-	889,050	-	-	-	-	-	-	889,050
GRAND TOTAL		142,979,552	6,573,095	1,427,370	148,125,277	61,544,993	12,475,307	64,849	73,965,451	74,199,826	81,434,559

PARTICULARS	AS AT 31-03-2008	AS AT 31-03-2007
E. INVESTMENTS:		
600 Equity Shares of Rs.10/- each in Andhra Bank Limited at cost (Quoted)	6,000	6,000
429757 Equity shares of Rs.10/- each (SLR) in Radaan Talent Factory (Private) Limited (Joint Venture investment in Sri Lanka)	1,959,183	1,959,183
	1,965,183	1,965,183
F. CURRENT ASSETS, LOANS & ADVANCES :		
Cash On Hand	143,693	916,372
Balances in Current Account with Schedule Banks	10,013,534	12,071,556
Sundry Debtors - Debts outstanding for a period exceeding 6 months - Other Debts	103,206,140	104,105,052
	85,858,249	66,299,521
Inventories	6,357,952	6,504,742
Work in Progress	47,877,883	52,764,448
Teleserials Rights, Film Rights & Picture Productions	63,588,864	61,545,182
Loans & Advances (Unsecured and considered good) (To be received in cash or in kind or for value to be received)	38,076,603	43,287,553
Prepaid Taxes (Net of Provisions)	13,383,027	12,022,753
	368,505,745	361,517,179
G. CURRENT LIABILITIES & PROVISIONS :		
Sundry Creditors for Trade & Expenses	67,898,829	100,172,452
Sundry Creditors - Others	21,347,704	8,776,726
	89,246,533	108,949,178

PARTICULARS	AS AT 31-03-2008	AS AT 31-03-2007
H. TELESERIAL REVENUE:	321,890,076	453,663,218
Income from Teleserials / Films / Event Shows		
I. OTHER INCOME		
Miscellaneous Income	7,824,171	1,824,103
Interest Received	21,829	197,664
Profit on Exchange Fluctuation	17,412	-
	7,863,412	2,021,767
J. INCREASE / (DECREASE) IN WIP		
Opening Work in Progress	52,764,449	67,527,322
Closing Work in Progress	47,877,884	52,764,449
	(4,886,565)	(14,762,873)
K. DIRECT EXPENSES:		
A. TELESERIAL - OWN PRODUCTION		
Payments to Artists	33,032,830	30,186,844
Payments to Dubbing Artists	4,069,235	4,090,030
Payments to Art & Camera Director & Asst and Others	2,488,373	8,148,316
Telecast Charges	154,193,624	160,120,766
Prize Money	-	25,831,684
Art & Set Properties Rent	1,983,476	2,390,740
Payments to Technicians	32,817,341	40,301,624
Production Expenses	10,289,744	12,276,656
Hire Charges	591,204	2,226,357
Tiling & Effect Charges	329,181	390,550
Wages & Batta	7,062,001	10,016,231
Costumes & Makeup	1,970,802	2,899,856
Copy Rights	-	2,000,000
Lighting & Generator Hire Charges	6,757,920	18,392,349
Camera Hire & Maintenance Charges	1,633,227	11,382,339
Music Composing & Recording Exp	2,068,600	1,863,250
Other Project Expenses	4,487,831	6,884,182
Vehicles Maintenance & Hire Charges	3,883,175	5,331,562
Cassettes & Negatives	1,859,793	6,836,809
Location & Auditorium Rent	5,944,539	6,618,706
Catering	4,603,735	5,940,958
Event Show Expenses	1,150,000	4,271,127
Print Cost - Film	3,587,274	5,465,882
Amorisation of Tele Serial rights	32,318,772	24,939,464
Total (A)	317,112,677	398,806,282
Prod exp of Marathi, Malayalam & Kannada tele serials - Total (B)	15,151,378	4,802,500

