SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

Annual Report 2013-14



a Sri Adhikari Brothers Enterprise

Mastiii

www.mastiii.com



DD direct
Channel No - 33

dishtv
Channel No - 671

airtel
Channel No - 385

VIDEOCON d2h
Channel No - 530

SRI ADHIKARI BROTHERS TELEVISION NETWORK LIMITED
19TH ANNUAL REPORT 2013-2014

CONTENTS

Page No.

Chairman's Statement 02

Notice 04

Directors' Report 15

Management Discussion and Analysis Report 21

Report on Corporate Governance 25

Auditors' Report on Financial Statements of the Company 36

Financial Statements of the Company 40

Auditors' Report on Consolidated Financial Statements of the Company 57

Consolidated Financial Statements of the Company 58

Proxy Form and NECS Mandate Form

GENERAL INFORMATION

BOARD OF DIRECTORS

Gautam Adhikari
Chairman and
Whole-Time Director

Markand Adhikari
Vice-Chairman and
Managing Director

Arun Khakhar
Non-Executive/
Independent Director

Prasannakumar Gawde
Non-Executive/
Independent Director

M. S. Kapur
Non-Executive/
Independent Director

Kalindi Jani
Non-Executive Director
(w.e.f. 23-8-2014)

AUDITORS

A. R. Sodha & Co.
Chartered Accountants

BANKERS
Punjab National Bank

COMPANY SECRETARY
Payal Garg

REGISTERED OFFICE

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

Tel.: 91-22-40230000
Fax: 91-22-26395459

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

REGISTRAR & SHARE TRANSFER AGENTS

Sharex Dynamic (India) Pvt. Ltd.,
Unit No. 1, Luthra Industrial Estate,
Safed Pool, Andheri Kurla Road,
Andheri (East), Mumbai -400072.

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

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

It gives me immense pleasure to interact with you once again through the foreword to the 19th Annual Report for the year ended 31st March, 2014.

For the year under review, with media witnessing a slow transformational shift powered by digital growth & digitisation, media companies are in the process of evolving to new practices and positioning themselves for growth.

The Television industry is estimated at INR 417 billion in 2013-14 & is expected to grow at a CAGR of 16% over 2013-18 to reach INR 885 billion in 2018.

Increasing digitisation across sub sectors of the Media & Entertainment industry, Innovative strategies to monetise digital content, rapid growth of new media powered by increasing smart phone penetration are the key drivers of growth for Indian Media & Entertainment industry in 2014.

With digitisation there is increase in localisation of content as well as increase in the offering of channels in the niche genre. Regional channels are attractive for advertisers due to lower cost of connect with the right audience. Regionalization has caught the eyes of most established broadcasters and newer and niche channels continue to be launched, catering to specific interests of the viewers.

Your company has been closely monitoring the developments and are taking strategic steps to respond positively to the changing environments.

During the year under review, your Company has formed a clear cut road map to bring in more channels into the media landscape.

Our channel **Mastiii** continues to maintain leadership position in the year under review as well. Our Regional Channels **Dabangg** and **Dhamaal** catering to the Hindi speaking belt of Bihar, Uttar Pradesh and Jharkhand; and Rajasthan, Madhya Pradesh and Chhattisgarh respectively have been doing extremely well. **DABANGG** is also maintaining a leadership position in the genre in the targeted regions. Most of the National Brands have evinced interest to promote their products on **DABANGG**.

The group has also launched a marathi channel 'Maiboli' to capitalise fast growing marathi market. Digitisation has opened up exciting new avenues of revenue generation of already expensed out content. Our digital division have launched our channels on digital platforms like Ditto TV, Avani TV, etc.

We are also in the process of creating a network of channels on Youtube. Apart from showcasing the already produced rich content, our digital division shall also produce original content targeted at the new age viewers with a view to understand the patterns and create a robust business model out of it.

Apart from above Management has also taken steps to create tangible assets which shall be used for its own requirements as well as to meet the growing demands of the industry. It has plans to formalise a media school offering world class technical and creative programmes & create a bank of high end professionals who will be capable of creating world class outputs in all forms of media. Already the world is looking towards India as an outsourcing hub for media related products and your Company intends to position itself for the same.

