



## **CORPORATE INFORMATION**

<b>Board of Directors</b>	Ms. Anuradha Prasad Mr. Rajiv Shukla Mr. Bhupindar Singh Dr. Anuradha Mishra Mr. Rajeev Shankar Mr. Prem Behl	Chairperson cum Managing Director Director Director Director Director Director
<b>Company Secretary</b>	Mr. Rajeev Parashar	
<b>Statutory Auditors</b>	Joy Mukherjee & Associates	
<b>Banker</b>	HDFC Bank Limited Ansals Fortune Arcade, K- Block Sector-18, Noida - 201 301 (U. P.)	
<b>Registered Office</b>	C-4, Shivalik, Near Malviya Nagar Market, New Delhi-110 017	
<b>Corporate Office</b>	FC-23, Sector-16A, Film City, Noida -201 301 (U.P.)	
<b>Registrar and Share Transfer Agent</b>	Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi- 110 055	

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## DIRECTOR'S REPORT

To,

The Members,

**B.A.G. Films & Media Limited**

Your Directors are pleased to present their 17th Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the financial year ended March 31, 2010.

### FINANCIAL RESULTS

(Rupees in Lacs )

Particulars	2009-10	2008-09
Total Income	3996.79	6079.88
Profit before depreciation and financial charges	1194.82	1640.79
Financial charges	125.85	51.09
Cash Profit	1089.18	1642.19
Depreciation	1010.75	1296.70
Profit before Tax	58.22	292.99
Provision for Tax	53.99	142.34
Profit after Tax	4.23	150.64
Proposed Dividend (%)	NIL	NIL

### PERFORMANCE REVIEW

During the year under review, your Company went through the transformation phase. Many of the most popular shows discontinued in the previous year and altogether new programming was introduced keeping in mind the changing tastes of the audience. This period saw the phasing out of old shows and creation of fresh shows based on newly ideated content, where development activity took primacy over marketing and sales. Owing to this and an urge to create new and innovative software, your Company saw a dip in revenues. During the financial year under review the total revenue of your Company has been Rs. 3996.79 Lacs compared to Rs. 6079.88 Lacs previous year. Cash profit has been Rs. 1089.18 Lacs as compared to Rs. 1642.19 Lacs previous year.

#### Television Software:

The content business holds the unique distinction of producing programmes across genre for a range of channels. 'Ganga-Agni Pariksha Jeevan ki' is running successfully on Colors and gaining on TRPs. With prestigious contracts in hand, and a few more programmes lined up for launch, Studio24 seems poised for a very healthy financial year. A daily fiction show based on DevGanga story is scheduled to be released on Star Suvarna in Kannada. However we are confident of leading the recovery this year. While the medium to long-term outlook remains very strong, there is a sense of caution that has set into the industry in recent times owing to the global economic slowdown. However, empirical data suggests that television consumption increases during recessionary periods and the cable industry is often much lesser affected as compared to other cyclical categories. Our belief is that the challenges posed by these times would see the emergence

of new business models and would lead media companies to change, innovate and re-examine their existing strategy.

#### iSOMES

Your Company has been providing media education through its media school iSOMES (International School of Media & Entertainment Studies) in collaboration with Missouri School, U.S.A. iSOMES also entered into a Memorandum of Understanding with FTII, Pune for exchange of curricula and faculty wherein the students of both the institutes have benefited immensely.

iSOMES is now affiliated to the Guru Jambheshwar University, Hissar and offers full time graduate courses in Broadcast Journalism. We are also planning to expand the media education by reaching out to other states of India through franchisee model. One such branch has recently been inaugurated in Lucknow. The revenues from iSOMES have shown healthy improvement during this financial year.

#### DIVIDEND

The Directors are of the view that resources of the Company need to be conserved for its future growth plans and hence do not recommend any dividend for the financial year ended March 31, 2010.

#### Broadcasting

**News24**, a 24 hours National Hindi free to air news channel which was launched by your Company through its subsidiary B.A.G. Newline Network Limited has been very well received by the audiences. It has consistently maintained around 7% market share and is available throughout India on cable and DTH platforms.

The performance of the channel has improved greatly. The revenues increased by 55.49 % during the year under review and the losses were reduced substantially by 55.58 % year on year.

**'E24'** a 24 hours Bollywood Entertainment channel of your Company launched through its subsidiary B.A.G. Glamour Limited has also been growing at a rapid pace and has garnered healthy channel shares. Pitched as Bollywood's first news channel, E24 managed to attract audiences of various age groups and succeeded in creating a new genre in television entertainment.

The revenue of the channel saw a significant increase of 184.37% and losses were reduced by 60.53% year on year.

#### Radio

Your Company has 10 FM Radio licenses by the name of **DHAMAAL24** at 106.4 FM through its subsidiary B.A.G. Infotainment Limited in the cities of Hissar, Karnal, Patiala, Shimla, Muzaffarpur, Ranchi, Jabalpur, Jalgaon, Dhule and Ahmadnagar. All the stations have become operational during the period under review. The response of the listeners has been extremely encouraging and our programming has a distinct edge over its competitors. The revenue curve has seen an upward trend in comparison to previous years and we have been able to cut down on losses. The revenue saw an increase of 29.75% and losses were reduced by 20.59% year on year.



## DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Mr. Rajeev Shankar and Dr. Anuradha Mishra, liable to retire by rotation at the ensuing Annual General Meeting and they being eligible, have offered themselves for re-appointment. Your Board of Directors recommends their re-appointment.

Brief resume of the above Directors, nature of their expertise in specific functional areas and names of companies in which they hold the directorship and the membership/ chairmanship of committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the section on Corporate Governance in the Annual Report elsewhere.

Mr. Nalin Satyakam Kohli on the Board of your Company resigned from the Directorship with effect from January 30, 2010. The Board places on record its sincere appreciation of the active involvement and support of Mr. Nalin Satyakam Kohli during his tenure.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed chapter on "Management Discussion and Analysis Report" pursuant to clause 49 of the Listing Agreement is given elsewhere in the Annual Report separately.

## CORPORATE GOVERNANCE

Your Company believes that the essence of Corporate Governance lies in the phrase "Your Company". It is "Your" Company because it belongs to you- the Shareholders. The Chairperson and Directors are "Your" fiduciaries and trustees. Their objective is to take the business forward in such a way that it maximizes "Your" long term value. Your Company is committed to benchmark itself with global standards in all areas including appropriate standards for Good Corporate Governance. Towards this end, an effective Corporate Governance System has been put in place in the Company, which also ensures that the provisions of revised Clause 49 of the Listing Agreement are duly complied with. A report on Corporate Governance along with Auditors' Certificate on its compliance is annexed hereto.

## CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on the Company's website.

Board Members and Senior Management personnel have affirmed compliance with the Code and a separate declaration to this effect is annexed to the Corporate Governance Report.

## LISTING

The shares of your Company continue to be listed on National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE) and Delhi Stock Exchange Limited (DSE). Global Depository Receipts are listed on the Stock Exchange at Luxembourg. The Annual Listing fee

for the Financial Year 2010-2011 has already been paid to all the above Stock Exchanges.

## FIXED DEPOSITS

During the year under review, the Company has not accepted any deposit under Section 58A and Section 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

## DIRECTOR'S RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state and confirm-

1. That in preparation of the accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. That the Directors have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit and loss of the Company for that year;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the accounts for the financial year ended March 31, 2010 have been prepared on a "going concern" basis.

## SUBSIDIARY COMPANIES

As required under the provisions of Section 212 of the Companies Act, 1956, the audited accounts together with Directors' Report and Auditors' Report of its subsidiary companies, B.A.G. Infotainment Limited, B.A.G. Glamour Limited and B.A.G. Newline Network Limited are appended and form part of the Annual Report. The statement pursuant to Section 212 of the Companies Act, 1956 is attached. The Company has one more subsidiary namely B.A.G. Animation Private Limited. The subsidiary is immaterial to the group by virtue of insignificant investment as a whole and nil turnover hence not included in the Consolidated Financial Statement as per the Accounting Standard-21.

As required by Accounting Standard-21 issued by the Institute of Chartered Accountants of India, the financial statements of the Company reflecting the Consolidation of the Accounts of its subsidiary companies to the extent of its equity holding are included in this Annual Report.

The Company is presenting consolidated accounts of its subsidiary companies prepared in accordance with Indian Generally Accepted Accounting Practices (GAAP) and the same are attached herewith. The accounts of the subsidiary companies have been separately audited as per Generally Accepted Accounting Principles/ Practices.

**PREFERENTIAL ALLOTMENT****Convertible Equity Warrants**

During the year under review your Company had issued and allotted 15,000,000 convertible warrants pursuant to Section 81(1A) of the Companies Act, 1956 as per the approval accorded by the Members of the Company at the Annual General Meeting dated August 26, 2009 to M/s ARVR Communications Private Limited (Formerly known as Anu Films and Communications Private Limited), a promoter group Company on Preferential basis with an option to get allotted one equity share per equity warrant before expiry of eighteen months from the date of allotment.

Under the first trench 7,140,000 warrants have been converted into equity shares in the financial year 2009-10 on November 28, 2009 at a price of Rs. 17.30 per shares including a premium of Rs. 15.30 per share and were listed for trading on all the Stock Exchanges where the shares of the Company are listed.

**GLOBAL DEPOSITORY RECEIPT (GDR):**

In order to augment long- term resources to strengthen financial position and to meet growth objectives, the Company had allotted 3,700,000 Global Depository Receipts (GDRs) at an offer price of US \$ 4.71 per GDR and successfully listed on the Luxembourg Stock Exchange on February 15, 2010. The Company had raised US \$ 17,427,000 through GDR issue. The Company issued 37,000,000 underlying Equity Shares of Re. 2/- each against the said GDRs in the ratio of 1:10 (for 1 GDR to 10 underlying Equity Shares) in favour of BNY Mellon the Custodian of GDR's.

**EMPLOYEE STOCK OPTION SCHEME (ESOP)**

Pursuant to the Special Resolution passed by the Members at the Extra-Ordinary General Meeting held on February 13, 2007 and in principle approval from the Stock Exchanges, your Company has implemented an Employees Stock Option Scheme ("the BAG ESOP Scheme") to reward the employees of the Company and its subsidiaries for their performance and association with the Company and also to motivate them to contribute to the growth and profitability of the Company, whereby the Company planned to grant upto 10,000,000 options to eligible employees. In the previous year Company had granted 1,150,000 options to the eligible employees. Each option is exercisable for one equity share at a price of Rs. 13/- each fully paid up on payment to the Company on completion of vesting period as per the above scheme. During the year under review out of 1,150,000 options 105,000 options were converted into equity shares.

The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2010 are annexed herewith as **Annexure I** and forms part of this report.

**AUDITORS**

M/s Joy Mukherjee & Associates, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment. The

Company has received a certificate from the auditors to the effect that their re-appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956.

**AUDITORS' REPORT**

All observations made in the Auditors' Report and notes to the accounts are self explanatory and do not call for any further comments under section 217 of the Companies Act, 1956.

**HUMAN RESOURCE**

Your Directors would like to place on record their deep appreciation of all employees for rendering quality services to every constituent of the Company be its viewers, producers, regulatory agencies, creditors or shareholders. The unstinting efforts of the employees have enabled your Company to remain in the forefront of media and entertainment business.

**PERSONNEL**

Particulars of the employees as required to be disclosed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended form part of this report and are attached herewith as **Annexure-II**.

**PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION**

Your Company is not engaged in any manufacturing or processing activity, as such particulars required to be given in terms of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption are not applicable.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year, your Company has incurred expenditure in foreign currency to the extent of Rs. 10,258,492 as against Rs. 6,869,839 in the previous financial year.

Foreign Exchange earnings during the year were Nil as against Rs. 27,298,833 in the previous financial year.

**ACKNOWLEDGEMENT**

Your Directors take this opportunity to express their deep gratitude to the viewers, producers, vendors, investors and banks for their continued support during the year. Your Directors also wish to place on record their appreciation for the dedicated services rendered by the employees of the Company at all levels, who, through their competence, hard work, solidarity, cooperation and support, have enabled the Company to achieve consistent growth. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board of Directors

Place: Noida  
Date : May 29, 2010

**Anurradha Prasad**  
Chairperson &  
Managing Director

### ANNEXURE-I TO THE DIRECTORS' REPORT

Information regarding the Employees Stock Option Scheme as on March 31, 2010

S. No.	Details	Nos.
1.	Total No. of Options in force at the beginning of the year	750,000
2.	Option granted during the year	NIL
3.	No. of options vested during the year	150,000
4.	No. of options exercised during the year	105,000
5.	No. of shares arising as a result of exercise of option during the year	1,05,000
6.	No. of options lapsed and forfeited during the year	NIL
7.	Variance in terms of option	N.A.
8.	Money realized by exercise of options during the year	Rs. 1,365,000
9.	*Total No. of options in force at the end of the year	645,000

\* Exclude the options granted to Senior Managerial Personnel who ceased to be in the employment with the Company.

**Pricing Formula:** Closing price of the Equity Shares of the Company prior to the date of the ESOP Compensation Committee ("ECC") in which stock options is granted on the Stock Exchange on which the shares of the Company are listed. The closing price of the shares of the Company at the National Stock Exchange of India Limited on the day immediately preceding the date of grant and exercise price of the options granted by ECC during the year is as per details:

Date of ECC Meeting	Closing Price per share at NSE	Exercise price per share
July 30, 2008	Rs. 31.05	Rs. 13

I.	Options granted during the year to Senior Managerial Personnel of the Company and its subsidiaries*	NIL										
II.	Details of other employee who received a grant of options amounting to 5% or more of the total options granted during the year:	NIL										
III.	Employees who have been granted options during any one year equal to or exceeding 1% of the issued capital of the Company at the time of grant:	NIL										
IV.	Diluted earnings per share (EPS):	Rs.0.03										
V.	(a) Method of calculation of employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value of the stock options.										
	(b) Difference between the employee compensation Cost so computed at (a) above and the employee Compensation cost that shall have been recognized If it had used the fair value of the options	(Rs. 481,950)										
	(c) The impact of this difference on profit and on EPS of the Company:	<table border="0"> <tr> <td>Profit/loss after Tax</td> <td>: Rs 3,096,226</td> </tr> <tr> <td>Less: additional employee compensation cost based on faire value:</td> <td>: Rs 481,950</td> </tr> <tr> <td>Add: Differential employee Compensation cost based on fair value</td> <td>: Rs 1,978,875</td> </tr> <tr> <td>Adjusted Profit After Tax</td> <td>: Rs. 3,578,176</td> </tr> <tr> <td>Adjusted EPS (diluted)</td> <td>: Rs. 0.03</td> </tr> </table>	Profit/loss after Tax	: Rs 3,096,226	Less: additional employee compensation cost based on faire value:	: Rs 481,950	Add: Differential employee Compensation cost based on fair value	: Rs 1,978,875	Adjusted Profit After Tax	: Rs. 3,578,176	Adjusted EPS (diluted)	: Rs. 0.03
Profit/loss after Tax	: Rs 3,096,226											
Less: additional employee compensation cost based on faire value:	: Rs 481,950											
Add: Differential employee Compensation cost based on fair value	: Rs 1,978,875											
Adjusted Profit After Tax	: Rs. 3,578,176											
Adjusted EPS (diluted)	: Rs. 0.03											

VI. Weighted-average exercise price and fair value of Stock Options granted:

N.A.

VII. Description of the method and significant assumptions used during the year to estimate the fair value of options :

Black and Scholes Model: Fair value of the stock option has been estimated using an option pricing model.

The main assumption used in the Black-Scholes option pricing model during the year are as follow:

I.	Risk Free Interest Rate:	8.00%
II.	Expected life	4.33 Years
III.	Expected Volatility	5.69%
IV.	Expected Dividends	0.07%

### ANNEXURE -II TO THE DIRECTORS' REPORT

Particulars of employees pursuant to the provisions of Sec 217(2A) of the Companies Act, 1956

S. No.	Name	Age	Designation	Remu-neration (In Rs.)	Qualifications	Experience (In Years)	Date of Comm-encement of employment	Last employment held
1	Anuradha Prasad	47	Managing Director	10,000,000	M.A. (Pol. Science)	26 Years	January 22, 1993	Observer Channel, 1990
2	Ajit Anjum	41	Employee	2,424,075	B.A. (Hons) History	23 Years	November 08, 2003	TV Today

## CORPORATE GOVERNANCE REPORT

***“Creating an ethical culture means instilling and maintaining a commitment to doing the right thing, this time and every time-so much so that it becomes entwined in the essential DNA of the firm”***

### COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Company believes that Corporate Governance is the commitment to compliance with all Laws, Rules and Regulations that apply to it with the spirit and intent of high business ethics, honesty and integrity resulting in the effective control and management system in the organization leading towards the enhancement of medium and long term shareholders value and interest of other stakeholders. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organization towards creating wealth and shareholder's value.

At B.A.G., we firmly believe that good governance is critical to sustaining corporate development, increasing productivity and competitiveness. The governance process should ensure that the available resources are utilized in a manner that meets the aspirations of all its stakeholders. Your Company's essential charter is shaped by the objectives of transparency, professionalism and accountability. The

Company continuously endeavors to improve on these aspects on an ongoing basis

### A. BOARD OF DIRECTORS

The Board of Directors consists of six Directors, out of which five are non-executive. Ms. Anuradha Prasad, Chairperson cum Managing Director is the only Executive Director and the number of independent non-executive Directors on the Board is 50% of the Board strength at any point of time.

The Board has constituted six committees, viz The Audit Committee, Investors' Grievance Committee, Remuneration Committee, ESOP Compensation Committee, Securities Committee and Finance Committee. All these Board committees are chaired by Non Executive Directors except Securities Committee and Finance Committee which is chaired by Ms. Anuradha Prasad, Chairperson cum Managing Director.

During the financial year 2009-10, five Board Meetings were held on May 29, 2009; July 27, 2009; July 31, 2009; October 31, 2009; and January 30, 2010.

The composition of Board of Directors, of your Company and the record of their attendance at the Board Meetings held during the years and Committee meetings are given below:

Name	Category	Attendance		Number of other Directorship held in public /pvt. companies	Number of Board level committees where member	Number of Board level committees where chair person
		Board Meeting	Last AGM			
Ms. Anuradha Prasad	Chairperson cum Managing Director, Executive Director	5	Present	14	2	2
Mr. Rajiv Shukla	Non- Executive Director	2	Present	8	3	1
Mr. Bhupindar Singh	Independent Non-Executive Director	5	Present	4	4	2
Dr. Anuradha Mishra	Independent Non-Executive Director	5	Present	4	4	-
Mr. Rajeev Shankar	Non- Executive Director	2	-	1	-	-
Mr. Prem Behl	IndependentNon-Executive Director	4	Present	2	2	-

\* Mr. Nalin Satyakam Kohli resigned from the Board with effect from January 30, 2010. He attended two meeting of the Board during the financial year.

None of the Directors of your Company is member in more than 10 committees or acted as chairperson of more than 5 committees across all companies in which they are Directors.



## B. COMMITTEES OF THE BOARD

### 1) AUDIT COMMITTEE

The Company has constituted an Audit Committee of Directors in accordance with the requirements of Sec 292A of the Companies Act 1956 read with Clause 49 of the Listing Agreement.

Presently, the Audit Committee of the Company comprises of three non-executive Directors. Mr. Bhupindar Singh, Chairman of the Committee is an independent non-executive Director. Other members are Mr. Rajiv Shukla, non-executive Director and Dr. Anuradha Mishra, independent non-executive Director.

The Finance Head and Internal Auditor were present in the Audit Committee meetings as stipulated in the code. The representative of External Auditors also participated in Audit Committee Meeting held for review of Annual Accounts. Further the Chairman of the committee was also present in the Annual General Meeting.

During the last financial year, five Audit Committee Meetings were held on May 29, 2009, July 27, 2009, July 31, 2009, October 31, 2009 and January 30, 2010. The attendance of the Directors during these meetings is set down below:

S. No.	Name of the Director	No. of meetings attended
1.	Mr. Bhupindar Singh	5
2.	Mr. Rajiv Shukla	3
3.	Dr. Anuradha Mishra	5

#### Terms of reference

The Audit Committee is responsible for effective supervision of Company's financial reporting processes to ensure proper disclosure of financial statements, their credibility and compliance with the Accounting Standards and other legal requirements; reviewing, with the management, performance of statutory and internal auditors, reviewing internal and external audit and internal control systems, assessing their adequacy ensuring compliance with internal controls; reviewing findings of internal audit, reviewing the Company's financial and risk management policies and ensuring follow up actions on significant findings, and reviewing quarterly, half yearly and yearly annual accounts.

As per the requirements of the Listing Agreements, Mr. Rajeev Parashar, Company Secretary acts as Secretary of the Audit Committee.

### 2) INVESTORS GRIEVANCE COMMITTEE

The Board of Directors of the Company has constituted Investors Grievance Committee for redressing shareholders' and investors' complaints in order to provide the best services to the investors and shareholders. The Board has delegated the power of redressal of Investor Grievances to Registrar and Share Transfer Agent who specifically looks into redressing of shareholders' and investors' complaints and queries and processes the grievance within the period of 7 days from the date of receipt. This has been done to integrate the whole process i.e. the

dematerialisation, rematerialisation, share transfer, issue of duplicate share certificate shares, non- receipt of shares, non-receipt of balance sheet, non receipt of dividend or revalidation of dividend and any other query related with the shareholders or beneficiary holders so as to bring it under one roof.

The Board has designated Company Secretary as the Compliance Officer of the committee.

Presently, the Committee consists of three Members viz. Mr. Rajiv Shukla-Chairman, non-executive Director, Dr. Anuradha Mishra, independent non- executive Director and Mr. Prem Behl independent non- executive Director. The committee has powers inter-alia to approve share transfer, transmission, issue of share certificates and power to allot shares and other securities. The committee oversees the performance of the Registrar and Transfer Agent, and recommends measures for overall improvement in the quality of Investor services. During the financial year, the Committee met four times.

During the period under review, Company received 16 complaints/queries from shareholders, relating to non receipt of dividend warrants and/or annual reports posted by the Company, change of address and bank details, request for revalidation of expired dividend warrants and all of them have been redressed/ answered to the satisfaction of shareholders. There was no investor grievance remaining unattended or pending as on March 31, 2010.

The shareholders may directly e-mail to the Company at [info@bagnetwork.in](mailto:info@bagnetwork.in) for early redressal of their queries.

### 3) REMUNERATION COMMITTEE

The Company has constituted a remuneration committee of Directors in accordance with the requirements of Schedule XIII of the Companies Act, 1956 read with Clause 49 of the Listing Agreement.

Committee comprises of four members out of which three are independent non-executive Directors as desired by Schedule XIII of the Companies Act, 1956 and one member is non-executive Director. The Chairman of the committee is independent non-executive Director, Mr. Bhupindar Singh. Other members of the Committee are Mr. Rajiv Shukla, Dr. Anuradha Mishra and Mr. Prem Behl.

The Committee's scope of work includes deciding on policy matters for remuneration of Directors and laying guidelines for remuneration package or compensation.

#### Remuneration of Directors

Apart from receiving sitting fees, independent directors do not have any other material pecuniary relationship or transactions with the Company, its promoters, and its management, which in the judgment of the Board may affect independence of judgment of directors.

Company is not paying any remuneration to the non-executive directors. However, during the year the Company has paid a sum of Rs. 3,600,000 to Mr. Rajiv Shukla, a Non-executive Director vide Central Government approval dated January 12, 2006. During the year the Company paid sitting

fees to Non-Executive Directors for attending meeting. The sitting fees paid for the year ended March 31, 2010 to the Directors are as follows:

Details of Sitting Fees paid to the Directors

Name of the Directors	Sitting Fees (in Rs.)
Ms. Anuradha Prasad	—
Mr. Rajiv Shukla	75,000
Mr. Bhupindar Singh	120,000
Mr. Prem Behl	60,000
Dr. Anuradha Mishra	127,500
Mr. Rajeev Shankar	30,000
Mr. Nalin Satyakam Kohli*	37,500

\* Mr. Nalin Satyakam Kohli resigned from the Board with effect from January 30, 2010.

Company is not paying any sitting fees to Ms. Anuradha Prasad- Executive Director of the Company. Remuneration paid to Ms. Anuradha Prasad, Executive Director of the Company is given in the notes to the Accounts.

#### 4) SECURITIES COMMITTEE

Committee comprises of three members under the Chairmanship of Executive Director Ms. Anuradha Prasad. Other members of the Committee are Mr. Rajiv Shukla and Dr. Anuradha Mishra non-executive directors.

The Committee has been specifically formed for the purpose of executing the work related to fresh issue of securities and its scope of work includes finalizing and approving any offer documents, deciding pricing of issue, appointing various authorities, agencies, and other intermediaries for the purpose of executing the issue related formalities and issue and allotment of such securities.

During the financial year 2009-10 two meeting of the committee were held on October 31, 2009 and February 15, 2010. All the members attended the said meeting.

#### C. DISCLOSURES

##### a) Related Party Transactions

All transactions with related parties including transactions of material nature between the Company and its promoters, directors, management, their subsidiaries or relatives etc. are disclosed in the Notes to the Accounts forming part of the Annual Report. There were no materially significant related party transactions during the year having conflict with the interests of the Company.

##### b) Disclosure of Accounting Treatment

The Company has followed the Accounting Standards in the preparation of financial statement.

##### c) Risk Management

The Company has a procedure to inform the Board about the risk assessment and minimization procedures. The Audit Committee periodically reviews the risk management framework of the Company and informs the Board.

##### d) Code of Conduct

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on the Company's

website. Board Members and Senior Management personnel have affirmed compliance with the Code and a separate declaration to this effect is annexed to the Corporate Governance Report.

#### e) Compliances by the Company

There have been no instances of non-compliance by the Company on any matter related to capital market and no penalties or strictures been imposed by SEBI or the Stock Exchanges.

The Company has complied with all the mandatory requirements and reviewed the non mandatory requirements under Clause 49 of the Listing Agreement and these are adopted/complied by the Company need based as per details given below:

##### 1. The Board

The Company has an Executive Chairman. None of the Director has a tenure exceeding nine years on the Board of the Company. All the Directors of the Company possess requisite qualification to contribute effectively to the Company in their respective capacity as Director. There is no fixed tenure for Independent Directors.

##### 2. Remuneration Committee

The Remuneration Committee has been constituted and the details have been mentioned earlier in the Corporate Governance Report.

##### 3. Shareholders' Rights

The quarterly financial results are published in the newspapers as mentioned under the heading "Means of Communication" herein below and also displayed on the website of the Company. The quarterly/half yearly results are not separately circulated to the shareholders.

##### 4. Audit Qualifications

The Auditors have not qualified the Company's financial statements for the year under review.

##### 5. Training of Board Members

No specific training programme was arranged for Board members. However, at the Board Committee meetings detailed presentations are made by Professionals, Consultants as well as Senior Executives of the Company on the business related matters, risk assessment, strategy, effect of the regulatory changes etc.

##### 6. Mechanism for evaluating Non-Executive Board Members

The Company has not adopted any formal mechanism for evaluating individual performance of Non-Executive Directors.

##### 7. Whistle Blower Policy

The Board has laid down a Code of Conduct for all Board Members and Senior Management along with all its employees across the organisation. The Code of Conduct of the Company lays down that the employees shall promptly report any concern or breach and suggests not to hesitate in reporting a violation to the concerned superior. The Code of Conduct has been posted on the Company's website which has inherent Whistle Blower Policy.

#### D. MEANS OF COMMUNICATION

The Company publishes its quarterly, half yearly and yearly financial results in leading national newspapers like Business Standard and Veer Arjun. The Company also sends the financial results to the Stock Exchanges immediately after its approval by the Board.

The Company has its own web-site and all vital information relating to the Company and its performance, including quarterly results and presentation to analysts are posted on the website [www.bagnetwork.in](http://www.bagnetwork.in)

#### E. SHAREHOLDERS' INFORMATION

##### APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

As per the provisions of the Companies Act, 1956, and Articles of Association of the Company, Mr. Rajeev Shankar and Dr. Anuradha Mishra are liable to retire by rotation at the ensuing Annual General Meeting and they being eligible, offered themselves for re-appointment.

