

## 13th Annual Report 2011 - 2012







## CORPORATE INFORMATION

### BOARD OF DIRECTOR

**R. RADIKAA SARATHKUMAR**  
Chairperson & Managing Director

**R. SARATHKUMAR**  
Director - Operations

**A. KRISHNAMOORTHY**  
Director

**J. KRISHNA PRASAD**  
Director

**V. SELVARAJ**  
Director

**V MURALI RAAMAN**  
Chief Executive Officer

**M KAVIRIMANI**  
Chief Financial Officer

**K C SAHU**  
Company Secretary

**SUBHAA VENKAT**  
Chief Operating Officer - Creative

**B SHAKTHIVEL**  
Chief Operating Officer - Production & Marketing

### 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

### STATUTORY AUDITORS :

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

### INTERNAL AUDITORS :

A J Deora & Associates  
Chartered Accountants  
SF-6, IInd Floor, 'Golden Enclave'  
No. 275/184, Poonamallee High Road,  
Chennai - 600 010.

### LEGAL ADVISOR :

Harishankar Mani  
Advocate  
New No. 115, First Floor,  
Luz Chruuch 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 : cameo@cameoindia.com

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## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Thirteenth Annual General Meeting of the company will be held on Monday, the 17<sup>th</sup> September 2012 at 10.00 a.m. at Madras Race Club, Guindy, Chennai - 600 032 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2012, Profit & Loss Statement for the year ended 31<sup>st</sup> March 2012 together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Mr.R Sarathkumar, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of Mr.A Krishnamoorthy, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors for the period from conclusion of the Annual General Meeting to conclusion of next Annual General Meeting and decide their remuneration. The retiring auditors M/s.CNGSN & Associates, Chartered Accountants are eligible for re-appointment.

### SPECIAL BUSINESS:

5. RE-APPOINTMENT OF MRS. R RADIKAA SARATHKUMAR AS CHAIRPERSON & MANAGING DIRECTOR

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

RESOLVED THAT in accordance with provisions of Section 269 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions and subject to approval of Central Government or any other authority, as may be required, consent of the company be and is hereby granted for reappointment of Mrs.R Radikaa Sarathkumar as Chairperson & Managing Director for further period from 18<sup>th</sup> September 2012 to 31<sup>st</sup> March 2016.

6. PROFESSIONAL FEES TO BE PAID TO MRS.R RADIKAA SARATHKUMAR

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

RESOLVED THAT pursuant to Sec.309 and other applicable provisions of the companies Act 1956, and subject to approval of Central Government or any other authority, as may be required, consent of the company be and is hereby granted for payment of professional fees to Mrs.R.Radikaa Sarathkumar at such rates as may be agreed from time to time for Creative Direction and Acting in television programs, tele-films, feature films or other programs produced by the company subject however to a combined maximum limit of Rs 2,50,00,000/- (Rupees Two Crores Fifty Lacs only) per annum during the financial years 2013-14, 2014-15 and 2015-16.

RESOLVED FURTHER THAT the Board of Directors (Board) be and are hereby authorized to decide, vary, alter, increase, modify or otherwise decide the manner of fixing the fees to be paid to Mrs.R Radikaa Sarathkumar within the said overall limit, in such manner as may be agreed to between the Board and Mr.R Radikaa Sarathkumar.

7. RE-APPOINTMENT OF MR. R SARATHKUMAR AS WHOLE-TIME DIRECTOR

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

RESOLVED THAT in compliance with provisions of section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable legal provisions and subject to approval of Central Government or any other authority, as may be required, consent of the company be and is hereby granted for reappointment of Mr.R Sarathkumar as Whole-time Director of the company for further period of three (3) years with effect from 1<sup>st</sup> April 2013 at an all inclusive monthly gross remuneration of Rs 1,75,000/- ( Rupees One Lac Seventy Five Thousand only ) to hold the office as Director – Operations or such other designation as may be thought proper.

RESOLVED FURTHER THAT the Board of Directors (Board) be and are hereby authorized to alter and vary the terms and conditions of the appointment, including the manner of fixing various components of remuneration within the overall limit, in such manner as may be agreed to between the Board and Mr.R Sarathkumar.

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year, the remuneration shall be paid as minimum remuneration under Schedule XIII of the Companies Act, 1956.

Date: 14<sup>th</sup> August 2012  
Registered office:  
10,Paul Appasamy Street  
T.Nagar  
Chennai-600 017

By Order of the Board  
For Radaan Mediaworks India Limited

-sd-

KANHU CHARAN SAHU  
Company Secretary

#### NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY AND THE POWER OF ATTORNEY OR OTHER AUTHORITY, IF ANY, UNDER WHICH IT IS SIGNED OR A NOTARY CERTIFIED COPY OF THAT POWER OF AUTHORITY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING.**
2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business as set out in the notice is annexed hereto.
3. The Register of Members and the Share Transfer books of the company will remain closed from 14<sup>th</sup> September 2012 to 17<sup>th</sup> September 2012 (both days inclusive).
4. 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.
5. 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.
6. 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.
7. 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 Registrars and Transfer Agents M/s. Cameo Corporate Services Limited, Chennai- 600 002 and to the Depository Participants in case the shares are held in electronic form.
8. 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.

9. Details of directors seeking appointment/ re-appointment at the forthcoming annual General Meeting (pursuant to Clause 49 of the Listing Agreement) are provided below.

Name of the Director	Mr. A Krishnamoorthy	Mr.R Sarathkumar	Mrs.R Radikaa Sarathkumar
DIN	00386122	00238601	00238371
Date of Birth	17-10-1944	14-07-1954	21-08-1962
Date of appointment on Board	12-08-2010	29-01-2005	18-10-2002
Qualification	M.A. (Public Administration), MBA (Finance & Personnel Management)	B.Sc. (Mathematics)	Degree in Home Science
Expertise	Finance and Business Management	Media and Entertainment Activities	Media and Entertainment Activities
List of Directorships held in other companies	<ol style="list-style-type: none"> <li>1. Sri Kavery Medical Care Trichi Limited, India</li> <li>2. Cethar Limited, India</li> <li>3. GSP Infratech Limited, India</li> <li>4. KMC Specilality Hospitals India Limited, India</li> <li>5. Cethar Constructions Limited, India</li> <li>6. Cethar Electricals Limited, India</li> <li>7. Auro Mira Energy Company Private Limited, India</li> </ol>	<ol style="list-style-type: none"> <li>1. Celebrity Cricket League Private Limited, India</li> </ol>	<ol style="list-style-type: none"> <li>1. Red Apple Media (Private) Limited, Sri Lanka</li> </ol>
Shareholding in the company	NIL	NIL	2,78,49,790
Relationship with other directors	NIL	Spouse of Mrs.R Radikaa Sarathkumar	Spouse of Mr.R Sarathkumar

## **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 14th August 2012 and shall be taken as forming part of the Notice.

#### **Item No.5 & 6:**

Mrs.R.Radikaa Sarathkumar, one of the promoter directors, is an accomplished business personality and a role model in the industry, having the right blend of managerial talent, rich experience in acting and creative ability in conceptualizing, strategizing, directing and implementing successfully various entertainment related projects right from inception. Her current tenure as Chairperson & Managing Director of the company expires on 17th September 2012. Considering the industry knowledge and vast experience she possesses, the Board of Directors at their meeting held on 14th August 2012 have approved her reappointment for the period from 18th September 2012 to 31st March 2016.

Mrs.R Radikaa Sarathkumar is not being paid any remuneration as Chairperson & Managing Director. However, she receives only professional fees for creative direction and acting in programs produced by the company at agreed prices. Shareholders' approval was obtained for payment of such professional fees not exceeding Rs.2 Crore per annum upto financial year 2012-13. During the financial year 2011-12 she has been paid total professional fees of Rs.1,63,75,000/- (Rupees one crore sixty three lakh seventy five thousand only)

The Board of Directors at their meeting held on 14<sup>th</sup> August 2012, with recommendation of the Remuneration Committee, had approved for payment of professional fees not exceeding Rs. 2,50,00,000/- (Rupees Two Crores Fifty Lacs only) per annum.

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

The resolutions in Item No.5 and 6 of the notice are recommended for approval of the members.

None of the Directors of the Company except Mrs.R.Radikaa Sarathkumar, the appointee/ payee and Mr.R Sarathkumar being her relative, is interested or concerned in the resolution.

#### **Item No.7:**

Current tenure of Mr.R Sarathkumar as a whole-time director ends on 31st March 2013. He is holding the office of Director – Operations at an all inclusive monthly gross remuneration of Rs.1,75,000/- (Rupees one lakh seventy-five thousand only). The Board of Directors at their meeting held on 14th August 2012 with recommendation of the Remuneration Committee, had approved his reappointment for further period of three years at the same remuneration.

However in case of loss or inadequacy of profits the remuneration shall be restricted to the amount based on effective capital of the company as specified in the Schedule XIII of the Companies Act, 1956.

The details as required under proviso (iv) to Clause B of Part II of Schedule XIII to the Companies Act, 1956 are given here-in-below:

### **I. GENERAL INFORMATION**

- |   |   |
|---|---|
| (1) Nature of Industry                                  | : Media / Entertainment Software Production                     |
| (2) Date of commencement of commercial Production       | : The company is in existence and operation since 1999          |
| (3) Financial performance based on given indicators     | : As per financial statements forming part of the Annual Report |
| (4) Export performance and net foreign currency earning | : Rs.59,49,134  |
| (5) Foreign Investment or collaboration                 | : NIL   |

## II. INFORMATION ABOUT THE DIRECTOR

- (1) Background details:  
Mr.R Sarathkumar, aged about 57 years, is a Bachelor of Science in Mathematics. He has selected Acting as his profession and has acted in more than 100 films. Throughout his career, he has remained a very popular and leading cine actor. He is one of the most experienced personalities in the industry. He is the Honorary President of the South Indian Artistes Association. He has earlier been a Hon'ble Member of Parliament. Recently he has been elected to the Tamil Nadu Legislative Assembly for the term 2011-16.
- (2) Past Remuneration:  
The company was paying Rs.1,75,000/- per month inclusive of all perquisites and allowances
- (3) Recognition or awards:  
Mr.R Sarathkumar has won several recognitions and awards for acting and for his contribution to the industry
- (4) Remuneration proposed:  
The company proposes to pay remuneration of Rs.1,75,000/- (Rupees One lac Seventy Five Thousands only) per month inclusive of all perquisites and allowances
- (5) Job profile and his suitability:  
Mr.R Sarathkumar is involved in the operations management of the company. With rich experience in the industry, he is felt suitable for the job.
- (6) Comparative remuneration profile:  
The proposed remuneration is in line with industry standard and commensurate with the size of the company.
- (7) Pecuniary relationship:  
Mr.R Sarathkumar receives professional fees separately for acting in projects belonging to the company. However he has not received any professional fees during financial year ended 31st March 2012 and at present he is not acting in any of projects produced by the company.
- (8) Relationship with managerial Personnel, if any:  
Husband of Mrs.R Radikaa Sarathkumar, Chairperson & Managing Director

## III OTHER INFORMATION

- (1) Reasons of loss or inadequate profit:  
Insufficient revenues.
- (2) Steps taken or proposed to be taken for improvement:  
The management is taking steps to improve overall business volume and profitability. Towards this the management focuses on long term business models and emerging opportunities in media sector.
- (3) Expected increase in productivity and profits in measurable terms:  
It is difficult to quantify the increase in measurable terms. However the macro level expectations are discussed in Management Discussion and Analysis.

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

The resolution in Item No.7 of the notice is recommended for approval of the members.

None of the Directors of the Company except Mr.R Sarathkumar, the appointee and Mrs.R.Radikaa Sarathkumar being his relative, is interested or concerned in the resolution.

Date: 14th August 2012  
Registered office:  
10,Paul Appasamy Street  
T.Nagar  
Chennai-600 017

By Order of the Board  
For Radaan Mediaworks India Limited

-sd-

KANHU CHARAN SAHU  
Company Secretary



## DIRECTORS' REPORT

### Dear Shareholders,

The Directors have pleasure to present their report on the business and operations of your Company for the year ended March 31, 2012.

### Financial Performance:

A summary of financial performances during the year is given below, detail analysis is included in the Management Discussion and Analysis.

(Rs. in Lacs)

Particulars	2011-12	2010-11
Revenue from Tele serials/films	3990.87	3312.79
Other income	21.88	6.73
Operating expenses	3630.32	3046.42
Finance cost	66.48	41.01
Profit/ (Loss) before Tax	165.10	96.96
Tax expenses	(3.93)	(31.60)
Net Profit/ (Loss)	169.03	128.56

### Dividends:

No dividend is recommended for the financial year ended 31st March 2012, in view of previous year losses.

### Public Deposits:

The company has not accepted any fixed deposit from public during the year under review.

### Directors:

In accordance with provisions of Companies Act, 1956 and Articles of Association of the company Mr.A Krishnamoorthy and Mr.R Sarathkumar retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Composition of the board of directors and committees thereof, including the audit committee are discussed in detail in the Corporate Governance Report.

### Corporate Governance:

Pursuant to clause 49 of the Listing agreement with the Stock exchanges, the following have been made part of the Annual Report.

- Management discussion and analysis
- Corporate Governance Report
- Certificate from the Auditors regarding compliance of conditions of Corporate Governance.
- Declaration on compliance with Code of Conduct
- Certificate of the Managing Director and the Chief Financial Officer on the financial statements

### 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 reappointment of M/s CNGSN & Associates as Statutory Auditors.

M/s CNGSN & Associates, Statutory Auditors submitted their report for the Financial Year 2011-12 which, including all remarks there in, is self explanatory.

#### **Reconciliation of Share Capital Audit:**

A qualified practicing Company Secretary carries out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The Reconciliation of Share Capital Audit Report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

#### **Directors' Responsibility Statement:**

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

- 1) In preparing the annual accounts for the year ended 31st March 2012, all the applicable accounting standards have been followed.
- 2) Accounting policies were adopted and applied consistently, judgments and estimates were made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 31st March 2012.
- 3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- 4) The Annual accounts have been prepared on a 'going concern' basis.

#### **Particulars of Employees**

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

#### **Information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988.**

(A) Conservation of Energy

The company being in media and entertainment industry, it's operations are not energy intensive. However, the company takes adequate measures to save energy by installing energy efficient electrical and electronic equipments.