Sri Adhikari Brothers Television Network Limited endeavours to reach out to underprivileged communities across India and work towards making a meaningful difference to the quality of life of such communities. We quench to build a better sustainable way of life for the society. Though the provision of Section 135 of the Companies Act, 2013 are not applicable to the Company, still the Company being one of the oldest and the pioneer in Media & Entertainment Industry is geared up and committed to serve the society in all possible ways.

Your Company with a clear cut road map is suitably poised to capitalize on the opportunities being presented. We will always

continue our quest for reaching leadership positions in each of the Genre or region we represent.

I would like to convey my appreciation for the support and the patience you, as shareholders, have extended to the Company over the years. I also would like to acknowledge the contribution of the advertisers, producers, artistes, bankers, employees and all other stakeholders - without your support and trust, this Company would not have been able to deliver the quality entertainment it has always produced.

With warm regards,

Gautam Adhikari
Chairman & Wholetime Director

Place: Mumbai
Date: 23rd August, 2014

SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD.

(CIN: L32200MH1994PLC083853)

Registered Office : 6th Floor, Adhikari Chambers, Oberoi Complex, New Link Road, Andheri(West) – 400053.

Email: investorservices@adhikaribrothers.com **Website:** www.adhikaribrothers.com

Phone: 91-22 -40230000, **Fax:** 91-22- 26395459

NOTICE

Notice is hereby given that the **19th Annual General Meeting** of the members of Sri Adhikari Brothers Television Network Limited will be held on Friday, the 26th day of September, 2014 at 10:30 A.M. at Celestial Banquets, B-47, Paramount Building, Monginis Factory Lane, opp. City Mall, New Link Road, Oshiwara, Andheri (West), Mumbai - 400 053 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.

2. To declare dividend on Equity Shares for the financial year ended 31st March, 2014.

3. To appoint a Director in place of Mr. Gautam Adhikari, Whole Time Director who retires by rotation and being eligible, offers himself for re-appointment.

4. To re- appoint M/s. A. R. Sodha and Co., Chartered Accountants, Mumbai, (having FRN: 110324W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Prasannakumar B. Gawde (DIN: 01456510), Independent Director of the Company, who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing alongwith requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. Prasannakumar B. Gawde as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such upto 31st March, 2019, who shall not be liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Arun Khakhar (DIN: 00026746), Independent Director of the Company, whose office is liable to determination to retire by rotation and in respect of whom the Company has received a notice in writing alongwith requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. Arun Khakhar as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such upto 31st March, 2019, who shall not be liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Manmohan S. Kapur (DIN: 00703815), Independent Director of the Company, whose office is liable to determination to retire by rotation and in respect of whom the Company has received a notice in writing alongwith requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. Manmohan S. Kapur as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such upto 31st March, 2019, who shall not be liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** Ms. Kalindi Jani (DIN:06955542), who was appointed as an Additional Director of the Company w.e.f. 23rd August, 2014 pursuant to the provisions of Section 152 and 161 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the provisions of Articles of Association of the Company and holds office upto the date of ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing along with the requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose her candidature for the office of Director of the Company be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

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

"**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the new set of Articles of Association be and is hereby approved and adopted as new Articles of Association of the Company in the place and exclusion of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps and actions for the purposes of making all such filings and registrations as may be required in relation to the aforesaid amendment to the Articles of Association and further to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

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

"**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 and 203 and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act") read with Schedule V to the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Articles of Association of the Company, the re-appointment of Mr. Gautam Adhikari as Chairman and Whole-time-Director of the Company for a period of 3 (three) years w.e.f. 1st October, 2014 to 30th September, 2017 at a remuneration of ₹ 7,00,000/- per month be and is hereby approved.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during the tenure of Mr. Gautam Adhikari as Chairman and Whole Time Director of the Company, the remuneration as approved by this resolution, shall be payable as minimum remuneration to him as per the provisions of Schedule V of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things, as it may be required for the purpose of giving effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act") read with Schedule V to the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Articles of Association of the Company, the revision in remuneration of Mr. Markand Adhikari, Vice- Chairman & Managing Director from ₹ 4,00,000/- per month to ₹ 7,00,000/- per month for remaining period of his tenure w.e.f. 18th August, 2014 to 17th August, 2015 be and is hereby approved.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during the tenure of Mr. Markand Adhikari, Vice-Chairman & Managing Director of the Company, the remuneration as approved by this resolution shall be payable as minimum remuneration to him as per the provisions of Schedule V of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things, as it may be required for the purpose of giving effect to this resolution."

