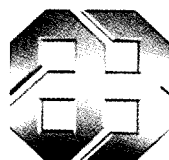




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ANNUAL REPORT 2008 - 2009



**SRI ADHIKARI BROTHERS
TELEVISION NETWORK LTD.**

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SRI ADHIKARI BROTHERS TELEVISION NETWORK LIMITED

14TH ANNUAL REPORT 2008-2009

CONTENTS

Chairman's Statement	02
Directors' Report	03
Management Discussion and Analysis	06
Report on Corporate Governance	09
Auditors' Report	19
Annual Accounts of the Company	22
Statements pursuant to Section 212 of the Companies Act, 1956	40

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GENERAL INFORMATION

BOARD OF DIRECTORS

Gautam Adhikari
Chairman & Whole-Time Director

Markand Adhikari
Vice Chairman &
Managing Director

Anand Pandit
Director
(Upto 7th October 2008)

Arun Khakhar
Director

Prasannakumar Gawde
Director

COMPANY SECRETARY

Nehal Shah

AUDITORS

A. R. Sodha & Co.
Chartered Accountants

INTERNAL AUDITORS

Khakhar & Co.
Chartered Accountants

BANKERS

Punjab National Bank

REGISTERED OFFICE

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

Tel.: 91-22-40230000
Fax: 91-22-26350996

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

REGISTRAR & SHARE TRANSFER AGENT

Sharex Dynamic (India) Pvt. Ltd.,
Unit 1, Luthra Industrial Estate,
Safed Pool, Andheri Kurla Road,
Andheri East, Mumbai 400072.

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

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



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

CHAIRMAN'S STATEMENT

Dear Members,

The television industry is one of the largest chunks of the Indian Media and Entertainment Industry (M&E) and has transformed completely in the last few years. The number of channels beamed on the TV screen of cable and satellite (C&S) viewers in India has exploded to over 45 channels now from about 120 in 2003. There has been rapid growth in the number of channels in news and other niche segments such as lifestyle, kids and infotainment apart from General Entertainment Channels (GEC)

Over the past few years the media industry has witnessed the emergence of niche content genres across the sectors emergence of reality television, rising number of niche TV channels, cross over content in music and films as well as large number of magazine launches in the niche genre.

It has also witnessed the emergence of a new concept called 'narrow casting'. Narrowcasting involves segmentation of the target group, thereby enabling advertisers to reach out to a focus audience. Going forward, the trend of narrow casting is only expected to increase further and the industry is likely to see more audience fragmentation across a myriad of content genres

Your Company has closely watched the developments in the sector and has outlined a clear cut road map. The Company is also in advance stages of negotiation with various channels for several prestigious projects and expect positive results soon.

Our international strategic alliances on the content front have also been successfully implemented. We hope to consolidate our position and replicate the model in other countries also.

Due to the emergence of a large number of channels and demand for upside quality content, there is a huge demand & opportunities are developing on the syndication front. The Company is well poised to encash this opportunity with a library of more than 5500 hours in various genres in its library.

The studio premise acquired by your Company is now in the process of converting itself into an ultra modern, state of the art production and post production studio. The Company intends to use the studio for its internal consumption thereby reducing the cost of production and hire out idle capacity resulting in a boost in the bottom line.

With warm regards

Gautam Adhikari

Chairman & Whole Time Director

Place Mumbai

Date : 31st July 2009

14TH ANNUAL REPORT 2008-2009

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 14th Annual Report together with the Audited Statements of Accounts of the Company for the financial year ended on 31st March 2009:

1. Financial Highlights

Particulars	(Rupees in millions)	
	For the year ended 31 st March 2009	For the year ended 31 st March 2008
Total Revenue from business	222.77	334.54
Earnings before finance charges, Depreciation & Tax	54.01	113.85
Less: Finance charge	18.35	14.64
Earnings before depreciation, tax & amortisation (EBDTA)	35.66	99.21
Less: Depreciation	70.97	61.02
Earnings/(Loss) before Tax (EBT)	(35.31)	38.19
Tax Expenses Current tax	11.84	24.14
Extra-Ordinary Items	1.34	0.31
Profit / (Loss) After Tax (PAT)	(48.50)	13.75
Profit b/f from previous year	89.08	81.85
Surplus available for Appropriation	40.58	95.60
Less: Proposed Dividend	5.57	5.57
Less: Tax on Proposed Dividend	0.95	0.95
Balance carried to Balance Sheet	34.07	89.08

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

2. Dividend

Your directors are pleased to recommend a dividend of Re. 0.60 per Equity Share, for the financial year ended on March 31, 2009 subject to the approval of Shareholders at the Annual General Meeting. The outgo on account of this dividend will absorb Rs. 6.52 millions (including dividend tax payable of Rs. 0.95 millions).