Ms. Anuradha Prasad Chairperson cum Managing Director of the Company was appointed for a period of five years with effect from April 01, 2005. Accordingly the terms of her appointment has expired on March 31, 2010. The Board has appointed her in its meeting held on January 30, 2010, subject to the approvals of shareholders at the Annual General Meeting, for a further period of five years starting from April 01, 2010. Brief resume of Ms. Anuradha Prasad, Mr. Rajeev Shankar and Dr. Anuradha Mishra are given hereunder:

##### Ms. Anuradha Prasad

Anuradha Prasad is the Chairperson cum Managing Director of the prestigious 360 degree media Company B.A.G. Films & Media Limited From a young journalist to one of the most recognizable media personalities in the country Anuradha has traced a successful journey in her two decade long career.

After completing a Master's degree in Political Science from Delhi University Anuradha Prasad ventured into the media industry with an assignment in a popular business magazine. Having discovered a flair for media and journalism here, Anuradha went on to work in many different positions in the industry, writing, producing and working both behind the scenes as well as in front of the camera. Soon she decided to create television programs that she strongly believed in by starting out on her own. The year 1993, saw Anuradha launch B.A.G Films & Media Limited (then known as B.A.G Films Limited), her own production house where she created memorable programmes like *Poll Khol*, *Red Alert* and *Sansani* on Star News, *Kumkum* and *Khullja Sim-Sim* on Star Plus, *Sidhhant* on Star One, *Dahhej* on 9X, *Ek Thi Rajkumari* on Zee Next, *Har Dil Jo Love Karega* on Zoom, *Rozana* and *Khabrein Bollywood Ki* on Doordarshan.

In 2007, Anuradha launched an umbrella brand Broadcast

24 under which she launched "**News24**"; a 24-hour News channel that is today the fastest growing Hindi news channel in the country. In March 2008, under the same brand she launched India's first Bollywood news channel '**E24**'. Anuradha heads a successful radio network '**Dhamaal24**' a 24-hour radio network on air now at 10 stations across the country. Besides this, she continues to run the very successful production arm of B.A.G. Films- '**Studio24**'. She also reaches out to aspiring media professionals with the International School of Media and Entertainment Studies (iSOMES), a school dedicated to teach and train media professionals of tomorrow. She has kept pace with technology and has her channels present on cyber space through her web network B.A.G. Convergence. With all this and her forthcoming ventures, Anuradha has led B.A.G Films & Media Limited to become a 360 degree Media Company recognised as a prestigious media Company in India.

For her immense contribution to Indian Television, Anuradha has won accolades and awards over the years. She is a member of CII and FICCI Entertainment Committee. She is on the board of Uttaranchal Film Development Council, and is an executive member of Film Producers Guild of India.

##### Mr. Rajeev Shankar

Mr. Rajeev Shankar is a businessman. He is also an acclaimed social worker of Bihar and West Bengal, has raised strong voices at different times of downtrodden sections of the society against social evils and instrumental in achieving their desired due. He has the credit of becoming instrumental in organizing spot television coverage to strongly sensitive social issues, owing his socially active alert mind which has bring laurels to different television news channel (s) quite of times, acting as per his advices.

##### Dr. Anuradha Mishra

Dr. Anuradha Mishra was a distinguished Reader in department of chemistry, University Institute of Engg. And Tech. and has written several journals and also has 17 years of Research Experience in the field of education and research. Apart from being an academician she has deep analytical abilities to understand financials and businesses of Media. Her deep interest in research and professional approach contributes a lot the good governance and business of your Company.

##### SHARE TRANSFERS

The Company has appointed M/s Alankit Assignments Limited as Registrar and Transfer Agent of the Company. The Company ensures a predetermined process to expedite the share transfers. The shares for transfers received in physical form are transferred expeditiously. The share certificates duly endorsed are returned immediately to shareholders.

## GENERAL BODY MEETINGS

- (i) The details of Annual General Meetings of shareholders held in last three years are as under:

Year	Date	Location	Time
16 <sup>th</sup> AGM 2008-09	August 26, 2009	Air force Auditorium, Subroto Park Delhi Cantt, New Delhi-110 010	4.30 P.M.
15 <sup>th</sup> AGM 2007-08	August 18, 2008	Air force Auditorium, Subroto Park Delhi Cantt, New Delhi-110 010	12.00 P.M.
14 <sup>th</sup> AGM 2006-07	August 27, 2007	FICCI Auditorium, Federation House, Tansen Marg, New Delhi-110 001	12.30 P.M.

- (ii) Several Special Resolutions were proposed in the above said meetings and duly passed by show of hands.
- (iii) During the year ended March 31, 2010 there were no special resolutions passed through Postal Ballot.

### Annual General Meeting

- Date September 04, 2010
- Time 4.00 p.m.
- Venue Air Force Auditorium,  
Subroto Park, Delhi Cantt.,  
New Delhi-110 010

### Financial Calendar for 2010- 2011:

(Tentative and subject to change)

- Financial Year Ending: 31st March
- First Quarter Results (June, 2010): Latest by Second week of August, 2010
- Half Yearly Results (September, 2010): Latest by second week of November, 2010
- Third Quarter Results (December, 2010): Latest by second week of February, 2011
- Fourth Quarter Results (March, 2011): Latest by Last week of May 2011
- Approval of Audited Accounts ( 2010-2011) Latest by Last week of May 2011
- Book Closure Date** Saturday, August 28, 2010 to Saturday, September 04, 2010
- Dividend Payment Date** Not Applicable

### Listing

The shares of your Company are presently listed with National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE) and Delhi Stock Exchange Limited (DSE). The Annual Listing fee for the Financial Year 2010-2011 has already been paid to all the above Stock Exchanges.

### Stock Code

National Stock Exchange of India Limited (BAGFILMS)

Bombay Stock Exchange Limited (532507)

### Dematerialization of shares and liquidity

As at March 31, 2010, 95.27 % of fully paid up Equity Share Capital and 79.23 % of partly paid Equity Share Capital are held in electronic form with NSDL and CDSL

### Registrar and Transfer Agent

Alankit Assignments Limited, Alankit House 2E/21, Jhandewalan Extension, New Delhi-110055  
011-42541234, 23541234

### Plant Location

Not Applicable

### Address for correspondence

**Registered Office**  
C-4, Shivalik, Near Malviya Nagar Market, New Delhi-110 017

**Corporate Office**  
FC-23, Sector 16A, Film City, Noida- 201 301(U.P.)

### Compliance Officer

Mr. Rajeev Parashar  
Contact No. 91-120-3911444 & 3911555  
e-mail ID : rajeev.parashar@bagnetwork.in  
Fax No. 91-120-3911401

### Outstanding GDRs/ ADRs/ Warrants/ Convertible Instruments

#### OUTSTANDING ESOPs

Number of Stock Options under "the BAG ESOP Scheme" outstanding as on March 31, 2010 are 645,000. During the year under review 105,000 equity sharers were allotted to the eligible employees under "the BAG ESOP Scheme" vide ESOP Compensation Committee Meeting dated January 30, 2010.



During the year under review your Company had issued and allotted 15,000,000 convertible warrants pursuant to Section 81(1A) of the Companies Act, 1956 as per the approval accorded by the Members of the Company at the Annual General Meeting dated August 26, 2009 to M/s ARVR Communications Private Limited (Formerly known as Anu Films and Communications Private Limited), a promoter group Company on Preferential Basis with an option to get allotted one equity share per warrant before expiry of eighteen months from the date of allotment.

Under the first trench 7,140,000 warrants have been converted into equity shares in the financial year 2009-10 on November 28, 2009 at a price of Rs. 17.30 per share including a premium of Rs. 15.30 per share and were listed for trading on all the Stock Exchanges where the shares of the Company are listed.

#### OUTSTANDING GDR'S:

Your Company had issued 3,700,000 Global Depository Receipts (GDR's) represented by 37,000,000 underlying Equity Shares of the Company as on 31st March, 2010 with representing 23.56 % of the total issued and paid up Share Capital of the Company.

The Company's equity shares are listed on Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and Delhi Stock Exchange Limited (DSE). The Company's Global Depository Receipts (GDRs) have been listed with Luxembourg Stock Exchange along with NSE, BSE and DSE. The Company has paid the Listing Fees, as applicable to the BSE, NSE, DSE and Luxembourg Stock Exchange for the financial year 2010-11. The Company has duly complied with the requirements of the revised Clause 49 of the Listing Agreement with the Stock Exchanges, as well as with the Regulations of the Securities Exchange Board of India and such other statutory authority relating to the Capital Markets. The Company successfully raised US \$ 17,427,000 through Global Depository Receipts (GDR's).

#### Share Transfer System

M/s Alankit Assignments Limited is acting as the Registrar and Transfer Agent of the Company. The Company with Alankit Assignments Limited ensures a predetermined process to expedite the share transfers. The shares for transfers received in physical form are transferred expeditiously, provided the documents are complete and the shares under transfer are not under any dispute. The share certificates duly endorsed are returned immediately to shareholders.

In compliance with the Listing Agreements, every six months, the share transfer system is audited by the practicing Company Secretary and the certificates to that effect are issued by her.

#### Market Price Data

Month	NSE		BSE	
	Highest Rates (Rs.)	Lowest Rates (Rs.)	Highest Rates (Rs.)	Lowest Rates (Rs.)
April 2009	20.60	11.40	20.49	11.50
May 2009	27.35	15.50	26.55	15.60
June 2009	26.95	19.00	27.00	18.75
July 2009	19.55	14.80	19.50	15.25
August 2009	19.95	16.70	19.80	16.75
September 2009	19.80	16.60	19.85	16.55
October 2009	18.25	14.00	18.45	14.00
November 2009	19.40	12.90	19.40	12.88
December 2009	22.45	16.75	22.20	17.00
January 2010	25.40	18.00	25.35	17.75
February 2010	23.90	17.60	21.80	17.40
March 2010	21.60	18.40	21.85	15.90

#### Distribution of Shareholdings as on March 31, 2010.

Shareholding of Nominal Value of Rs. 2/- each	No. of Shareholders		No. of Shares	
	From To	Number	%Total	Number
1-100	13280	42.28	710022	0.45
101-500	11946	38.03	3786240	2.41
501-1000	3142	10.00	2729100	1.74
1001-5000	2409	7.67	5750661	3.66
5001-10000	313	1.00	2329075	1.48
10001-20000	156	0.50	2219215	1.41
20001-30000	52	0.17	1261458	0.80
30001-40000	20	0.06	703035	0.45
40001-50000	17	0.05	812438	0.52
50001-100000	31	0.10	2206639	1.41
100001-500000	29	0.09	5929335	3.78
500001- & Above	16	0.05	128620872	81.89
<b>Total</b>	<b>31411</b>	<b>100.00</b>	<b>157058090</b>	<b>100.00</b>

#### Shareholding of Non-Executive Directors in the Company as on March 31, 2010

Name of Non-Executive Director	No. of shares	Percentage of holding
Mr. Rajiv Shukla	10461298	6.66
Mr. Bhupindar Singh	—	—
Dr. Anuradha Mishra	—	—
Mr. Rajeev Shankar	500	—
Mr. Prem Behl	—	—

#### F. COMPLIANCE

The Certificate dated May 29, 2010 obtained from our Statutory Auditors M/s Joy Mukherjee & Associates forms part of this report.

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by B.A.G. Films and Media Limited ("the Company") for the year ended on March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

On the basis of our review and according to the information and explanations given to us, we state that in respect of investor grievances received during the year ended March 31, 2010, no investor grievances are pending against the Company.

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

**For Joy Mukherjee & Associates**  
Chartered Accountants

**Joy Mukherjee**  
Partner

**Membership No. 74602**

Place: Noida  
Date: May 29, 2010

## TO WHOMSOEVER IT MAY CONCERN

We have examined the compliance of conditions of Corporate Governance of B.A.G. Films & Media Limited for the year ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the officials of the Company, we hereby, in compliance of conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing certify that:

- a. We have reviewed financial statements and the cash flow statement for the year.
- b. Based on our knowledge and information these statements do not contain any untrue statement or omit any material fact or contain statements that might be misleading with respect to the statement made.
- c. Based on our knowledge and information the financial statements and other financial information included in this report present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- d. To the best of our knowledge and belief, no transaction entered into by the Company during the year is fraudulent, illegal or violative of the Company's code of conduct.
- e. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- f. We further certify that
  - i) There are no significant changes in internal control over financial reporting during the year and any addition or modification if any, have been intimated to the audit committee;
  - ii) There is no significant change in accounting policies during the year.
  - iii) There is no instance of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- g. We, further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Place: Noida  
Date: May 29, 2010

**Anuradha Prasad**  
(Chairperson cum Managing Director)

**Ajay Jain**  
(A.V.P-Accounts & Finance)

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### A. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian entertainment industry is on a high growth path. Domestic majors are finding better earnings potential in the huge overseas markets. At the same time, corporatization is finally starting to emerge in this highly unorganized industry. This is likely to instill a greater discipline in the functioning of the industry and lead to greater consolidation in the future. The domestic consumer will opt for more sophisticated technology in the near future. Consequently, domestic majors will have to redefine their product offerings.

The Indian Media & Entertainment (M&E) industry has evolved significantly over the last decade and the pace of this evolution is only expected to increase going forward. With mobile phones becoming ubiquitous, rising mobile and internet penetration and increased use of search engines and social networking platforms, consumer patterns have witnessed a marked change in India.

The year 2009 is likely to be remembered as an inflection point for the India Media & Entertainment (M&E) industry. While subscription revenues grew, advertising revenues were impacted in line with the challenging economic scenario. On one hand, industry players revisited the basics and looked at sustainable cost optimization. On the other, they sought means to better connect with their customers. Leadership across segments was tested: some emerged resilient while others renewed their focus on their core business strategy. On the whole, the year 2010 has been welcomed with a renewed sense of hope and a fresh perspective replete with the learning's of 2009.

The GDP forecast at is 6.75 percent and 8 percent for the years 2009-10 and 2011-12 respectively looks promising. On the back of several factors, the overall M&E market in India is expected to grow at a compounded annual growth rate of 13 percent per annum through 2014 to reach INR 1.1 trillion. The untapped potential for growth in media reach, impact of digitization and convergence, better consumer understanding, sustained efforts in innovation, and enhanced penetration of regional markets all augur well for the industry.

The contribution of Television to the overall revenues of the M&E industry has gone up considerably in 2009 compared to 2006 and is expected to continue increasing and achieve almost 48 percent of the total revenues in 2014. On the other hand, the contribution from sectors like Films, Print, Music and OOH has come down in 2009. Going forward, it is expected that the contribution from Films and Print may come down further in 2014, as the overall size of the M&E industry continues to grow. Television is expected to grow at a higher rate of 15 percent over next five years compared to an almost 9 percent growth in both the Films and Print sectors.

The overall M&E industry size grew from INR 579 billion in 2008 to INR 587 billion at a rate of 1.4 percent. The growth rate is expected to increase to ~11.2 percent in 2010, as the industry witnesses a recovery. The CAGR from 2006 to 2009 has remained at 10 percent and the industry is expected to grow at a rate of 13 percent in next five years.

### INDUSTRY ANALYSIS- KEY DRIVERS

The key growth drivers which have enabled the sector to grow so fast are:

- **Socio-Economic Environment** - India has a distinct advantage of favourable demographic composition. A large percentage of country's population is young and working and the emergence of this young middle class with increased disposable incomes coupled with rapid economic growth witnessed during the last decade due to liberalization of economic policies signifies good potential for increased marketing and advertising spends in the country.

- **Digitization** - Digitization which has been a big trend abroad has made its impact on the Indian media industry too particularly TV, Music and Films witnessing ever increasing trend towards digitalization. In the TV segment, the wave has been led by DTH. With the launch of Reliance-Big TV and AirTel digital services, in addition to already existing players like Tata Sky, Dish and Sun TV, year 2008 witnessed an increasing penetration of DTH with subscriber base touching almost 10 million mark. Although the adoption of CAS was relatively slower than expected yet, aggressive digitization of cable network in big cities helped push the digital set top boxes penetration. This growth is expected to continue over next few years as more and more new players are entering this market segment.

- **Emergence of Focused Channels** - The emerging trend of focused channels - News, Sports, Movies, Music, Nature, Regional etc. has led to segmentation of audience catering to different preferences and tastes. This in turn has been giving a leverage particularly to the regional advertisers to reach out to their consumers in a more effective manner.

- **Convergence** - Given the growth both IT and Telecom (especially mobile & wireless) have witnessed during last decade, Convergence coupled with availability of multiple platforms of media services holds a good potential for marketing the same content over various platforms such as internet, mobile etc.

Apart from the above, the other important factors that have facilitated growth. are - Increasing penetration of TV's and C&S homes, gradual de-regulation in industry policies, regionalization, increasing international demand for Indian content; easier availability of institutional capital for funding growth, etc.

**Programming**

Television continues to be a key communication medium in India. Your Company's performance in the segment has been encouraging with a combination of long running programmes and new launches. Various shows such as Bollywood Reporter, E Special, U Me Aur TV, One Day One Life and Bheja Fry had been innovations by your Company which had been deeply relished by the viewer not only in India but also abroad. These are like other few programmes which provide your Company distinctiveness from various other channels in the market. It is mark towards our extensive research towards viewers liking that in such short span of period your Company is among top few media Company which is growing at sustainable pace.

'Ganga- Agni Pariksha Jeevan ki' is running successfully on 'Colors' and gaining on TRPs. A daily fiction show based on DevGanga story is scheduled to be released on Star Suvarna in Kannada. With prestigious contracts in hand, and a few more programmes lined up for launch, Studio24 seems poised for a very healthy financial year. We are confident of leading the recovery this year.

B.A.G. Films continues to demonstrate its ideated innovations across all the well-linked broadcasters of the country. This widespread presence promises the viewers with more diversity over the years ahead.

**Feature Films**

Though the previous year witnessed a decline for the filmed entertainment industry, the trend is likely to reverse in 2010 to grow at a CAGR of 8.9 percent to reach INR 136.7 billion by 2014. The key growth drivers include:

1. Multiplex occupancy levels which were adversely impacted last year due to the strike are expected to increase again in 2010
2. Growth in domestic theatrical revenues which are likely to be driven by the increasing number of multiplexes that are expected to come up over the next few years
3. Rising number of digital screens in the country enabling wider releases of films may lead to higher theatrical revenues and help reduce piracy
4. The revenues from the sale of Cable and Satellite rights which were impacted last year due to pressure on advertisement revenues for broadcasters and the poor performance of a number of new Hindi GEC channels; are expected to increase in the future on account of the improving economic situation. This was evidenced over the last quarter of 2009, when film rights for a few Hindi blockbusters were sold at higher prices as compared to the earlier part of 2009
5. With increasing penetration of mobile handsets in the country and producers looking at monetising opportunities presented by imminent 3G services are expected to add to the revenues.

Your Company did not produce any new feature films in this financial year. Your Company has produced three feature films so far which include Zindaggi Rocks, Mannat (in Punjabi) and Ami, Yaseen aur Amaar Madhubala (in Bengali).

**Media School**

Your Company has been providing media education through its media school iSOMES (International School of Media & Entertainment Studies) in collaboration with Missouri School, U.S.A. iSOMES also entered into a Memorandum of Understanding with FTII, Pune for exchange of curricula and faculty wherein the students of both the institutes have benefited immensely.

iSOMES is now affiliated to the Guru Jambheshwar University, Hissar and offers full time graduate courses in Broadcast Journalism. The detailed discussion on the same is given elsewhere in the Director's Report.

The other courses offered by the school comprise:

- Camera workshop ( Three months, full time)
- Editing workshop ( Three months, full time)
- Radio jockey ( Three months, full time)
- Post Graduate full time Diploma in Broadcast Journalism
- Post Graduate Diploma in Television (Production and Direction)
- Post Graduate Diploma in Media Management

Apart from this, iSOMES also conducts workshops for school children in disciplines such as Television appreciation, Theatre and Acting. The school offers a full-fledged course with theory and practical work.

iSOMES has got the opportunity to host a number of well known professionals associated with FTII, like Raza Murad, Nadeem Khan, Adil Amaan, Kamalnath and many more who visit iSOMES to take classes

After an overwhelming response from students your Company had also started a new branch in Lucknow in order to nurture the young talent in polished and professional manner as per the international standards.

Your Company's vision is to offer an ace media school, based on international standards, with absolutely practical courses for the young glamour struck generation. This generation gets a feel of the television industry, with a training that makes them professionals in their own right.

**Radio**

Radio is considered a mass medium. It ideally suits the Indian environment - leveraging its twin advantages of wide coverage and cost effectiveness. Currently, the sector generates annual revenues worth US\$ 49.5 million and is growing at around 20 percent annually, according to the joint report by KPMG and an industry chamber.



To exploit the true potential of this sector, frequency modulation (FM) radio needs to step up its penetration to at least 300 stations in 100 cities, which would further attract an investment of US\$ 899,160 per radio station frequency, the total additional investment required has been estimated at US\$ 247.3 million, according to industry sources.

India has an estimated 180 million radio sets reaching 99 percent of the Indian population. In addition, it is estimated that 25 percent of the 500 million mobile subscribers in India have radio - enabled handsets leading to increased popularity. However, the presence of over 240 radio stations across 90 cities in India with minimal content differentiation has hampered the economics of radio broadcasting in India.

Regulatory changes such as relaxation of FDI limits, granting permission to own multiple frequencies in a city and the permission to air news and current affairs hold the key to the growth of this segment. In the near future, relaxation of regulatory norms is likely to facilitate consolidation amongst domestic players as well as drive active interest from large international private equity players and global radio majors.

Globally, radio is enjoying a revival, based on the support of the youth, with players like Radio Mirchi emerging out as one of the clear leaders with over 41.2 million listeners, as per the recently published Indian Readership Survey (IRS) quarter 1, 2010.

Radio is expected to grow at a CAGR of 16 per cent over 2010-14 and reach to a size of US\$ 361.4 million by 2014.

"The average Indian consumer is getting younger. Around 70 per cent of the country's population is below 35 years of age. More than 50 per cent of the population is likely to be under the age of 30 even in 2015," the report said. It went on to add that, "the emergence of Indian's young middle class with greater earning power and higher disposable incomes signifies good potential for increased marketing and advertising spends in the country."

Your Company also has 10 FM Radio licenses by the name of **DHAMAAL24** at **106.4 FM** through its subsidiary B.A.G. Infotainment Limited in the cities of Hissar, Karnal, Patiala, Shimla, Muzaffarpur, Ranchi, Jabalpur, Jalgaon, Dhule and Ahmadnagar which all are operational. The response of the listeners has been extremely encouraging and our programming has a distinct edge over its competitors.

In the cluttered space of FM Radio industry, Dhamaal 24 has carved out a niche' for itself with invigorated, novel and popular shows like MorningPur, U Turn, Gossip Mohalla, Afsaana, Thoda Romani ho Jaayen, Dhamaal Cricket Championship, Zara Yaad Karo Qurbani are aired on Dhamaal 24 keeping the regional flavour each of its programmes offer to its listeners.

### Broadcasting

A decade ago, there were only a handful of channels for the Indian viewer to pick from. The Indian viewer has seen a

tremendous growth in the last couple of years, in terms of number as well as the different type of channels. The Indian Television scenario is now bursting with various different channels catering to the various tastes of viewer. Now we just don't have mass entertainment channels but specific channels for News, Sports, Hindi mass entertainment, English mass entertainment, Hindi movies, English movies, music, nature, regional- the list goes on.

If we look at the revenue pie amongst these various channels, it is obvious that mass entertainment, Hindi movie and news channels form the major part of the pie. In comparison, other type of channels like music, English movie, English mass entertainment and sports take a back seat.

According to the figures released by an industry chamber in March 2010, the Broadcast and Television (TV) sector comprised over 43 per cent of the overall M&E sector wherein the total size of the television sector accounted for US\$ 5.7 billion. The broadcast sector is on a strong growth path and the outlook for advertisement expenditure is on a rise for the television sector.

A report by research firm Media Partners Asia (MPA) stated that India is poised to become the world's largest direct-to-home (DTH) satellite pay TV market with 36.1 million subscribers by 2012, overtaking the US. Furthermore, in its report titled 'Asia Pacific Pay-TV and Broadband Markets 2010', MPA said India's DTH subscriber base will increase from 17 million in 2009 to 45 million by 2014 and 58 million by 2020.

TV and Print are the largest sectors of the industry contributing to greater than 70 percent of the revenues. Their dominance is expected to continue going forward. Sectors like Gaming and Internet have shown the highest growth rates due to the small base effect and the trend is expected to continue.

The subscription revenues for the two major sectors TV and Print, have grown at a rate of 11 percent from 2006 to 2009 and are expected to continue the growth going forward.

Subscription revenues (INR billion)	2006	2007	2008	2009	CAGR (2006-2007)	2010P	2011P	2012P	2013P	2014P	CAGR (2009-10)
TV & PRINT	176	200	222	241	11%	267	303	333	380	432	12%

The contribution of Television to the overall revenues of the M&E industry has gone up considerably in 2009 compared to 2006 and is expected to continue increasing and achieve almost 48 percent of the total revenues in 2014. On the other hand, the contribution from sectors like Films, Print, Music and OOH has come down in 2009. Going forward, it is expected that the contribution from Films and Print may come down further in 2014, as the overall size of the M&E industry continues to grow. Television is expected to grow at a higher rate of 15 percent over next five years compared to an almost 9 percent growth in both the Films and Print sectors.

'News24', a 24 hours National Hindi free to air news channel which was launched by your Company through its subsidiary B.A.G. Newline Network Limited has been very well received by the audiences. It has consistently maintained 7 percent market share and is available throughout India on cable and DTH platforms.

Programmes like Aamne Saamne, Apna Sapna Money Money, Ye India Ka Cricket Hai and Target amongst others cover a gamut of genres in news reporting and have been received exceptionally well with the audiences across the nation. The channel today boasts of being the fastest growing Hindi News channel in the country and is all geared to set new standards in news reporting.

Mass entertainment channels mean channels having programs with varieties of genres catering to viewers of all ages and tastes like Star Plus, Sony Entertainment Television and Star World. Movie channels mostly carry movies and programs related to cinema

'E24' a 24 hours Bollywood Entertainment channel was launched on 27th March, 2008 by your Company through its subsidiary B.A.G. Glamour Limited. It has also been growing at a rapid pace and within the first seven months of its existence has garnered healthy channel shares. Pitched as Bollywood's first news channel, 'E24' managed to attract audiences of various age groups and succeeded in creating a new genre in television entertainment.

In the past years the channel had been applauded for its programs such as Bollywood Reporter, U, Me Aur TV, Bheja Fry, E Special and One Day One Life of E24 that easily qualify as channel drivers. Various other music programmes such as Mahastar, Cut to Cut, Star Shake, Love Byte & Top ten Unplugged of E24 that are popular among the viewers and also qualify as channel drivers. These programmes, and others on the channel, have done consistently well since the launch.

The channel after a year of coming alive on television is going strong with 24 hours Bollywood news, views, reviews, chats, gossips and latest chartbusters. The channel also introduced the concept of Karaoke on television for its audience.

E24's ratings have seen a healthy increment over the last year. With the two fold growth in GRPs the channel today is among the top channels in its segment and poised to grow even further. 'E24' can today boast of one of the healthiest 'Time Spent' in the industry. It is way ahead of its competitors and shows signs of improving even further. The channel has captured over one third of the market in its segment. What is more, where other channels seem to have stagnated, 'E24' is showing a continuous and healthy rise in market share.

## B. OPPORTUNITIES AND THREATS

Your Company has a diversified business model in media and entertainment sector and the revenue is expected to come from various segments across various levels of the

value chain. The diversified business model of the Company will provide scalability apart from spreading the risk profile of the overall business. The key focus area would continue to be (1) Television content (2) Broadcasting services (3) Feature Film production (4) FM radio

The Company is well poised to take advantage of opportunities in the Media and entertainment sector in India. In the television space, addressability in the Indian market is expected to provide great opportunities for growth. With the advent of new addressable systems like DTH, IPTV and Mobile TV etc., more numbers of new players are expected to launch several new channels including niche channels. These channels would require a lot of home grown content.