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

"RESOLVED THAT pursuant to Section 42, 62, 71 and all other applicable provisions of the Companies Act, 2013 ('the Act') read with (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to all applicable laws and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company and subject to the provisions of Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and subject to necessary approval, consent, permission and/or sanction of the Central Government, Reserve Bank of India, Ministry of Finance

and/or any other appropriate authorities, including banks, Financial Institutions or other creditors; subject to the provisions of the Foreign Exchange Management Act, 1999 (FEMA), Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, as amended and all applicable regulations framed and notifications issued there under; Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, including the guidelines for Qualified Institutional Placement prescribed in Chapter VIII thereof; subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission or sanction and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted /to be constituted by the Board to exercise its powers including powers conferred on the Board by this resolution and/or by duly authorized persons thereof for the time being exercising the powers conferred on the Board by this resolution), the consent and approval of the members of the Company be and is hereby accorded to create, offer, issue and allot, in the course of one or more public/private offerings in domestic and/or in the course of international offerings with or without green shoe options, equity shares through Qualified Institutions Placement (QIPs) under ICDR Regulations and/or equity shares through Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) or Foreign Currency Convertible Bonds (FCCBs) and/or other securities convertible into equity shares at the option of the Company and/or holder(s) of such securities and/or securities linked to equity shares and/or securities including non convertible debentures with warrants or other securities with or without warrants, which may be either detachable or linked and which warrant has a right exercisable by the warrant holder to subscribe for equity shares and/or any instruments or securities representing either equity shares and/or convertible securities linked to equity shares (including the issue and allotment of equity shares pursuant to a green shoe option, if any), (all of which are hereinafter collectively referred as "securities") to eligible investors under applicable laws, regulations and guidelines whether residents or non residents and/or institutions/banks and/or incorporated bodies, mutual funds, venture capital funds, and/or multilateral financial institutions and/or individuals and/or trustees and/or stabilizing agents or otherwise and whether or not such investors are members of the Company, through Prospectus and/or Letter of Offer or Circular and/or on public and/or private/preferential basis, such issue and allotment to be made at such times/intervals in one or more tranches, for cash, at such price or prices, in such manner and where necessary, in consultation with the Book Running Lead Managers and/or other Advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue of securities provided that the total amount raised through the issuance of such securities shall not exceed ₹ 150 Crores (Rupees One Hundred Fifty Crores) or its equivalent in one or more currencies, including premium if any, as may be decided by the Board.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid securities may have all or any terms and conditions or combination of terms in accordance with applicable Regulations, prevalent market practices etc.

RESOLVED FURTHER THAT the relevant date for the determination of applicable price for the issue of the Depository Receipts and/or securities issued pursuant to QIP shall be the date on which the Board of the Company decides to open the proposed issue, or the date on which the holder of securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said equity shares, as the case may be ("Relevant Date").

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities or as may be necessary in accordance with the terms of the offering, all such equity shares shall rank pari passu with the existing equity shares of the Company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of securities or securities representing the same or equity shares, as described herein above, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at their discretion deem necessary or desirable for such purpose, including without limitation the utilization of issue proceeds, entering into underwriting and marketing arrangements and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit."

By Order of the Board of Directors

Gautam Adhikari
Chairman & Whole Time Director

Place: Mumbai
Date: 23rd August, 2014

Registered Office:
6th Floor, Adhikari Chambers,
Oberoi Complex, New Link Road,
Andheri (West),
Mumbai - 400 053

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE, IN CASE OF POLL ONLY, ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.** A person can act as Proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights, provided that a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.

2. The Statement pursuant to Section 102 of the Companies Act, 2013, in respect of special business is annexed hereto and forms part of the Notice.

3. Corporate members are requested to send duly certified copy of the Board Resolution passed pursuant to Section 113 of the Companies Act, 2013 authorizing their representative to attend and vote at the Annual General Meeting (including through e-voting).

4. Brief resume of Directors proposed to be appointed/re-appointed at the ensuing Annual General Meeting in terms of Clause 49 of the Listing Agreement is annexed to the Notice.