(B) Research and Development

The company has not carried out any specific research activity during the year under review. However, as part of regular ongoing business it explores ideas in creating contents in entertainment.

(C) Technology absorption, adaptation and innovation

The company continues to take prudent measures in respect of technology absorption.

(D) Foreign exchange earnings and outgo

The company regularly supplies television contents to overseas broadcasting channels. During the year a live event was also conducted in London. Details of foreign currency earned and used during the year are provided below:

	<b>Year ended 31-03-2012</b>	<b>Year ended 31-03-2011</b>
Foreign Exchange Earnings	US\$ 1,94,094 £ 1,49,159 aggregating equivalent to Rs.2,24,08,625/-	US\$ 2,84,764 equivalent to Rs.1,29,97,570/-
Expenditure in foreign currency	US\$ 48,480 £ 1,81,606 aggregating equivalent to Rs.1,64,59,491/-	US\$ 57,787 RM 8000 aggregating equivalent to Rs.26,95,804/-

### Appreciation

The Directors are thankful to the members, customers, vendors, broadcasting channels, marketing agencies, bankers for their confidence and continued support extended to the company. The directors are grateful to the Central and State Governments, Securities and Exchange Board of India, Reserve Bank of India, Registrar of Companies and other Government/ Regulatory Authorities for their continued cooperation.

The Directors would like to express their sincere thanks to the Film Producers Council, Distributors Associations, Actors, Actresses, Sponsors and various other agencies associated with film and television industry and millions of viewers and place on record the support extended by them.

The Directors also place on record their appreciation to all the employees for their commendable contribution at various levels.

By order of the Board of Directors  
For Radaan Mediaworks India Limited

-sd-

Chennai  
14<sup>th</sup> August 2012

R Radikaa Sarathkumar  
Chairperson & Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS

Members and Investors are cautioned that the Management Discussion and Analysis Report presented herein below 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. The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

### INDUSTRY STRUCTURE AND DEVELOPMENTS :

In 2011, the Indian Media & Entertainment (M&E) Industry had shown a mixed result across different subsectors and registered a growth of 12 percent over 2010, to reach Rs 728 billion, says the FICCI-KPMG report. The growth trajectory is backed by strong consumption in Tier 2 and 3 cities, continued growth of regional media, and fast increasing new media business.

While television continues to be the dominant medium, sectors such as animation & VFX, digital advertising, and gaming are fast increasing their share in the overall pie. The radio industry is still awaiting the successful execution of phase III in order to expand its footprint and improve its share of overall media spends. Print, while witnessing a decline in growth rate, will continue to be the second largest medium in the Indian M&E industry. Also, the film industry had a reason to cheer, with multiple movies crossing the Rs 100 crore mark in theatrical collections, and Rs 30 crore mark in C&S rights.

Advertising spends across all media accounted for Rs 300 billion in 2011, contributing to 41 percent of the overall M&E industry's revenues. Advertising revenues witnessed a growth of 13 percent in 2011, as against 17 percent observed in 2010 due to the slow down observed in the second half of the year. Print media accounted for Rs 139 billion, TV was Rs 116 billion, Radio was Rs 11.5 billion, OOH media was Rs17.8 and digital advertising was Rs15.4 billion.

As per the FICCI-KPMG report, overall the industry is expected to register a Compounded Annual Growth Rate (CAGR) of 15 percent to touch Rs 1,457 billion by 2016 and a subsector wise analysis is reproduced here below:

#### TV:

- Total number of television households in India is 146 million with a TV penetration of approximately 60 percent, expected to grow to 70 percent by 2016.
- India has 623 TV channels and is the third largest TV market after USA and China.
- Cable and Satellite (C&S) penetration of television households is close to 80 percent.
- TV is the largest medium for media delivery in India in terms of revenue with 45% of total media industry.
- Overall the TV industry was estimated to be Rs 329 billion in 2011 and is expected to reach Rs 735 billion by 2016.

#### Print:

- There are about 82,000 newspapers that have a readership of around 181 million.
- Newspaper advertisement volumes increased from 238 million column centimetres of ad space in 2010 to 280 million 2011.
- The industry saw a 22% increase in number of advertisers
- The print revenues came from the newspaper publishing sector in 2011 was 94 percent as compared to 92 percent in 2007.
- Newspaper industry is estimated to be worth Rs 197 billion in 2011 while magazine industry is Rs13 billion.
- Hindi continues to be the key language market with five out of top 10 dailies published in Hindi.

#### Films:

- Size of the Indian film industry is estimated to be Rs 93 billion in 2011, growing 11.5 percent from the previous year and is expected to be worth Rs 150 billion by 2016.

- Despite being only 15 percent of total screens in India, multiplex accounted for a third of total box office collections in 2011.
- Total number of multiplex screens is expected to double by 2016, becoming over 2200 screens.
- The single screen market continues to lose revenue share to multiplexes in the film exhibition space.

#### Radio:

- Radio industry grew at 15% to reach Rs11.5 billion compared to 10 billion in 2010.
- Ad rates in metro increased by 7-10 percent while for smaller cities it increased 15-18 percent.
- Though the Indian Readership Survey (IRS) states that the listenership for radio declined in 2010-11, the industry believes that with 40% of mobile phones in the country having in built FM radio and car sales going up, 30% of radio listenership happening out of home and thus the drop in listenership unlikely.
- Radio's share in the advertising pie has grown from 3.8 in 2010 to 4 percent in 2011.

#### New Media:

- Advertising in new media continued to grow over 40 percent last year garnering revenue of 15.4 billion in 2011.
- Digital ad spent made for 5 percent of total media and entertainment industry advertising revenue.
- Total number of internet connections was estimated to be around 88 million and is expected to grow to over 400 million by 2016, a year by which wireless connection is expected to make for 90% of all internet connection.
- Number of broadband wire-line connections is expected to grow 25% annually from 14 million today to 43 million by 2016.
- In 2011 there were 10 million internet enabled smart phones in the country a number expected to grow much higher with yearly shipment of smart phones expected to reach 301 million by 2015, taking installed internet enabled smart phones to 264 million by 2016.

#### COMPANY OVERVIEW:

##### Content production:

Content producers rank first in the industry value chain. For more than a decade we are committed to entertain the people with powerful stories that connect to them. We produce television contents to be telecasted through various broadcasting channels. Thrust has been to lay strong roadmaps to strengthen fiction space keeping in a longer horizon of the show and also to a wider audience as compared to a non-fiction which is seasonal or an activity run. However, we will look to continue entertaining the audiences with all the genres of programming - looking at doing a balancing act between fiction and nonfiction. During the year we had produced about 700 hours of television content in different south Indian languages.

TV programs during 2011-12:

Program name and language	Channel	Days of telecast
Chellamay, Tamil*	SUN TV	Monday – Friday
Elavarasi, Tamil*	SUN TV	Monday – Friday
Thanga Mazhai, Tamil	SUN TV	Saturday – Sunday
Shiva Shankari, Tamil*	SUN TV	Saturday
Chittamma, Telugu*	GEMINI TV	Monday – Friday
Aaradhana, Telugu	GEMINI TV	Monday – Friday
No.23, Mahalakshmi Nivasam, Telugu	GEMINI TV	Monday – Friday
Swati, Telugu*	GEMINI TV	Monday – Friday
Chikkamma, Kannada*	UDAYA TV	Monday – Friday
Rudra Veena, Malayalam	SURYA TV	Monday – Friday

\* currently running



## **Stage shows and events:**

### **Vanakkam London**

The last Tamil star night program organized by us in London was way back in 2001. The city of London was longing for another such event. It was therefore only appropriate that we conceive and produce another such event, even more, bigger and grand. Aptly titled "Vanakkam London", the event was held on 25th September, 2011. It was a grand star studded event bringing with it more stars, glitz, glamour and splendor. We made sure that we leverage technology to make the event even more special. The usage of LED on stage was fabulous and London Tamils were simply awestruck with the state of the art technology that was dished out combined with the class, style and the brilliant performances by stars.

### **Celebrity Cricket League (CCL)**

We are co-promoter of the "Celebrity Cricket League", a T20 Cricket Tournament among teams of film stars from different language.

First season of the league was played in June 2011 among four teams from Tamil Nadu, Andhra Pradesh, Karanataka and Bollywood film industry. The first season was a grand success in brand building for CCL. Given the success story, two more teams from Kerala and Bengal film industry were joined for second season. Further investments were received at a substantial higher valuation.

Second season of the league, held during January/ February 2012 was super success. It had achieved the highest TV rating of 5.5 as per TAM Media Research Report, even more than the international cricket matches. The TRP ratings had soared high at Tamil Nadu and Andhra Pradesh regions. The reason for high TRP rating is glamour and sport coming together. The stars playing cricket, which has evolved for a new name – Cricketainment, has worked wonders.

## **Film Distribution:**

We have distributed two Tamil films of Sun Pictures, "Mankatha" in the month of August 2011, followed by "Vedi" in September 2011, there are many films to come in the future. Our strategy is to capture a good chunk of the market share, and create a predominant space in distribution. We have also plans of directly to get into exhibition. Currently we are appointing sub distributors to exhibit the films, we have plan of approaching the theatres in the City area to exhibit the films to be distributed by us.

## **Professional Training of Actors:**

We have measured the gaps in professional training of actors in the region. The company in tie-up with Anupam Kher's Actor Prepares has setup a school in Chennai to give the upcoming artistes an opportunity to get formally trained as actors. Our task at the school is of identifying, training and grooming raw talent into a breed of disciplined actors for the next generation. The training we impart ensures that when the students step out into the world as performing artists, they are well equipped to face the challenges of any medium, be it stage, television or film.

## **Content Repurposing is a boon:**

Traditionally TV content is aired in predefined timeslots on Television within a limited period. Repurposing can be done through the conventional television media or through emerging media like smart phones, internet access through desktops and laptops, 3G/4G enabled handheld devices etc. The final aim of repurposing is to make the content available in such a way that it would be able to reach the right audience at the time and through the medium of their choice. This is also an additional revenue source.

Most of our content can be repurposed based on conditions like content relevance, customer demography, customer preferences and push methods available to reach the customer. We are tying up with content aggregators / distributors in new media platforms for deployment of old contents.

## **FINANCIALS:**

### Share Capital

Share capital of the company has not undergone any change during the year. As on 31st March 2012 paid-up share capital was Rs 10,83,23,080/- comprising of 5,41,61,540 equity shares of Rs 2/- each.

### Reserves and surplus

Reserves and surplus as on 31st March 2012 was Rs 5,10,19,828/- , after adjustment of accumulated losses from previous years Rs 2,43,45,806 with the Securities Premium Rs 7,53,65,634/-

### Secured Loans

Secured loans were increased from Rs 3,34,69,294/- as on 31st March 2011 to Rs 5,26,86,174/- as on 31st March 2012, comprising of Long Term Borrowings Rs13,72,380/- and Short Term Borrowings Rs 5,13,13,794/-

### Deferred Tax Liabilities

Net deferred tax liability as on 31st March 2012 was Rs 74,71,570/- as against Rs 81,77,852/- as on 31st March 2011.

### Other long term liabilities

Other long term liabilities, comprising of advances received from marketing agencies and gratuity, leave encashment obligations were reduced from Rs 4,33,54,192/- as on 31st March 2011 to Rs 3,95,44,415 as on 31st March 2012

### Trade payables

Trade payables were reduced from Rs 1,44,60,325/- as on 31st March 2011 to Rs 1,13,90,590/- as on 31st March 2012

### Other current liabilities

Other current liabilities were reduced from Rs 3,35,47,018 as on 31st March 2011 to Rs 3,18,78,899/- as on 31st March 2012

### Fixed Assets

Gross value of fixed assets as on 31st March 2012 was Rs 17,18,35,891/- as compared to Rs 16,68,07,460/- as on 31st March 2011. After charging depreciation Rs1,50,84,532/- to the profit and loss account for the year, the net fixed assets were Rs 4,19,83,851/- at the year end.

### Investments

During the year, entire shareholding in Radaan Talent Factory Private Limited, Sri Lanka was disposed off at profit. The company had subscribed 2,50,000 equity shares of Rs10/- each in Celebrity Cricket League Private Limited at face value. As on 31st March 2012 the non-current investments were Rs 75,06,000/- against Rs 69,65,183/- as on 31st March 2011.

### Long term loans and advances

Total long term loans and advances as on 31st March 2012 were Rs 5,93,44,150 against Rs 4,94,02,370/- as on 31st March 2011

### Other non-current assets

Other non-current assets were increased from Rs 6,06,58,855/- as on 31st March 2011 to Rs 7,68,15,533/- as on 31st March 2012.

### Current Assets

As far as current assets concerned, inventories were decreased from Rs 1,75,69,850/- to Rs 85,81,542/-, trade receivables were increased from Rs 5,08,67,473/- to Rs 7,29,28,507/- , cash and cash equivalents were reduced from Rs 1,51,86,748/- to Rs 89,73,891/- , short term loans and advances were increased from Rs 11,89,995 to Rs.46,42,728 and other current assets were Rs 2,15,68,362/- without any change as on 31st March 2012 as compared to 31st March 2011.

### Revenues

Total revenue for the year at Rs 40,12,74,847/- has recorded a year on year growth of 21per cent as compared to 15 per cent for the previous year.

### Expenses

The operating expenses for the year was Rs 36,30,32,041/- as compared to Rs 30,46,42,083 for the previous year, thereby increased at 19 per cent.

The finance cost has increased from Rs 41,01,141/- to Rs 66,48,249/- a growth at 62 per cent. Depreciations for the year was Rs 1,50,84,532/- as compared to Rs 1,35,12,889 for the previous year.

**Profitability**

At an EBIDTA margin of 9.5 per cent the company had earned Rs 3,82,42,806/- during the year as compared to Rs 2,73,10,531 at EBIDTA margin of 8.2 per cent in previous year.

The profit before tax has recorded a growth of 70 percent from Rs 96,96,501/- in previous year to Rs 1,65,10,025/- during the year.

The net profit margin has also increased from 3.87 percent to 4.21 percent and the profit after tax was Rs 1,69,02,803/- during the year.

EPS for the year was Rs 0.31 as compared to Rs 0.24 in previous year.