In the broadcasting segment, increased penetration of Indian homes has provided impetus to the growth of the Indian television industry. New distribution avenues like DTH, mobile TV etc. have the potential for increased revenue. Addressability through CAS and DTH also mean that the problem of under declaration of subscribers by cable operators would eventually come to an end, thereby ensuring a greater subscription pie.

In the feature film segment, increased number of multiplexes and new distribution platforms like IPTV, DTH etc. increase the demand for feature films. Increased penetration of DVD players in the country is expected to enhance the demand for movie content further. New avenues like mobile entertainment and video-on-demand (VOD) are expected to play an important role in the years to come.

In the FM Radio segment, additional impetus has been provided with the emergence of newer concepts like satellite, internet and community radio. With the liberalization of the radio sector by the Government and expected roll out of third phase of FM licensing, all the cities which either never heard the radio or were used to listen to All India Radio (AIR), would witness FM Radio for the first time in most of these cities. The switch from a fixed licensing regime to a revenue sharing model has contributed significantly to the increased profitability of the Radio channels.

Your Company operates in a very competitive environment. Changes in the Government regulations or any change in the legislative intent to bring about addressability could adversely impact growth plans. Piracy continues to be a major threat for the feature film.

## C. SEGMENT WISE PERFORMANCE

The segment wise performance has been shown elsewhere in the Annual Report.

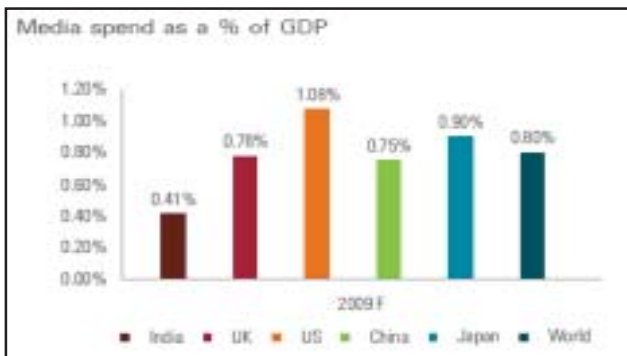
## D. OUTLOOK

Indian Media and Entertainment Industry (M&E) seems soaring higher and higher every year. Last year it soared more than 17% and is predicted to grow around 19% by 2010. It is one of the fastest growing sectors in Indian economy triggered by economic growth and increasing income levels. As per a report by ASSOCHAM (Associated Chambers of Commerce and Industry of India) the turnover



of this sector will double in next three years from its current turnover of Rs. 500 billion.

Media spend in India as a percent of GDP is 0.41 percent. This ratio is almost half of the world's average of 0.80 percent and is much lower compared to developed countries like US and Japan. This indicates the potential for growth in spends as the industry in India matures. As we move towards a more brand-conscious society, this is likely to get reflected in the future growth rates.



If we compare the contribution of India to the world in terms of population, it is second only to China at 22 percent<sup>1</sup>. China's media spend ratio at 0.75 percent is much in line with the world average, whereas India lags behind. This is largely due to some of the media platforms being in a relatively nascent stage. As penetration increases and more audiences come in the fold of M&E industry, it is expected to see higher growth going forward.

The current media spend per capita for India is very low at USD 4 compared to the other countries. Even though it is challenging to reach the levels of countries like US, Japan and UK, due to a very large population base and lower spending power per capita, there is scope to follow China and enhance this ratio.

It seems that every part of M&E industry is trying to contribute to the growth of M&E Industry. For past few years Direct To Home (DTH) service revolutionized how people watch and perceive television entertainment. DTH Industry has shown an impressive growth of 20% per year for past couple of years and it seems there is still lot of scope. According to the Bharti Airtel's head of brand and media, Chandrashekhar Balakrishnan "At present, there are 80 million TV households in India, of which over seven million are DTH ones. Since the penetration is just under nine per cent, there is much room for a massive growth rate". As the operators are moving towards providing triple play services (Phone, Internet, Television) the growth seems unchallenged.

Digital advertisement industry also seems to be riding the horses and is expected to grow in double digits. Same is the case with related segments like video games, animations etc. Gaming Industry is expecting a huge growth and even big players like Apple, Microsoft are trying hard to

get a share of the pie. The seriousness of the big players like Microsoft can be judged from the fact that they are tying up with players like Dish TV to promote their gaming consoles in India.

According to the figures released by an industry chamber in March 2010, the Broadcast and Television (TV) sector comprised over 43 per cent of the overall M&E sector wherein the total size of the television sector accounted for US\$ 5.7 billion. The broadcast sector is on a strong growth path and the outlook for advertisement expenditure is on a rise for the television sector. It seems that M&E industry is ready to zoom at a very fast pace catalyzed by many factors like convergence of media, films, digital media and increase in broadband penetration thus helping it to become a front runner.

"The average Indian consumer is getting younger. Around 70 per cent of the country's population is below 35 years of age. More than 50 per cent of the population is likely to be under the age of 30 even in 2015," the report said. It went on to add that, "the emergence of Indian's young middle class with greater earning power and higher disposable incomes signifies good potential for increased marketing and advertising spends in the country."

Media, the fourth estate, when entwined with the entertainment component represents an effective facet of consumers in India. Technology has played a key role in influencing the entertainment industry, by redefining its products, cost structure and distribution.

The Indian Media and Entertainment (M&E) industry stood at US\$ 12.9 billion in 2009 registering a 1.4 per cent growth over last year, according to a joint report by KPMG and an industry chamber. Over the next five years, the industry is projected to grow at a compound annual growth rate (CAGR) of 13 per cent to reach the size of US\$ 24.04 billion by 2014, the report stated. Additionally, the gaming segment is expected to be the fastest growing sector in the M&E industry. The sector showed a 22 per cent growth in 2009 and is expected to grow at a CAGR of 32 per cent to reach US\$ 705.2 million by 2014, while the animation segment is expected to record a CAGR of 18.7 per cent in the next five years as per the joint report.

The report found advertising revenue to be one of the main drivers behind the robust growth in the Indian media and entertainment industry. Ad revenue, it was estimated, had grown at a compounded annual growth rate of 17.1 per cent over the last three years. "Going forward, this is expected to exhibit a lower growth rate owing to the turbulent macro economic environment," the report added. The report projected the ad revenue to grow at 12.4 per cent over the next few years. Within the advertising industry, the report projected the Internet advertising to grow at a CAGR of 27.9 per cent over the next four years, followed by radio advertising by 14.2 per cent, television advertising by 13.5 per cent and print advertising by 10 per cent.



Pointing to the emergence of new niche content genres across sectors in the Indian media and entertainment industry, the report predicted narrowcasting (which involved segmentation of target groups and coming out with content, programmes and formats specific to these groups) to increase further in the coming years. In the wake of IPL success (Indian Premier League), the report expected sports marketing to grow rapidly "as broadcasters start aggressively selling cricket and others sports as entertainment packages."

With the increase in the spending power of population in smaller cities, the report found Tier-II and Tier-III cities emerging as important growth centres. "Regional content is emerging as one of the significant aspects of customisation of content and, hence, is emerging as a significant growth driver for the media and entertainment industry," the report said.

Your Company enjoys a presence in all these segments. With so many opportunities to leverage the future looks attractive.

#### **E. RISK AND CONCERN**

The Company has consistently endeavoured to minimize or alleviate all forms of risks or threats to the business by ensuring adequate preparedness at all times.

The current phase of challenging environment, however, will force the media & entertainment companies to innovate and revamp their strategies. Considering the slowdown in advertising revenue, television and print companies may increase their thrust on subscription revenue. The total annual subscription fee received by all the TV channels is estimated at \$0.5 billion, only about one sixth of the total subscription revenue of the television industry, suggesting that there is a huge scope for improvement on this front.

The lack of transparency in case of analog cable systems has traditionally been a challenge for the broadcasters. Local Cable Operators (LCOs) still garner almost 75 percent of the subscription revenues due to under declaration of the subscription numbers, broadcaster gets around 20 percent and MSO gets around 5 percent. There is a possibility for this scenario to change to a more equitable sharing norm, only with higher penetration of digital platform.

The media companies are also bound to feel the need of cost-rationalisation, leading to restructuring of programming costs, carriage fee and compensations etc.

As per industry estimates, carriage fee in 2009 was around INR 1000 to 1200 Crores, a reduction compared to 2008. The fee depends on the pull factor of broadcasters in terms of the kind of content produced, overall popularity of the channel and the bouquet that the broadcasters provide. The bargaining power of broadcasters is limited due to the shortage of bandwidth. However, it is expected that the onset of digitisation will make more bandwidth available to distributors.

The growing acceptance of the digital TV distribution technology will help the broadcasters on both the fronts of reducing carriage fee and increasing subscription revenue. The Indian government has already given an indication that it is considering a policy intervention to prescribe a period of five years for the existing and new multi service operators (MSOs) and local cable operators will have to digitalise their network.

Also, the entry of new direct-to-home (DTH) service providers will not only heat-up the competition in this segment, but also expand the overall market size. The DTH subscriber base in India has already gone up to 10 million in 2008 from one million in 2005. The total number of TV households grew from 123 million in 2008 to 129 million by the end of 2009, showing an increase of 5 percent. The total number of C&S households grew at a faster rate of 10 percent from 86 million to 95 million2.

Overall, 2009 was a difficult year for the film industry. While the multiplex - producer stalemate left the industry with significant losses, the general elections and the swine flu scare also kept audiences away in early 2009. Moreover, lack of good sustainable content affected the success ratio and fortunes of the industry.

The industry learnt some important lessons from the business cycle of 2009. Although the multiplex strike temporarily derailed the industry, it sowed the seeds of an open constructive dialogue between these two important stakeholders. This augurs well for the industry as it is expected to lead to a more collaborative approach towards business in the future. Further, poor profitability of films on account of mediocre content and high talent cost is expected to force the industry to be more cognisant of such issues and follow a more efficient approach in maintaining cost discipline while producing films. Continued interest by global studios in India, investments in technology such as 3D and digitisation, introduction of miniplexes,

The strike launched by Hindi film producers and backed by United Producers Forum lasted for two months and stalled several movie releases in multiplexes. As collections from multiplexes contribute a considerable percentage of a film's gross domestic theatrical collections, the lack of major films released during this period resulted in significant losses for the industry.

There were 242 Hindi films (nearly 140 mainstream Hindi movies) released in 2009 as against 229 released in the previous year. Although the number of films released in India in 2009 was higher than the previous year, the number of films that were successful at the box office has been far less. The year 2009 had only four blockbusters as compared to the seven blockbusters in 2008 and six in 2007. Industry sources estimate that the percentage of successful films that were profitable to many of the stakeholders in 2009 was nearly half of that in 2008.



It is however expected that the industry will grow at a rate of 8% in 2010; and then grow at a CAGR of 9% between 2010 and 2014 in the subsequent years. In 2009 the total number of new movie productions was adversely impacted, this is likely to result in fewer releases in 2010. As the number of new productions returns to the levels witnessed in 2007-08, subsequent years should see a higher growth rate.

Other than this industry specific risk, your Company addresses all other business risks through proactive risk management strategies considered standard in the industry and the Indian business environment. We at B.A.G. believe India has a great potential to produce its own formats. Indian formats have the potential to go global as the passion and creativity in India grows in the years to come. This will drive the growth of the television industry in India.

#### **F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The CEO and AVP Accounts Certification provided elsewhere in the report discusses about the adequacy of our internal control systems and procedures.

Your Company has adequate internal control system commensurate with the size and nature of its business. Your Company's internal audit process is being handled by the your well experined and learned management and often if required assistance is sought from one of the Leading and renowned Audit firms, which also helps in monitoring the adequacy and effectiveness of the internal control system and the status of compliance of operating systems and policies.

Your Company's Internal Control system is designed to:

- o Safeguard the Company's assets and to identify liabilities and managed it accordingly.
- o Ensure that transactions are properly recorded and authorized.
- o Ensure maintenance of proper records and processes that facilitates relevant and reliable information.
- o Ensure compliance with applicable Laws and Regulations.

#### **G. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The details of the financial performance of the Company are appearing in the Balance Sheet, Profit & Loss Account and other financial statements appearing separately. Please refer the Directors' Report for highlights.

#### **H. MATERIAL DEVELOPMENT IN HUMAN RESOURCES**

B.A.G Network considers Human Resources to be one of the key elements to sustain competitive advantage in the News Media Sector. Media organisations are human driven; its growth depends upon the quality contribution made by the people in the organisation. Therefore, your Company recognises human resources as a key component for facilitating organisational growth. Your Company has continuously worked to create and nurture an organisation that is highly motivated, result oriented and adaptable to the changing business environment and that is why that in this slowdown your Company has managed to sustain its leadership in the electronic media.

Now that the economy is starting to get out of the recession mode, recruitment, as well as retention of good employees is likely to become a primary concern. Employees with flexible or multiple skills (within different sectors of media) as well as in-depth knowledge of each sector may be required. Employees with niche as well entrepreneurial skills-set are likely to increase, considering the rise of new media.

B.A.G. aims to recruit, nurture and retain quality professionals and provide them with a high performance environment. Knowledge and intellectual assets are being strategically shared across B.A.G. At B.A.G., we have understood the potential of the human resource and its contribution to the financial standing of your Company. Therefore, the human asset is highly valued and regarded by your Company. No effort is spared to provide the employees with a healthy work environment and all assistance is rendered in order to bring-out the best in each one of them. Your Company has ESOP Scheme in place wherein options are issued to all the employees of the Company and its subsidiaries. B.A.G. is reassessing traditional notions about employment and experimenting with broad-based employee ownership. As a result, a new concept of ownership is emerging: one that focuses on the connections between shareholders, managers, and employees in the form of ESOP. During the last previous year your Company granted 1,150,000 options to the employees of the Company and its subsidiaries out of which 645,000 options are in force.

**AUDITORS' REPORT**

To  
The Members of  
**B.A.G. Films & Media Limited**

1. We have audited the attached Balance Sheet of B.A.G. Films & Media Limited as at March 31, 2010 and the related Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of "The Companies Act, 1956" of India (the "Act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the Directors of the Company, as on March 31, 2010 and taken on record by the Board of Directors of the Company, none of the Directors

of the Company is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) Section 274 of the Act;

- (f) In our opinion, and to the best of our information and according to the explanations given to us, the said financial accounts, read with the significant accounting policies and 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
  - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

**For and on behalf of**  
**Joy Mukherjee & Associates**  
*Chartered Accountants*

**Joy Mukherjee**

*Partner*

Place: Noida  
Dated: May 29, 2010

*Membership No. 74602*

**ANNEXURE TO AUDITORS' REPORT**  
**[Referred to in paragraph 3 of our Report of even date]**

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management during the year in a phased periodical manner, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory of video tapes and films have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory of video tapes and films followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

3. (a) The Company has not granted any Loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
- (b) The Company has not taken any loans, secured or unsecured, from Companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of television serials. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, if any, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, having regard to the fact that the items sold/services rendered/received are of a special nature and suitable alternate sources do not exist for obtaining comparative quotations, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time or the prices at which the transactions for similar goods have been made with other parties.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company as the Company is not involved in any manufacturing activity.
9. (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues where applicable have been generally, regularly deposited with appropriate authorities. According to the information and explanations given to us, none of the undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2010 for a period of more than six months from the dates of becoming payable.
- (b) According to the information and explanations given to us, there are no cases of non-deposit with appropriate authorities of disputed dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess.
10. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. The Company has obtained term loan of Rs 700,00,000 from State Bank of India during the year. On basis of overall examination of Balance Sheet of Company, in our opinion and according to the information & explanation given to us no such funds is used for purpose other than for which it was raised. Therefore clause 4(xvi) of the order is not applicable.
16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-terms investment.
17. The Company has made preferential allotment of shares to ARVR Communications Private Limited (formerly known as Anu Films and Communication Private Limited) defined as promoter group covered in the register maintained under Section 301 of the Act during the year as per details in note no 4(a) in the notes to the accounts.
18. The Company has not issued any debentures.
19. During the year, the Company has raised money by public issue(s) through issue of Global Depository Receipts listed at Luxembourg stock exchange as per details in note 4(b) in notes to accounts.
20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**For and on behalf of**  
**Joy Mukherjee & Associates**  
*Chartered Accountants*

**Joy Mukherjee**  
*Partner*

Place: Noida  
Dated: May 29, 2010

*Membership No. 74602*

**BALANCE SHEET AS AT MARCH 31, 2010**

(Amt. in Rs.)

PARTICULARS	SCHEDULE	MARCH 31, 2010		MARCH 31, 2009	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS FUNDS</b>					
CAPITAL	A	329,655,639		245,445,639	
RESERVES & SURPLUS	B	<u>2,422,434,360</u>	2,752,089,999	<u>1,526,223,099</u>	1,771,668,738
<b>LOAN FUND</b>					
SECURED LOANS	C		143,872,985		9,976,856
<b>DEFERRED TAX LIABILITY</b>			<u>21,722,612</u>		<u>25,645,453</u>
			<b><u>2,917,685,596</u></b>		<b><u>1,807,291,047</u></b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
GROSS BLOCK	D	930,922,953		927,562,752	
LESS: DEPRECIATION		<u>413,431,192</u>		<u>313,777,814</u>	
NET BLOCK		517,491,761		613,784,938	
ADD: CAPITAL WORK IN PROGRESS (INCLUDES CAPITAL ADVANCES)		<u>15,076,031</u>	532,567,792	<u>17,524,521</u>	631,309,459
<b>INVESTMENTS</b>	E		301,897,099		332,105,730
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
CASH & BANK BALANCES		932,016,035		79,676,018	
CLOSING STOCK		118,609,192		70,975,505	
SUNDRY DEBTORS		154,038,067		235,347,543	
LOANS & ADVANCES		<u>1,086,311,017</u>		<u>691,129,970</u>	
		<u>2,290,974,311</u>		<u>1,077,129,036</u>	
<b>LESS CURRENT LIABILITIES &amp; PROVISIONS</b>					
LIABILITIES	G	201,019,296		203,906,916	
PROVISIONS		<u>18,989,802</u>		<u>34,822,930</u>	
		<u>220,009,098</u>		<u>238,729,846</u>	
<b>NET CURRENT ASSETS</b>			2,070,965,213		838,399,190
<b>MISCELLANEOUS EXPENDITURE</b> (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	H		12,255,492		5,476,668
			<b><u>2,917,685,596</u></b>		<b><u>1,807,291,047</u></b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

P

THE SCHEDULE REFERRED TO ABOVE ARE AN INTEGRAL PART OF THE BALANCE SHEET

AS PER OUR SEPARATE REPORT OF EVEN DATE FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**FOR JOY MUKHERJEE & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**JOY MUKHERJEE**  
(PARTNER)  
MEMBERSHIP NO.74602

**ANURRADHA PRASAD**  
(CHAIRPERSON CUM  
MANAGING DIRECTOR)

**RAJIV SHUKLA**  
(DIRECTOR)

PLACE: NOIDA  
DATE : MAY 29, 2010

**RAJEEV PARASHAR**  
(COMPANY SECRETARY)



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

(Amt. in Rs.)

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED MARCH 31, 2010	FOR THE YEAR ENDED MARCH 31, 2009
<b>INCOME</b>			
SALES & SERVICES	I	315,017,796	603,545,386
OTHER INCOME	J	84,660,720	4,442,995
INCREASE/(DECREASE) IN STOCKS		47,633,687	(19,021,515)
		<b>447,312,203</b>	<b>588,966,866</b>
<b>EXPENDITURE</b>			
COST OF PRODUCTION	K	248,787,005	338,832,684
PERSONNEL COST	L	34,365,812	27,139,238
ADMINISTRATIVE EXPENSES	M	42,656,585	53,666,491
FINANCIAL CHARGES	N	12,584,579	5,109,355
MISCELLANEOUS EXPENSES WRITTEN OFF	O	2,020,552	5,249,592
DEPRECIATION		101,075,328	129,669,528
		<b>441,489,861</b>	<b>559,666,888</b>
<b>PROFIT BEFORE TAXATION</b>		<b>5,822,342</b>	<b>29,299,978</b>
PROVISION FOR TAX (INCLUDING WEALTH TAX)		9,321,931	8,993,443
FRINGE BENEFIT TAX		—	2,542,448
DEFERRED TAX		(3,922,841)	2,699,963
		5,399,090	14,235,854
<b>PROFIT AFTER TAXATION</b>		<b>423,252</b>	<b>15,064,124</b>
ADJUSTMENT RELATING TO EARLIER YEARS		(2,672,974)	(5,961,230)
BALANCE BROUGHT FORWARD		92,992,576	83,889,682
AVAILABLE FOR APPROPRIATIONS		<b>90,742,854</b>	<b>92,992,576</b>
<b>APPROPRIATIONS</b>			
SURPLUS TRANSFERRED TO BALANCE SHEET		90,742,854	92,992,576
		<b>90,742,854</b>	<b>92,992,576</b>
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS. 2 EACH		0.03	0.08
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS. 2 EACH (BEFORE EXCEPTIONAL ITEMS)		0.03	0.08

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

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THE SCHEDULE REFERRED TO ABOVE ARE AN INTEGRAL PART OF THE PROFIT & LOSS A/C

AS PER OUR SEPARATE REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**FOR JOY MUKHERJEE & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**JOY MUKHERJEE**  
(PARTNER)  
MEMBERSHIP NO.74602

**ANURRADHA PRASAD**  
(CHAIRPERSON CUM  
MANAGING DIRECTOR)

**RAJIV SHUKLA**  
(DIRECTOR)

PLACE: NOIDA  
DATE : MAY 29, 2010

**RAJEEV PARASHAR**  
(COMPANY SECRETARY)



**SCHEDULES FORMING PART OF ACCOUNTS AS ON MARCH 31, 2010**
*(Amt. in Rs.)*

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
<b>SCHEDULE 'A': SHAREHOLDERS FUNDS</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
200,000,000 EQUITY SHARES OF RS. 2/- EACH (PREVIOUS YEAR 150,000,000 EQUITY SHARES OF RS. 2/- EACH)	<b>400,000,000</b>	<b>300,000,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
37,518,890 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP FOR CASH (PREV. YEAR 37,518,890 EQ. SH.)	75,037,780	75,037,780
42,728,000 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP FOR CASH IN PREFERENTIAL ALLOTMENT (PREVIOUS YEAR 42,728,000 EQUITY SHARES OF RS. 2/- EACH)	85,456,000	85,456,000
10,000,000 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP FOR CASH BY CONVERTING SHARE WARRANTS (PREVIOUS YEAR 10,000,000 EQUITY SHARES OF RS. 2/- EACH)	20,000,000	20,000,000
7,140,000 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP FOR CASH BY CONVERTING SHARE WARRANTS (PREVIOUS YEAR NIL)	14,280,000	—
37,000,000 EQUITY SHARES OF RS. 2/- PER SHARE REPRESENTED BY 3,700,000 GDR ISSUED AT USD 4.71 EACH	74,000,000	—
105,000 SHARES OF RS. 2/- EACH AGAINST EMPLOYEE STOCK OPTION SCHEME (PREVIOUS YEAR NIL)	210,000	—
22,566,200 EQUITY SHARES OF RS. 2/- EACH ISSUED AS BONUS SHARES BY CAPITALISING GENERAL RESERVES	45,132,400	45,132,400
	<u>314,116,180</u>	<u>225,626,180</u>
LESS: CALLS UNPAID (180,541 EQUITY SHARES OF RS. 1/-) (PREVIOUS YEAR 180,541 EQUITY SHARES OF RS. 1/- EACH)	180,541	180,541
	313,935,639	225,445,639
SHARE WARRANTS PENDING ALLOTMENT 7,860,000 OF RS. 2/- EACH (PREVIOUS YEAR ON 10,000,000 SHARES WARRANTS OF RS. 2/- EACH)	15,720,000	20,000,000
	<b>329,655,639</b>	<b>245,445,639</b>
<b>SCHEDULE 'B': RESERVES &amp; SURPLUS</b>		
<b>(A) PROFIT &amp; LOSS</b>		
OPENING	92,992,576	83,889,682
ADD: PROFIT AFTER TAX	423,252	15,064,124
ADD: ADJUSTMENTS RELATING TO EARLIER YEARS	(48,788)	(5,961,230)
	93,367,041	92,992,576
<b>(B) GENERAL RESERVES</b>		
OPENING	37,927,284	37,927,284
ADD: TRANSFERRED FROM PROFIT AND LOSS ACCOUNT	—	—
	37,927,284	37,927,284
<b>(C) SHARE PREMIUM</b>		
OPENING	1,393,994,779	1,343,394,779
LESS: SHARE WARRANTS FORFIETED	40,150,000	—
ADD: PREMIUM ON ESOPS ISSUED	3,050,250	—
ADD: RECEIVED THROUGH SHARE WARRANTS	109,242,000	50,600,000
ADD: RECEIVED THROUGH GDR	735,658,420	—
ADD: RECEIVED THROUGH UPFRONT MONEY OF SHARE WARRANT	18,274,500	—
LESS: CALLS UNPAID (180,541 EQUITY SHARES OF RS. 4/-)	722,164	722,164
	2,219,347,785	1,393,272,615
	60,150,000	—
<b>(D) CAPITAL RESERVE</b>		
	11,642,250	2,030,624
	<b>2,422,434,360</b>	<b>1,526,223,099</b>
<b>SCHEDULE 'C': SECURED LOANS</b>		
VEHICLE LOAN FROM BANKS (SECURED BY HYPOTHECATION OF VEHICLES FINANCED)	5,540,147	9,976,856
TERM LOAN FROM BANKS	138,332,838	—
	<b>143,872,985</b>	<b>9,976,856</b>

**SCHEDULE 'D' FIXED ASSETS SCHEDULE AS PER COMPANIES ACT, 1956 FOR THE YEAR ENDING ON MARCH 31, 2010**

(Amt. in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	COST AS AT 01.04.2009	ADDITION DURING THE YEAR	SALE/ADJ DURING THE YEAR	TOTAL COST AS AT 31.03.2010	ACCUMULATED DEPRECIATION AS AT 01.04.2009	DEPRECIATION FOR THE YEAR	ADJUSTMENT FOR THE YEAR	ACCUMULATED DEPRECIATION AS AT 31.03.2010	W.D.V. AS AT 31.03.2010	W.D.V. AS AT 31.03.2009
LAND & SITE DEVELOPMENT	57,825,219	—	—	57,825,219	—	—	—	—	57,825,219	57,825,219
BUILDING	167,278,902	337,080	—	167,615,982	23,801,771	7,190,480	—	30,992,251	136,623,731	143,477,131
PLANT & MACHINERY	308,665,168	2,089,752	997,090	309,757,830	104,822,123	40,966,349	335,104	145,453,368	164,304,462	203,843,045
COMPUTERS & PERIPHERALS	156,130,130	3,053,907	—	159,184,037	81,278,518	20,211,634	—	101,490,152	57,693,885	74,851,612
VEHICLE	25,176,653	—	1,727,000	23,449,653	12,508,934	3,188,586	1,086,845	14,610,675	8,838,978	12,667,719
COMPUTER SOFTWARE	85,942,928	24,427	—	85,967,355	47,278,553	15,471,132	—	62,749,685	23,217,670	38,664,375
FURNITURE'S & FIXTURES	92,395,174	263,000	—	92,658,174	32,098,804	10,930,203	—	43,029,007	49,629,167	60,296,370
OFFICE EQUIPMENTS	34,148,578	316,125	—	34,464,703	11,989,111	3,116,943	—	15,106,054	19,358,649	22,159,467
TOTAL	927,562,752	6,084,291	2,724,090	930,922,953	313,777,814	101,075,327	1,421,949	413,431,192	517,491,761	613,784,938
CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)									15,076,031	17,524,521