SCHEDULES TO PROFIT & LOSS ACCOUNT

PARTICULARS	AS AT 31-03-2008	AS AT 31-03-2007
C. FEATURE FILM EXPENSES		
Amortisation of Film Expenses / Film Expenses - Total (C)	4,863,068	11,279,466
Total (A)+(B)+(C)	337,127,113	414,888,248
Less : Amortisation of Teleserial Expenses	24,639,055	37,649,000
Less: Amortisation of Film Expenses / Film Expenses	13,263,220	11,275,208
Less: Film Expenses reimbursed	26,100,000	-
	273,124,838	365,964,040
L. EMPLOYEES COST:		
Salaries including cont. to PF & ESI	5,319,279	6,859,630
Staff Welfare	514,872	748,104
	5,834,151	7,607,734
M. ADMINISTRATIVE EXPENSES		
Directors Remuneration	2,680,000	280,000
Insurance Charges	143,553	327,718
Loss on exchange variation	913,751	448,134
Loss on Sale of Fixed Assets	349,371	61,276
Other Administrative Charges	1,487,106	1,667,892
Pooja Exp.	198,316	200,166
Postage, Telephone charges	1,674,248	2,843,797
Printing & Stationery	446,631	584,887
Professional & Consultancy Charges	1,145,264	1,456,310
Remuneration to Auditor's	350,000	435,000
Listing fees	132,261	131,516
Rent, Rates & Taxes	2,448,976	3,076,164
Repairs & Maintenance	1,035,066	1,183,908
Traveling & Conveyance	1,054,948	1,864,326
Vehicle Maintenance	1,043,541	555,768
	15,303,032	15,116,862
N. SELLING & MARKETING EXP		
Business Promotion	111,466	183,610
Advertisement Expenses	192,502	110,214
	303,968	293,824
O. UNRECOVERABLE & DOUBTFUL DEBTS		
Opening Balance	-	3,000,000
Add : Provision made during the year	6,500,000	10,000,000
	6,500,000	13,000,000
Less : Written off during the year	6,500,000	13,000,000
Closing Balance	-	-
P. INTEREST & FINANCE CHARGES		
Interest & Finance Charges	9,239,021	8,141,013
Bank Charges	168,559	441,882
	9,407,580	8,582,895
Less : Film expenses	1,323,037	4,258
	8,084,543	8,578,637

SCHEDULES FORMING PART OF THE ACCOUNTS
Q: Significant Accounting Policies & Notes on Accounts

NOTES ON ACCOUNTS ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2008 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, brand equity 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 Computer, depreciation is provided on Straight Line Method at the rate of 25%.

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 remaining 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.

Cost of film production:

In the case of exploitation rights assigned on an Outright / Minimum Guarantee basis:

- Entire expenditure incurred for production of the film is charged to the profit & loss account.

In the case of exploitation rights held for own release or assigned on distribution basis or with a combination of outright, minimum guarantee and distribution basis:

- Expenditure incurred for the production of the film is charged to profit & loss account equally over the period of 3 financial years commencing from the date of release of the film(s).

d. Inventories / Value of Unsold FCT'S :

Stock of empty cassettes, value of unsold free commercial time banked and undistributed prize money in the form of gold of the game show are 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 telecast, Revenue is recognized on the telecast of the concerned Tele-serial.

In case of Overseas telecast, Revenue is recognized at the point, when the tapes are delivered.

Film

In the case of outright / minimum guarantee assignment:

- Income is recognized on accrual basis as per terms of agreement entered into for release / exploitation.

In the case of own exploitation / Distribution assignment:

- Income is recognized on receipt basis during the period of receipt.

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 gain / loss is recognized / written off in the Profit & Loss Account.

g. Investments

The Investment made in joint venture - Radaan Talent Factory Private Ltd is accounted & shown as investment in accordance with AS-13 - Accounting for Investments, as significant influence and joint control do not exist during the financial year.

h. Leave Encashment:

Unearned leave of the employees are calculated at the end of each financial year and such liability is provided during the same accounting period.

i. Retirement Benefits:

In accordance with AS - 15, Accounting for retirement benefits in the financial statements of employers, issued by the Institute of Chartered Accountants of India, company has provided the liability in respect of gratuity of employees of the Company as per Actuarial Valuation report.

j. Earnings Per Share :

The Company reports Basic and Diluted Earnings per Share (EPS) in accordance with Accounting Standard 20 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, if any) during the accounting period.

k. 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.

l. Impairment of Assets

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

m. Contingent Liabilities & Provisions :

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

II. NOTES ON ACCOUNTS

- The Company had 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. 200 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 out of the remaining deposit the sum of Rs.117.50 lacs was discharged in the form of cash and the balance of Rs.7.50 lacs is still remains unpaid. The registration formalities in respect of lease agreements are yet to be completed.
- The cost of Episodes of Tele-Serials / 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 and the same is valued at cost.
- There are no outstanding dues to small-scale industries.
- Managerial Remuneration:

Particulars of Directors Remuneration:

Sl.No	Name	Designation	2007-08	2006-07
1	R.Santhanam	Director - Finance	16,80,000	-
2	R.Sarath Kumar	Director - Productions	12,00,000	-
3	Raju Ratha*	Director - Personnel	-	2,80,000

* Since resigned.