The dividend, if approved, shall be payable to the shareholders registered in the books of the Company and the beneficial owners as per details furnished by the depositories as on 25th September 2009.

3. Directors

In accordance with the provision of the Articles of Association of the Company, Mr. Gautam Adhikari is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment and your Board recommends his re appointment.

During the year under review Mr. Anand Pandit has resigned from the Directorship of the Company with effect from 8th October, 2008 due to his pre-occupation. Your Directors place on record their sincere appreciation for the valuable services and guidance given to the Company during his tenure.

4. Directors' Responsibility Statement

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

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same.
- That they have selected such accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the loss of the Company for the year ended on that date.



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

- c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities.
- d) That they have prepared the annual accounts on a going concern basis.

5. Subsidiary Companies

During the year under consideration, the Company has acquired 99.98% of the Equity shares of TV Vision Private Limited and therefore, TV Vision Private Limited has become a subsidiary of the Company. Application for approval u/s 212 of the Companies Act, 1956 has been made to the Ministry of Corporate Affairs for exemption from attaching the annual accounts of the subsidiary companies, viz. Westwind Realtors Private Limited and TV Vision Private Limited. In view of no significant financial transactions in the subsidiaries, the Company has not prepared the Consolidated Accounts as per AS 21 issued by the Institute of Chartered Accountants of India.

6. Public Deposits

The Company has not accepted /renewed any fixed deposits from the Public during the year under review. However, Public deposits amounting to Rs. 131,000/- remains unclaimed as on 31st March 2009 from the part of the deposit holders.

7. Auditors

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

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

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

(A) Conservation of Energy

The Company continues to implement prudent practices for saving electricity and other energy resources in day-to-day activities.

(B) Research and Development:

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

(C) Technology absorption, adaptation and innovation:

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

The particulars of Foreign Exchange earnings and outgo for the year under review are annexed to this report.

9. Particulars of Employees

The particulars of employees, as required under Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of the Employees) Rules 1975, forming part of the report of Directors, for the year under review, are annexed to this report.

10. Corporate governance:

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

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

11. Outlook:

The Indian Media & Entertainment industry is one of the fastest growing sectors of the country in recent times. By embracing multiple formats, expanding into new geographies, and exploiting the potential of under penetrated geographies, Indian promoters have built scale where they can attract foreign media companies and investors.

The television industry is estimated to have grown at a CAGR of around 13.8 percent. During this period advertising has grown at an estimated CAGR of 16.7 percent.

14TH ANNUAL REPORT 2008-2009

Overall growth in the television sector is expected to be powered by rapid growth in the number of digitised households, growth in the number of channels especially in the niche and regional categories & overall growth in the number of TV & C&S households.

12. Buyback of FCCBs

The Company had issued US\$ 9 million 1.5% secured FCCBs in June 2007 which were due for maturity in June 2012. From these issued FCCBs, the Company has repurchased FCCBs with nominal value US\$ 6.5 Million in accordance with the A. P. (DIR Series) circular no. 39 dated December 8, 2008 issued by RBI. These bonds have been cancelled. As on date US\$ 2.5 million FCCBs are outstanding.

13. Exports

Your Company owns more than 5500 hours of IPR in various genres. This was successfully leveraged by sub-licensing of the content broadcasters rights on defined usage basis to the broadcasters and operators in India and abroad. The management expects sizeable revenues in the form of exports in future.

14. Appreciation

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

For & On behalf of the Board of Director

Place : Mumbai
Date : 31st July 2009

Gautam Adhikari
Chairman & Whole Time Director

ANNEXURE TO DIRECTORS' REPORT**A) Foreign Exchange Earnings and Outgo: (Rs. in Millions)**

	Year ended 31.03.2009	Year ended 31.03.2008
Foreign Exchange earned	1.12	1.25
Foreign Exchange used	0.56	0.26

B) Statement of particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2009.

Name	Age	Designation/ Nature of Duties	Remuneration (in Rs. million)	Qualification	Experience (Years)	Commencement of Employment	Previous Employment
1	2	3	4	5	6	7	8
Mr. Markand Adhikari	52	Vice Chairman & Managing Director	4.2 per annum	Intermediate in Arts	27	20/12/1994	N.A
Mr. Gautam Adhikari	59	Chairman & Whole Time Director	2.4 (For 6 months from 1st October 2008)	Diploma in Applied Arts	27	20/12/1994	N.A

Mr. Markand Adhikari and Mr. Gautam Adhikari are brothers.