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
<b>SCHEDULE 'E': INVESTMENTS</b>		
<b>LONG TERM INVESTMENTS</b>	<b>288,625,920</b>	<b>293,625,920</b>
TRADE INVESTMENT AT COST		
5,000 EQUITY SHARES (PREV. YEAR 5,000 EQUITY SHARES) OF MUKTAARTS LIMITED* HAVING FACE VALUE OF RS.5/- PER SHARE FULLY PAID UP PURCHASED AT RS.100/- PER EQUITY SHARE (MARKET VALUE AS ON 31.03.2010 IS RS. 58.15 PER SHARE) (PREVIOUS YEAR RS. 34.50 PER SHARE)	500,000	500,000
12,400 EQUITY SHARES (PREV. YEAR 12,400 EQUITY SHARES) OF B.A.G.INFOTECH PRIVATE LIMITED HAVING FACE VALUE OF RS 10/- PER SHARE FULLY PAID-UP.( UNQUOTED )	124,000	124,000
NIL EQUITY SHARE (PREVIOUS YEAR 10,000 EQUITY SHARES) OF TURNER RECREATIONS PRIVATE LIMITED @ RS. 100/- PER SHARE AT A PREMIUM OF RS. 400/- PER SHARE)(UNQUOTED)	—	5,000,000
24,500 EQUITY SHARES (PREVIOUS YEAR 24,500 EQUITY SHARES) OF B.A.G. LIVE ENTERTAINMENT LIMITED HAVING FACE VALUE OF RS. 10/-PER SHARE FULLY PAID UP. (UNQUOTED)	245,000	245,000
483,376 EQUITY SHARES (PREVIOUS YEAR 483,376 EQUITY SHARES) OF SIEUN AND B.A.G.ANIMATION PRIVATE LIMITED (A JOINT VENTURE COMPANY) HAVING FACE VALUE OF RS 10/- PER SHARE FULLY PAIDUP (UNQUOTED)	4,833,760	4,833,760
245,000 EQUITY SHARES (PREVIOUS YEAR 245,000 EQUITY SHARES) OF B.A.G. BUSINESS VENTURES LIMITED HAVING FACE VALUE OF RS. 1/-PER SHARE FULLY PAID UP. (UNQUOTED)	245,000	245,000
IN SUBSIDIARIES AT COST		
10,200,000 EQUITY SHARES (PREVIOUS YAER 10,200,000 EQUITY SHARES)OF B.A.G.INFOTAINMENT LIMITED HAVING FACE VALUE OF RS 10/- PER SHARE FULLY PAIDUP (UNQUOTED)	102,000,000	102,000,000
8,571,430 EQUITY SHARES (PREVIOUS YAER 8,571,430 EQUITY SHARES) OF B.A.G. NEWSLINE NETWORK LIMITED HAVING FACE VALUE OF RS 10/- PER SHARE FULLY PAIDUP (UNQUOTED)	85,714,300	85,714,300
9,000,286 EQUITY SHARES (PREVIOUS YAER 9,000,286 EQUITY SHARES) OF B.A.G. GLAMOUR LIMITED HAVING FACE VALUE OF RS 10/- PER SHARE FULLY PAIDUP (UNQUOTED)	90,002,860	90,002,860
496,100 EQUITY SHARES (PREVIOUS YEAR 496,100 EQUITY SHARES) OF B.A.G. ANIMATION PRIVATE LIMITED HAVING FACE VALUE OF RS. 10/-PER SHARE FULLY PAID UP. (UNQUOTED)	4,961,000	4,961,000
* AGGREGATE VALUE OF QUOTED INVESTMENT IS Rs. 500,000/- (PREVIOUS YEAR RS. 500,000/-) AGGREGATE VALUE OF UN- QUOTED INVESTMENT Rs 288,125,920/- ( PREVIOUS YEAR RS. 293,125,920/-)		
<b>OTHER INVESTMENTS</b>	<b>13,271,179</b>	<b>38,479,810</b>
<b>CURRENT INVESTMENT</b>		
IN MUTUAL FUND*	13,271,179	38,479,810
* AGGREGATE VALUE OF QUOTED INVESTMENT IS Rs. 13,271,179/- (PREVIOUS YEAR RS. 38,479,810/-) AGGREGATE VALUE OF UN- QUOTED INVESTMENT NIL (PREVIOUS YEAR NIL)		
	<b>301,897,099</b>	<b>332,105,730</b>



PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
<b>SCHEDULE 'F': CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>(A) CURRENT ASSETS</b>		
<b>1 CASH &amp; BANK BALANCES</b>		
CASH IN HAND	1,105,112	1,059,919
IMPREST WITH STAFF	103,909	59,737
CHEQUES IN HAND	657,665	2,822,081
BALANCES WITH SCHEDULED BANKS	120,490,929	75,734,281
CURRENT ACCOUNT	19,876,361	43,148,468
FIXED DEPOSITS	100,614,568	32,585,813
BALANCES WITH OTHER THAN SCHEDULED BANKS	809,658,420	—
	<b>932,016,035</b>	<b>79,676,018</b>
<b>2 STOCK IN TRADE</b>		
(AT COST, AS VALUED AND CERTIFIED BY THE MANAGEMENT)		
RAW MATERIAL	56,298	103,197
WORK IN PROGRESS	31,152,142	16,329,603
FINISHED GOODS	87,400,752	54,542,705
	<b>118,609,192</b>	<b>70,975,505</b>
<b>3 SUNDRY DEBTORS</b>		
(UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE SPECIFIED)		
(a) DEBTS FOR A PERIOD EXCEEDING SIX MONTHS	12,985,370	117,203,141
(b) OTHER DEBTS	141,052,697	118,144,402
	154,038,067	235,347,543
	<b>154,038,067</b>	<b>235,347,543</b>
<b>(B) LOANS &amp; ADVANCES</b>		
(UNSECURED, CONSIDERED GOOD)		
ADVANCE TAXES	98,021,966	118,879,173
EARNEST MONEY & SECURITY DEPOSITS	7,021,974	7,500,484
PREPAID EXPENSES	2,576,105	3,325,365
FEES RECOVERABLE (ISOMES)	6,234,800	3,576,700
STAFF ADVANCES	840,675	1,060,414
LOAN TO SUBSIDIARY COMPANIES	961,653,968	523,849,283
ADVANCES TO OTHERS	9,961,529	32,938,551
	<b>1,086,311,017</b>	<b>691,129,970</b>
<b>SCHEDULE 'G': CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. LIABILITIES</b>		
SUNDRY CREDITORS FOR GOODS & SERVICES	77,030,545	97,465,932
OTHER CREDITORS	144,267	22,686,257
ADVANCE FROM CUSTOMERS	292,882	30,505,749
TAXES PAYABLE	16,482,172	30,613,718
OTHER LIABILITIES	106,477,346	22,111,430
UNCLAIMED DIVIDEND	592,084	523,830
	<b>201,019,296</b>	<b>203,906,916</b>
<b>B. PROVISIONS</b>		
PROVISION FOR INCOME TAX	17,670,967	32,923,474
PROVISION FOR WEALTH TAX	259,317	229,454
PROVISION FOR LEAVE ENCASHMENT	110,559	639,829
PROVISION FOR GRATUITY	948,959	1,030,173
	<b>18,989,802</b>	<b>34,822,930</b>

(Amt. in Rs.)

PARTICULARS	MARCH 31, 2010		MARCH 31, 2009	
<b>SCHEDULE 'H' : MISCELLANEOUS EXPENDITURE</b>				
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)				
<b>PRELIMINARY EXPENSES</b>				
OPENING	5,476,668		7,497,220	
LESS: WRITTEN OFF	<u>2,020,552</u>	3,456,116	<u>2,020,552</u>	5,476,668
<b>PRE-OPERATIVE EXPENSES</b>				
OPENING	—		3,229,040	
LESS: WRITTEN OFF	<u>—</u>	—	<u>3,229,040</u>	—
<b>DEFERRED EMPLOYEE COMPENSATION</b>				
OPENING BALANCE	—		—	
ADD: INCURRED DURING THE YEAR	<u>11,506,876</u>		<u>—</u>	
	11,506,876		—	
LESS: WRITTEN OFF	<u>2,707,500</u>	8,799,376	<u>—</u>	—
		<u>12,255,492</u>		<u>5,476,668</u>

(Amt. in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2010		FOR THE YEAR ENDED MARCH 31, 2009	
<b>SCHEDULE 'I' : SALES &amp; SERVICES</b>				
<b>AUDIO -VIDEO PRODUCTIONS</b>				
INCOME FROM COMMISSIONED SERIALS	184,005,170		363,048,819	
INCOME FROM CORPORATE FILMS & OTHERS	—		1,144,000	
INCOME FROM LOCATION HIRING	1,780,528		1,488,100	
INCOME FROM FOOTAGE	—		10,000	
INCOME FROM SALE OF RIGHTS OF SERIALS	—		31,417,412	
INCOME FROM IVR SERVICES	<u>—</u>	185,785,698	<u>90,301</u>	397,198,632
<b>MEDIA EDUCATION</b>				
INCOME FROM MEDIA SCHOOL		19,303,717		16,444,623
<b>LEASING INCOME</b>				
INCOME FROM LEASING OF EQUIPMENTS		90,004,404		110,455,224
INCOME FROM RENT		19,923,977		61,168,907
<b>MOVIES</b>				
INCOME FROM SALE OF MOVIE RIGHTS		<u>—</u>		<u>18,278,000</u>
		<u>315,017,796</u>		<u>603,545,386</u>

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2010	FOR THE YEAR ENDED MARCH 31, 2009
<b>SCHEDULE 'J' : OTHER INCOME</b>		
INTEREST	80,735,251	1,310,385
SUNDRY BALANCES WRITTEN BACK	1,049,120	1,219,755
DIVIDEND ON INVESTMENTS	1,087,044	1,001,739
PROFIT ON SALE OF ASSET	394,930	32,624
PROFIT ON SALE OF INVESTMENTS	990,254	—
MISCELLANEOUS INCOME	404,122	342,301
GAIN ON FOREIGN EXCHANGE FLUCTUATION	—	536,191
	<b><u>84,660,720</u></b>	<b><u>4,442,995</u></b>
<b>SCHEDULE 'K' : COST OF PRODUCTION</b>		
PROFESSIONAL CHARGES ARTIST ,DIRECTORS ,TECHNICIANS	128,636,803	182,160,194
CASSETTES	3,291,321	4,738,704
EDITING CHARGES	19,100	347,828
GENERATOR FUEL EXPENSES	750,536	352,925
CAMERA HIRING CHARGES	4,369,574	8,018,109
FILM PROCESSING CHARGES	650,000	2,696,008
LOCATION & STUDIO HIRING CHARGES	18,687,411	30,683,182
SET EXPENSES	15,128,481	14,761,756
EQUIPMENT HIRING CHARGES	11,861,887	17,487,471
SHOOTING EXPENSES	38,210,272	30,657,211
ELECTRICITY EXPENSES	6,684,035	6,046,299
PRODUCTION TRAVELLING & CONVEYANCE	11,172,076	8,758,915
FILM PROMOTION & OTHER PUBLICITY EXPENSES	2,064,801	4,299,841
SERIAL & FILM PRODUCTION EXPENSES	—	6,446,000
REPAIRS & MAINTENANCE - PRODUCTION EQUIPMENTS	1,754,709	2,027,284
POSTAGE, TELEPHONE & DOWNLINKING CHARGES	2,452,049	1,562,609
RUNNING & MAINTENANCE OF VEHICLE	2,683,387	6,134,208
UPLINKING CHARGES	370,564	11,654,140
	<b><u>248,787,005</u></b>	<b><u>338,832,684</u></b>
<b>SCHEDULE 'L' : PERSONNEL COST</b>		
SALARIES, ALLOWANCES AND BONUS	12,043,410	21,584,127
MANAGERIAL REMUNERATION	17,899,998	2,100,000
LEAVE ENCASHMENT	110,559	63,655
GRATUITY	173,820	—
STAFF WELFARE EXPENSES	1,137,329	990,743
EMPLOYEE COMPENSATION	2,707,500	2,030,624
CONTRIBUTION TOWARDS PROVIDENT FUND AND ESI	293,196	370,089
	<b><u>34,365,812</u></b>	<b><u>27,139,238</u></b>

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2010	FOR THE YEAR ENDED MARCH 31, 2009
<b>SCHEDULE ' M ' : ADMINISTRATIVE COST</b>		
OFFICE MAINTENANCE	5,684,394	4,758,319
ELECTRICITY EXPENSES	2,739,342	2,527,617
TELEPHONE, COURIER, POSTAGE AND TELEGRAM	1,272,930	746,268
PRINTING & STATIONERY	180,383	284,477
REPAIRS & MAINTENANCE	635,816	982,829
CONVEYANCE EXPENSES	783,167	651,328
RUNNING & MAINTENANCE OF VEHICLE	764,614	1,257,463
LOSS ON FOREIGN EXCHANGE FLUCTUATION	1,072,588	2,454,667
TRAVELLING EXPENSES		
DIRECTORS	2,226,533	2,613,659
OTHERS	<u>1,822,246</u>	<u>4,048,779</u>
AUDITORS REMUNERATION & EXPENSES		<u>1,160,399</u>
(A) STATUTORY AUDIT	200,000	200,000
(B) TAX AUDIT FEES	40,000	40,000
(C) LIMITED REVIEW FEES	60,000	60,000
(D) INTERNAL AUDIT FEES	177,270	150,000
(E) AUDITOR'S EXPENSES	<u>105,433</u>	<u>599,994</u>
BOARD & GENERAL MEETING EXPENSES	2,253,522	2,008,827
DONATIONS	311,701	576,601
FEES & SUBSCRIPTION	2,680,628	1,759,358
INTERNET & WEBSITE MAINTENANCE EXPENSES	730,982	169,856
ADVERTISEMENT & BUSINESS PROMOTIONS	1,809,630	2,515,173
CONSULTANCY & LEGAL CHARGES	6,070,458	17,629,543
RENT, RATES & TAXES	2,432,153	5,513,475
INSURANCE EXPENSES	2,062,930	4,288,500
SECURITIES TRANSACTIONS TAX	55,439	1,625
LOSS ON SALE OF ASSET	—	289,923
LOSS ON SALE OF INVESTMENT	6,065,326	599,995
MISCELLANEOUS EXPENSES	419,100	276,595
	<b><u>42,656,585</u></b>	<b><u>53,666,491</u></b>
<b>SCHEDULE ' N ' : FINANCIAL CHARGES</b>		
BANK CHARGES	1,939,133	637,692
BANK INTEREST & DISCOUNTING CHARGES	10,645,446	4,471,663
	<b><u>12,584,579</u></b>	<b><u>5,109,355</u></b>
<b>SCHEDULE ' O ' : MISCELLANEOUS EXPENDITURE WRITTEN OFF</b>		
PRELIMINARY EXPENSES	2,020,552	2,020,552
PREOPERATIVE EXPENSES	—	3,229,040
	<b><u>2,020,552</u></b>	<b><u>5,249,592</u></b>



**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**  
**SCHEDULE-'P': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**SIGNIFICANT ACCOUNTING POLICIES**

**1. Accounting Convention**

The financial statements have been prepared under the Historical Cost Convention on the Mercantile System of accounting and in accordance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable.

**2. Use of Estimates**

The preparation of the financial statements is in accordance with Generally Accepted Accounting Principles. It requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from these estimates and a revision to such accounting estimates is recognized in the accounting period in which such a revision takes place.

**3. Fixed Assets & Capital Work-in-Progress**

- a. The Fixed assets are stated at cost less accumulated depreciation and impairment. Cost includes capital cost, freight, installation cost, duties and taxes and other incidental expenses incurred during the construction/installation and attributable to bringing the asset to its intended use. Fixed asset are further adjusted by the amount of CENVAT credit, wherever applicable.
- b. Capital work in progress comprises of cost of fixed assets that are not yet ready for their intended use and outstanding advances paid to acquire fixed assets, at the balance sheet date.

**4. Depreciation**

Depreciation on fixed asset is provided on Written Down Value method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956.

**5. Revenue Recognition**

In respect of Commissioned programmes, revenue is recognized as and when the relevant Software programme is delivered to the customers. Production expenses are net of recoveries, if any.

Revenue in respect of various rights attached to the Movies (features films) is recognized with the licensing agreement or on physical delivery of movies/required material whichever is later.

Revenue from Interactive voice recording services (IVR) is recognized on provision of services in terms of revenue sharing arrangements with telecom operators.

Interest is recognized using time proportion method and dividend income is recognized when the Company's right to receive dividend is established.

Lease rental on equipment is recognized as revenue as per the terms of the lease agreement.

In all other cases, revenue is recognized when no significant uncertainty as to its determination or realization exists.

**6. Borrowing Cost**

Borrowing cost that is attributable to the acquisition or construction of a qualifying asset is capitalized as part of the cost of that asset when first put to use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**7. Inventories**

**Stock of Tapes, Cassettes, Discs and Electronic Devices**

Inventories of raw stock consists of tapes, cassettes, compact discs and other electronic devices which are valued at lower of cost or estimated net realizable value. Cost is taken on First in First Out basis (FIFO).

**Inventories Related to Television Software and Programme Pilots**

The entire cost of the programme is charged to income when the programme is first exploited. The inventory thus comprises of unamortized cost of such programmes. In case of Programme Pilots, the cost is expensed-off on first telecast or on after the review of realisability.

**Inventories Related to Movies (Feature Films)**

Movies under production (WIP) - at actual unamortized cost or net realizable value whichever is lower.

The Company amortizes 75% of the cost of movie rights acquired or produced by it, on the first theatrical release of the movie. The said amortization is made proportionately on Domestic Theatrical Rights, International Theatrical Rights and Video Rights based on Management estimate of revenues from each of these rights. In case of aforesaid rights are not exploited along with or prior to the first theatrical release, proportionate appropriated cost of the said right is carried forward to be written off as and when such right is commercially exploited or at the end of one year from the date of first theatrical release, whichever occurs earlier. Balance 25% is amortised over the balance license period or based on management estimate of future revenue potential, as the case may be. Thus inventory comprises of unamortized cost of such movie rights.

**8. Investments**

Current investments are stated at cost or fair value whichever is lower. Long term investments are stated at cost. Provision for diminution in value of long term investment is made, if the diminution is other than temporary.

**9. Employee Benefits**

- a) The Company has contributed to Employee's Provident Fund as per provisions of the Employee's Provident Fund Act, 1952 and is charged to Profit and Loss Account.

- b) The Company has contributed to Employee's State Insurance fund as per provisions of the ESI Act, 1948 and is charged to Profit and Loss Account.
- c) As per the Company's policy, the gratuity is payable as per the provisions of the Gratuity Act. Liability in respect of Gratuity and Leave encashment is provided for on the basis of an actuarial valuation as at the date of Balance Sheet.
- d) Bonus is paid and charged to Profit and Loss Account as per the provisions of The Payment of Bonus Act, 1965.

#### 10. Taxation

Tax expenses for the period comprises of both, current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of income tax payable in respect of the taxable income for the reporting period. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

#### 11. Miscellaneous Expenditure

Miscellaneous expenditure represents Preliminary & Deferred Employee Compensation, which is carried forward to be charged to revenue:-

Preliminary Expenses	10 Years from the date of incurring the expenditure
Deferred Employee Compensation	5 Years from the grant of the option

Expenditure incurred up to the date of commencement of commercial operations, not directly attributable to fixed assets are charged to the profit and loss account during the year as per Accounting Standard-26 issued by the Institute of Chartered Accountants of India.

#### 12. Segmental Reporting

**Primary segments:** The Company has three primary reportable business segments i.e. audio-video production, movies and leasing of property and broadcasting equipments.

**Secondary segments:** The Company caters to the needs of Indian market representing singular economic environments with similar risks and rewards and hence there are no reportable geographical segments.

Identifiable expenses are accounted for directly in respective segments. Overheads are apportioned pro-rata on revenues.

#### 13. Earnings Per Share

The Company reports Basic Earning per equity share in accordance with the Accounting Standard-20 issued by the Institute of Chartered Accountants of India. Basic

Earnings per equity share has been computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing the diluted earning per share comprises of the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

#### 14. Employees Stock Option Scheme (ESOS)

The Company calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of market price of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the Employee Stock Option Scheme of the Company, is recognized as Deferred Employee Compensation expense and is amortized over the vesting period on the basis of generally accepting accounting principles in accordance with the guidelines of Securities and Exchange Board of India and guidance note issued by the Institute of Chartered Accountants of India. Accordingly, the excess of market price over the issue price of shares is recognized as employee compensation and is charged the profit and loss account.

#### 15. Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication of impairment of carrying amount of the Company's assets. The recoverable amount of such assets are estimated, if any indication exists, and impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount.

#### 16. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### 17. Foreign Currency Transactions

As per Companies (Accounting Standard) Rules 2006, exchange difference arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed assets, which is in accordance with Accounting Standard-11 issued by the Institute of Chartered Accountants of India are recognized in the Profit & Loss account.

As per Schedule-VI of the Companies Act, 1956 exchange differences arising on foreign currency denominated liabilities relating to the Capital work in progress/Capital advance forms part of the Capital Work in progress/Capital Advance.

## NOTES TO ACCOUNTS

1. Pursuant to the resolution passed by the Members of the Company at the Extraordinary General Meeting dated December 11, 2009 Company increased the Authorized Share Capital from Rs. 300,000,000 to Rs. 400,000,000.
2. The Company has valued its investment in equity shares of Mukta Arts Limited at cost. The current market price of the said shares is Rs. 290,750 (Previous year Rs. 172,500). This being a long-term investment, the Company considers this fall in value as temporary.
3. The financial disclosures as per Accounting Standard - 27 issued by Institute of Chartered Accountants of India for the 50:50 Joint venture Sieun & B.A.G. Animation Private Limited of B.A.G. Films & Media Limited with Sieun Design Co. Limited of South Korea is given below.

(Amt. in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
<b>ASSETS</b>		
Fixed Assets	11,914,970	11,914,970
Current Assets		
- Cash & Bank Balance	65,823	1,365,823
- Loans & Advances	1,414,899	114,899
<b>Miscellaneous Expenses</b>		
- Preliminary Expenses	246,670	246,670
- Pre-operative Expenses	858,235	833,235
<b>LIABILITIES</b>		
Share Capital		
Equity Share capital	9,667,520	9,667,520
Current Liabilities	4,841,148	4,816,148

The Company has not started its commercial operations as at March 31, 2010

4. Disclosure under Chapter XIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 regarding Preferential Issue of Shares:
  - a) During the year under review your Company had issued and allotted 15,000,000 convertible warrants at a price of Rs. 17.30 each including a premium of Rs. 15.30 per warrant pursuant to Section 81(1A) of the Companies Act, 1956 as per the approval accorded by the Members of the Company at the Annual General Meeting dated August 26, 2009 to M/s ARVR Communications Private Limited (Formerly known as Anu Films and Communications Private Limited), a promoter group Company on Preferential Basis with an option to get allotted one equity share per equity warrant before expiry of eighteen months from the date of allotment. The Company received 25% upfront money against the same as per the SEBI (Issue of Capital and Disclosure

Requirements) Regulations, 2009 mentioned above amounting to Rs. 64,875,000.

Out of total 15,000,000 Convertible warrants, 7,140,000 warrants have been converted into equity shares during the financial year 2009-10 dated November 28, 2009. The equity shares issued by above conversion have been listed for trading on the Stock Exchanges

- b) The Company Issued 3,700,000 GDR at a price of USD 4.71 each convertible into 37,000,000 Equity Shares of Rs. 2 each aggregating to USD 17,427,000. One GDR represents 10 fully paid equity shares and number of outstanding GDR as on March 31, 2010 was 3,700,000.
5. Loans and Advances to others include :-
 

During the year B.A.G. Films & Media Limited has given loans and advances to its following subsidiaries:

  - a) B.A.G. Infotainment Limited: Rs.170,198,537 (Maximum Amount outstanding during the year Rs. 170,198,537) (Previous year Rs. 137,196,904).
  - b) B.A.G. Newline Network Limited: Rs. 560,871,911 (Maximum Amount outstanding during the year Rs. 560,871,911) (Previous year Rs. 273,499,586).
  - c) B.A.G. Glamour Limited: Rs. 230,583,520 (Maximum Amount outstanding during the year Rs. 230,583,520) (Previous year Rs. 113,152,793).
6. As per Accounting Standard (AS)-17 issued by the Institute of Chartered Accountants of India, segment information has been provided in the Notes to Consolidated Financial Statements.
7. Earlier year adjustment (net) of Rs. 2,672,974 (Previous Year Rs. 5,961,230) in Reserves and Surplus Account includes:-
  - a) Rs. 2,604,720 on account of excess provisioning of Income Tax & Wealth Tax.
  - b) Rs. 68,254 on account of prior period adjustment for unclaimed Dividend.
8. **Commitments & Contingent Liabilities**
  - a) Guarantee given to bank amounting to Rs. 606,000 (Previous year Rs. 68,576,000) secure by fixed deposit.
  - b) Guarantee given on behalf of subsidiaries:
    - i) Guarantee given on behalf of subsidiary Company, B.A.G. Newline Network Limited amounting to Rs. 2,700,000 (Previous year Rs. 2,700,000).
    - ii) Guarantee given on behalf of subsidiary Company, B.A.G. Infotainment Limited amounting to Rs. 513,000 (Previous year Rs. 513,000).



- iii) Guarantee given on behalf of subsidiary Company, B.A.G. Newline Network Limited amounting to Rs. 50,000,000 (Previous year Rs. 50,000,000) by pledging 514,286 shares held by B.A.G. Films & Media Limited in the B.A.G. Newline Network Limited.
- iv) Guarantee given on behalf of subsidiary Company, B.A.G. Glamour Limited amounting to Rs. 40,000,000 (Previous year Rs. 40,000,000) by pledging 411,430 shares held by B.A.G. Films & Media Limited in the B.A.G. Glamour Limited.

- c) Corporate Guarantees given to bank by creating charge on land situated at Plot No. HS-20, Sector-B-7, Greater Noida amounting to Rs. 132,500,000 (Previous year Rs. 132,500,000) on behalf of B.A.G. Films Education Society.
- d) During the year B.A.G Films & Media Limited availed facility of Rs.190,000,000 (Previous Year Rs. NIL.) from State Bank of India in the form of cash credit and term loan. The sanction given by bank on the basis of creating charge on Land and Building of B.A.G Films & Media Limited situated at FC-23, Sector-16-A, Film City, Noida.
- e) Liability in respect of bills discounted with banks is Rs. Nil (Previous Year Rs. 22,686,256).

#### 9. Employee Stock Option Scheme

The Company instituted the Employee Stock option scheme - ("the BAG ESOP Scheme") to grant equity to the eligible employees of the Company and its subsidiaries. "the BAG ESOP Scheme" has been approved by the Shareholders in their Extra-Ordinary General Meeting held on February 13, 2007, for grant of 10,000,000 options representing one share for each option. The equity shares covered under the scheme shall vest over a period of five years. Pursuant to the scheme, the ESOP compensation committee on July 30, 2008 granted 1,150,000 options to employees of the B.A.G. Films & Media Limited and its subsidiaries.

Accordingly the Company under the intrinsic value method has recognized the excess of the market price over the exercise price of the option amounting to Rs.2,707,500 as an expense during the year. Further, the Liability Outstanding as at March 31, 2010 in respect of Employees Stock Options Outstanding is Rs.11,642,250. The balance deferred compensation expense Rs. 8,799,376 will be amortized over the remaining vesting period of Options.

The movement in the options granted to employees during the year ended March, 31 2010 under the "the BAG ESOP Scheme" is as below:

Date of Grant	30-Jul-08
Market value on date of grant	Rs. 31.05
Exercise Price	Rs. 13.00

Vesting Period	5 Years
Options outstanding at the beginning of year	750,000
Options granted (Nos)	Nil
Options forfeited/Lapsed (Nos)	Nil
Options exercised (Nos)	105,000
Options Expired (Nos)	Nil
Options outstanding at the end of year (Nos)	645,000

#### 10. Loans & Advances

Loans or advances given to subsidiary Companies are shown under the head Loans & Advances where there is no repayment schedule and are re-payable on demand. Interest has been charged from the subsidiaries against loans given. The loans have been given in the best interest of the Company to fund the financial obligations for attaining the objective of media expansion plans of the Company.