**INTERNAL CONTROL SYSTEM**

There is a strong internal control culture in the company. Highest standard of internal control is ensured by regular audit by the Internal Auditors. The principal aim of internal control system is the management of business risks, with a view to enhance the value of shareholders’ wealth and safeguarding assets. A reasonable assurance against material misstatement or loss is being obtained through it. The significant observations made in internal audit reports on internal control deficiencies, if any, and the status on implementation of recommended remedial measures, are presented and reviewed by the Audit Committee of the Board.

**HUMAN RESOURCES**

The company fosters a performance oriented work culture and offers amongst the best opportunities in the industry for professional as well as personal growth of it’s employees. Over the years the company has built up a strong human resource structure. The company has qualified and experienced team of professionals in Creative, Production, Marketing, Finance, Legal & Secretarial, HR & Administration etc.

**INFRASTRUCTURE**

Radaan has own post production facilities to serve it’s projects. These facilities comprise of 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, MAC, JVC, Steinberg, Protocols 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.

**SCOT ANALYSIS**

<p><b>Strengths :</b></p> <ul style="list-style-type: none"> <li>a. Good HR, among others highly talented Creative Team</li> <li>b. State of the art infrastructure</li> <li>c. Successful Track Record in Tele-serials</li> <li>d. Brand Value</li> <li>e. Fully integrated operations</li> </ul>	<p><b>Challenges :</b></p> <ul style="list-style-type: none"> <li>a. Controlling cost of production</li> <li>b. Augmentation of customer base</li> <li>c. Dependence on limited people for creative content</li> <li>d. Retention of talent</li> </ul>
<p><b>Threats:</b></p> <ul style="list-style-type: none"> <li>a. Non-availability of adequate skilled Technicians</li> <li>b. Low entry barriers</li> <li>c. Changing tastes of the viewers / audience</li> <li>d. Changing government policies</li> <li>e. Piracy</li> <li>f. Not fully reliable viewership rating agencies</li> </ul>	<p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>a. Growing no of channels</li> <li>b. Increased no of TV households / viewers</li> <li>c. Improved technology thereby increased access</li> <li>d. Increasing Indian Diaspora across the world</li> <li>e. Interest for exchange of culture between countries</li> </ul>

## RISKS AND CONCERNS

***The Company faces risks relating to increasing competition for entertainment time and discretionary spending of consumers, which has intensified in part due to technological developments and changes in consumer behaviour.*** The Company's businesses compete with each other and all other sources of entertainment, news and other information, including television, films, the Internet, home video products, videogames, social networking sites, sports, print media, live events and radio broadcasts, for consumers' leisure and entertainment time and discretionary spending. Technological developments, such as tablets and other portable electronic devices, video-on-demand, new video formats and Internet-delivered content, have increased the number of media and entertainment choices available to consumers and intensified the challenges posed by audience fragmentation. The increasing number of entertainment choices available to consumers, including low-cost or free choices, new technologies that allow consumers to make and store digital copies of programming and the increasing availability of programming online, could negatively affect consumer demand for the Company's content and products, the prices content aggregators are willing to pay to license the Company's content and advertising rates and demand, which could reduce the Company's revenues and could also result in the Company incurring additional marketing expenses.

***The popularity of the Company's content is difficult to predict, can change rapidly and could lead to fluctuations in the Company's revenues, and low public acceptance of the Company's content may adversely affect its results of operations.*** The production and distribution of entertainment content are inherently risky businesses, largely because the revenues derived from the production, distribution and sale or licensing of such content depend primarily on public acceptance, which is difficult to predict. The popularity of the Company's content depends on many factors, only some of which are within the Company's control. Examples include the quality and public acceptance of competing content available or released at or near the same time, the availability of alternative forms of entertainment activities, the adequacy of efforts to combat piracy, the Company's ability to maintain or develop strong brand awareness and target key audience demographics, the number and success of third-party retail promotional partnerships, and the Company's ability to anticipate and adapt to changes in consumer tastes and behaviour on a timely basis. If the Company is not able to create and distribute content that is popular with consumers and attractive to advertisers and affiliates, the Company's revenues and its results of operations could be adversely affected.

***The Company is exposed to risks associated with weak global economic conditions.*** The Company may be adversely affected by weak global economic conditions. Factors that impact global economic conditions include the level of household formation, the rate of unemployment, the level of consumer confidence and changes in consumer spending habits. The Company also faces risks associated with the impact of weak global economic conditions on third parties, such as advertisers, suppliers, marketing agencies, theatre operators and other parties with which it does business.

***A decline in advertising expenditures or changes in advertising market conditions or other factors that adversely impact advertising could cause the Company's revenues and operating results to decline.*** The Company derives substantial revenues from the sale of advertising spots, and a decrease in advertising expenditures overall or reduced demand for the Company's offerings could lead to a reduction. Expenditures by advertisers tend to be cyclical, reflecting general economic conditions, as well as budgeting and buying patterns. If the economic prospects of advertisers worsen, it could alter current or prospective advertisers' spending priorities. For example, corporate marketing cutbacks due to weak economic conditions could result in upfront advertising purchases being cancelled. Declines in consumer spending due to weak economic conditions could also indirectly negatively impact the Company's advertising revenues by causing downward pricing pressure on advertising because advertisers may not perceive as much value from advertising if consumers are purchasing fewer of their products or services. Advertising sales and rates are also dependent upon audience size, and advertisers' willingness to purchase advertising spots from the Company may be adversely affected by a decline in audience ratings, which may also dependant on audience measurement methodologies. The results of audience measurement techniques used by ratings firms can vary for a variety of reasons, including changes related to the statistical methods employed and new methods of viewing programming, which could have an adverse effect on the Company's advertising revenues.

***Piracy of the Company's content may decrease the revenues received from the exploitation of its content and adversely affect its businesses and profitability.*** The piracy of the Company's content, products and other intellectual property in India and internationally poses significant challenges for the Company's businesses. Technological developments have made it easier to create, transmit and distribute high quality unauthorized copies of content in unprotected digital formats, which has in turn encouraged the creation of highly scalable businesses that

facilitate, and in many instances financially benefit from, such piracy. The proliferation of unauthorized copies and piracy of the Company's content, products and intellectual property could result in a reduction of the revenues that the Company receives from the legitimate sale, licensing and distribution of its content and products. Piracy is particularly prevalent in many parts of the world that lack effective copyright and technical legal protections or enforcement measures, and illegitimate operators based in these parts of the world can attract users from anywhere in the world. The Company devotes substantial efforts to protecting its content, products and intellectual property, but there can be no assurance that the Company's efforts to enforce its rights and combat piracy will be successful.

***The Company may be in the future, subject to claims of intellectual property infringement, which could have an adverse impact on the Company's businesses or operating results.*** Successful challenges to the Company's intellectual property could require the Company to enter into royalty or licensing agreements on unfavourable terms, incur substantial monetary liability or be enjoined preliminarily or permanently from further use of the intellectual property in question. This could require the Company to change its business practices and limit its ability to compete effectively. If the Company is required to take any of these actions, it could have an adverse impact on the Company's businesses or operating results. Even if the Company believes that the claims of intellectual property infringement are without merit, defending against the claims can be time consuming and costly and divert management's attention and resources away from its businesses.

***The Company's businesses are subject to vast of rules and regulations, which could cause the Company to incur additional costs or liabilities or disrupt its business practices.*** The Company's businesses are subject to a variety of laws and regulations. The Company could incur substantial costs to comply with new laws, regulations or policies or substantial penalties or other liabilities if it fails to comply with them. Compliance with new laws, regulations or policies also could cause the Company to change or limit its business practices in a manner that is adverse to its businesses. In addition, if there are changes in laws that provide protections that the Company relies on in conducting its business, it would subject the Company to greater risk of liability and could increase its costs of compliance.

## OUTLOOK

Regional television continued its strong growth trajectory owing to growth in incomes and consumption in the regional markets. National advertisers are looking at these markets as the next consumption hubs and the local advertisers are learning the benefits of marketing their products aggressively. With changing media consumption habits and preference for niche contents, there is a need to engage the evolving consumers across platforms and experiences, and therefore for integration and innovation across traditional and new media. Media companies today have no choice but to provide more touch points to engage with audiences. Apart from the shifts in consumer preferences, company strategies and business models, one big change awaited for the next growth wave is the implementation of recently enacted and regulations on digitisation for cable, implementation of Phase III for Radio and the roll out of 4G. These shifts are expected to be game changers in terms of how business is being done currently and what could be the path going forward.



## REPORT ON CORPORATE GOVERNANCE

### INTRODUCTION

Corporate Governance sets out the framework and process by which institutions, through their board of directors and senior management, regulate their business activities. These principles balance safe and sound business operations while complying with relevant laws and regulations. Your Board is committed to applying and maintaining high standards of corporate governance to safeguard and promote the interests of the shareholders and to enhance the long term value of the company. To this end, it 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 is in the continued pursuit of strengthening its governance practices and the company's compliance with the code is given below:

### 1. BOARD OF DIRECTORS

#### a) Composition and other directorships of the board members

The Board consists of optimum combination of executive and nonexecutive/ independent directors. Present strength of the board is Five (5) members. More than 50% of the board members are nonexecutive/ independent directors. All directors including the nonexecutive directors are suitably qualified, experienced and competent.

Composition of the Board of Directors during financial year ended 31st March 2012:

Name and designation	Category	No of directorships held in other Companies#	No of committee positions held in other companies##	
			Member	Chairman
Mrs.R.Radikaa Sarathkumar, Chairperson & Managing Director	Executive Director	--	--	--
Mr. R Sarathkumar, Director –Operations	Executive Director	--	--	--
Mr.P K Raghukumar, § Director	Non-executive Independent Director	2	--	--
Mr.Arunachalam Krishnamoorthy, Director	Non-executive Independent Director	6	--	6
Mr.J Krishna Prasad, Director	Non-executive Independent Director	--	--	--
Mr.V Selvaraj, * Director	Non-executive Independent Director	3	--	1
Mr.P M Venkatasubramanian, ** Director	Non-executive Independent Director	NA	NA	NA
Dr.M K Sinha, ** Director	Non-executive Independent Director	NA	NA	NA

§ Ceased to be a director with effect from 13th August 2012.

\* Appointed with effect from 7th September 2011

\*\* Ceased to be a director with effect from 7th September 2011

# Directorships in Private Companies, Foreign Companies and Not for Profit Companies are excluded for this purpose.

## For this purpose Audit Committee, Shareholders / Investors' Grievance Committee and Remuneration Committee are considered.

None of the directors are related to any other director, except Mr.R Sarathkumar and Mrs.R Radikaa Sarathkumar being spouse.

### **Mrs.R Radikaa Sarathkumar**

Mrs.R Radikaa Sarathkumar is holding degree in Home Science. She has remained well reputed actor throughout her career spanning more than three decades. She is one of the select few who have made both film and television careers very successful. She has acted in more than 300 films and a number of prime time television serials. She has won many awards including National Award, Film Fare Awards, Tamil Nadu State Award, Malaysian Film Association Award, for acting and contribution to the industry. She is also, as creative head of the company, taking care of entire pre-production work like selection of story, concept, artistes and other related matters.

### **Mr.R Sarathkumar**

Mr.R Sarathkumar, aged about 58 years, is a Bachelor of Science in Mathematics. He has selected Acting as his profession and has acted in more than 100 films. Throughout his career, he has remained a very popular and leading cine actor. He is one of the most experienced personalities in the industry. He has won several awards, notable among them Tamil Nadu State Government Award for Best Actor, M.G.R. Award, Film Fare Awards, Cinema Express Awards, Kalaimamani Awards and several others. He is involved in operational management of the company. He is Honorary President of the South Indian Artistes Association. He has earlier been a Hon'ble Member of Parliament. Recently he has been elected to the Tamil Nadu Legislative Assembly for the term 2011-16.

### **Mr.Arunachalam Krishnamoorthy**

Mr.Arunachalam Krishnamoorthy is an M.A (Public Administration) and M.B.A with specialization in Financial and Personnel Management. He is also an Associate Member of Indian Institute of Bankers. In his four decades of Banking experience, he held several territorial and functional senior posts. His wide experience and knowledge in Banking, enabled him to land his expertise as member of various Advisory Committees of Indian Banks Association, Reserve Bank of India etc. He has to his credit a lot of innovations like introducing credit card as a payment system and steering the activities of Self-Help Groups through Micro Finance. He has widely travelled and participated and presented papers at several International and National Seminars.

### **Mr.J Krishna Prasad**

Mr.J Krishna Prasad is a Chartered Accountant by qualification with nearly 30 years of corporate experience. Has held various senior positions and the last two stints were as CFO of the organization. He is well experienced in all facets of the business function. He has taken up management consulting providing CFO/CEO and Board advisory services for emerging companies and CEO mentoring is his passion. He has held membership in various Expert Committees of the Madras Chamber of Commerce and Industry.

### **Mr.V Selvaraj**

After having obtained the degree of Master of Arts in Economics from Loyola College, Chennai, Mr.V Selvaraj joined the Indian Administrative Service in 1964. During his career in Government, he held very important positions such as the Chairman of Madras Port Trust and later as the Secretary of the Industries Department in Tamil Nadu. He has been spending his retired life as a Business Consultant rendering Corporate Services and also serving as Director in the Board of Organisations.

### **b) Functioning of the Board and attendance by directors at meetings**

The chairperson is responsible for Boards' effectiveness and conduct as well as having overall responsibility of operation, organisational effectiveness, formulation of strategies and implementation of policies and decisions. The non executive independent directors play a pivotal role in corporate accountability and provide unbiased and independent views and judgement to the Board's deliberation and decision making process. They ensure that the matters and issues brought up to the Board are fully discussed and examined, taking into account the interest of all stakeholders.

Your Board has full and unrestricted access to all information pertaining to the businesses and affairs of the company as well as services of the Company Secretary to enable them to discharge their duties effectively. The Company

Secretary also ensures that the Board is supplied with all necessary information in a reliable and timely manner and acts as communication link between the Board, the Committees and the senior management. The Board may also seek external independent professional advice at the company's expense.

The Board meets at least every quarter and on other occasions as and when necessary. Officers in senior management and external advisors are also invited to the board and committees meetings to provide necessary information on relevant agenda. The agenda papers normally get circulated prior to the meeting. The Company Secretary attends all board and committee meetings and ensures that proceedings of the meetings and resolutions passed thereat are properly recorded. Minutes of the meetings are circulated among the directors and committee members to provide an opportunity to clarify or raise comments on the minutes prior to confirmation.

During the financial year four (4) board meetings were held on 30th May 2011, 26th July 2011, 14th November 2011 and 14th February 2012.