NOTES :

- Gross remuneration includes salary and salary arrears.
- The nature of employment for both the above listed individuals is Contractual.
- The employees are also entitled to gratuity, in addition to the above remuneration.

For & On behalf of the Board of Director

Place : Mumbai
Date : 31st July 2009

Gautam Adhikari
Chairman & Whole Time Director



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

A. Company Overview

During the year under review, your Company through its strategic business unit essentially produced commissioned programs for the broadcasters. "Yes Boss" one of the most popular sitcom on Indian television successfully completed 600 episodes. The Company's alliance with an international broadcaster also grew from strength to strength during the period under review. The Company also leverage the value of already expensed out content by sub-licensing the same on limited usage basis on a national and international level.

As part of its overall expansion plan, the studio acquired by the Company will soon be converted into a state of the art production and post production studio. Work has already started commencing on the same. The studio is intended to be used for internal consumption with a view to reduce cost of production & hire out idle capacity thereby boosting the bottom line.

B. Industry Overview

The Indian Media & Entertainment industry has registered a growth of 12.4 percent over the previous year. Over the next 5 years the industry is projected to grow at a CAGR of 12.5 percent.

The industry has been witnessing changing contours powered by key drivers. The current socio economic environment, the high economic growth that India has been witnessing is one of them. Narrowcasting, the art of segmentation of the target group & coming up with content and formats that appeals the best to that target group is also a very key driver. This enables the advertisers to reach out to a focus audience.

Regionalisation & internationalisation of Indian content also would have a big part to play in the overall growth process.

Availability of organised funding, ability to attract foreign capital, corporatisation of the industry is likely to result in an abundance of capital availability on sustainable business models. Digitalisation & convergence is also expected to transform the landscape of the industry by enabling players to leverage cross media synergies and attract a whole set of new consumers

C. Opportunities & Threat

Opportunities

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

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

Deregulation : Deregulation of the industry norms such as cable operators are permitted to provide digital services is an incentive for cable operators through whom our content reaches the viewers.

Corporatisation : With the industry getting increasingly corporatized, more and more systems are getting in place thereby enabling a competitive edge to the product and also encouraging constant innovations & development of newer & sustainable business models

Threats

Increasing competition : Increased competition in the broadcasting and content sphere has also led to increased content cost and reduced margins.

Economic Factors : A lower growth of TV advertising due to economic slow down and subsequent reduction in Ad spends can have its impact on the content industry as well

Fragmentation risk : With a vast plethora of channels at viewers disposal, the content producers ability to maintain stickiness to the programme is coming under increasing pressure. The producer has to keep a regular update on changing audience tastes

14TH ANNUAL REPORT 2008-2009**D. Financials****1. Share Capital:**

As on 31st March 2009, the Authorized Share Capital of the Company stood at Rs 200 million divided into 20 million equity shares of Rs 10/- each. The paid up equity capital of the Company was Rs. 92.84 million comprising of 9.28 million equity shares of Rs. 10/- each.

2. Reserves And Surplus:

The total Reserves and Surplus as at 31st March 2009 amounted to Rs. 900.40 million as against 955.42 million of the previous year. The reserves include capital reserves of 28.47 million, General reserves of Rs.225.11 million, the Security Premium Reserves of Rs.612.75 million & surplus in P & L account of Rs.34.07 million.

3. Secured Loans:

The total secured loan as at 31st March 2009 stood at Rs. 425.60 million comprising of Term Loan from Banks of Rs. 3.12 million, short term loan of Rs. 45.63 million & vehicle finance of Rs. 10.28 million, FCCBs of Rs. 366.57 million.

4. Unsecured Loans:

The total unsecured loans as at 31st March 2009 stood at Rs. 35.40 million.

5. Fixed Assets:

Depreciation of Rs. 70.97 million was charged to the Profit and Loss Account. The Net Block of Fixed Assets as on March 31, 2009 was Rs. 936.31 million.

6. Investments:

During the year, the Company has made an investment of Rs. 211.02 Million in Lotus Motion Pictures Ltd (LMPL). This is a long term investment in the said Company having business of production of movies.

7. Net Current Assets:

The net current assets as at March 31, 2009 stood at Rs. 151.77 million.

8. Revenues:

The Company earned total revenues of Rs. 222.77 million during the year ended 31st March 2009 as against 334.54 million of the previous year ended 31st March 2008.

9. Expenses:

The operating expenses of the Company for the year ended March 31, 2009 is Rs. 112.56 Million as against Rs.162.89 Million for the previous year ended March 31, 2008.