#### 11. Export Obligation

The Company has obtained license under the Export Promotion Credit Guarantee Scheme (EPCG Scheme) for importing capital goods at a concessional rate of custom duty against submission of bank guarantee and bonds. Under the terms of the EPCG Scheme, the Company is required to export goods or services of at least Rs. 435,216,860 (Previous Year Rs. 435,216,860) within eight years from issue of EPCG License.

#### 12. Operating Lease

The Company has given broadcasting equipments under operating leases. These lease agreements are normally renewable on expiry. The rental income on operating leases is credited to profit and losses account

#### 13. Employee Benefits

As per Accounting Standard 15 (revised) 'Employees Benefits', the disclosures of employee benefits are given below:

##### a) Defined Contribution Plans :

Contribution to Defined Contribution Plan recognized as expense for the year is as under:

Employer's Contribution to Provident Fund :  
Rs. 236,893 (Previous Year Rs. 301,750)

Employer's Contribution to ESI : Rs. 24,472/-  
(Previous Year Rs. 27,883)

##### Defined Benefit Plans:

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.



a) Change in present value of obligation

(Amt. in Rs.)

SL PARTICULARS NO.	GRATUITY		LEAVE ENCASHMENT	
	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10
a) present value of obligation as at the beginning of the period	1,932,642	1,030,173	595,791	639,829
b) Acquisition adjustment	NIL	NIL	NIL	NIL
c) Interest Cost	154,611	82,414	47,663	51,186
d) Past service cost	NIL	NIL	NIL	NIL
e) Current service cost	223,485	196,834	196,118	194,440
f) Curtailment cost/Credit	NIL	NIL	NIL	NIL
g) Settlement cost/Credit	NIL	NIL	NIL	NIL
h) Benefits paid	(866,185)	(197,342)	(19,617)	—
i) Actuarial gain or loss on obligation	(414,380)	(105,428)	(180,126)	(135,067)
j) Present value of obligation as at the end of period	1,030,173	1,006,651	639,829	750,388

b) Expense recognized in the statement of profit and loss

(Amt. in Rs.)

SL PARTICULARS NO.	GRATUITY		LEAVE ENCASHMENT	
	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10
a) Current service cost	223,485	196,834	196,118	194,440
b) Past service cost	NIL	NIL	NIL	NIL
c) Interest cost	154,611	82,414	47,663	51,186
d) Expected return on plan assets	NIL	NIL	NIL	NIL
e) Curtailment cost/Credit	NIL	NIL	NIL	NIL
f) Settlement cost/Credit	NIL	NIL	NIL	NIL
g) Net actuarial gain/loss recognized in the period	(414,380)	(105,428)	(180,126)	(135,067)
h) Expenses recognized in the statement of Profit & Losses	(36,284)	173,820	63,655	110,559

c) Actuarial Assumptions:

(Amt. in Rs.)

Particulars	Gratuity		Leave Encashment	
	As at March 31, 09	As at March 31, 10	31 March 2009	31 March 2010
Discount Rate (%)	8.00	8.00	8.00	8.00
Expected Rate of increase in Compensation Levels (%)	5.50	5.50	5.50	5.50
Expected Rate of Return on Plan Assets	Nil	Nil	Nil	Nil
Expected Average remaining working lives of employees (Years)	25.60	24.40	25.60	24.40

The estimated rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

14. Additional information required to be given pursuant to Part II of Schedule VI of the Companies Act, 1956 is as follows: -
- i) The aggregate managerial remuneration under section 198 read with section 309 of the Companies Act, 1956 to the directors:

(Amt. in Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Managing Directors Remuneration and Other Allowances*	17,899,998	2,100,000
<b>Total</b>	<b>17,899,998</b>	<b>2,100,000</b>

\* The Company has obtained approval from Central Government for managerial remuneration of Rs. 1 crore to the managing director w.e.f. 1st April 2008

- ii) (Amt. in Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Sitting Fees,	450,000	537,500
Non-Executive Director's Remuneration*	3,600,000	3,600,000

\* Vide Central Government approval.

- iii) The Company is in the business of media and entertainment, which is not subject to any license; hence licensed capacity is not given.
- iv) Activity in Foreign Currency

(Amt. in Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
<b>Earnings in Foreign Currency</b>		
Income from Commissioned Serials	NIL	NIL
Income from Sale of Rights	NIL	27,298,833
<b>Expenditure in Foreign Currency</b>		
Travel Expenses	203,743	283,510
Equipments Purchased	1,501,475	5,044,962
Import of Services	8,553,274	NIL
Interest	NIL	1,541,367

Value of Export of Services of Rs. NIL (Previous Year Rs. 49,695,412).

- v) Repairs & Maintenance included in the total cost is as follows: -

(Amt. in Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Repairs & Maintenance - Building	2,543,264	3,931,316
Repairs & Maintenance - Machinery	483,077	61,626

- vi) Information pursuant to other provisions of Part -II of Schedule -VI to The Act, is either nil or not applicable to the Company for the year.

15. The Deferred Tax Liability (Net) comprises of the following:

(Amt. in Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Opening Balance of Deferred Tax Liability (Net)	25,645,453	22,945,490
<b>A. Deferred Tax Liability</b>		
Related to Fixed Assets	(4,599,653)	1,721,396
Disallowance under the Income Tax Act	686,786	686,786
<b>B. Deferred Tax Assets</b>		
Related to Leave encashment & Gratuity	(9,974)	(291,781)
Closing Balance of Deferred Tax Liability (Net)	21,722,612	25,645,453

16. There is no amount outstanding to be credited to Investor Education and Protection Fund.

17. **Related Parties Disclosures as per Accounting Standard (AS-18) are as follows:**

**i) List of Related Parties:**

Name	Relationship
Ms. Anuradha Prasad	Chairperson cum Managing Director
Mr. Rajiv Shukla	Relative of Chairperson cum Managing Director
Mr. Rajeev Shankar	Relative of Chairperson cum Managing Director
B.A.G. Infotainment Limited	Subsidiary
B.A.G. Newline Network Limited	Subsidiary
B.A.G. Glamour Limited	Subsidiary
B.A.G Animation Private Limited	Subsidiary
Sieun and B.A.G. Animation Private Limited	Joint Venture
B.A.G. Business Ventures Limited	Associates
Approach Films & Television Limited	Enterprises over which KMP are able to exercise significant influence
ARVR Communications Private Limited (Formerly known as Anu Films and Communications Private Limited )	Promoter Company

**ii) Related Party Transactions**

(Amt. in Rs.)

Particulars	Chairperson cum Managing Director		Relative of Chairperson cum Managing Director		Subsidiaries		Joint Ventures		Promoter Company		Enterprises over which KMP are able to exercise significant influence	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Salary	17,899,998	2,100,000	-	-	-	-	-	-	-	-	-	-
Consultancy fees	-	-	3,600,000	3,600,000	-	-	-	-	-	-	-	-
Sitting Fee	-	-	105,000	85,000	-	-	-	-	-	-	-	-
Advance against share capital given	-	-	-	-	-	-	-	-	-	-	-	-
Lease rent on equipments received	-	-	-	-	81,004,404	107,455,224	-	-	-	-	-	-
Office rent received	-	-	-	-	-	44,400,000	-	-	-	-	-	-
Security deposit Receipt - Refunded	-	-	-	-	3,330,000	15,540,000	-	-	-	-	-	-
Income from commissioned serial	-	-	-	-	-	7,392,000	-	-	-	-	-	-
Advertisement Expenses	-	-	-	-	1,044,836	3,675,670	-	-	-	-	-	-
Expenses incurred	-	-	-	-	81,967,482	80,769,087	-	-	19,408	-	6,000,000	-
Expenses Reimbursed	-	-	-	-	3,186,696	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	74,197,911	-	-	-	-	-	-	-
Unsecured loan(taken)	-	-	-	-	388,014,982	444,127,473	6,078	1330000	-	-	-	-
Unsecured loan (given/returned)	-	-	-	-	834,213,485	645,964,583	6,078	1,140,000	-	-	-	-
Share application money invested	-	-	-	-	-	-	-	-	-	245,000	-	-
Share application money Received	-	-	-	-	-	-	-	-	33,994,500	53,820,000	-	-
Share's issued	-	-	-	-	-	-	-	-	123,522,000	-	-	-

18. a). There are no dues to small scale industrial undertakings (SSI) outstanding for more than 30 days.  
 b). Amount overdue as on March 31, 2010 to Micro, Small and Medium Enterprise on account of principle account, together with interest aggregates to Rs. Nil. (Previous year Rs.Nil).

**Note:** The above information regarding the small scale undertakings and Micro, Small and Medium Enterprise has been determined to the extent such parties have been identified on the basis of the information available with the Company.

19. The Company has not made any provision for cess payable u/s 441A of the Companies Act, 1956. The said provision shall be made as and when the requisite notification is issued by the Central Government in this regard.  
 20. Earnings Per Share (EPS) is Computed in Accordance with Accounting Standard-20:-

(Amt. in Rs.)

Particulars	2009-10	2008-09
i) Net Profit after tax as per profit and loss account	423,252	15,064,123
ii) short provision for tax of earlier years	(2,672,974)	5,786,463
iii) Net Profit attributable to Equity Shareholders	3,096,226	9,277,660
iv) Net Profit before Exceptional Item	3,096,226	9,277,660
v) Weighted Average number of equity shares used as denominator for calculating Basic EPS	119,727,656	110,856,569
vi) Basic Earnings per share	0.03	0.08
vii) Weighted Average number of equity shares used as denominator for calculating Diluted EPS	119,776,299	110,910,268
viii) Diluted Earnings per share	0.03	0.08
ix) Basic Earnings (before exceptional item) per share	0.03	0.08
x) Diluted Earnings (before exceptional item) per share	0.03	0.08
xi) Face Value per equity share	2.00	2.00

21. Details of Investments in Mutual Funds

SCHEME	No. of Units as at March 31,		Value (Rs) as at March 31,	
	2010	2009	2010	2009
AIG INFRASTRUCTURE & ECONOMIC FUND		146,699		1,500,000
BIRLA SUNLIFE FRONTLINE EQUITY FUND -DIV REINVESTMENT		55,981		1,168,969
DSP ML BALANCED FUND		4,006		102,548
DSP ML GOLD FUND		80,832		1,100,000
DSP ML EQUITY FUND		25,458		1,400,000
DSP-ML SMALL & MID CAP FUND		16,376		200,009
DSP-ML TIGER FUND	21,070	287,313	350,001	4,772,569
DSP MERILL LYNCH EQUITY FUND -DIV CASH OPTION	7,871	7,871	500,000	500,000
FRANKLIN INDIA PRIMA FUND	6,181	6,181	283,382	283,382
HDFC GROWTH FUND-DIVIDEND		39,558		1,187,471
HDFC TOP 200 FUND		4,282		200,000
JM EMERGING LEADER FUND	136,878	136,878	2,000,000	2,000,000
PRINCIPAL CASH MGNT FUND	6,259	6,259	62,596	62,596
PRU. ICICI INFRASTRUCTURE FUND- DIV PAYOUT		10,699		150,000
PRU. ICICI INFRASTRUCTURE FUND- DIV PAYOUT	109,529	109,529	2,000,000	2,000,000
RELIANCE DIVERSIFIED POWER SECTOR FUND		37,405		1,661,861
RELIANCE GROWTH FUND		20,770		1,200,000
RELIANCE VISION FUND		27,430		1,476,905
RELIANCE LONG TER EQUITY FUND		100,000		1,000,000
RELIANCE NATURAL FUND		244,499		2,500,000



SCHEME	No. of Units as at March 31,		Value (Rs) as at March 31,	
	2010	2009	2010	2009
SBIMANGNAMGLOBALFUND		5,085		138,300
SUNDARAMCAPEXOPPORTUNITIESFUND	54,821	54,821	1,000,000	1,000,000
SUNDARAMBNPPARIBASMONEYFUND-DAILYDIV	380,000	380,000	3,800,000	3,800,000
TEMPLETIONINDIATREASURYMANAGEMENTACCOUNT	182	182	275,200	275,200
TATAINFRASTRUCTUREFUND	37,981	37,981	1,000,000	1,000,000
TATAINDO-GLOBALINFRASTRUCTUREFUND-DIV	200,000	200,000	2,000,000	2,000,000
FRANKLININDIAHIGHGROWTHCOMP FUND DIV PAY		195,599		2,000,000
HSBCDYNAMICFUND-DIVPAY		126,829		1,300,000
UTIIINFRASTRUCTUREADVANTAGEFUND-DIVPAY		250,000		2,500,000

22. Previous year figures are regrouped, rearranged or recast wherever necessary to make them comparable with the current year figures.

AS PER OUR SEPARATE REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**FOR JOY MUKHERJEE & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**JOY MUKHERJEE**  
(PARTNER)  
MEMBERSHIP NO.74602

**ANURRADHA PRASAD**  
(CHAIRPERSON CUM  
MANAGING DIRECTOR)

**RAJIV SHUKLA**  
(DIRECTOR)

PLACE : NOIDA  
DATE : MAY 29, 2010

**RAJEEV PARASHAR**  
(COMPANY SECRETARY)

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>(A) REGISTRATION DETAILS</b>		
REGISTRATION NO.		51841
STATE CODE		55
BALANCE SHEET DATE		MARCH 31,2010
<b>(B) CAPITAL RAISED DURING THE YEAR</b>		<b>(AMT IN '000)</b>
PUBLIC ISSUE		NIL
RIGHT ISSUE		NIL
BONUS ISSUE		NIL
PRIVATE PLACEMENT		84,210
<b>(C) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS</b>		<b>(AMT IN '000)</b>
TOTAL LIABILITIES		2,917,965
TOTAL ASSETS		2,917,965
<b>SOURCES OF FUNDS</b>		
SHARE CAPITAL		329,656
RESERVES & SURPLUS		2,422,434
SECURED LOANS		143,873
DEFERRED TAX LIABILITY (NET)		22,002
<b>TOTAL</b>		<b>2,917,965</b>
<b>APPLICATION OF FUNDS</b>		
NET FIXED ASSETS AND CAPITAL WIP		532,568
INVESTMENTS		301,897
NET CURRENT ASSETS		2,071,245
MISC EXPENDITURE		12,255
<b>TOTAL</b>		<b>2,917,965</b>
<b>(D) PERFORMANCE OF THE COMPANY</b>		<b>(AMT IN '000)</b>
SALES AND SERVICES		447,312
TOTAL EXPENDITURE		441,490
PROFIT BEFORE TAX		5,822
PROFIT AFTER TAX		423
EARNING PER SHARE (RS.)		0.03
DIVIDEND RATE %		Nil
<b>(E) GENERIC NAMES OF THREE PRINCIPLE PRODUCTS/SERVICES OF THE COMPANY</b>		
ITEM CODE NO.		NA
PRODUCT DESCRIPTION		NA

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**ANURADHA PRASAD**  
(CHAIRPERSON CUM MANAGING DIRECTOR)

**RAJIV SHUKLA**  
(DIRECTOR)

PLACE: NOIDA  
DATE : MAY 29, 2010

**RAJEEV PARASHAR**  
(COMPANY SECRETARY)

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>MARCH 31,2010</b>	<b>MARCH 31,2009</b>
<b>NET PROFIT</b>	5,822,342	29,299,978
<b>ADJUSTMENTS FOR :</b>		
DEPRECIATION / AMORTISATION	101,075,328	129,669,528
MISCELLANEOUS ASSETS WRITTEN OFF	2,020,552	5,249,592
DEFERRED EMPLOYEES COMPENSATION	2,707,500	2,030,624
DIVIDEND INCOME	(1,087,044)	(1,001,739)
LOSS ON SALE OF FIXED ASSETS	—	289,923
PROFIT / (LOSS) ON SALE OF INVESTMENT	5,075,073	599,995
PROFIT ON SALE OF FIXED ASSETS	(394,930)	(32,624)
INTEREST EXPENSE	10,645,446	4,471,663
INTEREST INCOME	(80,735,251)	(1,310,385)
AMOUNTS WRITTEN OFF BACK	(1,049,120)	(1,219,755)
NET PRIOR PERIOD ADJUSTMENT	(48,788)	(5,961,230)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>44,031,108</b>	<b>162,085,570</b>
<b>ADJUSTMENTS FOR :</b>		
INVENTORIES	(47,633,687)	19,021,515
SUNDRY DEBTORS / RECEIVABLES	82,358,596	44,109,959
LOANS AND ADVANCES	(395,181,047)	(322,969,992)
TRADE/OTHER PAYABLES	(25,018,905)	(54,018,503)
FRINGE BENEFIT TAX	(2,542,448)	(1,232,741)
WEALTH TAX PAID	(226,291)	(194,556)
GRATUITY PAID	(255,034)	(866,185)
LEAVE ENCASHMENT	—	(19,619)
INCREASE IN MISCELLANEOUS EXPENDITURE	(1,895,250)	
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(346,362,959)</b>	<b>(154,084,552)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE/SALE OF FIXED ASSETS / CAPITAL WIP(NET)	(2,333,661)	(10,196,323)
PURCHASE/(SALE) OF INVESTMENTS	30,208,631	(5,007,837)
PROFIT/(LOSS) ON SALE OF INVESTMENT	(5,075,073)	(599,995)
LOSS ON SALE OF FIXED ASSET	—	(289,923)
PROFIT ON SALE OF FIXED ASSETS	394,930	32,624
INTEREST RECEIVED	80,735,251	1,310,385
DIVIDEND RECEIVED	1,087,044	1,001,739
<b>NET CASH FROM / (USED) IN INVESTING ACTIVITIES</b>	<b>105,017,122</b>	<b>(13,749,330)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM ISSUE OF CAPITAL (INCLUDING PREMIUM)	910,285,170	53,861,500
INCREASE IN BANK BORROWINGS LONG TERM	133,896,129	(3,167,338)
INCREASE IN CAPITAL RESERVE	60,150,000	—
INTEREST PAID	(10,645,446)	(4,471,663)
<b>NET CASH FROM / (USED) IN FINANCING ACTIVITIES</b>	<b>1,093,685,853</b>	<b>46,222,499</b>
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>852,340,017</b>	<b>(121,611,382)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>79,676,018</b>	<b>201,287,401</b>
<b>CASH AND CASH EQUIVALENTS AT THE CLOSE</b>	<b>932,016,035</b>	<b>79,676,018</b>

AS PER OUR SEPARATE REPORT OF EVEN DATE  
**FOR JOY MUKHERJEE & ASSOCIATES**  
 CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**JOY MUKHERJEE**  
 (PARTNER)  
 MEMBERSHIP NO.74602

**ANURADHA PRASAD**  
 (CHAIRPERSON CUM  
 MANAGING DIRECTOR)

**RAJIV SHUKLA**  
 (DIRECTOR)

PLACE : NOIDA  
 DATE : MAY 29, 2010

**RAJEEV PARASHAR**  
 (COMPANY SECRETARY)



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATED TO SUBSIDIARY COMPANIES.**

NAME OF THE SUBSIDIARY COMPANIES	B.A.G. INFOTAINMENT LIMITED	B.A.G. GLAMOUR LIMITED	B.A.G. NEWSLINE NETWORK LIMITED	B.A.G. ANIMATION PRIVATE LIMITED
FINANCIAL YEAR OF THE SUBSIDIARIES ENDED ON	MARCH 31, 2010	MARCH 31, 2010	MARCH 31, 2010	MARCH 31, 2010
SHARES OF THE SUBSIDIARY HELD BY B.A.G. FILMS & MEDIA LIMITED ON THE ABOVE DATE:				
A) NUMBER FACE VALUE	10,200,000 Rs.10	9,000,286 Rs.10	8,571,430 Rs.10	496,100 Rs.10
B) EXTENT OF HOLDING	51%	52.50%	50%	98%
THE NET AGGREGATE AMOUNT OF PROFITS/(LOSSES) OF THE SUBSIDIARY COMPANY FOR THE ABOVE FINANCIAL YEAR SO FAR AS IT CONCERNS THE MEMBERS OF B.A.G. FILMS & MEDIA LIMITED				
	(28,828,617)	(75,988,382)	(459,234,561)	(19,114)
A) DEALT WITH IN THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2010				
	Yes	Yes	Yes	Yes
B) NOT DEALT WITH IN THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2010				
	Nil	Nil	Nil	Nil
NET AGGREGATE AMOUNT OF PROFITS/(LOSSES) FOR PREVIOUS FINANCIAL YEARS OF THE SUBSIDIARY, A SUBSIDIARY SO FAR AS IT CONCERNS MEMBERS OF SINCE IT BECAME B.A.G. FILMS & MEDIA LIMITED				
	(80,902,723)	(303,967,282)	(410,745,294)	(220,540)
A) DEALT WITH IN THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2010				
	Yes	Yes	Yes	Yes
B) NOT DEALT WITH IN THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2010				
	Nil	Nil	Nil	Nil

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**ANURRADHA PRASAD**  
(CHAIRPERSON CUM MANAGING DIRECTOR)

**RAJIV SHUKLA**  
(DIRECTOR)

PLACE: NOIDA  
DATE : MAY 29, 2010

**RAJEEV PARASHAR**  
(COMPANY SECRETARY)



## DIRECTORS' REPORT

To,

The Members,  
**B.A.G. Infotainment Limited**

The Directors hereby present their 5th Annual Report on the business and operations of the Company along with the Audited Statements of Accounts for the year ended March 31, 2010.

### FINANCIAL RESULTS

Financial Results of the Company for the year under review along with the figures for previous year are as follows:

(Rs. in Lacs)

Particulars	2009-10	2008-09
Total Income	420.38	323.99
Profit/(Loss) before depreciation and financial charges	(195.90)	(444.29)
Financial charges	139.72	0.67
Cash Profit/(Loss)	(322.17)	(431.52)
Depreciation	218.61	248.95
Profit/(Loss) before Tax	(554.22)	(693.92)
Provision for Tax	11.04	17.89
Profit/(Loss) after Tax	(565.27)	(711.82)
Proposed Dividend (%)	—	—

### PERFORMANCE REVIEW

During the financial year under review, your Company's total income has been Rs. 420.38 lacs compared to Rs. 323.99 lacs last year, an increase of 29.75%. Losses have been substantially curtailed. Loss before tax has been Rs. 554.22 lacs compared to Rs. 693.92 lacs last year, a reduction of 20.13%. Loss after tax has been Rs. 565.27 lacs compared to Rs. 711.82 lacs last year, a reduction of 20.59%.

Your FM radio station, on frequency 106.4 is now the voice of the regions it is broadcast and its many shows are household names in all ten cities where it is operational i.e. Hissar, Karnal, Patiala, Ranchi, Muzaffarpur, Dhule, Jalgaon, Ahmednagar, Simla and Jabalpur.

In the cluttered space of FM Radio industry, Dhamaal 24 has carved out a niche' for itself with invigorated, novel and popular shows like MorningPur, U Turn, Gossip Mohalla, Afsaana, Thoda Romani ho Jaayen, Dhamaal Cricket Championship, Zara Yaad Karo Qurbani are aired on Dhamaal 24 keeping the regional flavour in each of its programmes offered to its listeners.

Media Analysts predict that India's radio ad revenues will more than double to US\$390 million between now and 2013, increasing at 18% compounded annual growth rate (CAGR). In contrast, it expects the overall entertainment and media sector in India to deliver a 10.7% CAGR on average over the next five years, compared to a global average of 2.7% over the same period.

### DIVIDEND

The Directors express their inability to declare any dividend for the financial year ended March 31, 2010 on account of losses during the year under review.

### DIRECTORS

There are three Directors in the Company viz. Ms. Anuradha Prasad, Mr. Rajiv Shukla and Dr. Anuradha Mishra.

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Dr. Anuradha Mishra is liable to retire by rotation at the ensuing Annual General Meeting and she being eligible has offered herself for re-appointment. Your Board of Directors recommends her re-appointment.

### DEPOSITS

During the year the Company did not accept any Deposits as per the provisions of Section-58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state and confirm-

1. That in preparation of the accounts for the financial period ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. That the Directors have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of profit and loss of the Company for that period;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the accounts for the financial period ended 31st March 2010 have been prepared on a "going concern" basis.

### AUDIT COMMITTEE

The Company has constituted an Audit Committee of Directors in accordance with the requirements of Sec 292A of the Companies Act 1956. Presently, the Audit Committee of the Company comprises of three Members. Dr. Anuradha Mishra, Chairperson of the Committee is a non-executive Director. Other members are Ms. Anuradha Prasad and Mr. Rajiv Shukla.

During the last financial year, four Audit Committee Meetings were held on May 29, 2009, July 31, 2009, October 31, 2009 and January 30, 2010.



#### **AUDITORS**

M/s Joy Mukherjee & Associates, the Company's Auditors will retire at the conclusion of the ensuing Annual General Meeting and being eligible for re-appointment, offer themselves for re-appointment. The Company has received a certificate from the auditors to the effect that their re-appointment if made, would be in accordance with the provisions of section 224 (1B) of the Companies Act, 1956.

#### **AUDITORS' REPORT**

With reference to the comments made by the Auditors in their report, the Directors wish to state that the relevant notes forming part of the Company's Accounts are self explanatory and hence do not require any further explanation.

#### **PERSONNEL**

There is no employee whose particulars are required to be disclosed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

#### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

Your Company is not engaged in any manufacturing or processing activity, as such particulars required to be given in terms of Section 217(1)(e) of the Companies Act, 1956

read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption are not applicable.

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year, your Company has incurred expenditure in foreign currency to the extent of Rs. Nil as against Rs. 40,962/- in the previous financial year.

#### **ACKNOWLEDGEMENT**

Your Directors wish to express their grateful appreciation for the cooperation and support received from vendors, customers, bank, financial institutions, Central and State Government Bodies, Auditors, legal advisors, consultants, shareholders and the society at large. Your Directors also place on record their appreciation for the contribution and hardwork of employees across all levels. Without their commitment, inspiration and hard work, your Company's consistent growth would not had been possible.

*For and on behalf of the Board of Directors*

Place: Noida  
Date: May 29, 2010

**Anuradha Prasad**  
*Chairperson*



## AUDITORS' REPORT

To  
The Members of  
**B.A.G. Infotainment Limited**

1. We have audited the attached Balance Sheet of B.A.G. Infotainment Limited, as at March 31, 2010 and the related, Profit and Loss Account for the year ended on that date annexed thereto, and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of "The Companies Act, 1956" of India (the "Act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

- (e) On the basis of written representations received from the Directors of the Company, as on March 31, 2010 and taken on record by the Board of Directors of the Company, none of the Directors of the Company is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) Section 274 of the Act;
- (f) In our opinion, and to the best of our information and according to the explanations given to us, the said Financial accounts, read with the significant accounting policies and 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
  - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

**For and on behalf of**  
**Joy Mukherjee & Associates**  
*Chartered Accountants*

**Joy Mukherjee**  
*Partner*

Place: Noida  
Dated: May 29, 2010

Membership No. 74602

### ANNEXURE TO AUDITORS' REPORT

**[Referred to in paragraph 3 of our Report of even date]**

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The fixed assets are physically verified by the management during the year in a phased Periodical manner, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. The Company has not maintained any inventory hence the clause 4(ii) of said order is not applicable.
3. (a) The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Accordingly, clauses (iii) (b) to (iii) (d) of paragraph 4 of the Order are not applicable to the Company for the current year.