Directors' attendance:

Name	Last AGM	No of board meetings
Ms. R. Radikaa Sarathkumar	Yes	4
Mr.R.Sarathkumar	No	1
Mr. P. K. Raghu Kumar	No	NIL
Mr. P.M. Venkatasubramanian	Yes	2
Dr.M.K.Sinha	No	1
Mr.A Krishnamurthy	Yes	4
Mr.J Krishna Prasad	Yes	4
Mr.V Selvaraj	N.A.	1

### c) 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. Board members and senior management staff have confirmed compliance with the code for the year ended 31st March 2012. The Annual report contains a declaration to this effect signed by the Chairperson & Managing Director.

### d) Insider Trading

In terms of SEBI (Prohibition of Insider Trading) Regulations, 1992, the company has framed a code of conduct.

## 2. BOARD COMMITTEES

To ensure the effective discharge of its fiduciary duties, the Board has delegated specific responsibilities to the following committees. The committees deliberate in greater detail and examine the issues within their terms of reference as set out by the Board and make the necessary recommendations to the Board which retains full responsibility.

### a) Audit Committee

The Audit Committee provides direction to the audit and risk management function in the Company and monitors the quality of internal audit. The responsibilities of the Audit Committee include overseeing the financial reporting process to ensure proper disclosure of financial statements, recommending appointment / removal of statutory auditors and fixing their remuneration, reviewing the annual financial statements before submission to the Board, reviewing adequacy of internal control systems, recommending appointment and remuneration of internal auditors, reviewing findings in the internal audit report, discussing the scope of audit with auditors.

At present the committee comprises of four (4) directors. All the members of the Audit committee are financially literate, and the Chairman is equipped with sound knowledge in financial management and accounting.

During the financial year the Audit Committee has met four (4) times, on 30th May 2011, 26th July 2011, 14th November 2011 and 14th February 2012. Minutes of each Audit Committee meeting were placed before the board and discussed. The Chief Financial Officer and representatives of Internal Auditors and Statutory Auditors were also invited to the meetings. Company Secretary acts as secretary to the committee.

Composition and attendance:

Name	Designation	No of meetings attended
Mr.A Krishnamoorthy	Chairman	4
Mr.P K Raghukumar <sup>§</sup>	Member	NIL
Mr.P M Venkatasubramanian*	Member	2
Dr.M K Sinha*	Member	1
Mr.R Sarathkumar	Member	1
Mr.J Krishnaprasad**	Member	2
Mr.V Selvaraj <sup>#</sup>	Member	NIL

\* Ceased to be member with effect from 7th September 2011

\*\* Inducted to the committee at the board meeting held on 26th July 2011

§ Ceased to be member with effect from 13th August 2012

# Inducted to the committee at the board meeting held on 14th August 2012

The chairman of the audit committee was present at the last Annual General Meeting.

#### b) Shareholders/Investors Grievances committee

The Shareholders/Investors Grievance Committee specifically looks into redressing of Shareholders and investors' complaints. The Committee also oversees the performance of the Registrars and Transfer agents and recommends measures for overall improvement in the quality of investor services.

At present the committee comprises of three (3) directors. Chairman of the committee is a nonexecutive independent director. During the year the committee has met twice, on 30th May 2011 and 26th July 2011.

Composition and attendance:

Name	Designation	No of meetings attended
Mr.P K Raghukumar <sup>§</sup>	Chairman	NIL
Mr.P M Venkatasubramanian*	Member	2
Mr.R Sarathkumar	Member	1
Mr.J Krishnaprasad**	Member	1
Mr.V Selvaraj <sup>#</sup>	Member	NIL

\* Ceased to be member with effect from 7th September 2011

\*\* Inducted to the committee at the board meeting held on 26th July 2011

§ Ceased to be member with effect from 13th August 2012

# Inducted to the committee at the board meeting held on 14th August 2012

The committee has reviewed redressal of shareholders grievances upto 31st March 2011 and expressed satisfaction. As on closure of the year under report, no complaint was pending.

Name, Designation and address of Compliance Officer:

Mr. Kanhu Charan Sahu  
 Company Secretary & Compliance Officer  
 No.10, Paul Appasamy Street,  
 T Nagar, Chennai –17  
 Phone – 04428345032;  
 Fax – 04428345031  
 Email for investor grievances – investors@radaan.tv

**c) Remuneration Committee:**

The committee is entrusted with the role and responsible of reviewing and recommending compensation packages for executive directors. At present the committee comprises of three (3) nonexecutive independent directors. During the year the committee has met twice on 14th November 2011 and 14th February 2012.

Composition and attendance:

Name	Designation	No of meetings attended
Mr.A Krishnamoorthy **	Chairman	2
Mr.P K Raghukumar §	Member	NIL
Mr.J Krishnaprasad@	Member	2
Dr.M K Sinha*	Member	NA
Mr.P M Venkatasubramanian*	Member	NA
Mr. V. Selvaraj#	Member	NIL

\*\* Selected as Chairman at the meeting held on 14th November 2011

@ Inducted to the committee at the board meeting held on 26th July 2011

\* Ceased to be member with effect from 7th September 2011

§ Ceased to be member with effect from 13th August 2012

# Inducted to the committee at the board meeting held on 14th August 2012

The company follows market linked remuneration policy which is aimed to attract, retain, motivate and incentivise the best talent in the organisation. Whole-time executive directors only receive regular remuneration, Mrs.R Radikaa Sarathkumar is not entitled to any remuneration as managing director, she receives professional fees only for the services rendered as actor and creative director. The non-executive directors are incentivized by payment of sitting fees for attending board / committee meetings.

Details of payments for financial year ended 31st March 2012:

Name	Professional Fees /Remuneration in (Rs)	Sitting fees in (Rs)
Ms. R. Radikaa Sarathkumar	1,63,75,000	NIL
Mr.R.Sarathkumar	21,00,000	NIL
Mr. P. K. Raghu Kumar	NIL	NIL
Mr. P.M. Venkatasubramanian	NIL	32,000
Dr.M.K.Sinha	NIL	15,000
Mr.A Krishnamoorthy	NIL	62,000
Mr.J Krishna Prasad	NIL	53,000
Mr.V Selvaraj	NIL	10,000



### 3. GENERAL BODY MEETING

a) Details of last three Annual General Meeting:

Year	Date	Time	Venue
2011	7th September 2011	10.00A.M.	Guindy Lodge Madras Race Club, Guindy, Chennai
2010	28th September 2010	10.00A.M.	Guindy Lodge Madras Race Club, Guindy, Chennai
2009	18th September 2009	10.00A.M.	Guindy Lodge Madras Race Club, Guindy, Chennai

b) Details of the special resolution passed at the above stated meetings:

At the Annual General Meeting held on 7th September 2011

- Approval for increase in remuneration of Mr. R Sarathkumar, Whole-time Director

At the Annual General Meeting held on 28th September 2010

- Approval for reappointment of Mr. R Sarathkumar as Whole-time Director for three years with effect from 1st April 2010
- Approval for reappointment of Mr. R Santhanam as Whole-time Director from 1st April 2010 to 9th June 2010
- Approval for payment of remuneration to Mrs. R Radikaa, Chairperson & Managing Director for professional services during financial year 2010-11, 2011-12, 2012-13

At the Annual General Meeting held on 18th September 2009

- Reappointment of Mrs. R Radikaa as Chairperson & Managing Director for three years with effect from date of members' approval

### 4. DISCLOSURES:

a) Related party transactions

In the normal course of business, the company enters into transactions with related parties. The transactions are done at arm's length. Please refer "Related Parties Disclosure" under notes to the financial statements for details. None of the transactions was in conflict with interests of company.

b) Compliances by the company

The company has taken enough care to comply with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities. No penalties were imposed on any matter related to capital market during last three financial years.

c) Whistle Blower Policy

Though there is no formal Whistle Blower Policy, the company takes cognizance of complaints made and suggestions provided by employees. No employee of the company was denied access to the Audit Committee.

d) Management Discussion and Analysis

A detailed Management Discussion and Analysis is published as a part of the Annual Report.

e) CEO/ CFO Certification

Copy of the certificate submitted to the Board by the Chairperson & Managing Director and the Chief Financial Officer under Clause 49 of the Listing Agreement is included in this Annual Report.

### 5. MEANS OF COMMUNICATION

The financial results of the Company were published in English and Tamil Newspapers, posted on the Company's website [www.radaan.tv](http://www.radaan.tv) and also disbursed through NSE and BSE.

## 6. GENERAL SHAREHOLDERS INFORMATION

- a) Date, time and venue of Annual General Meeting : Monday, 17<sup>th</sup> September 2012 , 10.00 a.m.  
Madras Race Club, Guindy, Chennai.
- b) Financial Calendar 2012-13 : i First quarter (April – June) Result – by second week of August 2012  
ii. Second quarter (July – September) Result – by second week of November 2012  
iii. Third quarter (October – December) Result – by second week of February 2013  
iv. Fourth quarter (January – March) Result – by fourth week of May 2013
- c) Date of Book Closure : 14<sup>th</sup> September 2012 to 17<sup>th</sup> September 2012 (both days inclusive)
- d) Dividend payment date : No dividend is recommended
- e) Listing on Stock Exchanges : Shares of the company are listed in –  
i. The National Stock Exchange of India Limited  
ii. Madras Stock Exchange Limited  
Shares of the company are also traded in the Bombay Stock Exchange Limited under permitted category
- f) Stock Code : BSE – 590070  
NSE – RADAAN
- g) Listing Fees : Annual Listing Fees for the year 2012-13 has been paid to the Stock Exchanges
- h) Registered Office/Address for communication : No.10, Paul Appasamy Street, T.Nagar, Chennai - 600 017. India.  
Phone – 04428345032; Fax – 04428345031
- i) Stock Market Data :

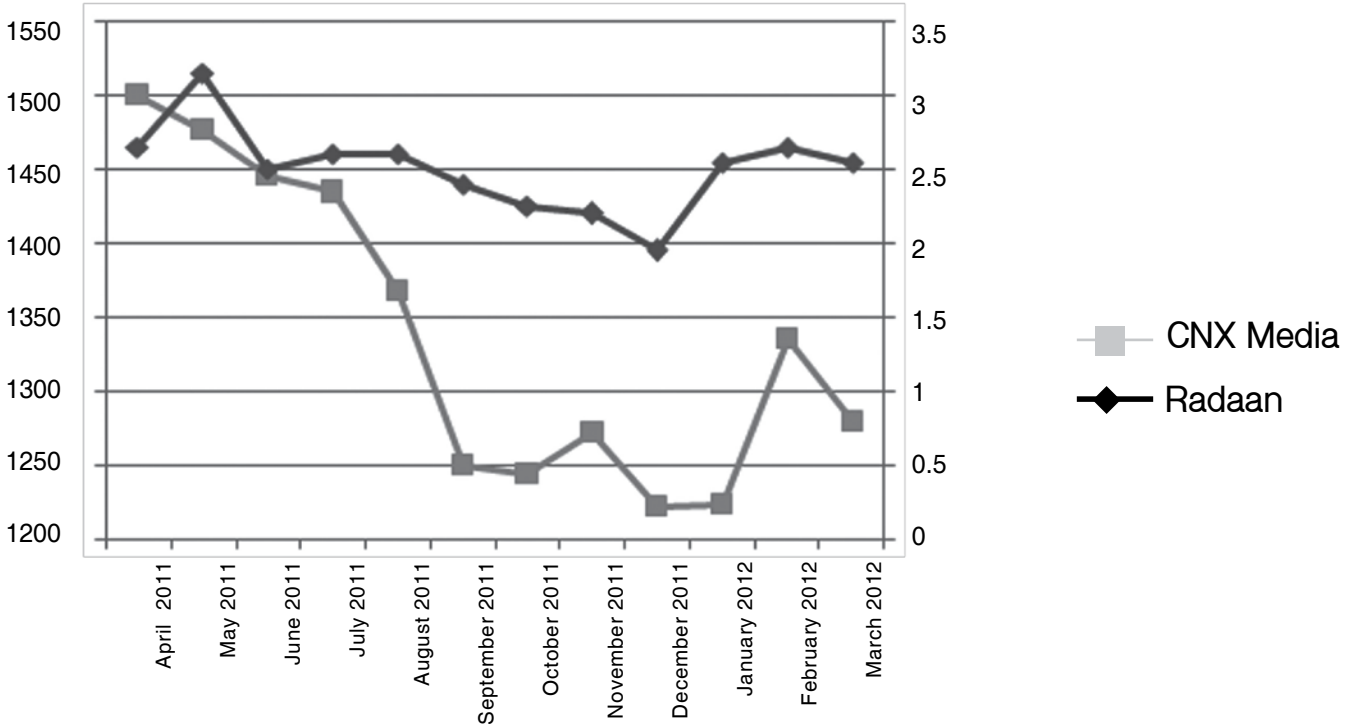
Monthly high and low quotations as well as the volume of shares traded at NSE and BSE from April 2011 to March 2012:

PERIOD	BSE			NSE		
	High Price (Rs.)	Low Price (Rs.)	No. of Shares traded	High Price (Rs.)	Low Price (Rs.)	No. of Shares traded
April, 2011	3.00	3.21	1,89,654	3.05	2.10	3,48,115
May, 2011	3.33	2.12	6,83,521	3.40	2.15	11,03,402
June, 2011	2.50	2.22	1,60,196	2.55	2.20	2,87,881
July, 2011	2.71	2.25	1,73,571	2.90	2.20	5,06,209
August, 2011	2.67	2.02	1,32,092	2.60	2.00	2,88,133
September, 2011	2.45	2.07	85,809	2.55	2.05	2,29,839
October, 2011	2.35	2.00	75,526	2.35	2.00	1,77,050
November, 2011	2.20	1.75	52,179	2.20	1.80	1,63,851
December, 2011	2.10	1.60	59,108	2.20	1.70	1,14,192
January, 2012	2.69	1.75	3,42,182	2.55	1.65	6,74,049
February, 2012	2.85	2.05	3,17,501	3.00	2.20	3,48,491
March, 2012	2.54	2.05	67,047	2.60	2.00	1,27,899