The overall managerial remuneration is within maximum ceiling limit laid down pursuant to section 198,269,309 & 310 read with schedule XIII, Part II, Section II of the Companies Act, 1956.

- The sum of Rs.65 lacs provided during the FY 2007-08 towards unrecoverable and doubtful debts have been written off in full during this year.
- The Company is looking into carrying cost aspect of some of its current assets. On the basis of the outcome, Company shall decide the future course of action accordingly.
- 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 31-03-2008	Year Ended 31-03-2007
1.	Segment Revenue	3176.57	3992.46
	a)Tele-serial / Game show	42.33	544.17
	b)Feature Film	3216.90	4536.63
	Total	3218.90	4536.63
	Net Sales / Income from operations		
2.	Segment Results		
	Profit / (Loss) - before tax from each segment	29.75	248.42
	a) Tele-serial / Game show	(6.30)	5.23
	b) Feature Film	23.45	253.65
	Total Profit before Tax		
3.	Capital Employed (Segment Assets - Segment Liabilities)	2519.42	2491.17
	a) Tele-serial / Game show	166.60	182.07
	b) Feature Film	2686.02	2673.24
	Total		

8. 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 & Managing Director - Holder of more than 50% of paid-up Capital

Sl.No	Name of the Person	Nature of Relationship	Amount (Rs.)	Particulars
1	R.Radikaa	Chairperson & Managing director	1,07,30,000	Artist Cum Creative Head and advance payment in the professional capacity.
			18,00,000	Office - Lease Rent

- 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 (Rs.)	Particulars
1	R. Sarthkumar	Director	12,00,000	Directors' Remuneration
			20,000	Rent-Godown
			94,73,330	Artist payment - Feature Film

9. Earnings per Equity Share

Sl.No	Particulars	2007-08	2006-07
1	Profit of the year (Rs.)	12,79,640	1,63,46,942
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	.02	.30

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

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

Sl.No	Particulars	31.03.2008	31.03.2007
1	Depreciation on Fixed Assets	1,56,44,831	1,75,98,616
2	Amortization of Tele-Serial Cost	(2,35,924)	23,74,412
3	Amortization of Feature Film cost	33,04,915	—
4	Sub – Total	1,87,13,822	1,99,73,028
5	Less: Opening Deferred Tax Liability	1,99,73,028	1,47,33,950
6	Net Deferred Tax Liability provided for / (reversed)	(12,59,206)	52,39,079

11. Contingent Liabilities not provided for :

Sl.No	Particulars	31.03.2008	31.03.2007
1	Estimated amount of contracts remaining to be executed on Capital Accounts	Nil	Nil
2	a. Claims against the company not acknowledged as debts	Nil	Nil

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

Sl.No.	Particulars	31.03.2008	31.03.2007
1	Audit Fee	3,50,000	3,50,000
2	Tax Audit	85,000	85,000

13. Licensed and Installed capacity	-	Not Applicable	
14. Earnings in Foreign Currency	-	US \$ 146,968 Equivalent to Rs.60,22,931	US \$237,144 Equivalent to Rs.1,08,00,515
Expenditure in Foreign Currency	-	US \$ 9,573 Equivalent to Rs. 3,77,345	Nil

15. The Confirmation of Balances of Debtors & Creditors is yet to be received in some case.
 16. Figures of Previous year have been re-grouped and re-classified, wherever necessary to conform to those of the current year.
 17. Figures have been rounded off to the nearest rupee.