- (b) The Company has not taken any loans, secured or unsecured, from Companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Accordingly, clauses (iii) (f) to (iii) (g) of paragraph 4 of the Order are not applicable to the Company for the current year.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets for the radio broadcasting. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, if any, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, having regard to the fact that the items sold/services rendered/received are of a special nature and suitable alternate sources do not exist for obtaining comparative quotations, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time or the prices at which the transactions for similar goods have been made with other parties.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company as the Company is not involved in any manufacturing activity.
9. (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues where applicable have been generally, regularly deposited with appropriate authorities. According to the information and explanations given to us, none of the undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2010 for a period of more than six months from the dates of becoming payable.
- (b) According to the information and explanations given to us, there are no cases of non-deposit with appropriate authorities of disputed dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess.
10. The Company has incurred loss amounting to Rs. 56,526,698 (Rs. 71,182,466) during the year ending March 31, 2010 and cash loss of Rs. 32,216,775 (Rs. 43,152,333) in the financial year ended on that date.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not obtained any term loan during the period. So the clause 4(xvi) of the order is not applicable.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-terms investment.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act during the year
19. The Company has not issued any debentures.
20. During the year, the Company has not raised money by public issue(s).
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**For and on behalf of**  
**Joy Mukherjee & Associates**  
*Chartered Accountants*

**Joy Mukherjee**  
*Partner*

Place: Noida  
Dated: May 29, 2010

Membership No. 74602



**B.A.G. INFOTAINMENT LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2010**

*(Amt. in Rs.)*

PARTICULARS	SCHEDULE	MARCH 31, 2010		MARCH 31, 2009	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDER'S FUNDS</b>					
SHARE CAPITAL	A	200,000,000		200,000,000	
RESERVES AND SURPLUS	B	<u>1,500,000</u>	201,500,000	<u>1,500,000</u>	201,500,000
<b>LOAN FUNDS</b>					
UNSECURED LOANS			170,198,537		137,196,904
<b>DEFERRED TAX LIABILITY</b>			<u>7,703,093</u>		<u>6,598,837</u>
			<b><u>379,401,630</u></b>		<b><u>345,295,741</u></b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
	C				
GROSS BLOCK		195,817,770		180,037,352	
LESS: DEPRECIATION/AMORTIZATION		<u>58,141,136</u>		<u>36,936,682</u>	
NET BLOCK		137,676,634		143,100,670	
CAPITAL WORK-IN-PROGRESS (INCLUDING CAPITAL ADVANCES)		<u>17,208,703</u>	154,885,337	<u>35,922,898</u>	179,023,568
<b>CURRENT ASSETS, LOANS AND ADVANCES:</b>					
CASH AND BANK BALANCES	D	5,252,093		1,876,246	
SUNDRY DEBTORS	E	31,502,148		22,064,243	
LOANS AND ADVANCES	F	<u>17,907,219</u>		<u>20,335,849</u>	
			<u>54,661,460</u>		<u>44,276,338</u>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>					
LIABILITIES	G	48,230,232		40,559,606	
PROVISIONS	H	<u>157,648</u>		<u>505,101</u>	
		<u>48,387,880</u>		<u>41,064,707</u>	
<b>NET CURRENT ASSETS</b>			6,273,580		3,211,631
<b>MISCELLANEOUS EXPENDITURES</b> (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	I		3,083,225		4,427,752
<b>PROFIT &amp; LOSS ACCOUNT</b>			215,159,488		158,632,790
			<b><u>379,401,630</u></b>		<b><u>345,295,741</u></b>

**SIGNIFICANT ACCOUNTING POLICIES  
AND NOTES TO ACCOUNTS**

P

THE SCHEDULES REFERRED TO ABOVE ARE AN INTEGRAL PART OF THE BALANCE SHEET  
AS PER OUR SEPARATE REPORT OF EVEN DATE FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
**FOR JOY MUKHERJEE & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**JOY MUKHERJEE**  
(PARTNER)  
M.NO.74602

**ANURADHA PRASAD**  
(MANAGING DIRECTOR)

**RAJIV SHUKLA**  
(DIRECTOR)

PLACE: NOIDA  
DATE : MAY 29, 2010

**PINKI PILANI**  
(COMPANY SECRETARY)

**B.A.G. INFOTAINMENT LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

*(Amt. in Rs.)*

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED MARCH 31, 2010	FOR THE YEAR ENDED MARCH 31, 2009
<b>INCOME</b>			
SALES & SERVICES	J	40,655,502	31,846,044
OTHER INCOME	K	1,382,745	552,780
		<u>42,038,247</u>	<u>32,398,824</u>
<b>EXPENDITURE</b>			
PRODUCTION EXPENSES	L	36,210,462	45,417,216
PERSONNEL COST	M	15,940,364	15,560,044
ADMINISTRATIVE AND MARKETING EXPENSES	N	8,132,639	14,506,353
FINANCIAL CHARGES	O	13,971,557	67,544
MISCELLANEOUS EXPENSES WRITTEN OFF		1,344,528	1,344,528
DEPRECIATION/AMORTISATION		21,861,139	24,895,369
		<u>97,460,689</u>	<u>101,791,054</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>(55,422,442)</b>	<b>(69,392,230)</b>
FRINGE BENEFIT TAX	—		288,417
DEFERRED TAX	<u>1,104,256</u>		<u>1,501,820</u>
		1,104,256	1,790,237
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>(56,526,698)</b>	<b>(71,182,467)</b>
BALANCE BROUGHT FORWARD		<u>(158,632,790)</u>	<u>(87,450,323)</u>
AVAILABLE FOR APPROPRIATIONS		<u><b>(215,159,488)</b></u>	<u><b>(158,632,790)</b></u>
<b>APPROPRIATIONS</b>			
SURPLUS/(LOSS) TRANSFERRED TO BALANCE SHEET		<u><b>(215,159,488)</b></u>	<u><b>(158,632,790)</b></u>
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS.10 EACH		(2.83)	(3.56)
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS.10 EACH (BEFORE EXCEPTIONAL ITEM)		(2.83)	(3.56)

**SIGNIFICANT ACCOUNTING POLICIES  
AND NOTES TO ACCOUNTS**

P

THE SCHEDULES REFERRED TO ABOVE ARE AN INTEGRAL PART OF THE PROFIT & LOSS A/C  
AS PER OUR SEPARATE REPORT OF EVEN DATE FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
**FOR JOY MUKHERJEE & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**JOY MUKHERJEE**  
(PARTNER)  
M.NO.74602

**ANURADHA PRASAD**  
(MANAGING DIRECTOR)

**RAJIV SHUKLA**  
(DIRECTOR)

PLACE: NOIDA  
DATE : MAY 29, 2010

**PINKI PILANI**  
(COMPANY SECRETARY)

**SCHEDULES FORMING PART OF ACCOUNTS AS ON MARCH 31, 2010**
*(Amt. in Rs.)*

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
<b>SCHEDULE-'A': SHARE CAPITAL</b>		
<b>AUTHORIZED CAPITAL</b>		
25,000,000 EQUITY SHARES OF RS.10/- EACH ( PREVIOUS YEAR 25,000,000 EQUITY SHARES OF RS 10/- EACH)	<u>250,000,000</u>	<u>250,000,000</u>
<b>ISSUED SUBSCRIBED AND PAID UP CAPITAL</b>		
20,000,000 EQUITY SHARES OF RS. 10/- EACH FULLY PAID UP ( PREVIOUS YEAR 20,000,000 SHARES OF RS. 10/- EACH)	200,000,000	200,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
<b>SCHEDULE-'B': RESERVES &amp; SURPLUS</b>		
SHARE PREMIUM	1,500,000	1,500,000
	<u>1,500,000</u>	<u>1,500,000</u>

**SCHEDULE - C : FIXED ASSETS SCHEDULE AS PER COMPANIES ACT, 1956 FOR THE YEAR ENDING ON MARCH 31, 2010**
*(Amt in Rs.)*

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	COST AS AT 01.04.09	ADDITION DURING THE YEAR	SALE/ADJ DURING THE YEAR	COST AS AT 31.03.10	ACCUMULATED DEPRECIATION AS AT 01.04.09	DEPRECIATION FOR THE YEAR	ADJUSTMENT FOR THE YEAR	ACCUMULATED DEPRECIATION AS AT 31.03.10	W.D.V. AS AT 31.03.10	W.D.V. AS AT 31.03.09
<b>TANGIBLE ASSETS</b>										
PLANT & MACHINERY	67,297,538	6,153,967	2,065,287	71,386,218	13,034,845	7,772,339	593,447	20,213,737	51,172,480	54,262,693
COMPUTER & PERIPHERALS	7,103,357	—	—	7,103,357	3,625,656	1,391,081	—	5,016,737	2,086,620	3,477,701
SOFTWARE	6,753,816	553500	—	7,307,316	3,435,388	1,418,964	—	4,854,352	2,452,964	3,318,428
FURNITURE AND FIXTURE	3,383,827	108,000	—	3,491,827	610,446	509,533	—	1,119,979	2,371,848	2,773,381
OFFICE EQUIPMENT	53,698,814	3,168,238	248,000	56,619,052	9,922,380	6,253,712	63,238	16,112,855	40,506,197	43,776,434
<b>INTANGIBLE ASSETS</b>										
RADIO LICENSES FEES	41,800,000	8,110,000	—	49,910,000	6,307,967	4,515,510	—	10,823,477	39,086,523	35,492,033
<b>TOTAL</b>	<b>180,037,352</b>	<b>18,093,705</b>	<b>2,313,287</b>	<b>195,817,770</b>	<b>36,936,682</b>	<b>21,861,139</b>	<b>656,685</b>	<b>58,141,136</b>	<b>137,676,632</b>	<b>143,100,670</b>
CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)									17,208,703	35,922,898

(Amt. in Rs.)

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
<b>SCHEDULE 'D' : CASH &amp; BANK BALANCES</b>		
CASH IN HAND	24,900	16,365
IMPREST WITH STAFF	223,655	104,543
BALANCE WITH SCHEDULED BANK: CURRENT ACCOUNT	5,003,538	1,755,338
	<b><u>5,252,093</u></b>	<b><u>1,876,246</u></b>
<b>SCHEDULE 'E': SUNDRY DEBTORS</b> (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE SPECIFIED)		
(a) DEBTS FOR A PERIOD EXCEEDING SIX MONTHS	13,470,775	14,844,253
(b) OTHER DEBTS	18,031,373	7,219,990
	<b><u>31,502,148</u></b>	<b><u>22,064,243</u></b>
<b>SCHEDULE 'F': LOANS AND ADVANCES</b> (UNSECURED, CONSIDERED GOOD)		
ADVANCE TAXES	972,043	3,974,086
EARNEST MONEY & SECURITY DEPOSITS	7,979,400	7,949,400
PREPAID EXPENSES	5,056,161	5,149,059
ADVANCES TO OTHERS	3,209,558	3,084,842
TDS RECEIVABLE	690,057	178,462
	<b><u>17,907,219</u></b>	<b><u>20,335,849</u></b>
<b>SCHEDULE 'G': LIABILITIES</b>		
SUNDRY CREDITORS FOR GOODS & SERVICES	6,912,854	24,289,626
TAXES PAYABLE	6,122,097	2,985,798
OTHERS LIABILITIES	35,195,281	13,284,182
	<b><u>48,230,232</u></b>	<b><u>40,559,606</u></b>
<b>SCHEDULE 'H': PROVISIONS</b>		
PROVISION FOR FRINGE BENEFIT TAX	—	249,572
PROVISION FOR LEAVE ENCASHMENT	34,187	156,300
PROVISION FOR GRATUITY	123,461	99,229
	<b><u>157,648</u></b>	<b><u>505,101</u></b>
<b>SCHEDULE 'I': MISCELLANEOUS EXPENDITURE</b> (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
<b>PRELIMINARY EXPENSES</b>		
OPENING	630,666	709,499
LESS: WRITTEN OFF	<u>78,832</u>	<u>78,833</u>
	551,834	630,666
<b>PRE OPERATIVE EXPENSES</b>		
OPENING	3,797,086	5,062,781
LESS : WRITTEN OFF	<u>1,265,695</u>	<u>1,265,695</u>
	2,531,391	3,797,086
	<b><u>3,083,223</u></b>	<b><u>4,427,752</u></b>



(Amt. in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2010	FOR THE YEAR ENDED MARCH 31, 2009
<b>SCHEDULE 'J' : SALES &amp; SERVICES</b>		
ADVERTISMENT SALES REVENUE	40,655,502	31,846,044
	<b>40,655,502</b>	<b>31,846,044</b>
<b>SCHEDULE 'K': OTHER INCOME</b>		
IVR SERVICES	37,029	19,596
MISCELLANEOUS INCOME	43,298	—
SUNDRY BALANCES WRITTEN BACK	1,302,418	533,184
	<b>1,382,745</b>	<b>552,780</b>
<b>SCHEDULE 'L': PRODUCTION EXPENSES</b>		
PROFESSIONAL CHARGES	3,339,554	5,270,422
ROYALTY	4,116,252	11,489,404
CONSULTANCY CHARGES	142,500	18,000
CASSETTES/ VCD/DVD	19,281	—
EQUIPMENT HIRING CHARGES	—	43,434
REPAIR & MAINT CHARGES	414,743	262,416
PRODUCTION TRAVELLING & CONVEYANCE	12,212	180,826
PROGRAMMING & PROMO EXPENSES	2,802,796	3,496,726
POWER & FUEL EXPENSES	3,327,956	3,357,520
INTERNET & WEBSITE EXPENSES	484,940	734,318
LICENSE & OTHER OPERATIONAL FEES	11,461,611	10,164,915
ELECTRICITY EXPENSES	8,845,083	8,839,827
SECURITY SERVICES	1,243,534	1,559,409
	<b>36,210,462</b>	<b>45,417,216</b>
<b>SCHEDULE 'M': PERSONNEL COST</b>		
SALARY, ALLOWANCES & BONUS	15,104,138	14,690,239
LEAVE ENCASHMENT	34,187	161,551
GRATUITY	24,232	44,454
CONTRIBUTION TOWARDS PROVIDENT FUND	505,691	425,343
STAFF WELFARE	272,116	238,457
	<b>15,940,364</b>	<b>15,560,044</b>
<b>SCHEDULE 'N': ADMINISTRATIVE AND MARKETING EXPENSES</b>		
<b>ADMINISTRATION EXPENSES:</b>		
OFFICE EXPENSES	459,133	1,144,944
TELEPHONE, POSTAGE AND INTERNET EXPENSES	403,445	1,400,040
PRINTING & STATIONERY	153,841	336,508
BOARDING & LODGING EXPENSES	30,103	675,632
REPAIR & MAINTENANCE	621,412	952,662
CONVEYANCE	436,674	396,565
TRAVELLING EXPENSES	291,871	511,352
NEWSPAPER & PERIODICALS	141,785	122,370
RENT	1,542,202	5,815,676
RATES & TAXES	77,836	571,605
<b>REMUNERATION TO AUDITORS</b>		
STATUTORY AUDIT FEE	50,000	50,000
TAX AUDIT	40,000	40,000
CERTIFICATION	10,000	10,000
INTERNAL AUDIT FEES	126,456	50,000
AUDITORS EXPENSES	17,678	21,450
FEES & SUBSCRIPTION	90,000	90,000
ROC FEES	2,000	—
LEGAL CHARGES	2,790	126,304
ELECTRICITY CHARGES	241,979	278,467
LOSS ON FOREIGN EXCHANGE FLUCTUATION	—	164,501
LOSS ON SALE OF FIXED ASSETS	1,656,602	—
MISCELLANEOUS EXPENSES	24,718	150,862
<b>MARKETING EXPENSES:</b>		
ADVERTISMENT EXPENSES	513,550	512,500
OTHER MARKETING EXPENSES	1,198,564	1,084,915
	<b>8,132,639</b>	<b>14,506,353</b>
<b>SCHEDULE 'O': FINANCIAL CHARGES</b>		
BANK CHARGES	14,408	67,544
INTEREST	13,957,149	—
	<b>13,971,557</b>	<b>67,544</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE-P:- SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**I) Significant Accounting Policies**

**1. Accounting Convention**

The financial statements have been prepared under the Historical Cost Convention on the Mercantile System of accounting and in accordance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable.

**2. Use of Estimates**

The preparation of the financial statements is in accordance with Generally Accepted Accounting Principles. It requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from these estimates and a revision to such accounting estimates is recognised in the accounting period in which such a revision takes place.

**3. Fixed Assets & Capital Work-in-Progress**

- a. The Fixed assets are stated at cost less accumulated depreciation and impairment. Cost includes capital cost, freight, installation cost, duties and taxes and other incidental expenses incurred during the construction/installation and attributable to bringing the asset to its intended use. Fixed assets are further adjusted by the amount of CENVAT credit available, wherever applicable. One time entry fee paid by the Company for acquiring radio license has been capitalized as an intangible asset.
- b. Capital work in progress comprises the cost of fixed assets that are not yet ready for their intended use and outstanding advances paid to acquire fixed assets, at the balance sheet date.

**4. Depreciation and Amortisation**

- a. Depreciation on fixed asset is provided on Written Down Value method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956.
- b. One time entry fee paid by the Company for acquiring radio license is amortised over a period of ten years, being the period of the license, from the date of operationalisation of the radio station.

**5. Revenue Recognition**

- a. Advertisement revenue is recognised on accrual basis on the airing of commercial or advertisement in accordance with contractual obligations.
- b. Interest is recognised using time proportion method and dividend income is recognised when

the Company's right to receive dividend is established.

- c. Revenue from Interactive voice recording (IVR) services is recognized on provision of services in terms of revenue sharing arrangements with telecom operators.

**6. Borrowing cost**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**7. Investment**

Current investments are stated at cost or fair value whichever is lower. Long term investments are stated at cost. Provision for diminution in value of long term investment is made, if the diminution is other than temporary.

**8. Employee Benefits**

- a. The Company has contributed to employee's provident fund as per provisions of the Employee's Provident Fund Act, 1952 and is charged to Profit and Loss Account.
- b. As per the Company's policy, the gratuity is payable as per the provisions of the Gratuity Act. Liability in respect of Gratuity and Leave encashment is provided for on the basis of an actuarial valuation as at the date of Balance Sheet.
- c. Bonus is paid and charged to Profit and Loss Account as per the provisions of "The Payment of Bonus Act, 1965".

**9. Taxation**

Tax expenses for the period comprises both, current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of income tax payable in respect of the taxable income for the reporting period. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

**10. License Fee**

As per the new Frequency module (FM) Broad effective from April 1st, 2005 License Fees are changed to revenue at rate of 4% of Gross Revenue for the period or 10% of revenue one time entry fees (ROTEF\*) for the concerned city, whichever is higher. Gross Revenue for this purpose shall mean revenue on the basis of billing rate inclusive of any taxes and without deduction of any discount given to the advertiser and any commission paid to advertising agency. Barter advertising contracts shall also be included in gross revenue on basis of relevant billing rates.

[\* ROTEF means 25% of highest value bid in the city]

#### 11. Miscellaneous Expenditure

Preliminary expenses are amortized over a period of ten years from the year of commencement of commercial operations and Preoperative expenses which are not charged to the Profit & Loss Account, are amortized over a period of five years from the year of commencement of commercial operations.

#### 12. Pre-Operative Expenditure

Expenditure incurred by the Company from the date of acquisition of radio license up to the date of operationalisation of that station, not directly attributable to fixed asset, are charged to the profit and loss account.

#### 13. Segmental Reporting

In accordance with Accounting Standard -17 issued by the Institute of Chartered Accountants of India, the Company's business segment is radio FM broadcasting and it has no other primary reportable segment. The Company caters only to the needs of Indian market hence there are no reportable geographical segments.

#### 14. Earnings Per Share (EPS)

The Company reports basic earning per equity share in accordance with the Accounting Standard-20 issued by the Institute of Chartered Accountants of India. Basic earning per equity share has been computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing the diluted earning per share comprises of the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

#### 15. Impairment of Assets

As per Accounting Standard-28 issued by the Institute of Chartered Accountants of India, the Company assesses at each balance sheet date whether there is any indication of impairment of carrying amount of the Company's assets. The recoverable amount of such assets are estimated, if any indication exists, and impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount.

#### 16. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither

recognised nor disclosed in the financial statements.

#### 17. Foreign Currency Transactions

As per Companies (Accounting Standard) Rules 2006, exchange difference arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed assets, which is in accordance with Accounting Standard-11 issued by the Institute of Chartered Accountants of India are recognised in the Profit & Loss account.

As per Schedule-VI of the Companies Act, 1956 exchange differences arising on foreign currency denominated liabilities relating to the Capital work in progress/Capital advance forms part of the Capital Work in progress/Capital Advance.

#### II) Notes to Accounts

- The Company has begun its commercial operations in Shimla on 1st November 2009. All the ten radio stations at Karnal, Hissar, Patiala, Shimla, Muzaffarpur, Ranchi, Jabalpur, Dhole, Jalgaon, Ahmadnagar became commercially operational in the Financial Year 2009-10.
- The detail of Capital Work in Progress (including Capital Advances) is as follows :

(Amt. in Rs.)

Particulars	For the	For the
	year ended	year ended
	March 31, 2010	March 31, 2009
Capital Work in Progress	172,234	17,658,364
Capital Advances	17,036,469	18,264,534
<b>Total</b>	<b>17,208,703</b>	<b>35,922,898</b>

- There are no dues to small scale industrial undertakings (SSI) outstanding for more than 30 days. Amount due as at March 31, 2010 to Micro, Small and Medium Enterprise on account of principal amount together with interest, aggregate to Rs. Nil. (Previous year Rs. Nil).

Note: The above information regarding the small scale undertakings and Micro, Small and Medium Enterprise has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

- There is no amount outstanding to be credited to Investor Education and Protection Fund.
- The Company has not made any provision for cess payable u/s 441A of the companies Act, 1956. The said provision shall be made as and when the requisite notification is issued by the Central Government in this regard.
- Advances taken from associate companies are shown as unsecured loans under the head Loan Funds where there is no repayment schedule and are re-payable on demand.

7. The Deferred Tax Liability (Net) comprises of the following:

(Amt. in Rs.)

Particulars	As at	As at
	March 31, 2010	March 31, 2009
Opening Balance	6,598,837	5,097,017
Related to Fixed Assets	667,107	1,528,597
Disallowance under the Income Tax Act	457,005	26,796
Related to Leave encashment & Gratuity	(19,856)	(53,573)
<b>Deferred Tax Liability (Net)</b>	<b>7,703,093</b>	<b>6,598,837</b>

#### 8. Employee Benefits

As per Accounting Standard 15 (revised) 'Employees Benefits', the disclosures of employee benefits are given below:

##### a) Defined Contribution Plans :

Contribution to Defined Contribution Plan recognised as expense for the year is as under:

Employer's Contribution to Provident Fund :  
Rs. 464,452 (Previous Year Rs. 425,343)

##### Defined Benefit Plans:

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

(Amt. in Rs.)

Particulars	Gratuity		Leave Encashment	
	2010	2009	2010	2009
Present value of obligation as at the beginning of the period	99,229	54,775	156,300	43,140
Current Service Cost	95,433	68,788	1,14,993	128,430
Interest Cost	7,938	4,382	12,504	3,451
Expected Return on Plan Assets	NIL	NIL	NIL	NIL
Actuarial (gain)/loss	(24,232)	(28,716)	(93,310)	29,670
Past Service Cost	NIL	NIL	NIL	NIL
Curtailment and settlement Cost/(credit)	NIL	NIL	NIL	NIL
Present value of obligation as at the end of the period	178,368	99,229	190,487	156,300

##### b) Actuarial Assumptions:

Particulars	Gratuity		Leave Encashment	
	2010	2009	2010	2009
Discount Rate (%)	8.00	8.00	8.00	8.00
Expected Rate of increase in Compensation Levels (%)	5.50	5.50	5.50	5.50
Expected Rate of Return on Plan Assets	NIL	NIL	NIL	NIL
Expected Average remaining working lives of employees (Years)	28.91	29.64	28.91	29.52

#### c) Expense recognized in the statement of profit & loss

(Amt. in Rs.)

Particulars	Gratuity		Leave Encashment	
	2010	2009	2010	2009
Current service cost	95,433	68,788	114,993	128,430
Past service cost	NIL	NIL	NIL	NIL
Interest cost	7,938	4,382	12,504	3,451
Expected return on plan assets	NIL	NIL	NIL	NIL
Curtailment cost/Credit	NIL	NIL	NIL	NIL
Settlement cost/Credit	NIL	NIL	NIL	NIL
Net actuarial gain/loss recognized in the period	(79,139)	(28,716)	(93,310)	29,670
Expenses recognized in the statement of Profit & Losses	24,232	44,454	34,187	161,551

The estimated rate of escalation in salary, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

#### 9. Commitments and Contingencies

(Amt. in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Estimated amount of contract remaining to be executed on capital account and not provided for	NIL	NIL
Claims against Company not acknowledge as debts	NIL	NIL
Bank Guarantees given	1,271,200	1,271,200
Bank Guarantees given by holding Company B.A.G. Films & Media Limited in favour of Company	5,13,000	5,13,000

#### 10. Additional information required to be given pursuant to part II of Schedule VI of the Companies Act, 1956 is as follows:

- Managerial Remuneration : Nil (Previous Year Rs. Nil)
- The business of the Company is not subject to license as required by schedule VI; hence licensed capacity is not given.
- CIF Value of Import - Nil (Previous Year Nil)
- Earnings in Foreign Currency - Nil (Previous year Rs. Nil)
- Expenditure in Foreign Currency - NIL (Previous Year Rs.40,962)

Information pursuant to other provisions of part-II of Schedule VI to the Act, is either Nil or not applicable to the Company.



11. As per Accounting Standard 18, 'Related Party Disclosures', notified in the Companies (Accounting Standards) Rules 2006, the disclosures of transactions with the related parties as defined therein are given below:

i) **List of Related Parties:**

Name	Relationship
B.A.G. Films & Media Limited	Holding Company
Ms. Anuradha Prasad	Key Managerial Personnel
Mr. Rajiv Shukla	Key Managerial Personnel
B.A.G. Glamour Limited	Enterprises over which KMP are able to exercise significant influence
B.A.G. Newline Network Limited	Enterprises over which KMP are able to exercise significant influence

ii) **Related Party Transactions:**

Particulars	Key Managerial Personnel		Enterprises over which KMP exercise significant influence		Holding Company	
	Year Ended March 31		Year Ended March 31		Year Ended March 31	
	2010	2009	2010	2009	2010	2009
Rent	240,000	240,000	NIL	NIL	NIL	4,140,000
Security Deposits refund	NIL	NIL	NIL	NIL	450,000	1,170,000
Unsecured Loans received	NIL	NIL	24,763,770	NIL	67,026,633	38,124,404
Unsecured Loans given/Repaid	NIL	NIL	5,237,599	NIL	34,025,000	8,903,000
Expense Reimbursed	NIL	NIL	NIL	NIL	3,945,799	7,820,635
Income from Ad Sales	NIL	NIL	NIL	NIL	NIL	1,296,000
Interest Paid	NIL	NIL	NIL	NIL	13,957,149	NIL

12. Earnings/(Loss) per share (EPS) in accordance with Accounting Standard-20 issued by Institute of Chartered Accountants of India

(Amt. in Rs.)

SL	Particulars	2009-10	2008-09
1	Net Profit after tax as per profit and loss account	(56,526,698)	(71,182,467)
2	Short provision for tax of earlier years	NIL	NIL
3	Net Profit attributable to Equity Shareholders	(56,526,698)	(71,182,467)
4	Net Profit before Exceptional Item	(56,526,698)	(71,182,467)
5	Weighted Average number of equity shares used as denominator for calculating Basic EPS	20,000,000	20,000,000
6	Basic Earnings per share	(2.83)	(3.56)
7	Weighted Average number of equity shares used as denominator for calculating Diluted EPS	20,000,000	20,000,000
8	Diluted Earnings per share	(2.83)	(3.56)
9	Basic Earnings (before exceptional item) per share	(2.83)	(3.56)
10	Diluted Earnings (before exceptional item) per share	(2.83)	(3.56)
11	Face Value per equity share	10.00	10.00

13. Previous year figures are regrouped, rearranged or re-classified wherever necessary to make them comparable with the current year figures.