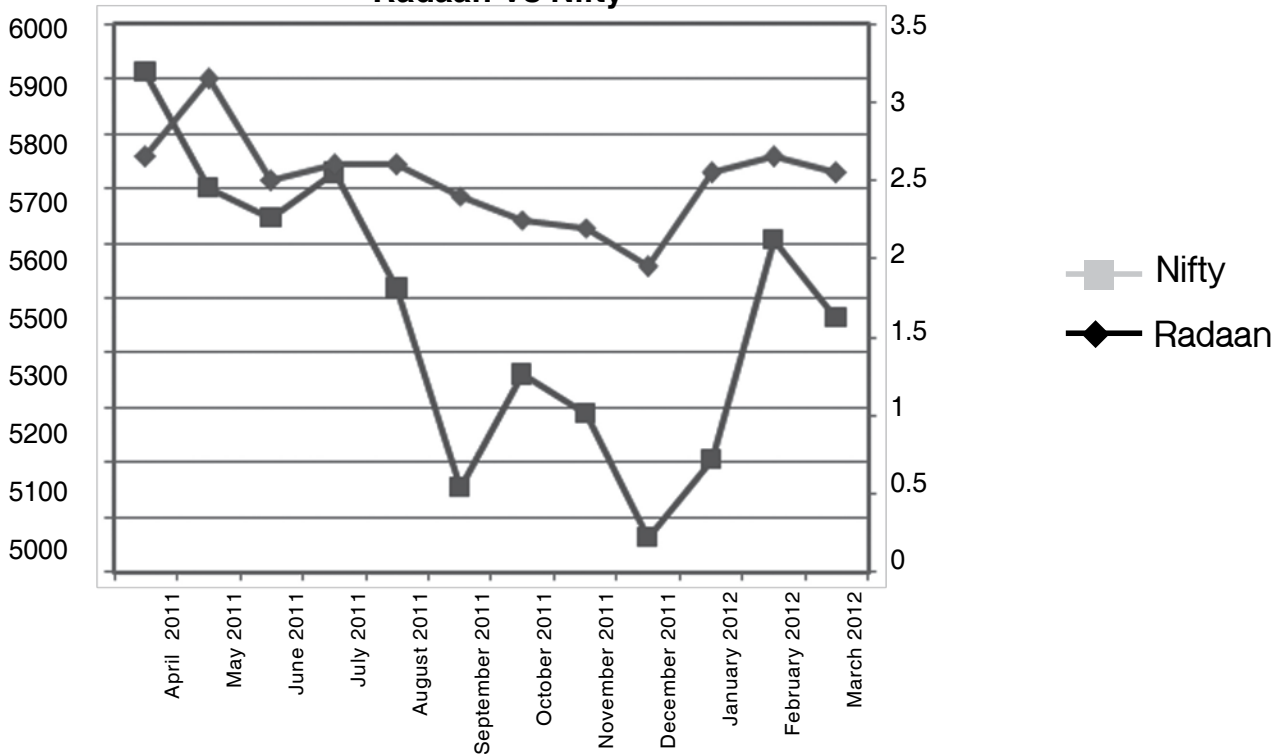
Sources: [www.bseindia.com](http://www.bseindia.com); [www.nseindia.com](http://www.nseindia.com)

j) Performance in comparison to Stock Exchange Indexes (highest closing positions)

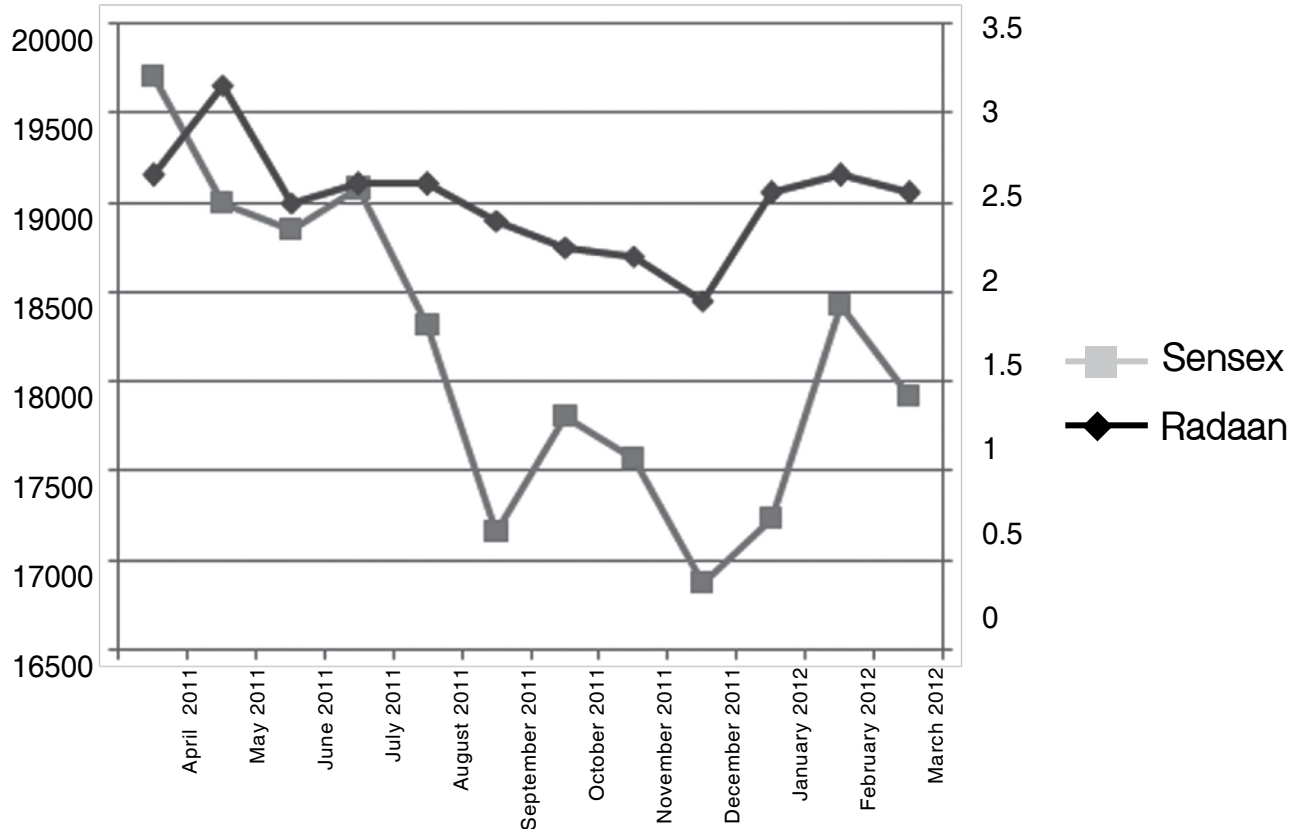
**Radaan Vs CNX Media**



**Radaan Vs Nifty**



**Radaan Vs Sensex**



k) Registrar & Share Transfer Agent

: M/s. Cameo Corporate Services Limited,  
 Subramanian Building,  
 No.1, Club House Road,  
 Chennai – 600002  
 Phone No.+91-44-28460390/91/92/93/94  
 Fax No. +91-44-2846 0129  
 e-mail – cameo@cameoindia.com

l) Share Transfer System

Transfer of shares held in electronic form is done through depositories without involvement of the company. In case of transfer of share held in physically form, the transfer documents can be lodged with the company’s Registrar and Share Transfers Agents at the given address. If the documents lodged are complete in all respects, transfer of shares held in physical form, are normally effected within 15 days from the date of lodgment.

m) Shareholdings as on 31st March 2012

(i) Distribution of shareholding:

No. of Equity shares held	No. of shareholder accounts/ folios	% of total shareholder accounts/ folios	No. of shares	% of total holding
Upto 2500	11023	89.097	6389435	11.797
2501 – 5000	727	5.872	2840699	5.245
5001 – 10000	346	2.794	2703200	4.991
10001 – 15000	96	0.775	1173333	2.166
15001 – 20000	48	0.388	875142	1.616
20001 – 25000	27	0.218	626569	1.157
25001 – 50000	62	0.501	2127022	3.927
50001 and above	44	0.355	37426140	69.101
<b>Total</b>	<b>12382</b>	<b>100.000</b>	<b>5,41,61,540</b>	<b>100.000</b>

(ii) Category wise Shareholding Pattern:

Category	No of shares	Voting Strength (%)
Promoters & Promoters Group	2,78,49,790	51.42
Foreign Institutional Investors	1,50,000	0.28
Bodies Corporate	74,35,981	13.73
NRIs/ OCBs/ Foreign Nationals	2,44,817	0.45
Indian Public and others	1,84,80,952	34.12
<b>TOTAL</b>	<b>5,41,61,540</b>	<b>100.00</b>

(iii) Shareholding by directors/ promoter and their relatives:

Name	Number of shares	Percentage
Mrs. R Radikaa Sarathkumar	2,78,49,790	51.42
Mr.R Sarathkumar	Nil	0
Mr.P K Raghu Kumar	Nil	0
Mr.A Krishnamoorthy	Nil	0
Mr.J Krishna Prasad	Nil	0
Mr. V Selvaraj	Nil	0
<b>Total</b>	<b>2,78,49,790</b>	<b>51.42</b>

n) Dematerialization of Shares and Liquidity

Equity shares of the company are regularly traded on NSE and BSE in electronic form. As on 31st March 2012 total no of shares in dematerialized form was 5,39,84,964 representing 99.67% of the total share capital. These shares are available for trading on both the depositories in India viz. National Securities Depository Limited and Central Depositories Services (India) Limited. The International Securities Identification Number (ISIN) allotted to equity shares of the company is INE874F01027

o) Green Initiative in Corporate Governance

Ministry of Corporate Affairs (“MCA”) vide its circulars dated 21st April, 2011 and 29th April, 2011 has taken a “Green Initiative in the Corporate Governance”, thereby allowing companies to serve documents to its shareholders through electronic mode. Your Company supports the initiative for environment



conservation. Accordingly, henceforth, documents such as notices of general meeting(s), annual report and other communications to the shareholders shall be sent through e-mail. Please note that all such documents shall be available on the Company's website [www.radaan.tv](http://www.radaan.tv) and shall also be kept open for inspection at the registered office of the Company during office hours.

p) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.

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.

q) Plant Locations

The Company is into Media and Entertainment Industry and operates from its Registered office at No.10, Paul Appasamy Street, T. Nagar, Chennai – 600017

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**Declaration pursuant to Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct by the Board Members and Senior Management Personnel**

This is to confirm that the company had adopted a Code of Conduct for its board members and senior employees including the Managing Director and Executive Directors. The Code is available on the Company's website.

I confirm that the Company has in respect of the financial year ended 31st March 2012, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

-sd-  
R.Radikaa Sarathkumar  
Chairperson & Managing Director

Place : Chennai  
Date : 29<sup>th</sup> May 2012

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined compliance of conditions of Corporate Governance by M/s.Radaan Media works India Limited for the year ended 31st March, 2012 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 statement 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 above mentioned 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  
F.R.No.004915S

-sd-

Place : Chennai  
Date : 29<sup>th</sup> May 2012

C.N.Gangadaran  
Partner  
Memb.No.11205

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### CERTIFICATION BY CHAIRPERSON & MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

To,

The Board of Directors,  
Radaan Mediaworks India Limited

We, R Radikaa Sarathkumar, Chairperson & Managing Director and M. Kaviramani, Chief Financial Officer of M/s. Radaan Mediaworks India Limited, certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2012 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the company's affairs and are in compliance with applicable accounting standards, laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting. This is monitored by Internal Audit, which encompasses the examination and evaluation of the adequacy and effectiveness of internal control systems of the company pertaining to financial reporting. Internal Audit works with all levels of management, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weaknesses.
4. We indicate to the Auditor and the Audit committee:
  - a) significant changes in internal control over financial reporting during the year;
  - b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

-sd-

R. Radikaa Sarathkumar  
Chairperson & Managing Director

-sd-  
M. Kaviramani  
Chief Financial Officer

Place : Chennai  
Date : 29<sup>th</sup> May 2012

## AUDITORS' REPORT TO THE MEMBERS OF RADAAN MEDIAWORKS INDIA LIMITED

We have audited the attached balance sheet of RADAAN MEDIAWORKS INDIA LIMITED as at 31st March 2012 and also the profit and loss statement 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 Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet and Profit and loss Statement dealt with by this report comply with the accounting standard referred to in sub-section (3C) of section 211 of the Companies Act 1956.
- e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the 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 2012, and
  - ii. In the case of profit and loss Statement, 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**  
**F.R.No.004915S**

-sd-

Place : Chennai  
Date : 29th May 2012

**C.N.Gangadaran**  
Partner  
Memb.No.11205

## **ANNEXURE TO THE AUDITORS' REPORT**

Annexure referred to in paragraph 3 of the report of even date of the Auditors to the members of RADAAN MEDIAWORKS INDIA LIMITED on the accounts for the year ended 31st March 2012.

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. Material discrepancies between the book balance and physical verification have been properly dealt with in the books of accounts.  
(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 systems commensurate with the size of the company and the nature of its business with regards to purchase of fixed assets and income from operations.
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 58AA or any other relevant provisions of the Act and the rules framed there under does not arise.
7. In our opinion, the company has an adequate internal audit system commensurate with its size and nature of its business.
8. Maintenance of cost records under 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) Unpaid disputed taxes are as follows:

Nature of Dues	Amount Rs.	Period to which the amount relates (Financial years)	Forum where dispute is pending
Service tax	19,30,27,340 4,68,55,299	Oct 2004 – Sep 2007 Oct 2007 – Sep 2010	CESTAT, Chennai -do-
Sales tax	48,40,18,098	April 2001 – March 2006	Rs. 2,28,60,665 before Appellate Deputy Commissioner (CT) Rs.46,11,57,433 – interim stay granted by Hon'ble High Court of Madras.

10. The accumulated losses of the company are not more than 50% of net worth. The company has not incurred cash losses in the current year and immediately preceding financial year.
11. On the basis of examination of books of accounts carried out by us and according to information and explanations given to us, the company has not defaulted in repayment of dues to banks during the year.
12. No loans or advances have been granted by the company against pledge of securities.
13. In our opinion the company is not a chit fund or a nidhi, mutual benefit fund/society. Therefore clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
14. Clause 4(xiv) of Companies (Auditor's Report) Order 2003 is not applicable to the company as it is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanation given to us, the company has not given any corporate guarantee during the year.
16. In our opinion and according to the information and explanations given to us, term loans have been applied for the purposes for which they were 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(xviii) of 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.