5. (a) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 22nd September, 2014 to Friday, 26th September, 2014 (both days inclusive) for determining the name of members eligible for dividend on Equity shares, if approved by the members at the ensuing Annual General Meeting.

   (b) The Dividend on Equity Shares, if declared at the Annual General Meeting, will be credited / dispatched between Monday, 6th October, 2014 and Thursday, 9th October, 2014 to those members whose name shall appear on the Company's Register of Member on 26th September, 2014 and in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners as on that date.

6. The balance amount lying in Unpaid Dividend Account for the financial year 2006-2007 is due for transfer to IEPF administered by the Central Government in the month of November, 2014 as per the provisions of Section 124 of the Companies Act, 2013 read with Companies (Declaration & Payment of Dividend) Rules, 2014. The members whose dividend remained unclaimed for the aforesaid financial year and following financial years are requested to claim it immediately from the Company.

7. The Register of Directors' Shareholdings maintained under Section 170 and Register of Contract or Arrangement in which Directors are interested under Section 189 of the Companies Act, 2013 are open for inspection at the Registered Office of the Company during the office hours on all working days between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and will be open for inspection during the Annual General Meeting also.

8. Members holding shares in physical form are requested to notify immediately changes, if any, in their address or bank mandate to the Company/Registrar and Share Transfer Agents (RTA) quoting their Folio Number. Members holding shares in the Demat form may update such details with their respective Depository Participants.

9. Members are requested to forward all Share Transfers and other communications, correspondence including dividend mandate to the RTA – M/s. Sharex Dynamic (India) Private Limited, Unit : Sri Adhikari Brothers Television Network Limited, Unit No.1, Luthra Industrial Estate, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai -400072 and members are further requested to always quote their Folio Number in all correspondences with the Company.

10. Members holding shares in identical original order of names in one or more folio are requested to write to the Company / RTA enclosing their share certificate(s) to enable the Company to consolidate their holding in one folio for better services.

11. Members are requested to bring their Attendance slip along with their copy of Annual Report to the Meeting.

12. Members desirous of seeking any information relating to the accounts and operations of the Company are requested to address their queries to the Company Secretary at least 7 days in advance of the meeting to enable the Company to keep the information ready.

13. Members are requested to bring their original photo ID (like PAN Card, Aadhar Card, Voting Card, etc having photo identity) while attending the meeting.

14. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID for easier identification of attendance at the meeting.

15. The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the Bank account details furnished by the depositories for depositing dividend through National Electronic Clearing Service (NECS) to investors wherever NECS and bank details are available if the Company propose to avail the NECS facility. The Company will be availing the NECS facility for the payment of dividend of financial year 2013-14. The Bank details are required to be updated by the members who wish to avail this facility. In the absence of NECS required details, the Company will print the bank account details, as available, on the Payment Instrument for distribution of dividend, if payment of dividend is approved by the members in the ensuing Annual General Meeting. The NECS Form is enclosed with the Annual Report.

16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in demat form are therefore requested to submit their PAN details to their respective Depository Participants with whom they have their demat account(s). Members holding shares in physical form can submit their PAN details to the RTA of the Company.

17. Non Resident Indian members are requested to inform the Company's RTA, immediately of any change in their residential status on return to India for permanent settlement, their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code, if the details are not furnished earlier.

18. To comply with the provision of Section 88 of the Companies Act, 2013 read with Rule 3 of the Companies (Management and Administration) Rule 2014, the Company shall be required to update its database by incorporating some additional details of its members in its records.

    You are thus requested to kindly submit your e-mail ID and other details vide the e-mail updation form attached in this Annual Report. The same could be done by filling up and signing at the appropriate place in the said form and returning the same by post.

    The e-mail ID provided shall be updated subject to successful verification of your signatures as per record available with the RTA of the Company.

19. The Notice of the 19th Annual General Meeting and instructions for e-voting alongwith Assent/ Dissent Form, Attendance Slip and Proxy Form are being sent by electronic mode to all members whose e-mail address are registered with the Company / Depository Participant(s) unless member has requested for hard copy of the same. For members who have not registered their e-mail address, physical copies of the aforesaid documents are being sent by the courier.