AS PER OUR SEPARATE REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**FOR JOY MUKHERJEE & ASSOCIATES**

Chartered Accountants

**JOY MUKHERJEE**

(Partner)

M.NO.74602

PLACE: NOIDA

DATE : MAY 29, 2010

**ANURADHA PRASAD**

(Managing Director)

**RAJIV SHUKLA**

(Director)

**PINKI PILANI**

(Company Secretary)

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**(A) REGISTRATION DETAILS**

REGISTRATION NO.	142230
STATE CODE	55
BALANCE SHEET DATE	MARCH 31,2010

**(B) CAPITAL RAISED DURING THE YEAR**

**(AMT. IN '000)**

PUBLIC ISSUE	NIL
RIGHT ISSUE	NIL
BONUS ISSUE	NIL
PRIVATE PLACEMENT	NIL

**(C) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

**(AMT. IN '000)**

TOTAL LIABILITIES	379,402
TOTAL ASSETS	379,402

**SOURCES OF FUNDS**

SHARE CAPITAL	200,000
RESERVE & SURPLUS	1,500
UNSECURED LOANS	170,199
DEFERRED TAX LIABILITY (NET)	7,703

**TOTAL** **379,402**

**APPLICATION OF FUNDS**

NET FIXED ASSETS AND CAPITAL WIP	154,885
NET CURRENT ASSETS	6,274
MISC EXPENDITURE	3,083
PROFIT & LOSS ACCOUNT	215,160

**TOTAL** **379,402**

**(D) PERFORMANCE OF THE COMPANY**

**(AMT IN '000)**

SALES AND SERVICES	42,038
TOTAL EXPENDITURE	97,461
PROFIT BEFORE TAX	(55,422)
PROFIT AFTER TAX	(56,527)
EARNING PER SHARE (RS.)	(2.83)
DIVIDEND RATE %	NIL

**(E) GENERIC NAMES OF THREE PRINCIPLE PRODUCTS/SERVICES OF THE COMPANY**

ITEM CODE NO.	NA
PRODUCT DESCRIPTION	NA

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**ANURADHA PRASAD**  
(MANAGING DIRECTOR)

**RAJIV SHUKLA**  
(DIRECTOR)

**PINKI PILANI**  
(COMPANY SECRETARY)

PLACE : NOIDA  
DATE : MAY 29, 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

*(Amt. in Rs.)*

	March 31,2010	March 31,2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT/(LOSS) BEFORE TAXATION	<b>(55,422,442)</b>	<b>(69,392,229)</b>
<b>ADJUSTMENTS FOR :</b>		
DEPRECIATION/AMORTISATION	21,861,139	24,895,369
MISCELLANEOUS ASSETS WRITTEN OFF	1,344,528	1,344,528
PROVISION OF LEAVE ENCASHMENT	34,187	161,551
PROVISION OF GRATUITY	24,232	44,454
INTEREST EXPENSE	13,957,149	—
AMOUNTS WRITTEN BACK	(1,302,418)	(533,184)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(19,503,625)</b>	<b>(43,479,512)</b>
<b>ADJUSTMENTS FOR :</b>		
SUNDRY DEBTORS / RECEIVABLES	(8,135,488)	(15,050,014)
LOANS AND ADVANCES	2,428,630	5,914,733
TRADE/OTHER PAYABLES	6,980,997	30,610,398
LEAVE ENCASHMENT PAID	34,187	(48,391)
FRINGE BENEFIT TAX	249,572	(191,321)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(17,945,729)</b>	<b>(22,244,106)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
PURCHASE OF FIXED ASSETS / CAPITAL WORKS-IN-PROGRESS	2,277,092	(2,820,523)
<b>NET CASH FROM / (USED) IN INVESTING ACTIVITIES</b>	<b>2,277,092</b>	<b>(2,820,523)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
INCREASE IN UNSECURED LOAN	33,001,633	25,356,528
INTEREST PAID	(13,957,149)	—
<b>NET CASH FLOW/(USED) IN FINANCING ACTIVITIES</b>	<b>19,044,484</b>	<b>25,356,528</b>
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,375,847</b>	<b>291,898</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>1,876,246</b>	<b>1,584,348</b>
<b>CASH AND CASH EQUIVALENTS AT THE CLOSE</b>	<b>5,252,093</b>	<b>1,876,246</b>

AS PER OUR SEPARATE REPORT OF EVEN DATE  
**FOR JOY MUKHERJEE & ASSOCIATES**  
 CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**JOY MUKHERJEE**  
 (PARTNER)  
 M.NO.74602

**ANURADHA PRASAD**  
 (MANAGING DIRECTOR)

**RAJIV SHUKLA**  
 (DIRECTOR)

PLACE: NOIDA  
 DATE: MAY 29, 2010

**PINKI PILANI**  
 (COMPANY SECRETARY)

## DIRECTORS' REPORT

To,

The Members,

**B.A.G. Newline Network Limited**

The Directors hereby present their 3rd Annual Report on the business and operations of the Company along with the Audited Statements of Accounts for the year ended March 31, 2010.

### FINANCIAL RESULTS

Financial Results of the Company for the year under review along with the figures for period ended March 31, 2010 are as follows:

Particulars	(Rs. in Lacs)	
	2009-10	2008-09
Total Income	2654.34	1707.06
Profit/(Loss) before depreciation and financial charges	(1603.47)	(4281.01)
Financial charges	467.18	2.56
Cash Profit/(Loss)	(2070.22)	(4283.15)
Depreciation	247.59	354.47
Profit/(Loss) before Tax	(2318.24)	(4638.04)
Provision for Tax	(22.07)	33.88
Profit/(Loss) after Tax	(2096.17)	(4671.93)
Proposed Dividend (%)	—	—

### PERFORMANCE REVIEW

During the financial year under review, your Company's total income has been Rs. 2654.34 lacs compared to Rs. 1707.06 lacs last year, an increase of 55.49%. Losses have been substantially curtailed. Loss before tax has been Rs.2318.24 lacs compared to Rs. 4638.04 lacs last year, a reduction of 50.02%. Loss after tax has been Rs. 2096.17 lacs compared to Rs. 4671.93 lacs last year, a reduction of 50.85%.

Responsible reporting and modish look of "News24" has appealed to the mass audience of India. Programmes like Aamne-Saamne, Sports 24, and Apna Sapna Money Money amongst others cover a gamut of genres in news reporting and have been received exceptionally well with the audiences across the nation. The channel today boasts of being the fastest growing Hindi News channel in the country and is all geared to set new standards in news reporting.

In addition to a strong presence in cable households, exciting offerings across multiple channels has helped your Company to expand its presence in households serviced by digital platforms. This is expected to positively impact subscription revenues

In India, the ratio of advertising expenditure to GDP is about 0.4%. This is substantially lower in comparison to the developed economies as well as developing economies. As the Indian economy continues to develop and the media reach increases, the advertising expenditure to GDP ratio is expected to increase over the next 5 years. Your Company has shown robust growth in its advertising revenues in the

past financial year and shall continue to consolidate its position of leadership in the days to come.

### DIVIDEND

The Directors express their inability to declare any dividend for the financial year ended March 31, 2010 on account of losses during the year under review.

### DIRECTORS

There are three Directors in the Company viz. Ms. Anuradha Prasad, Mr. Ajit Anjum and Dr. Anuradha Mishra.

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Dr. Anuradha Mishra is liable to retire by rotation at the ensuing Annual General Meeting and she being eligible has offered herself for re-appointment. Your Board of Directors recommends her re-appointment.

### DEPOSITS

During the year the Company did not accept any Deposits as per the provisions of Section-58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state and confirm-

1. That in preparation of the accounts for the financial period ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. That the Directors have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of profit and loss of the Company for that period;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the accounts for the financial period ended 31st March 2010 have been prepared on a "going concern" basis.

### AUDIT COMMITTEE

The Company has constituted an Audit Committee of Board of Directors in accordance with the requirements of Sec 292A of the Companies Act 1956. Presently, the Audit Committee of the Company comprises of three Members, out of them two are non executive Directors. Mr. Ajit Anjum, Chairman of the Committee is a non executive Director. Other members are Ms. Anuradha Prasad and Dr. Anuradha Mishra.



During the last financial year, four Audit Committee Meetings were held on May 29, 2009, July 31, 2009, October 31, 2009 and January 30, 2010.

#### AUDITORS

M/s Joy Mukherjee & Associates, the Company's Auditors will retire at the conclusion of the ensuing Annual General Meeting and being eligible for re-appointment, offer themselves for re-appointment. The Company has received a certificate from the auditors to the effect that their re-appointment if made, would be in accordance with the provisions of Section 224 (1B) of the Companies Act, 1956.

#### AUDITORS' REPORT

With reference to the comments made by the Auditors in their report, the Directors wish to state that the relevant notes forming part of the Company's Accounts are self explanatory and hence do not require any further explanation.

#### PERSONNEL

As required by the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the name and other particulars of the employee are as under:

Name	Age	Designation	Remuneration (In Rs.)	Qualification and Experience (In Years)	Date of Commencement of employment	Last employment held
Supriya Prasad	39	Director-News	2,593,950	P.GDP (Journalism & Mass Communication) 14 Years	2007	TV Today (Aajtak)
Sanjeev Kalia	36	Group Sales Head	2,490,765	M.B.A. 13 Years	2007	Bennett Coleman and Co. Ltd.

#### CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Your Company is not engaged in any manufacturing or processing activity, as such particulars required to be given in terms of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption are not applicable.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, your Company has incurred expenditure in foreign currency to the extent of Rs. 6,267,154 as against Rs. 5,485,492 in the previous financial year.

#### ACKNOWLEDGEMENT

Your Directors wish to express their grateful appreciation for the cooperation and support received from vendors, customers, bank, financial institutions, Central and State Government Bodies, Auditors, legal advisors, consultants, shareholders and the society at large. Your Directors also place on record their appreciation for the contribution and hard work of employees across all levels. Without their commitment, inspiration and hard work, your Company's consistent growth would not have been possible.

For and on behalf of the Board of Directors

Place: Noida  
Date: May 29, 2010

**Anuradha Prasad**  
Chairperson

## AUDITORS' REPORT

To  
The Members of  
**B.A.G. Newline Network Limited.**

1. We have audited the attached Balance Sheet of B.A.G. Newline Network Limited, as at March 31, 2010 and the related, Profit and Loss Account for the year ended on that date annexed thereto, and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of "The Companies Act, 1956" of India (the "Act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the Directors of the Company as on March 31, 2010 and taken on record by the Board of Directors of the Company, none of the Directors of

the Company is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) Section 274 of the Act;

- (f) In our opinion, and to the best of our information and according to the explanations given to us, the said financial accounts, read with the significant accounting policies and 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
  - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

**For and on behalf of**  
**Joy Mukherjee & Associates**  
Chartered Accountants

**Joy Mukherjee**

Partner

Place: Noida

Dated: May 29, 2010

Membership No. 74602

### ANNEXURE TO AUDITORS' REPORT [Referred to in paragraph 3 of our Report of even date]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management during the year in a phased periodical manner, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory of video tapes and footage have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory of video tapes and films followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

3. (a) The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Accordingly, clauses (iii) (b) to (iii) (d) of paragraph 4 of the Order are not applicable to the Company for the current year.
- (b) The Company has not taken any loans, secured or unsecured, from Companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Accordingly, clauses (iii) (f) to (iii) (g) of paragraph 4 of the Order are not applicable to the Company for the current year.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets for the television broadcasting. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, if any, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, having regard to the fact that the items sold/services rendered/received are of a special nature and suitable alternate sources do not exist for obtaining comparative quotations, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time or the prices at which the transactions for similar goods have been made with other parties.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company as the Company is not involved in any manufacturing activity.
9. (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues where applicable have been generally, regularly deposited with appropriate authorities. According to the information and explanations given to us, none of the undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2010 for a period of more than six months from the dates of becoming payable.
- (b) According to the information and explanations given to us, there are no cases of non-deposit with appropriate authorities of disputed dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess.
10. The Company has incurred loss amounting to Rs. 229,617,280 (Rs. 467,192,556) during the year ending March 31, 2010 and cash loss of Rs. 207,022,905 (Rs. 428,314,556) in the financial year ended on that date.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not obtained any term loan during the period hence the clause 4(xvi) is not applicable.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act during the year.
19. During the year, the Company has not raised money by public issue(s).
20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**For and on behalf of**  
**Joy Mukherjee & Associates**  
Chartered Accountants

**Joy Mukherjee**  
Partner

Place: Noida  
Dated: May 29, 2010

Membership No. 74602

**B.A.G. NEWSLINE NETWORK LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2010**

*(Amt. in Rs.)*

PARTICULARS	SCHEDULE	MARCH 31, 2010		MARCH 31, 2009	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDER'S FUNDS</b>					
CAPITAL	A	188,191,786		171,428,560	
RESERVES & SURPLUS	B	<u>448,571,440</u>	636,763,226	<u>448,571,440</u>	620,000,000
<b>LOAN FUND</b>					
SECURED LOANS	C	50,000,000		50,000,000	
UNSECURED LOANS	D	<u>685,871,912</u>	735,871,912	<u>403,499,586</u>	453,499,586
<b>DEFERRED TAX LIABILITY</b>			5,009,725		7,216,179
			<b><u>1,377,644,863</u></b>		<b><u>1,080,715,765</u></b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
GROSS BLOCK	E	144,690,006		148,758,179	
LESS: DEPRECIATION		<u>67,159,052</u>		<u>43,391,509</u>	
NET BLOCK		77,530,954		105,366,670	
ADD: CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)		<u>29,493,479</u>	107,024,434	<u>66,785,081</u>	172,151,751
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
CASH & BANK BALANCES	F	16,849,542		163,421,346	
CLOSING STOCK		50,113,389		—	
SUNDRY DEBTORS		191,405,071		69,478,253	
LOANS & ADVANCES		<u>129,584,943</u>		<u>55,066,276</u>	
		<b><u>387,952,945</u></b>		<b><u>287,965,875</u></b>	
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>					
LIABILITIES	G	166,325,460		196,935,674	
PROVISIONS		<u>2,410,674</u>		<u>4,294,772</u>	
		<b><u>168,736,134</u></b>		<b><u>201,230,446</u></b>	
<b>NET CURRENT ASSETS</b>			219,216,811		86,735,429
<b>MISCELLANEOUS EXPENDITURE</b> (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	H		295,750		338,000
<b>PROFIT &amp; LOSS ACCOUNT</b>			1,051,107,868		821,490,587
			<b><u>1,377,644,863</u></b>		<b><u>1,080,715,767</u></b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

Q

THE SCHEDULES REFERRED TO ABOVE ARE AN INTEGRAL PART OF THE BALANCE SHEET  
AS PER OUR SEPARATE REPORT OF EVEN DATE FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
**FOR JOY MUKHERJEE & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**JOY MUKHERJEE**  
(PARTNER)  
M.NO.74602

**ANURADHA PRASAD**  
(DIRECTOR)

**AJIT ANJUM**  
(DIRECTOR)

PLACE: NOIDA  
DATE : MAY 29, 2010

**ANKUR GARG**  
(COMPANY SECRETARY)

**B.A.G. NEWSLINE NETWORK LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

*(Amt. in Rs.)*

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED MARCH 31, 2010	FOR THE YEAR ENDED MARCH 31, 2009
<b>INCOME</b>			
SALES & SERVICES	I	252,469,657	162,117,610
OTHER INCOME	J	12,964,833	8,588,503
INCREASE/(DECREASE) IN STOCKS		50,113,389	—
		<b><u>315,547,879</u></b>	<b><u>170,706,113</u></b>
<b>EXPENDITURE</b>			
PRODUCTION EXPENSES	K	158,753,774	224,512,447
PERSONNEL COST	L	118,155,743	134,130,872
ADMINISTRATIVE EXPENSES	M	17,807,870	47,261,206
MARKETING & DISTRIBUTION EXPENSES	N	181,135,299	192,860,625
FINANCIAL CHARGES	O	46,718,099	255,517
MISCELLANEOUS EXPENSES WRITTEN OFF	P	42,250	42,250
DEPRECIATION		24,758,578	35,446,818
		<b><u>547,371,613</u></b>	<b><u>634,509,735</u></b>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b><u>(231,823,734)</u></b>	<b><u>(463,803,622)</u></b>
FRINGE BENEFIT TAX		—	1,539,033
DEFERRED TAX		(2,206,454)	1,849,901
		<u>(2,206,454)</u>	3,388,934
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b><u>(229,617,280)</u></b>	<b><u>(467,192,556)</u></b>
BALANCE BROUGHT FORWARD		(821,490,587)	(354,298,031)
AVAILABLE FOR APPROPRIATIONS		<b><u>(1,051,107,868)</u></b>	<b><u>(821,490,587)</u></b>
<b>APPROPRIATIONS</b>			
LOSS TRANSFERRED TO BALANCE SHEET		(1,051,107,868)	(821,490,587)
		<b><u>(1,051,107,868)</u></b>	<b><u>(821,490,587)</u></b>
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS. 10 EACH		(13.39)	(27.25)
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS. 10 EACH (BEFORE EXCEPTIONAL ITEMS)		(13.39)	(27.25)

**SIGNIFICANT ACCOUNTING POLICIES AND  
NOTES TO ACCOUNTS**

Q

THE SCHEDULES REFERRED TO ABOVE ARE AN INTEGRAL PART OF THE PROFIT & LOSS A/C  
AS PER OUR SEPARATE REPORT OF EVEN DATE FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
**FOR JOY MUKHERJEE & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**JOY MUKHERJEE**  
(PARTNER)  
M.NO.74602

**ANURRADHA PRASAD**  
(DIRECTOR)

**AJIT ANJUM**  
(DIRECTOR)

PLACE: NOIDA  
DATE : MAY 29, 2010

**ANKUR GARG**  
(COMPANY SECRETARY)



**SCHEDULES FORMING PART OF ACCOUNTS AS ON MARCH 31, 2010**

(Amt. in Rs.)

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
<b>SCHEDULE-'A': SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
30,000,000 EQUITY SHARES OF RS.10/- EACH (PREVIOUS YEAR 20,000,000 EQUITY SHARES OF Rs.10 EACH)	<b>300,000,000</b>	<b>200,000,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
17,142,856 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP (PREVIOUS YEAR 17,142,856 EQUITY SHARES OF Rs. 10 EACH)	171,428,560	171,428,560
SHARES PENDING FOR ALLOTMENT	16,763,226	—
	<b>188,191,786</b>	<b>171,428,560</b>
<b>SCHEDULE-'B': RESERVES &amp; SURPLUS</b>		
SHARE PREMIUM	448,571,440	448,571,440
	<b>448,571,440</b>	<b>448,571,440</b>
<b>SCHEDULE-'C': SECURED LOANS</b>		
OTHER LOANS (SECURED BY HYPOTHECATION OF SHARES)	50,000,000	50,000,000
	<b>50,000,000</b>	<b>50,000,000</b>
<b>SCHEDULE-'D': UNSECURED LOANS</b>		
OPTIONALLY FULLY CONVETIBLE DEBENTURES	125,000,000	125,000,000
OTHER LOANS	560,871,912	278,499,586
	<b>685,871,912</b>	<b>403,499,586</b>

**SCHEDULE-'E': FIXED ASSETS SCHEDULE AS PER COMPANIES ACT, 1956 FOR THE YEAR ENDING ON MARCH 31, 2010**

(Amt. in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	COST AS AT 01.04.09	ADDITION DURING THE YEAR	SALE/ADJ DURING THE YEAR	COST AS AT 31.03.10	ACCUMULATED DEPRECIATION AS AT 01.04.09	DEPRECIATION FOR THE YEAR	ADJUSTMENT FOR THE YEAR	ACCUMULATED DEPRECIATION AS AT 31.03.10	W.D.V. AS AT 31.03.10	W.D.V. AS AT 31.03.09
PLANT & MACHINERY	35,240,367		4,174,709	31,065,658	4,936,271	4,091,931	954,769	8,073,434	22,992,225	30,304,096
COMPUTERS & PERIPHERALS	37,554,155	188,816		37,742,971	17,512,659	8,078,675		25,591,334	12,151,637	20,041,497
COMPUTER SOFTWARE	25,167,340	90,000		25,257,340	11,689,441	5,426,272		17,115,713	8,141,627	13,477,899
FURNITURE'S & FIXTURES	39,906,446		104,830	39,801,616	7,352,268	5,892,306	23,927	13,220,647	26,580,969	32,554,179
OFFICE EQUIPMENTS	10,889,871		67,450	10,822,421	1,900,870	1,269,394	12,341	3,157,924	7,664,498	8,989,001
<b>TOTAL</b>	<b>148,758,179</b>	<b>278,816</b>	<b>4,346,989</b>	<b>144,690,006</b>	<b>43,391,509</b>	<b>24,758,578</b>	<b>991,037</b>	<b>67,159,052</b>	<b>77,530,954</b>	<b>105,366,672</b>
CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)									29,493,479	66,785,081

**SCHEDULE-'F': CURRENT ASSETS, LOANS & ADVANCES**

**(A) CURRENT ASSETS**

**1 CASH & BANK BALANCES**

CASH IN HAND	180,234	206,050
IMPREST WITH STAFF	576,267	288,132
<b>BALANCES WITH SCHEDULED BANKS</b>		
CURRENT ACCOUNT	4,763,041	8,914,671
FIXED DEPOSITS	11,330,000	162,927,164
	<b>16,849,542</b>	<b>163,421,346</b>

(Amt. in Rs.)

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
<b>2 STOCK IN TRADE</b> (AT COST, AS VALUED AND CERTIFIED BY THE MANAGEMENT)		
FINISHED GOODS	50,113,389	—
	<b>50,113,389</b>	<b>—</b>
<b>3 SUNDRY DEBTORS</b> (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE SPECIFIED)		
(a) DEBTS FOR A PERIOD EXCEEDING SIX MONTHS	27,134,082	10,283,248
(b) OTHER DEBTS	164,270,989	59,195,005
	<b>191,405,071</b>	<b>69,478,253</b>
<b>(B) LOANS &amp; ADVANCES</b> (UNSECURED, CONSIDERED GOOD)		
ADVANCE TAXES	32,904,779	11,777,680
EARNEST MONEY & SECURITY DEPOSITS	1,064,679	7,634,450
PREPAID EXPENSES	10,840,580	14,411,110
STAFF ADVANCES	846,502	242,254
ADVANCES TO OTHERS	83,928,403	21,000,782
	<b>129,584,943</b>	<b>55,066,276</b>
<b>SCHEDULE 'G' : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. LIABILITIES</b>		
SUNDRY CREDITORS FOR GOODS & SERVICES	121,293,534	72,438,407
OTHER CREDITORS	2,331,768	2,053,014
ADVANCE FROM CUSTOMERS	490,950	1,191,989
TAXES PAYABLE	21,421,329	12,731,342
OTHER LIABILITIES	20,787,879	108,520,922
	<b>166,325,460</b>	<b>196,935,674</b>
<b>B. PROVISIONS</b>		
PROVISION FOR LEAVE ENCASHMENT	619,744	1,475,804
PROVISION FOR INCOME TAX	—	1,539,032
PROVISION FOR GRATUITY	1,790,930	1,279,936
	<b>2,410,674</b>	<b>4,294,772</b>
<b>SCHEDULE 'H' : MISCELLANEOUS EXPENDITURE</b> (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
<b>PRELIMINARY EXPENSES</b>		
OPENING BALANCE	338,000	380,250
LESS: WRITTEN OFF	42,250	42,250
	<b>295,750</b>	<b>338,000</b>

(Amt in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2010	FOR THE YEAR ENDED MARCH 31, 2009
<b>SCHEDULE-'I' : SALES &amp; SERVICES</b>		
ADVERTISEMENT SALES REVENUE	252,469,657	162,117,610
	<b>252,469,657</b>	<b>162,117,610</b>
<b>SCHEDULE-'J' : OTHER INCOME</b>		
INTEREST	6,888,646	6,705,592
GAIN ON FOREIGN EXCHANGE	5,303	—
INCOME FROM EQUIPMENT HIRING	3,511,601	500,000
INCOME FROM SALE OF SCRAP	—	300,000
SUNDRY BALANCES WRITTEN BACK	2,355,914	—
MISCELLANEOUS INCOME	203,369	1,082,911
	<b>12,964,833</b>	<b>8,588,503</b>

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2010	FOR THE YEAR ENDED MARCH 31, 2009
<b>SCHEDULE -K : PRODUCTION EXPENSES</b>		
PROFESSIONAL CHARGES	5,963,450	15,894,897
OB VAN EXPENSES	3,979,863	3,825,062
SPACE SEGMENT CHARGES	18,975,599	18,072,083
BOARDING & LODGING	501,998	1,171,132
MAKE-UP MATERIALS	225,350	693,937
TELEPHONE, COURIER, POSTAGE & TELEGRAM	4,321,801	7,942,981
RUNNING & MAINTENANCE OF VEHICLE	4,213,552	5,111,122
TRAVELING EXPENSES	10,541,045	19,855,287
SUBSCRIPTION CHARGES	7,761,655	11,027,717
LICENSES FEE	5,333,006	5,222,640
LEASE RENT ON EQUIPMENT	72,185,264	97,834,003
INTERNET & WEBSITE MAINTENANCE EXPENSES	6,561,124	15,512,019
UPLINKING CHARGES	—	3,450,000
BUREAU RENT	1,362,460	1,950,330
EQUIPMENT HIRING	254,685	158,443
REPAIR & MAINTENANCE-PRODUCTION EQUIPMENT	44,727	—
GENERATOR HIRING & FUEL CHARGES	1,812,381	2,018,957
STORIES PURCHASED	3,720,893	4,029,837
ELECTRICITY EXPENSES	4,692,646	7,037,946
CASSETTES & CDS	519,024	1,911,401
SHOOTING EXPENSES	5,783,251	1,792,653
	<b>158,753,774</b>	<b>224,512,447</b>
<b>SCHEDULE 'L' : PERSONNEL COST</b>		
SALARIES, ALLOWANCES AND BONUS	112,636,849	124,935,478
STAFF WELFARE EXPENSES	677,140	3,187,599
LEAVE ENCASHMENT	619,744	734,894
GRATUITY	510,994	903,709
CONTRIBUTION TOWARDS ESI	94,169	95,822
CONTRIBUTION TOWARDS PROVIDENT FUND	3,616,847	4,273,370
	<b>118,155,743</b>	<b>134,130,872</b>
<b>SCHEDULE 'M' : ADMINISTRATIVE EXPENSES</b>		
OFFICE MAINTENANCE	3,730,984	5,646,615
ANNUAL MAINTENANCE CHARGES	4,633,876	—
PRINTING & STATIONERY	597,050	1,330,533
REPAIRS & MAINTENANCE	233,531	1,072,152
CONVEYANCE EXPENSES	729,184	1,067,030
<u>REMUNERATION TO AUDITORS</u>		
STATUTORY AUDIT	50,000	50,000
TAX AUDIT FEES	40,000	40,000
CERTIFICATION FEES	10,000	10,000
AUDITOR'S EXPENSES	28,324	40,379
INTERNAL AUDIT FEES	101,456	100,000
INSURANCE EXPENSES	52,247	12,432
LEGAL & CONSULTANCY EXPENSES	5,416,209	675,613
RENT, RATES & TAXES	1,144,891	35,037,382
LOSS ON FOREIGN EXCHANGE FLUCTUATION	52,256	2,036,660
LOSS ON SALE OF ASSETS	891,561	87,575
MISCELLANEOUS EXPENSES	96,301	54,835
	<b>17,807,870</b>	<b>47,261,206</b>
<b>SCHEDULE 'N' : MARKETING &amp; DISTRIBUTION EXPENSES</b>		
CARRIAGE CHARGES	175,159,350	189,896,298
ADVERTISEMENT & PUBLICITY	5,975,949	2,964,327
	<b>181,135,299</b>	<b>192,860,625</b>
<b>SCHEDULE 'O' : FINANCIAL CHARGES</b>		
BANK CHARGES	19,713	113,428
INTEREST	46,698,386	142,089
	<b>46,718,099</b>	<b>255,517</b>
<b>SCHEDULE 'P' : MISCELLANEOUS EXPENSES WRITTEN OFF</b>		
PRELIMINARY EXPENSES	42,250	42,250
	<b>42,250</b>	<b>42,250</b>

**B.A.G. NEWSLINE NETWORK LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE-Q:-SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**I) Significant Accounting Policies**

**1. Accounting Convention**

The financial statements have been prepared under the Historical Cost Convention on the Mercantile System of accounting and in accordance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.