**FOR CNGSN & ASSOCIATES**  
**Chartered Accountants**  
**F.R.No.004915S**

-sd-

Place : Chennai  
Date : 29<sup>th</sup> May 2012

**C.N.Gangadaran**  
Partner  
Memb.No.11205

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2012

PARTICULARS	NOTE	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2.1	10,83,23,080	10,83,23,080
(b) Reserves and Surplus	2.2	5,10,19,828	3,41,17,026
<b>(2) Non-Current Liabilities</b>			
(a) Long term Borrowings	2.3	13,72,380	11,00,083
(b) Deferred Tax Liabilities	2.4	74,71,570	81,77,852
(c) Other Long term Liabilities	2.5	3,95,44,415	4,33,54,192
<b>(3) Current Liabilities</b>			
(a) Short term Borrowings	2.6	5,13,13,794	3,23,69,211
(b) Trade Payables	2.7	1,13,90,590	1,44,60,325
(c) Other Current Liabilities	2.8	3,18,78,899	3,35,47,018
Total		<b>30,23,14,557</b>	<b>27,54,48,787</b>
<b>II. ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	2.9	3,80,33,851	4,85,39,952
(ii) Intangible Assets	2.9	28,00,000	35,00,000
(iii) Capital Work-in-progress	2.9	11,50,000	-
(b) Non-Current Investments	2.10	75,06,000	69,65,183
(c) Long-term Loans and Advances	2.11	5,93,44,150	4,94,02,370
(d) Other Non-Current Assets	2.12	7,68,15,533	6,06,58,855
<b>(2) Current Assets</b>			
(a) Inventories	2.13	85,51,542	1,75,69,850
(b) Trade Receivables	2.14	7,29,28,507	5,08,67,473
(c) Cash and Cash equivalents	2.15	89,73,891	1,51,86,748
(d) Short-term loans and advances	2.16	46,42,728	11,89,995
(e) Other Current Assets	2.17	2,15,68,362	2,15,68,362
Total		<b>30,23,14,557</b>	<b>27,54,48,787</b>
Significant accounting policies and notes on accounts 1 & 2			

On behalf of the Board of Directors

**As per our report attached  
For CNGSN & ASSOCIATES  
Chartered Accountants  
F.R.No.004915S**

-sd-  
**R. Radikaa Sarathkumar**  
Chairperson & Managing Director

-sd-  
**A.Krishnamoorthy**  
Director

-sd-  
**C.N. GANGADARAN**  
Partner  
Memb.No.: 11205

-sd-  
**M.Kavirimani**  
Chief Financial Officer  
Place : Chennai  
Date : 29<sup>th</sup> May 2012

-sd-  
**Kanhu Charan Sahu**  
Company Secretary

## PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012

PARTICULARS	NOTE	YEAR ENDED 31-03-2012 Rs.	YEAR ENDED 31-03-2011 Rs.
Revenue from television shows & distribution margin	2.18	39,90,87,027	33,12,79,570
Other Income	2.19	21,87,820	6,73,044
<b>Total Revenue - A</b>		<b>40,12,74,847</b>	<b>33,19,52,614</b>
Expenses on Tele-serials, events etc.,	2.20	32,51,15,977	28,64,84,450
Changes in Inventories & Work-in-progress	2.21	34,00,058	(61,04,539)
Employee Benefit Expenses	2.22	1,22,82,184	92,44,070
Other expenses	2.23	2,22,33,822	1,50,18,102
Finance Cost	2.24	66,48,249	41,01,141
Depreciation and amortization Expenses	2.09	1,50,84,532	1,35,12,889
<b>Total Expenses - B</b>		<b>38,47,64,822</b>	<b>32,22,56,113</b>
Profit Before Exceptional and Extraordinary Items & Tax (A - B)		1,65,10,025	96,96,501
Exceptional Items		-	-
Profit Before Extraordinary Items		1,65,10,025	96,96,501
Extraordinary Items		-	-
Profit Before Tax		1,65,10,025	96,96,501
Tax Expenses : (1) Current Tax		3,13,503	-
(2) Deferred Tax		(7,06,281)	(31,60,104)
Profit After Tax		1,69,02,803	1,28,56,605
Earnings per Equity Share:	2.25		
(1) Basic		0.31	0.24
(2) Diluted		0.31	0.24
Significant accounting policies and notes on accounts 1 & 2			

On behalf of the Board of Directors

**As per our report attached  
For CNGSN & ASSOCIATES  
Chartered Accountants  
F.R.No.004915S**

-sd-  
**R. Radikaa Sarathkumar**  
Chairperson & Managing Director

-sd-  
**A.Krishnamoorthy**  
Director

-sd-  
**C.N. GANGADARAN**  
Partner  
Memb.No.: 11205

-sd-  
**M.Kaviramani**  
Chief Financial Officer  
Place: Chennai  
Date : 29<sup>th</sup> May 2012

-sd-  
**Kanhu Charan Sahu**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	In Rupees 2011-2012		In Rupees 2010-2011	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Profit before Tax		1,65,10,025		96,96,501
Add: Finance Cost	66,48,249		41,01,141	
Depreciation	1,50,84,532	2,17,32,781	1,35,12,889	1,76,14,030
		3,82,42,806		2,73,10,531
Less: Interest Received	246		-	
Dividend Received	3,300		14,614	
Profit on sale of fixed assets	-		3,000	
Profit on Sale of Shares	14,49,392	14,52,938	-	17,614
Operating Profit before Working Capital Changes		3,67,89,868		2,72,92,917
(Increase) / Decrease in Inventories & Work In Progress	90,18,309		(61,04,539)	
(Increase) / Decrease in Trade Receivables	(2,20,61,033)		(2,66,25,932)	
(Increase) / Decrease in Value of FCTS/ Teleserial rights and staff benefit plans	(1,61,56,677)		1,56,77,360	
(Increase) / Decrease in Loans & Advances	(1,02,55,282)		(45,95,383)	
(Increase) / Decrease in Short term Loans & Advances & Other Current Assets	(34,52,732)		1,94,041	
Increase / (Decrease) in Marketing advance & Staffs Plan obligations	(38,09,777)		1,06,45,144	
Increase / (Decrease) in Current Liabilities	(47,37,854)	(5,14,55,046)	65,78,773	(42,30,536)
Cash Generated from Operating Activities (A)		(1,46,65,179)		2,30,62,381
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Cash Outflow				
Purchase of Fixed Assets	50,28,431		78,41,932	
Investment	25,00,000		50,00,000	
Cash Inflow				
Sales proceeds of shares	34,08,575			
Interest Received	246		14,614	
Dividend Received	3,300		3,000	
Net Cash from Investing Activities ( B )		(41,16,310)		(1,28,24,318)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase / (Decrease) in Share Capital	-			
Increase / (Decrease) in Bank Borrowings	1,89,44,583		72,84,285	
Increase / (Decrease) in Other Secured Loans	2,72,297		7,53,350	
Finance Cost	(66,48,249)		(41,01,141)	
Net Cash from Financing Activities ( C )		1,25,68,631		39,36,494
Net Increase in Cash & Cash Equivalents (A+B+C)		(62,12,857)		1,41,74,557
Cash & Cash Equivalents at the beginning of the year		1,51,86,748		10,12,191
Cash & Cash Equivalents at the end of the year		89,73,891		1,51,86,748
Net Increase / (Decrease) in Cash & Cash equivalents		(62,12,857)		1,41,74,557

**Note:**

- 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.

**On behalf of the Board of Directors**

-sd-

-sd-

**R. Radikaa Sarathkumar**  
Chairperson & Managing Director

**A. Krishnamoorthy**  
Director

-sd-

-sd-

**M. Kavirmani**  
Chief Financial Officer

**Kanhu Charan Sahu**  
Company Secretary

**As per our report attached  
For CNGSN & ASSOCIATES  
Chartered Accountants  
F.R.No.004915S**

-sd-

**C.N. GANGADARAN**  
Partner  
Memb.No. 11205

Place: Chennai  
Date : 29<sup>th</sup> May 2012



**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012 AND PROFIT & LOSS STATEMENT 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:**

1. Depreciation on Fixed Assets, other than Computer, Camera equipment, 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 the case of Computer and Camera equipment depreciation is provided at the rate of 25% on Written Down Value Method and Straight Line Method respectively.
2. 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.
3. Intangible assets in the nature of copyrights etc., are amortized over a period of 5 years.
4. Improvements effected on premises taken on lease are amortized over remaining period of lease.
5. 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.
6. Cost of Tele-Serials / Tele-Films / Events / 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.
7. 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 FCTs and Work-in-progress:**

Stock of unused cassettes, unsold free commercial times banked on programs telecasted are valued at cost. Work-in-progress is calculated based on absorption method valued at cost or market price whichever is less.

**e. Revenue Recognition:**

**Television content:**

Income from Tele-Serials / Tele-Films / Game shows / Events 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 program.
- 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.

**Film – Distribution**

Distribution margin income is recognized on accrual basis as per terms of agreement entered into for release / exploitation.

**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 accordingly.

**g. Investments**

The long term investments are shown at cost in accordance with AS-13 –Accounting for Investments.

**h. Leave Encashment:**

Company has formalized the existing rules for leave encashment under a scheme administered by Life Insurance Corporation of India. The contributions will be made annually based on leave credit available to the employees at the end of each financial year and the Company will report its status in accordance with AS – 15 Employees Benefits issued by the Institute of Chartered Accountants of India.

**i. Retirement Benefits:**

Company formed a trust named 'Radaan Mediaworks India Limited Employees Group Gratuity Assurance Scheme' for the benefit of the employees and to administer the funds in respect of gratuity of employees with intent to enter into a approved scheme of group gratuity with Life Insurance Corporation of India. The contributions will be made through trust and the Company will report its status in accordance with AS – 15 – Employee Benefits issued by the Institute of Chartered Accountants of India.

**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 shares (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. Accounting for media receivables:**

The Company has formulated a system of evaluating receivables and advances lying with marketing agencies and other significant vendors and assessing their viability from a mark to market perspective.

**n. Provisioning for unsold FCTs:**

The Company has decided to provide as a conservative measure, a minimum of 1% on total value of sales related to Free Commercial Time (FCT) with a view to accommodate the risk involved in the value on liquidation of unsold FCTs held.

**o. 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.

## 2. NOTES

PARTICULARS	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
<b>2.1 SHARE CAPITAL</b>		
Authorised Capital 5,57,50,000 Equity Shares of Rs.2/- each	11,15,00,000	11,15,00,000
Issued Capital 5,42,29,040 Equity Shares of Rs.2/- each	10,84,58,080	10,84,58,080
Subscribed & Paid-up Capital 5,41,61,540 Equity Shares of Rs. 2/- each	<b>10,83,23,080</b>	<b>10,83,23,080</b>
Of the Above:		
- 58,73,890 Shares of Rs.10 each (since subdivided) allotted for consideration other than cash as fully Paid-up		
- 6,19,898 equity shares of Rs.10 each (since subdivided) allotted as fully Paid-up Bonus Shares by way of capitalisation of profits.		
- The Company has only one class of shares referred to as equity shares having a par value of Rs.2/-.		
- Each holder of equity shares is entitled to one vote per share.		
- The Reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2012 and March 31,2011 is set below:		
Shares outstanding at the beginning & end		
Number of shares	5,41,61,540	5,41,61,540
Amount	10,83,23,080	10,83,23,080
- Shares held by each shareholder holding more than 5 % shares is as follows:		
Mrs.R.Radikaa Sarathkumar	2,78,49,790 shares	2,78,49,790 shares
<b>2.2 RESERVES &amp; SURPLUS</b>		
Securities Premium Reserve - on Equity Shares - A	7,53,65,634	7,53,65,634
Surplus		
Opening Balance	(4,12,48,608)	(5,41,05,213)
Add : Net profit after tax transferred from statement of Profit & Loss	1,69,02,803	1,28,56,605
Closing Balance - B	(2,43,45,806)	(4,12,48,608)
<b>Total ( A + B )</b>	<b>5,10,19,828</b>	<b>3,41,17,026</b>
<b>2.3 LONG TERM BORROWINGS</b>		
Term Loans		
Secured		
From Banks		
- Vehicle	864,380	-
- Equipment	5,08,000	11,00,083
Secured by hypothecation of respective assets together with personal guarantee of Chairperson & Managing Director to be repaid over 36 equated monthly instalments.		
	<b>13,72,380</b>	<b>11,00,083</b>

PARTICULARS	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.		
<b>2.4 DEFERRED TAX LIABILITY</b>				
The Net Deferred Tax Liability comprise of the following :				
Depreciation on Fixed Assets	68,75,287	93,77,787		
Amortisation of Teleserial cost	5,96,283	(11,99,935)		
Sub-Total	74,71,570	81,77,851		
Less: Opening Deferred Tax Liability	81,77,851	1,13,37,956		
<b>Net Deferred Tax Liability</b>	<b>7,06,282</b>	<b>31,60,104</b>		
	AS AT 31-03-2012 (in Rs.)	AS AT 31-03-2011 (in Rs.)		
The details of deferred tax liability reversal for the year are as follows:	Depreciation on Fixed Assets	Amortisation of Teleserial cost	Depreciation on Fixed Assets	Amortisation of Teleserial cost
As per book of account	1,50,84,532	2,70,41,604	1,35,12,889	2,95,53,160
As per Income tax Act	77,22,073	3,23,26,153	65,97,309	2,71,71,581
Total ( A - B )	73,62,459	(52,84,549)	69,15,580	23,81,579
Reversal of Deferred Tax Liability for the year	25,02,500	(17,96,218)	23,50,606	8,09,499
Net Deferred Tax Liability	<b>7,06,281</b>		31,60,104	
<b>2.5 OTHER LONG TERM LIABILITIES</b>				
The advances received from marketing agencies on assignment of rights for sale of Free commercial time for various tele-serials are set out hereunder:				
a) Advances received from Marketing Agencies	3,80,97,230	4,21,48,730		
b) Gratuity & Leave encashment Obligation - Refer Note 2.28 & 2.29	14,47,185	12,05,462		
	<b>3,95,44,415</b>	<b>4,33,54,192</b>		
<b>2.6 SHORT TERM BORROWINGS</b>				
Secured				
Credit Limits from Bank	5,13,13,794	3,23,69,211		
Secured by way of first charge on the Book Debts, Stock in trade including movable properties of the company and additionally secured by mortgage of immovable properties & Pledge of Shares of Chairperson & Managing Director together with personal guarantee.				
	<b>5,13,13,794</b>	<b>3,23,69,211</b>		
<b>2.7 TRADE PAYABLES</b>				
Sundry creditors for expenses	1,13,90,590	1,44,60,325		
	<b>1,13,90,590</b>	<b>1,44,60,325</b>		