 Place : Chennai
 Date: 28-06-2008.

 sd/-
 R. Radikaa
 Chairperson & Managing Director

 sd/-
 P.K Raghur Kumar
 Director

 sd/-
 R.Santhanam
 Director - Finance

 sd/-
 R.Sarathkumar
 Director - Production

For CNGSN & ASSOCIATES
 Chartered Accountants
 sd/-
(C.N.GANGADARAN)

 Partner
 Membership No. 11205

 sd/-
 P. Krishnasamy
 Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008
 Pursuant to Clause 32 of the Listing Agreement

	Rupees 2007-2008		Rupees 2006-2007	
A. CASH FLOW FROM OPERATING ACTIVITIES:		2,344,294		25,365,275
Profit before Tax	6,084,543		8,578,637	
Add: Finance Charges	13,225,307		13,056,581	
Depreciation	349,371		61,276	
Loss on Sale of Fixed Assets		21,659,221		21,696,494
		24,003,515		47,061,769
Less: Interest Received	21,829		197,664	
Dividend Received			575,688	
		21,829		773,352
Operating Profit before Working Capital Changes (Increase) / Decrease in Work In Progress (Increase) / Decrease in Sundry Debtors (Increase) / Decrease in Loans & Advances increase / (Decrease) in Current Liabilities	4,886,565 (16,659,816) 146,016 (19,702,645)	23,981,686	14,762,874 (44,677,322) (24,079,187) 50,169,608	46,286,417 (3,824,027)
Fringe Benefit Tax	(7,540,226)		323,859	
Cash Generated from Operating Activities (A)	(7,864,085)		(7,864,085)	42,085,136
B. CASH FLOW FROM INVESTING ACTIVITIES				
Cash Outflow				
Purchase of Fixed Assets	5,684,045		5,619,016	
Cash Inflow				
Sales of Fixed Assets	134,100		963,000	
Interest Received	21,829		197,664	
Dividend Received		(5,528,116)	575,688	(3,882,666)
Net Cash from Investing Activities (B)				
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase / (Decrease) in Share Capital	20,037,114		(31,929,007)	
Increase / (Decrease) in Bank Borrowings	(1,391,073)		(1,791,207)	
Increase / (Decrease) in Other Secured Loans	(8,084,543)		(8,578,637)	
Finance Charges		10,561,498		(42,298,851)
Net Cash from Financing Activities (C)				
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		(2,830,701)		(4,096,361)
Cash & Cash Equivalents at the beginning of the year		12,987,928		17,084,308
Cash & Cash Equivalents at the end of the year		10,157,227		12,987,928
Net Increase / (Decrease) in Cash & Cash equivalents		(2,830,701)		(4,096,361)

Note:

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

 Place : Chennai
 Date: 28-06-2008.

 sd/-
 R. Radikaa
 Chairperson & Managing Director

 sd/-
 P.K Raghur Kumar
 Director

 sd/-
 R.Santhanam
 Director - Finance

 sd/-
 R.Sarathkumar
 Director - Production

For CNGSN & ASSOCIATES
 Chartered Accountants
 sd/-
(C.N.GANGADARAN)
 Partner
 Membership No. 11205

 sd/-
 P. Krishnasamy
 Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

I. Registration Details

Registration No.	4 3 1 6 3	State Code	0 1 8
Balance Sheet Date	3 1 0 3 2 0 0 8		

II. Capital raised during the year (Amount in Thousand of Rupees)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Thousand of Rupees)

Total Liabilities	3 5 6 8 8 2 . 1 6	Total Assets	3 5 6 8 8 2 . 1 6
Source of Funds		Reserves & Surplus	1 6 0 2 7 9 . 2 6
Paid-up Capital	1 0 8 3 2 3 . 0 8	Unsecured Loans	* * * N I L * * *
Secured Loans	* 6 9 5 6 6 . 0 0		
Deferred Tax Liability	* 1 8 7 1 3 . 8 2		

Application of Funds

Net Fixed Assets	* 7 5 6 5 7 . 7 7	Investments	* * 1 9 6 5 . 1 8
Net Current Assets	2 7 9 2 5 9 . 2 1	Misc. Expenditure	* * * N I L * * *
Accumulated Losses	* * * N I L * * *		

Performance of Company (Amount in Thousand of Rupees)

Turnover	3 2 9 7 5 3 . 4 9	Total Expenditure	3 2 7 4 0 9 . 1 9
Profit / (Loss) before Tax	* * 2 3 4 4 . 2 9	Profit / (Loss) after Tax	* 1 2 7 9 . 6 4
Earning per share in Rs	. 0 2	Dividend	* * * N I L * * *

Generic Names of Principal Products of Company

Items Code No.	Not Applicable
Product Description	Media & Entertainment