E. Critical accounting policies

The principles of revenue recognition are as under:

Advertisement revenue, is recognized net of agency commission is recognized on accrual basis when the respective advertisement or commercial appears on the concerned channel.

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

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

F. Internal Controls and Adequacy of those controls

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

G. Human Resources

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



SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

H. Business Risks

Revenue Risks:

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

Your ability to adapt to the increasingly changing audience tastes, fragmentation and narrow casting of genres, & Television rating points (TRP) are the key deciding factors for sustainability of any programme.

Technological Risk:

With newer emerging technologies evolving, the ability to adapt & establish seamless synergy with such platforms is increasingly important for sustainability.

Regulatory Risk:

The regulatory framework in the industry is constantly undergoing a change. The business may have a positive or negative impact on the revenues in future due to such changes..

I. Outlook

The Indian Media & Entertainment industry is one of the fastest growing sectors of the country in recent times. By embracing multiple formats, expanding into new geographies, and exploiting the potential of under penetrated geographies, Indian promoters have built scale where they can attract foreign media companies and investors.

The television industry is estimated to have grown at a CAGR of around 13.8 percent. During this period advertising has grown at an estimated CAGR of 16.7 percent.

Overall growth in the television sector is expected to be powered by rapid growth in the number of digitised households, growth in the number of channels especially in the niche and regional categories & overall growth in the number of TV & C&S households.

J. Exports

Your Company owns more than 5500 hours of IPR in various genres. This was successfully leveraged by sub-licensing of the content broadcasters rights on defined usage basis to the broadcasters and operators in India and abroad. The management expects sizeable revenues in the form of exports in future.

K. Achievements

The strategic alliance which your company has entered into with an international broadcaster is being executed successfully. Your company also entered into the non fiction segment by successfully implementing a national level quiz show opening up exciting possibilities. "Yes Boss" one of the most popular sitcom in Indian Television successfully completed 600 episodes. The programme also won the "Best Comedy serial" tag at the ITA awards during the year under review.

L. Cautionary Statement

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

For & On Behalf of the Board of Directors

Place : Mumbai
Date : July 31, 2009

Gautam Adhikari
Chairman & Whole Time Director

14TH ANNUAL REPORT 2008-2009

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Good Corporate Governance implies transparency in business, openness, fairness in ownership and proven competence of directors who take decisions on the basis of proper and timely information. Your Company is committed to benchmarking itself with the best in all areas including Corporate Governance in order to achieve its goal of maximization of wealth of all our stakeholders. It considers various stakeholders like consumers, suppliers, employees, lenders and the society as a part of the same cosmic system, who's healthiness is essential for the very existence and longevity of the Company. It believes in establishing relationship with all its stakeholders and community with a view to achieve sustainable development.

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

2. BOARD OF DIRECTORS

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

The Board consists of an optimum combination of executive and non-executive Directors, who have an in depth knowledge of the business, in addition to expertise in their areas of specialization.

The Chairman of the Board, Mr. Gautam Adhikari is an executive director, and the composition of the Board of Directors of the Company is as follows as on March 31, 2009:

Name of the Director	Category of the Director	No. Of directorships held in other Companies	No. of committee positions held in other Companies	
			Chairman	Member
Mr. Gautam Adhikari	Chairman and Whole Time Director	10	1	2
Mr. Markand Adhikari	Vice Chairman and Managing Director	11	-	1
Mr. Arun Khakhar	Independent Director	1	-	-
Mr. Prasannakumar Gawde	Independent Director	5	-	-
Mr. Anand Pandit	Independent Director	13	1	4

¹ Resigned from directorship w.e.f. October 8, 2008. The Directorships mentioned are as on October 7, 2008.

b) Attendance at the Board meetings and Annual General Meetings

During the year under review, the Board of Directors met Eight times viz. 31st May, 2008, 30th June, 2008, 31st July, 2008, 31st August, 2008, 27th October, 2008, 31st October, 2008, 31st January, 2009 and on 25th February, 2009

The attendance of the directors at the board meetings held during 2008-09 and at the Annual General Meeting held on September 30, 2008 is as follows:

Name of the Director	No. of Board meetings attended	Attendance at Last AGM
Mr. Gautam Adhikari	8	Yes
Mr. Markand Adhikari	7	Yes
Mr. Anand Pandit ¹	Nil	No
Mr. Arun Khakhar	6	Yes
Mr. Prasannakumar Gawde	6	Yes

¹ Ceased to be a Director w.e.f. October 8, 2008