<b>PARTICULARS</b>	<b>AS AT 31-03-2012 Rs.</b>	<b>AS AT 31-03-2011 Rs.</b>
<b>2.8 OTHER CURRENT LIABILITIES</b>		
Salaries & other employee's Benefits	15,37,200	11,64,117
Current Maturities of long-term debts From Banks		
- Vehicle	7,47,132	5,06,692
- Equipment	8,76,000	11,59,917
	<b>16,23,132</b>	<b>16,66,609</b>
Other Liabilities :		
Provision for Expenses	5,20,510	4,49,257
Retention Money	50,000	50,000
Withholding & other taxes Payable	25,45,647	59,41,567
Advances received from distributors	37,50,000	2,50,000
Advances received for film line production	2,18,24,640	2,18,24,640
Other payables	27,770	22,00,828
	<b>3,18,78,899</b>	<b>3,35,47,018</b>
<b>2.10 NON CURRENT INVESTMENTS</b>		
Long Term Investment - at cost		
Trade - Unquoted		
- Investments in equity instruments - Refer Note 2.26 a 75,000 equity shares of Rs.10/ each in Celebrity Cricket League Pvt. Ltd.	75,00,000	50,00,000
- 4,29,757 Equity Share of SLR.10/- each in Radaan Talent Factory (Private) Limited, Sri Lanka - Refer Note 2.26 b	-	19,59,183
Others - Quoted		
Investments in equity instruments 600 equity shares of Rs.10/- each in Andhra Bank (Market value as on 31.03.2012 is Rs. 70,200/-)	6,000	6,000
	<b>75,06,000</b>	<b>69,65,183</b>
<b>2.11 LONG TERM LOANS &amp; ADVANCES</b>		
Unsecured, Considered Good		
Electricity & other Deposits	6,45,128	5,72,968
Rental Deposits	40,20,000	17,93,000
Telecast fee Security Deposit with Channel	18,12,738	21,72,910
Lease Advance Refer Note 2.27	2,00,00,000	2,00,00,000
Other Loans & Advances	34,595	57,494
Prepaid taxes incl. tax credits (net of provisions)	2,78,21,288	2,48,05,998
Deposits with sales tax authorities	50,10,401	-
	<b>5,93,44,150</b>	<b>4,94,02,370</b>

(In Rupees)

**2.9. FIXED ASSETS SCHEDULE UNDER THE COMPANIES ACT, 1956**

Sl. No	Particulars	Rate	GROSS BLOCK			DEPRECIATION			NET BLOCK			
			As on 01.04.2011	Additions	Deletions	As on 31.03.2012	As on 01.04.2011	For the Period	Deletions	As on 31.03.2012	As on 31.03.2011	
<b>(i). Tangible Assets</b>												
1	Leasehold Rights & Improvements		1,49,80,180	-	-	1,49,80,180	61,84,342	15,36,429	-	77,20,771	87,95,838	72,59,409
2	Camera Equipments	25%	32,30,550	69,500	-	33,00,050	3,14,963	8,24,369	-	11,39,332	29,15,587	21,60,718
3	Computer	25%	40,01,060	3,85,499	-	43,86,559	32,50,722	3,42,943	-	35,93,665	7,50,338	7,92,894
4	Software / Content Library	10%	8,37,20,000	-	-	8,37,20,000	7,21,03,978	8,39,4937	-	8,04,98,915	1,16,16,022	32,21,085
5	Vehicles	9.50%	88,76,603	24,67,950	-	1,13,44,553	21,01,492	9,88,831	-	30,90,323	67,75,111	82,54,230
6	Studio Equipments	7.07%	2,79,86,267	2,76,400	-	2,82,62,667	1,33,54,104	19,94,262	-	1,53,48,366	1,46,32,163	1,29,14,301
7	Furniture	6.33%	21,08,531	43,540	-	21,52,071	11,94,861	1,33,851	-	13,28,712	9,13,670	8,23,359
8	Office Equipments	4.75%	13,61,156	4,90,067	-	18,51,223	6,42,248	70,859	-	7,13,107	7,18,908	11,38,116
9	Airconditioner	4.75%	8,89,605	1,35,000	-	10,24,605	2,11,808	42,991	-	2,54,799	6,77,797	7,69,806
10	Generator	4.75%	6,10,000	-	-	6,10,000	1,58,538	29,054	-	1,87,592	4,51,462	4,22,408
11	Stabilizer & UPS	4.75%	5,43,508	10,475	-	5,53,983	2,50,452	26,006	-	2,76,458	2,93,056	2,77,525
	<b>Total (i)</b>		<b>14,83,07,460</b>	<b>38,78,431</b>	-	<b>15,21,85,891</b>	<b>9,97,67,508</b>	<b>1,43,84,532</b>	-	<b>11,41,52,040</b>	<b>4,85,39,952</b>	<b>3,80,33,851</b>
<b>(ii). Intangible Assets</b>												
1	Brand Equity	10%	75,00,000	-	-	75,00,000	75,00,000	-	-	75,00,000	-	-
2	Goodwill	20%	75,00,000	-	-	75,00,000	75,00,000	-	-	75,00,000	-	-
3	IPR & Remake rights	20%	35,00,000	-	-	35,00,000	-	7,00,000	-	7,00,000	35,00,000	28,00,000
	<b>Total (ii)</b>		<b>185,00,000</b>	-	-	<b>1,85,00,000</b>	<b>1,50,00,000</b>	<b>7,00,000</b>	-	<b>1,57,00,000</b>	<b>35,00,000</b>	<b>28,00,000</b>
<b>(iii). Capital Work in Progress</b>												
1	Capital WIP	Total (iii)		<b>11,50,000</b>	-	<b>11,50,000</b>	-	-	-	-	-	<b>11,50,000</b>

PARTICULARS	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
<b>2.12 OTHER NON CURRENT ASSETS</b>		
(a) Value of unsold FCT's - Refer significant accounting policy 1 d		
Opening Balance	2,43,75,566	3,39,58,216
Less : Utilisation during the year	-	95,82,650
	2,43,75,566	2,43,75,566
Add: Additions for the year	1,29,83,250	-
	3,73,58,816	2,43,75,566
Less: Provisions made	92,30,091	57,94,100
Closing Balance - Total (a)	<b>2,81,28,725</b>	<b>1,85,81,466</b>
(b) Tele-serial Rights - Refer significant accounting policy c 6		
20% to be written off equally over next two years	3,23,26,153	2,71,71,581
Proportionate amount to be written off relating earlier years	1,35,85,795	1,34,55,818
	<b>4,59,11,948</b>	<b>4,06,27,399</b>
(c) Gratuity & Leave encashment plan assets Refer Note 2.28 & 2.29	<b>15,57,618</b>	<b>9,17,651</b>
(d) Other assets	66,45,052	54,60,149
Less : Provisions made	54,27,810	49,27,810
	<b>12,17,242</b>	<b>5,32,339</b>
<b>(Total a+b+c+d)</b>	<b>7,68,15,533</b>	<b>6,06,58,855</b>
<b>2.13 INVENTORIES</b>		
Refer significant accounting policy d & Note 2.30		
Stock of unused cassettes	5,676	89,000
Work in progress - teleserials	85,45,866	1,74,80,850
	<b>85,51,542</b>	<b>1,75,69,850</b>
<b>2.14 TRADE RECEIVABLES</b>		
Debts outstanding for a period exceeding six months:		
Unsecured		
Considered Good	1,40,95,565	18,96,995
Considered Doubtful	5,36,46,696	5,36,46,696
	6,77,42,261	5,55,43,691
Less : Provision for Doubtful debts	5,36,46,696	5,36,46,696
	1,40,95,565	18,96,995
Other debts:		
Unsecured Considered Good	5,88,32,942	4,89,70,478
	<b>7,29,28,507</b>	<b>5,08,67,473</b>
<b>2.15 CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	2,31,980	3,36,501
Balance with Banks in current Accounts	87,41,911	1,48,50,247
	<b>89,73,891</b>	<b>1,51,86,748</b>

PARTICULARS	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
<b>2.16 SHORT - TERM LOANS AND ADVANCES</b>		
Unsecured Considered Good		
Loans and advances to employees	1,53,200	1,06,500
Advances to Artists	2,60,000	80,000
Advances to Technicians	88,000	2,00,300
Advances to suppliers	5,77,873	-
Prepaid Insurance	1,91,559	1,45,046
Prepaid expenses	63,786	5,04,734
Advances for line production - teleserial*	27,05,781	-
Other taxes credits	6,02,529	1,53,415
	<b>46,42,728</b>	<b>11,89,995</b>
Unsecured Considered doubtful		
Loans and advances to employees	1,65,003	1,65,003
Less: Provision made	1,65,003	1,65,003
	-	-
	<b>46,42,728</b>	<b>11,89,995</b>
<b>2.17 OTHER CURRENT ASSETS</b>		
Line Production - Pictures	3,19,70,268	3,19,70,268
Less : Provisions made	1,04,01,906	1,04,01,906
	<b>2,15,68,362</b>	<b>2,15,68,362</b>
<b>2.18 REVENUE FROM TELEVISION SHOWS &amp; DISTRIBUTION MARGIN</b>		
Income from television shows etc.	38,97,57,027	33,12,79,570
Distribution margin	93,30,000	-
	<b>39,90,87,027</b>	<b>33,12,79,570</b>
<b>2.19 OTHER INCOME</b>		
Gain on foreign currency reinstatement	6,93,401	2,51,039
Profit on sale of shares	14,49,392	-
Dividend income from Andhra Bank	3,300	3,000
Other misc. income	41,727	4,19,005
	<b>21,87,820</b>	<b>6,73,044</b>
<b>2.20 EXPENSES ON TELEVISION SHOWS ETC.</b>		
Payments to Artists	4,00,69,827	3,58,34,354
Payments to Dubbing Artists	38,30,378	39,49,560
Telecast Charges	17,33,85,000	14,11,37,000
Prize Money	15,29,134	22,08,989
Art & Set Properites Rent	14,34,313	11,97,021
Payments to Technicians	3,36,73,943	3,48,48,700
Other Production Expenses	1,61,50,344	75,60,942
Titling & Effect Charges	7,27,150	3,15,100
Wages & Batta	95,58,148	95,52,101



<b>PARTICULARS</b>	<b>AS AT 31-03-2012 Rs.</b>	<b>AS AT 31-03-2011 Rs.</b>
Costumes & Makeup	11,79,640	10,86,485
Lighting & Generator Hire Charges	34,16,208	67,24,781
Equipment Hire & Maintenance Charges	71,79,870	22,13,322
Music Composing & Recording Exp	6,25,000	11,72,800
Travelling Expenses - Production	1,56,76,087	34,41,452
Vehicles Maintenance & Hire Charges	47,10,895	41,56,465
Cassettes & Negatives	5,43,100	19,80,508
Unsold FCT Written off - Refer Note 2.31	34,35,991	30,32,120
Utilisation of FCT	-	95,82,650
Location Rent	79,71,230	65,87,345
Catering	53,04,268	56,74,316
Theatrical Play exp	-	18,46,860
Amorisation of Tele Serial rights	2,70,41,604	2,95,53,160
	<b>35,74,42,130</b>	<b>31,36,56,031</b>
Less: Teleserial Expenses deferred	3,23,26,153	2,71,71,581
	<b>32,51,15,977</b>	<b>28,64,84,450</b>
<b>2.21 CHANGES IN INVENTORIES &amp; WORK-IN-PROGRESS</b>		
Opening Balance:		
Stock of cassettes	89,000	85,000
Work in progress - television shows	1,74,80,850	1,13,80,311
Total A	1,75,69,850	1,14,65,311
Closing Balance:		
Stock of cassettes	5,676	89,000
Work in progress - television shows	85,45,866	1,74,80,850
Current tele-serial - FCT	56,18,250	-
Total B	1,41,69,792	1,75,69,850
Total A - B	<b>34,00,058</b>	<b>(61,04,539)</b>
<b>2.22 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries	1,12,23,326	82,29,412
Contribution to PF & ESI and other funds	7,59,270	7,95,588
Staff Welfare	2,99,588	2,19,070
	<b>1,22,82,184</b>	<b>92,44,070</b>
<b>2.23 OTHER EXPENSES</b>		
Salary to whole time director - Refer Note 2.32	21,00,000	19,50,000
Insurance Charges	3,78,430	2,74,195
Loss on exchange variation	1,08,806	5,52,638
Other Administrative Charges	27,36,270	20,64,112
Sitting Fees	1,70,000	2,44,000
Pooja Exp	2,21,066	1,94,887

PARTICULARS	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
Postage & Telephone charges	13,97,284	11,93,539
Printing & Stationery	3,14,454	3,10,593
Professional & Consultancy Charges	44,41,742	19,77,250
Auditor's fees Refer Note 2.33	5,00,000	4,50,000
Listing fees	1,27,482	1,45,840
Rent Rates & Taxes	44,71,479	20,12,665
Repairs & Maintenance	18,54,213	16,72,742
Traveling & Conveyance	21,22,031	13,41,967
Provision for Unrecoverable	5,00,000	1,65,003
Vehicle Maintenance	3,32,548	2,63,741
Advertisement Expenses	4,58,017	2,04,930
	<b>2,22,33,822</b>	<b>1,50,18,102</b>
<b>2.24 FINANCE COST</b>		
Interest & Finance Charges	62,72,946	39,61,202
Bank Charges	3,75,303	1,39,939
	<b>66,48,249</b>	<b>41,01,141</b>

## 2.25 EARNINGS PER EQUITY SHARE:

Sl. No	Particulars	2011-12 (in Rs)	2010-11 (in Rs.)
1	Profit / (Loss) before Extraordinary items	1,69,02,803	1,28,56,605
2	Profit / (Loss) after Extraordinary items	1,69,02,803	1,28,56,605
3	Weighted Average No. of equity shares (including bonus) for Basic/Diluted Earnings per share	5,41,61,540	5,41,61,540
4	Basic & Diluted E.P.S before extraordinary items	0.31	0.24
5	Basic & Diluted E.P.S after extraordinary items	0.31	0.24

## 2.26 INVESTMENTS:

- a. During the year 2010 – 11, Company had entered into a share subscription agreement for investing Rs.75 Lacs in Celebrity Cricket League Private Limited ('CCL'). Accordingly, company has invested the balance of Rs.25 lacs during the current year.
- b. During the year, Company transferred its entire shareholding of 429,757 equity shares held in Radaan Talent Factory Private Limited, Sri Lanka, for a consideration of INR 34,08,575/- (SriLankan Rupee 80,00,000/-) and the entire consideration has been repatriated to India resulting in profit on sale of shares of INR 14,49,392.

**2.27** The Company had entered into leasehold agreements with Managing Director for acquiring leasehold rights for a period of 20 years in respect of properties at No.8 & 10, Paul Appasamy Street, Chennai - 17.

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.125 lacs was discharged in the form of cash. The registration formalities in respect of lease agreements are yet to be completed.

As per Accounting Standard 19 - Leases, issued by Institute of Chartered Accountants of India, the Operating Lease entered into by the Company is given below:

- a. The total of future minimum lease payments under non-cancellable operating leases for each of the following periods;
  - (i) Not later than one year – Rs.18,00,000
  - (ii) Later than one year and not later than five years – Rs.72,00,000
  - (iii) Later than five years – Rs.60,00,000 (upto july 2020)
- b. The total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date – NIL
- c. Lease payments recognized in the statement of profit and loss for the period, with separate amounts for minimum lease payments and contingent rents – Rs. 18,00,000/-
- d. Sub-lease payments received (or receivable) recognized in the statement of profit and loss for the period – NIL
- e. A general description of the lessee's significant leasing arrangements including, but not limited to, the following:
  - (i) The basis on which contingent rent payments are determined – NIL
  - (ii) The existence and terms of renewal or purchase options and escalation clauses – Lease for period of 20 years renewable on the basis of completion of 11 months.
  - (iii) Restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing –
    - (a) Improvement to be made with the written consent of the Lessor,
    - (b) In case of vacation by lessee on its own before the expiry of the lease period, the cost of improvement made to leasehold property to be borne by the lessee.
    - (c) In the case of vacation at instance of the lessor before the expiry of the lease period, the written down value as on date of vacation to be borne by the lessor.

**2.28** The company formed a trust named 'Radaan Mediaworks India Limited Employees Group Gratuity Assurance Scheme' with intent to enter into an approved scheme of group gratuity with Life Insurance Corporation of India and to administer for the benefit of the employees. The gratuity report provided by LIC of India as at 31<sup>st</sup> March 2012 under AS-15 in respect of gratuity of employees of the Company is given below:

1. Assumption:

Discount Rate	-	8%
Salary Escalation	-	6%

2. Table showing changes in present value of obligation:

Particulars	( In Rupees )
Present Value of obligations as at beginning of year	8,74,167
Interest Cost	69,933
Current Service Cost	2,80,492
Benefits Paid (Benefits that fell due in case of resignations, death & retirements) (Enter as a negative value)	----
Actuarial (Gain) / Loss - (Balancing item)	(84,454)
Present Value of the Defined Benefit Obligations at March 31, 2012	11,40,138

3. Table showing changes in the fair value of plan assets:

Fair value of plan assets at beginning of year	9,17,651
Expected Return on Plan Assets	83,902
Contributions	2,22,487

Benefits Paid	----
Actuarial gain / (loss) on plan assets	----
Fair Value of Plan Assets at the end of year	12,24,040

4. Table showing fair value of plan assets:

Fair value of plan assets at beginning of year	9,17,651
Actual return on plan assets	83,902
Contributions	2,22,487
Benefits Paid	----
Fair Value of plan assets at the end of year	12,24,040
Fund status	83,902
Excess of actual over estimated return on plan assets	----

5. Actuarial Gain / Loss recognized

Actuarial (gain) / loss on obligations	(84,454)
Actuarial (gain) / loss for the year – plan assets	----
Actuarial (gain) / loss on obligations	(84,454)
Actuarial (gain) / loss recognized in the year	(84,454)

6. The amounts to be recognized in the balance sheet and statement of profit and loss:

Present value of obligations as at the end of year	11,40,138
Fair value of plan assets as at end of the year	12,24,040
Funded status	83,902
Net asset / (liability) recognized in balance sheet	(83,902)

7. Expenses recognized in statement of profit and loss:

Current Service cost	2,80,492
Interest Cost	69,933
Expected return on plan assets	(83,902)
Net Actuarial (gain) / loss recognized in the year	(84,454)
Expenses recognized in statement of profit and loss	1,82,069

**2.29 Leave Encashment:**

Company has taken an insurance policy with LIC of India for Group Leave Encashment Assurance Scheme for the benefit of employees effective from 2010-11. The report provided by LIC of India as at 31<sup>st</sup> March 2012 under AS 15 in respect of Group Leave Encashment of employees of the Company is given below:

1. Assumption:

Discount Rate	-	8%
Salary Escalation	-	8%

2. Table showing changes in present value of obligation:

Particulars	( In Rupees )
Present Value of obligations as at beginning of year	----
Interest Cost	----
Current Service Cost	----

Benefits Paid (Benefits that fell due in case of resignations, death & retirements) (Enter as a negative value)	----
Actuarial (Gain) / Loss - (Balancing item)	----
Present Value of the Defined Benefit Obligations at March 31, 2012	3,07,047

3. Table showing changes in the fair value of plan assets:

Fair value of plan assets at beginning of year	----
Expected Return on Plan Assets	23,769
Contributions	3,09,809
Benefits Paid	----
Actuarial gain / (loss) on plan assets	----
Fair Value of Plan Assets at the end of year	3,33,578

4. Table showing fair value of plan assets:

Fair value of plan assets at beginning of year	----
Actual return on plan assets	23,769
Contributions	3,09,809
Benefits Paid	----
Fair Value of plan assets at the end of year	3,33,578
Fund status	26,531
Excess of actual over estimated return on plan assets	----

5. Actuarial Gain / Loss recognized

Actuarial (gain) / loss on obligations	----
Actuarial (gain) / loss for the year – plan assets	----
Actuarial (gain) / loss on obligations	----
Actuarial (gain) / loss recognized in the year	----

6. The amounts to be recognized in the balance sheet and statement of profit and loss:

Present value of obligations as at the end of year	3,07,047
Fair value of plan assets as at end of the year	3,33,578
Funded status	26,531
Net asset / (liability) recognized in balance sheet	(26,531)

7. Expenses recognized in statement of profit and loss:

Current Service cost	----
Interest Cost	----
Expected return on plan assets	(23,769)
Net Actuarial (gain) / loss recognized in the year	----
Expenses recognized in statement of profit and loss	----

**2.30** The cost of episodes of tele-serial(s) / tele-film(s) / feature film(s) in progress or completed and pending telecast / release as on date of Balance Sheet has been considered as Work-in-progress and calculated based on absorption method and the same is valued at cost or market price, whichever is less.

**2.31** As per accounting policy n. provisioning for unsold FCTs, the company has provided a sum of Rs.92,30,091 which includes provision Rs.34,35,991 for the F.Y.2011 - 12 towards unsold FCT's held.

**2.32 Managerial Remuneration:**

Particulars of salary to Whole Time Directors:

Sl. No	Name	Designation	2011-12 (in Rs.)	2010-11 (in Rs.)
1	R. Sarath Kumar	Director – Operation	21,00,000	16,50,000

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.

**2.33 Auditor's Remuneration: (excluding Service Tax)**

Sl. No.	Particulars	31.03.2012 (in Rs.)	31.03.2011 (in Rs.)
1	Audit Fee	4,00,000	3,50,000
2	Tax Audit	1,00,000	1,00,000
3	Certification fees	52,500	42,500
4	Out of pocket expenses	22,969	6,940

**2.34 Related Parties Disclosure:**

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

a. Party(ies) having control:

Mrs.R.Radikaa Sarathkumar - Chairperson & Managing Director - Holding more than 50% of paid-up Capital

Sl. No	Name of the Person	Nature of Relationship	Amount (in Rs.)	Particulars
1	R.Radikaa Sarathkumar	Chairperson & Managing Director	1,63,75,000	Artist & Creative Head payment in her professional capacity.
			18,00,000	Lease Rent

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

Sl. No	Name of the Person	Nature of Relationship	Amount (in Rs.)	Particulars
1	R.Sarathkumar	Director - Operation	21,00,000	Directors' Remuneration

c. Enterprise in which key management personnel is interested:

Sl. No	Name of the Enterprise	Name of the Key Personnel	Amount (in Rs.)	Nature of Payment
1	Red Apple Media Pvt Limited, Sri Lanka	R.Radikaa Sarathkumar	Rs.27,05,781	Advance for line production of tele-serial

**2.35 Segment Reporting**

The company operates in the area of producing content for tele-serials, events, game shows, etc., apart from producing films, undertaking distribution activities, theatrical plays and setting up of acting academy. Management

believes that it is not practical to provide segment disclosures relating to those costs and expenses as operational activities are intertwined and therefore, it has been decided by the management to report its functional operations under one segment - 'media & entertainment'- with effect from April 1, 2011.

**2.36** There are no dues to small and micro enterprises during the year ended March 2012 & March 2011.

**2.37 Contingent Liabilities:**

Sl.No.	Particulars	31.03.2012 (in Rs.)	31.03.2011 (in Rs.)
1	Claims against the company not acknowledged as debts		
	Service Tax		
	- October 2004 to September 2007 (inclusive of penalty of Rs.10 crore)	19,30,27,340	19,30,27,340
	- October 2007 to September 2010 (excluding penalty)	4,68,55,299	-----
	Sales Tax		
	- April 2001 to March 2006 (including of penalty of Rs.29,04,10,859)	48,40,18,098	-----

**Service Tax:**

Service tax demand was contested before CESTAT, Chennai and a stay was granted without any pre-deposit condition for the period October 2004 to September 2007. In respect of service tax demand of similar nature for the period October 2007 to September 2010, an appeal has been filed and pending before CESTAT.

**Sales Tax:**

Hon'ble High Court of Madras granted interim stay order against sales tax demand for the period 2001 – 02 to 2004 – 05 and partially for the year 2005 – 06 as prayed by the Company. Company has filed an appeal before Appellate Deputy Commissioner (CT) III, Chennai for the part of the disputed demand for the year 2005 – 06 amounting to Rs.2,28,60,665/- not covered under the stay order of Hon'ble High Court and as a condition have deposited a sum of Rs.50,10,401/-and also furnished personal bond by Chairperson & Managing Director for Rs. 1,78,50,265/- for stay of collection of tax.

In the above referred cases, Management firmly believes that its stand is likely to be upheld in the appellate process.

**2.38** Licensed and Installed capacity - Not Applicable

	<b>31.03.2012</b>	<b>30.03.2011</b>
<b>2.39</b> Earnings in Foreign Currency -	US \$ 1,94,094.13	US \$ 2,84,764
	Equivalent to	Equivalent to
	Rs. 1,08,25,079	Rs.1,29,97,570
	British Pound	
	£ 1,49,159.01	NIL
	Equivalent to	
	Rs.1,15,83,546	
Expenditure in Foreign Currency -	US \$ 48,480	US \$ 57,787
	British Pound	Malaysian Ringgits
	£ 1,81,606	MR 8,000
	Equivalent to	Equivalent to
	Rs.1,64,59,491	Rs.26,95,804

**2.40** The Confirmation of Balances of Debtors & Creditors is yet to be received in some cases.

- 2.41** Figures of Previous year have been re-grouped and re-classified, wherever necessary to conform to those of the current year.
- 2.42** Figures have been rounded off to the nearest rupee.

**On behalf of the Board of Directors**

-sd-

**R.Radikaa Sarathkumar**  
Chairperson & Managing Director

-sd-

**A.Krishnamoorthy**  
Director

-sd-

**M.Kaviramani**  
Chief Financial Officer

-sd-

**Kanhu Charan Sahu**  
Company Secretary

**As per our report attached  
For CNGSN & ASSOCIATES  
Chartered Accountants  
F.R.No.004915S**

-sd-

**C.N. GANGADARAN**  
Partner  
Memb.No.: 11205

Place : Chennai

Date : 29<sup>th</sup> May 2012



**RADAAN MEDIAWORKS INDIA LIMITED**

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

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND  
HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Name of the attending member \_\_\_\_\_

DP Id.\* \_\_\_\_\_ Client Id\* \_\_\_\_\_

Folio No.\*\* \_\_\_\_\_ No.of Shares \_\_\_\_\_ Name of Proxy \_\_\_\_\_

(If proxy attends instead of member)

I hereby register my presence at the Thirteenth Annual General Meeting.

VENUE : Madras Race Club,  
Guindy, Chennai

DATE : 17<sup>th</sup> September 2012

TIME : 10.00 A.M.

\_\_\_\_\_  
Signature of member/ Proxy

\*Applicable for members holding shares in electronic form.

\*\* Applicable for members holding shares in physical form.

**REQUEST TO MEMBERS**

- Members are requested to avoid being accompanied by non-members and / or children.
- Members are requested to be in their seats at the meeting hall before the scheduled time for commencement of the Annual General Meeting to avoid interruptions in the proceedings.

----- Tear Here -----

**RADAAN MEDIAWORKS INDIA LIMITED**

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

**PROXY FORM**

DP Id.\* \_\_\_\_\_ Client Id.\* \_\_\_\_\_ Folio No.\*\* \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_

being a member (s) of the above-named Company hereby appoint \_\_\_\_\_  
of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ as my/our proxy to attend and vote for me/us and my/  
our behalf at the Thirteenth Annual General Meeting of the company to be held on Monday, the 17<sup>th</sup> September 2012 and at any  
adjournment thereof.

Signed this .....day of..... 2012

For Office Use	
Proxy No.	
Date of receipt	
No. of Shares	

Revenue  
Stamp

N.B. : The instrument appointing proxy should be deposited with the company at least 48 hours before the commencement of the meeting.  
Please fill in the particulars, viz. Folio No/DP Id/Client Id/as given in the address slip







BOOK - POST



If Undelivered, Please return to:

**Radaan Mediaworks India Limited**  
No.10, Paul Appasaw Street, T. Nagar,  
Chennai - 600 017, Tamil Nadu, South India.  
Phone: 91 44 2834 5032 / 33 / 40  
[www.radaan.tv](http://www.radaan.tv)