**2. Use of Estimates**

The preparation of the financial statements is in accordance with Generally Accepted Accounting Principles. It requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from these estimates and a revision to such accounting estimates is recognised in the accounting year in which such a revision takes place.

**3. Fixed Assets & Capital Work-in-Progress**

- a. The Fixed assets are stated at cost less accumulated depreciation and impairment. Cost includes capital cost, freight, installation cost, duties and taxes and other incidental expenses incurred during the construction/installation and attributable to bringing the asset to its intended use. Fixed assets are further adjusted by the amount of CENVAT credit available, wherever applicable.
- b. Capital work in progress comprises of cost of fixed assets that are not yet ready for their intended use and outstanding advances paid to acquire fixed assets, at the balance sheet date.

**4. Depreciation**

Depreciation on fixed asset is provided on Written Down Value method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956.

**5. Revenue Recognition**

- a. Advertisement revenue from sale of advertising time is recognised on the accrual basis when advertisements are telecast in accordance with contractual obligations.
- b. Subscription revenue is recognised on accrual basis in accordance with the terms of the contract with the distribution and collection agency.
- c. Interest is recognised using time proportion method and dividend income is recognised when the Company's right to receive dividend is established.

**6. Borrowing cost**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one

that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**7. Inventories**

**Stock of Tapes, Cassettes, Discs and Electronic Devices**

Inventories of raw stock consists of tapes, cassettes, compact discs and other electronic devices which are valued at lower of cost or estimated net realizable value. Cost is taken on First in First Out basis (FIFO).

**Inventories Related to Programmes Pilots and News Footage**

The entire cost of the programme is charged to income when the programme is first exploited. The inventory thus comprises of unamortized cost of such programmes. In case of Programme Pilots and News Footage the cost is expensed-off on first telecast or on after the review of realisability.

**8. Operating Lease**

The Company has taken broadcasting equipments under operating leases. These lease agreements are normally renewable on expiry. The rental expenses on operating leases are charged to Profit and Loss account.

**9. Investments**

Current investments are stated at cost or fair value whichever is lower. Long term investments are stated at cost. Provision for diminution in value of long term investment is made, if the diminution is other than temporary.

**10. Employee Benefits**

- a. The Company has contributed to employee's provident fund as per provisions of the Employee's Provident Fund Act, 1952 and is charged to Profit and Loss Account.
- b. The Company has contributed to employee's state insurance fund as per provisions of the ESI Act, 1948 and is charged to Profit and Loss Account.
- c. As per the Company's policy, the gratuity is payable as per the provisions of the Gratuity Act. Liability in respect of Gratuity and Leave encashment is provided for on the basis of an actuarial valuation as at the date of Balance Sheet.
- d. Bonus is paid and charged to Profit and Loss Account as per the provisions of "The Payment of Bonus Act, 1965".

**11. Taxation**

Tax expenses for the year comprise both, current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of income tax payable in respect of the taxable income for the reporting year. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

## 12. Miscellaneous Expenditure

Preliminary expenses are amortized over a year of ten years from the year of commencement of commercial operations.

## 13. Pre-Operative Expenditure

Expenditure incurred by the Company till the date of operationalisation of Channel, not directly attributable to fixed assets is charged to the profit and loss account.

## 14. Segmental Reporting

In accordance with Accounting Standard -17 issued by the Institute of Chartered Accountants of India, the Company's single business segment is broadcasting of news and related operations and it has no other primary reportable segment. The Company caters only to the needs of Indian market hence there are no reportable geographical segments.

## 15. Earnings Per Share (EPS)

The Company reports basic earning per equity share in accordance with the Accounting Standard-20 issued by the Institute of Chartered Accountants of India. Basic earning per equity share has been computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing the diluted earning per share comprises of the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

## 16. Impairment of Assets

As per Accounting Standard-28 issued by the Institute of Chartered Accountants of India, the Company assesses at each balance sheet date whether there is any indication of impairment of carrying amount of the Company's assets. The recoverable amount of such assets are estimated, if any indication exists, and impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount.

## 17. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

## 18. Foreign Currency Transactions

As per Companies (Accounting Standard) Rules 2006, exchange difference arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed assets, which is in accordance with Accounting Standard-11 issued by the Institute of Chartered Accountants of India are recognised in the Profit & Loss account.

As per Schedule-VI of the Companies Act, 1956 exchange differences arising on foreign currency denominated liabilities relating to the Capital work in progress/Capital advance forms part of the Capital Work

in progress/Capital Advance.

## II) Notes to Accounts

- The detail of Capital Work in Progress (including Capital Advances ) is as follows :

(Amt. in Rs.)

Particulars	For the	For the
	year ended	year ended
	March 31, 2010	March 31, 2009
Capital Work in Progress	23,711,604	26,003,206
Capital Advances	5,781,875	40,781,875
<b>Total</b>	<b>29,493,479</b>	<b>66,785,081</b>

- There are no dues to small scale industrial undertakings (SSI) outstanding for more than 30 days. Amount due as at March 31, 2010 to Micro, Small and Medium Enterprise on account of principal amount together with interest, aggregate to Rs. Nil.

Note: The above information regarding the small scale undertakings and Micro, Small and Medium Enterprise has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

- There is no amount outstanding to be credited to Investor Education and Protection Fund.
- The Company has not made any provision for cess payable u/s 441A of the companies Act, 1956. The said provision shall be made as and when the requisite notification is issued by the Central Government in this regard.
- Advances taken from associated companies are shown as unsecured loans under the head Loan Funds where there is no repayment schedule and are re-payable on demand.
- The Deferred Tax Liability (Net) comprises of the following:

(Amt. in Rs.)

Particulars	As at	As at
	March 31, 2010	March 31, 2009
Opening Balance	7,216,179	5,366,278
Related to Fixed Assets	(1,836,477)	2,375,951
Disallowance under the Income Tax Act	14,361	14,361
Related to Leave encashment & Gratuity	(384,338)	(540,411)
<b>Deferred Tax Liability (Net)</b>	<b>5,009,725</b>	<b>7,216,179</b>

## 7. Employee Benefits

As per Accounting Standard 15 (revised) 'Employees Benefits', the disclosures of employee benefits are given below:

### a) Defined Contribution Plans :

Contribution to Defined Contribution Plan recognised as expense for the year is as under:

Employer's Contribution to Provident Fund : Rs. 1,517,794 (Previous Year Rs. 4,273,370)

Employer's Contribution to ESI : Rs. 94,169 (Previous Year Rs. 95,822)



### Defined Benefit Plans:

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

#### a) Change in present value of obligation

(Amt. in Rs.)

Particulars	Gratuity		Leave Encashment	
	2010	2009	2010	2009
Present value of obligation as at the beginning of the period	1,279,936	376,227	1,475,804	7,89,601
Current Service Cost	650,582	678,343	862,359	930,262
Interest Cost	102,395	30,098	118,064	63,168
Expected Return on Plan Assets	NIL	NIL	NIL	NIL
Actuarial (gain)/loss	(241,983)	195,268	(360,679)	(258,536)
Past Service Cost	NIL	NIL	NIL	NIL
Curtailment and settlement Cost/(credit)	NIL	NIL	NIL	NIL
Present value of obligation as at the end of the period	1,790,930	1,279,936	2,095,548	1,475,804

#### b) Expense recognized in the statement of profit and loss

(Amt. in Rs.)

Particulars	Gratuity		Leave Encashment	
	2010	2009	2010	2009
Current service cost	650,582	678,343	862,359	930,262
Past service cost	NIL	NIL	NIL	NIL
Interest cost	102,395	30,098	118,064	63,168
Expected return on plan assets	NIL	NIL	NIL	NIL
Curtailment cost/Credit	NIL	NIL	NIL	NIL
Settlement cost/Credit	NIL	NIL	NIL	NIL
Net actuarial gain/loss recognized in the period	(241,983)	195,268	(360,679)	(258,536)
Expenses recognized in the statement of Profit & Losses	510,994	903,709	619,744	734,894

#### c) Actuarial Assumptions:

Particulars	Gratuity		Leave Encashment	
	2010	2009	2010	2009
Discount Rate (%)	8.00	8.00	8.00	8.00
Expected Rate of increase in Compensation Levels (%)	5.50	5.50	5.50	5.50
Expected Rate of Return on Plan Assets	NIL	NIL	NIL	NIL
Expected Average remaining working lives of employees (Years)	29.07	29.80	29.07	29.86

The estimated rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

#### b) Commitments and Contingencies

(Amt. in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Bank Guarantees given	6,390,000	6,390,000
Bank Guarantees given by holding Company, B.A.G. Films & Media Limited	2,700,000	2,700,000
Bank Guarantees given on behalf of holding Company, B.A.G. Films & Media Limited	NIL	62,670,000

8. The Holding Company B.A.G Films and Media Limited granted 375000 options to the employees of its subsidiary Company B.A.G Newline Network Limited under the Employees stock option scheme - "the BAG ESOP Scheme" approved by its shareholders in their Extra-Ordinary General Meeting held on February 13, 2007. These options were granted on July 30, 2008 at the exercise price of Rs 13/- per option. The cost of the compensation of options granted pertaining to B.A.G. Newline network Limited is Rs 13,53,750 for the financial year 2009-10.

The movement in the options granted to employees of B.A.G. Newline Network Limited during the year ended March, 31 2010 under the "the BAG ESOP Scheme" is as below:

Date of Grant	30-Jul-08
Market value on date of grant	Rs. 31.05
Exercise Price	Rs. 13.00
Vesting Period	5 Years
Options outstanding at the beginning of year	NIL
Options granted (Nos)	375,000
Options forfeited/Lapsed (Nos)	Nil
Options exercised (Nos)	50,000
Options Expired (Nos)	Nil
Options outstanding at the end of year (Nos)	325,000

#### 9. Export Obligation

The Company has obtained license under the Export Promotion Credit Guarantee Scheme (EPCG Scheme) dated August 24, 2007 & December 31, 2007 for importing capital goods at a concessional rate of custom duty against submission of bank guarantee and bonds. Under the terms of the EPCG Scheme, the Company is required to export goods or services of at least Rs. 63,695,720 (Previous Year Rs. 63,695,720) within eight years from the date of Licences.

#### 10. Additional information required to be given pursuant to part II of Schedule VI of the Companies Act, 1956 is as follows:

- Managerial Remuneration : Nil (Previous Year Nil)
- The business of the Company is not subject to license as required by schedule VI; hence licensed capacity is not given.
- CIF Value of Imports - Rs. NIL (Previous Year Rs. 44,196,716)
- Expenditure in Foreign Currency : Rs. 6,267,154 (Previous Year Rs. 5,485,492)
- Earnings in Foreign Currency : - Nil (Previous Year Nil)

Information pursuant to other provisions of part-II of Schedule VI to the Act, is either Nil or not applicable to the Company.

11. As per Accounting Standard 18, 'Related Party Disclosures', notified in the Companies (Accounting Standards) Rules 2006, the disclosures of transactions with the related parties as defined therein are given below:

i) **List of Related Parties:**

Name	Relationship
B.A.G. Films & Media Limited	Holding Company
Ms. Anuradha Prasad	Key Managerial Personnel
ARVR Communications Private Limited (Formerly known as Anu Films & Communications Private Limited)	Enterprises over which KMP are able to exercise significant influence
B.A.G. Glamour Limited	Enterprises over which KMP are able to exercise significant influence
Approach Films & Televisions Limited	Enterprises over which KMP are able to exercise significant influence
B.A.G. Infotainment Limited	Enterprises over which KMP are able to exercise significant influence
Skyline Tele Media Services Limited	Enterprises over which KMP are able to exercise significant influence

ii) **Related Party Transactions:**

Particulars	Holding Company		Key Managerial Personnel (KMP)		Enterprises over which KMP exercise significant influence	
	Year Ended March 31		Year Ended March 31		Year Ended March 31	
	2010	2009	2010	2009	2010	2009
Office Rent	NIL	34,320,000	NIL	NIL	NIL	NIL
Lease rental on Equipments	72,185,264	95,500,786	NIL	NIL	NIL	NIL
Security Deposits Paid	NIL	NIL	NIL	NIL	NIL	NIL
Security Deposits Refund	2,160,000	12,840,000	NIL	NIL	4,462,250	NIL
Proceeds from Issue of Share						
Capital and Share Application Money	NIL	NIL	10,000,000	NIL	6,763,226	NIL
Refund of Share Application money	NIL	NIL	NIL	NIL	NIL	NIL
Unsecured Loans received	536,132,261	469,001,957	NIL	NIL	60,219,563	5,000,000
Unsecured Loans returned	248,759,936	227,270,039	NIL	NIL	62,995,543	NIL
Expenses Reimbursed	49,141,686	49,489,495	NIL	NIL	102,619,184	4,685,333
Interest Paid	42,278,006	NIL	NIL	NIL	NIL	NIL
Income from Ad Sales	838,764	1,945,662	NIL	NIL	1,852,668	2,833,200
Advertisements	NIL	NIL	NIL	NIL	235,894	140,408

12. Earnings/(Loss) per share (EPS) in accordance with Accounting Standard-20 issued by Institute of Chartered Accountants of India

(Amt. in Rs.)

SL	Particulars	2009-10	2008-09
1	Net Profit/(Loss) after tax as per profit and loss account	(229,617,284)	(467,192,554)
2	Short provision for tax of earlier years	NIL	NIL
3	Net Profit/(Loss) attributable to Equity Shareholders	(229,617,284)	(467,192,554)
4	Net Profit/(Loss) before Exceptional Item	(229,617,284)	(467,192,554)
5	Weighted Average number of equity shares used as denominator for calculating Basic EPS	17,142,856	17,142,856
6	Basic Earnings per share	(13.39)	(27.25)
7	Weighted Average number of equity shares used as denominator for calculating Diluted EPS	17,142,856	17,142,856
8	Diluted Earnings per share	(13.39)	(27.25)
9	Basic Earnings (before exceptional item) per share	(13.39)	(27.25)
10	Diluted Earnings (before exceptional item) per share	(13.39)	(27.25)
11	Face Value per equity share	10.00	10.00

13. Previous year figures are regrouped, rearranged or re-classified wherever necessary to make them comparable with the current year figures.

AS PER OUR SEPARATE REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**FOR JOY MUKHERJEE & ASSOCIATES**

Chartered Accountants

**JOY MUKHERJEE**

(Partner)  
M.NO.74602

**ANURADHA PRASAD**

(Director)

**AJIT ANJUM**

(Director)

PLACE: NOIDA

DATE : MAY 29, 2010

**ANKUR GARG**

(Company Secretary)

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**(A) REGISTRATION DETAILS**

REGISTRATION NO.	162094
STATE CODE	55
BALANCE SHEET DATE	MARCH 31,2010

**(B) CAPITAL RAISED DURING THE YEAR**

**(AMT. IN '000)**

PUBLIC ISSUE	NIL
RIGHT ISSUE	NIL
BONUS ISSUE	NIL
PRIVATE PLACEMENT	16763

**(C) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

**(AMT. IN '000)**

TOTAL LIABILITIES	1,377,645
TOTAL ASSETS	1,377,645

**SOURCES OF FUNDS**

SHARE CAPITAL	188,192
RESERVE & SURPLUS	448,571
SECURED LOANS	50,000
UNSECURED LOANS	685,872
DEFERRED TAX LIABILITY (NET)	5,010

**TOTAL**

**1,377,645**

**APPLICATION OF FUNDS**

NET FIXED ASSETS AND CAPITAL WIP	107,024
NET CURRENT ASSETS	219,217
MISC EXPENDITURE	296
PROFIT & LOSS ACCOUNT	1,051,108

**TOTAL**

**1,377,645**

**(D) PERFORMANCE OF THE COMPANY**

**(AMT IN '000)**

SALES AND SERVICES	252,470
TOTAL EXPENDITURE	547,372
PROFIT/(LOSS) BEFORE TAX	(231,824)
PROFIT/(LOSS) AFTER TAX	
EARNING PER SHARE IN (RS.)	(13.39)
DIVIDEND RATE %	NIL

**(E) GENERIC NAMES OF THREE PRINCIPLE PRODUCTS/SERVICES OF THE COMPANY**

ITEM CODE NO.	NA
PRODUCT DESCRIPTION	NA

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**ANURRADHA PRASAD**  
(DIRECTOR)

**AJIT ANJUM**  
(DIRECTOR)

**ANKUR GARG**  
(COMPANY SECRETARY)

PLACE : NOIDA  
DATE : MAY 29, 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

*(Amt. in Rs.)*

	March 31,2010	March 31,2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT/(LOSS)	<b>(231,823,734)</b>	<b>(463,803,620)</b>
ADJUSTMENTS FOR :		
DEPRECIATION	24,758,579	35,446,816
MISC. ASSETS WRITTEN OFF	42,250	42,250
INTEREST EXPENSE	46,698,386	142,089
BALANCES WRITTEN OFF	(2,355,914)	—
INTEREST INCOME	(6,888,646)	(6,705,592)
	<b>62,254,655</b>	<b>28,925,563</b>
<b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>(169,569,079)</b>	<b>(434,878,057)</b>
ADJUSTMENTS FOR :		
INVENTORIES	(50,113,389)	
SUNDRY DEBTORS/RECEIVABLES	(119,570,905)	(60,399,897)
LOANS AND ADVANCES	(74,518,667)	41,176,066
TRADE/OTHER PAYABLES	(32,494,312)	(2,508,335)
LEAVE ENCASHMENT PAID	—	(48,691)
FRINGE BENEFIT TAX	—	(594,032)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(446,266,354)</b>	<b>(457,252,946)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
PURCHASE OF FIXED ASSETS/CAPITAL WORK-IN-PROGRESS	40,368,738	(8,990,439)
INTEREST RECEIVED	6,888,646	6,705,592
<b>NET CASH FROM/(USED) IN INVESTING ACTIVITIES</b>	<b>47,257,384</b>	<b>(2,284,847)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM SHARE APPLICATION PENDING ALLOTMENT	16,763,226	—
INCREASE IN UNSECURED LOAN	282,372,326	383,120,064
INCREASE IN SECURED LOAN	—	50,000,000
INTEREST PAID	(46,698,386)	(142,089)
<b>NET CASH FROM/(USED) IN FINANCING ACTIVITIES</b>	<b>252,437,166</b>	<b>432,977,975</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(146,571,804)</b>	<b>(26,559,818)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>163,421,346</b>	<b>189,981,164</b>
<b>CASH AND CASH EQUIVALENTS AT THE CLOSE</b>	<b>16,849,542</b>	<b>163,421,346</b>

AS PER OUR SEPARATE REPORT OF EVEN DATE  
**FOR JOY MUKHERJEE & ASSOCIATES**  
 CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**JOY MUKHERJEE**  
 (PARTNER)  
 M.NO.74602

**ANURRADHA PRASAD**  
 (DIRECTOR)

**AJIT ANJUM**  
 (DIRECTOR)

PLACE: NOIDA  
 DATE : MAY 29, 2010

**ANKUR GARG**  
 (COMPANY SECRETARY)

## DIRECTORS' REPORT

To,

The Members,  
**B.A.G. Glamour Limited**

The Directors hereby present their 3rd Annual Report on the business and operations of the Company along with the Audited Statements of Accounts for the year ended March 31, 2010.

### FINANCIAL RESULTS

Financial Results of the Company for the year under review along with the figures for period ended March 31, 2010 are as follows:

(Rs. in Lacs )

Particulars	2009-10	2008-09
Total Income	1792.29	630.27
Profit/(Loss) before depreciation and financial charges	(1174.72)	(3889.99)
Financial charges	179.66	21.17
Cash Profit/(Loss)	(1292.93)	(3909.70)
Depreciation	160.82	283.33
Profit/(Loss) before Tax	(1455.20)	(4194.48)
Provision for Tax	(7.80)	11.14
Profit/(Loss) after Tax	(1447.40)	(4205.64)
Proposed Dividend (%)	—	—

### PERFORMANCE REVIEW

During the financial year under review, your Company's total income has been Rs. 1792.29 lacs compared to Rs. 630.27 lacs last year, an increase of 184.37%. Losses have been substantially curtailed. Loss before tax has been Rs. 1455.20 lacs compared to Rs. 4194.48 lacs last year, a reduction of 65.31%. Loss after tax has been Rs. 1447.40 lacs compared to Rs. 4205.64 lacs last year, a reduction of 65.58%.

The film industry is the staple entertainment diet for millions in India and abroad. The appeal of Indian cinema is universal and the glitz and glamour of Bollywood have dazzled the world for almost a century. There are several channels on air featuring aspects of the Indian film industry. Despite a huge demand, however, there was no channel with dedicated 24-hour programming on news about Bollywood. In spite of the growing clout of Bollywood, there was no channel with its finger on the industry's pulse. And so, the avid couch potato did not really have a 360 degree perspective of Bollywood.

The channel 'E24' strives to showcase Bollywood with innovative content, presented in its very own unique style to give its viewers the daily dose of Bollywood- 24 hours a day, seven days a week. Modern, interactive, informative and passionate, the channel reports the glitz and glamour of Bollywood with honesty, zeal and commitment. Films, music, entertainment reviews, gossip, scoops and

scandals- the channel features all such programmes in unique style and looks.

Bollywood Reporter, *U Me Aur TV*, *Bheja Fry*, *E Special* and *One Day One Life* are some key programmes of E24 that easily qualify as channel drivers. *Mahastar*, *Cut to Cut*, *Star Shake*, *Love Byte* & *Top ten Unplugged* are various other music programmes of E24 that are popular among the viewers and also qualify as channel drivers. These programmes, and others on the channel, have done consistently well since the launch.

E24's ratings have seen a healthy increment over the last year. With the two fold growth in GRPs the channel today is among the top channels in its segment and poised to grow even further. E24 can today boast of one of the healthiest 'Time Spent' in the industry. It is way ahead of its competitors and shows signs of improving even further. The channel has captured over one third of the market in its segment. What is more, where other channels seem to have stagnated, E24 is showing a continuous and healthy rise in market share.

### DIVIDEND

The Directors express their inability to declare any dividend for the financial year ended March 31, 2010 on account of losses during the year under review.

### DIRECTORS

There are three Directors in the Company viz. Ms. Anuradha Prasad, Mr. Ajit Anjum and Ms. Ankita Kumar

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Ms. Anuradha Prasad is liable to retire by rotation at the ensuing Annual General Meeting and she being eligible has offered herself for re-appointment. Your Board of Directors recommends her re-appointment.

### DEPOSITS

During the year the Company did not accept any Deposits as per the provisions of Section-58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state and confirm-

1. That in preparation of the accounts for the financial period ended March 31, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. That the Directors have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of profit and loss of the Company for that period;



3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the accounts for the financial period ended March 31, 2010 has been prepared on a "going concern" basis.

#### **AUDIT COMMITTEE**

The Company has constituted an Audit Committee of Board of Directors in accordance with the requirements of Sec 292A of the Companies Act 1956. Presently, the Audit Committee of the Company comprises of three Members, out of them two are non executive Directors. Mr. Ajit Anjum, Chairman of the Committee is a non executive Director. Other members are Ms. Anuradha Prasad and Ms. Ankita Kumar.

During the last financial year, four Audit Committee Meetings were held on May 29, 2009, July 31, 2009, October 31, 2009 and January 30, 2010.

#### **AUDITORS**

M/s Joy Mukherjee & Associates, the Company's Auditors will retire at the conclusion of the ensuing Annual General Meeting and being eligible for re-appointment, offer themselves for re-appointment. The Company has received a certificate from the auditors to the effect that their re-appointment if made, would be in accordance with the provisions of section 224 (1B) of the Companies Act, 1956.

#### **AUDITORS' REPORT**

With reference to the comments made by the Auditors in their report, the Directors wish to state that the relevant notes forming part of the Company's Accounts are self explanatory and hence do not require any further explanation.

#### **PERSONNEL**

There is no employee whose particulars are required to be disclosed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

#### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

Your Company is not engaged in any manufacturing or processing activity, as such particulars required to be given in terms of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption are not applicable.

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Currency expenditure during the year were Nil as against Rs. 159,607 in the previous financial year.

#### **ACKNOWLEDGEMENT**

Your Directors wish to express their grateful appreciation for the cooperation and support received from vendors, customers, bank, financial institutions, Central and State Government Bodies, Auditors, legal advisors, consultants, shareholders and the society at large. Your Directors also place on record their appreciation for the contribution and hard work of employees across all levels. Without their commitment, inspiration and hard work, your Company's consistent growth would not had been possible.

For and on behalf of the Board of Directors

Place: Noida  
Date: May 29, 2010

**Anuradha Prasad**  
Chairperson

## AUDITORS' REPORT

To  
The Members of  
**B.A.G. Glamour Limited**

1. We have audited the attached Balance Sheet of B.A.G. Glamour Limited as at March 31, 2010 and the related, Profit and Loss Account for the year ended on that date annexed thereto, and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of "The Companies Act, 1956" of India (the "Act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the Directors of the Company, as on March 31, 2010 and taken on record by the Board of Directors of the Company, none of the Directors of

the Company is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) Section 274 of the Act;

- (f) In our opinion, and to the best of our information and according to the explanations given to us, the said Financial accounts, read with the significant accounting policies and 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
  - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

**For and on behalf of**  
**Joy Mukherjee & Associates**  
Chartered Accountants

**Joy Mukherjee**

Partner

Place: Noida

Dated: May 29, 2010

Membership No. 74602

### ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of our Report of even date]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management during the year in a phased Periodical manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory of video tapes, cassettes and compact discs have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory of video tapes, cassettes and compact discs followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

3. (a) The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Accordingly, clauses (iii) (b) to (iii) (d) of paragraph 4 of the Order are not applicable to the Company for the current year.
- (b) The Company has not taken loans, secured or unsecured, from the Companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Accordingly, clauses (iii) (f) to (iii) (g) of paragraph 4 of the Order are not applicable to the Company for the current year.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets for the television broadcasting. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, if any, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, having regard to the fact that the items sold/services rendered/received are of a special nature and suitable alternate sources do not exist for obtaining comparative quotations, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the period, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time or the prices at which the transactions for similar goods have been made with other parties.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company as the Company is not involved in any manufacturing activity.
9. (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues where applicable have been generally, regularly deposited with appropriate authorities. According to the information and explanations given to us, none of the undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2010 for a period of more than six months from the dates of becoming payable.
- (b) According to the information and explanations given to us, there are no cases of non-deposit with appropriate authorities of disputed dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess.
10. The Company has incurred loss amounting to Rs.144,739,775 (Previous Year Rs. 420,564,033) during the year ending March 31, 2010 and cash loss of Rs 129,292,765 (Previous Year Rs. 390,970,309) in the financial year ended on that date.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not obtained any term loan during the period. So the clause 4(xvi) is not applicable.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-terms investment.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act during the year.
19. During the year, the Company has not raised money by public issue(s).
20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**For and on behalf of**  
**Joy Mukherjee & Associates**  
Chartered Accountants

**Joy Mukherjee**  
Partner

Place: Noida  
Dated: May 29, 2010

Membership No. 74602

**B.A.G. GLAMOUR LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2010**

*(Amt. in Rs.)*

PARTICULARS	SCHEDULE	MARCH 31, 2010	MARCH 31, 2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDER'S FUNDS</b>			
SHARE CAPITAL	A	171,428,560	171,428,560
RESERVES & SURPLUS	B	448,571,440	448,571,440
<b>LOAN FUND</b>			
SECURED LOANS	C	40,000,000	40,000,000
UNSECURED LOANS	D	355,583,520	242,937,675
<b>DEFERRED TAX LIABILITY</b>		<u>6,122,874</u>	<u>6,903,073</u>
		<b><u>1,021,706,394</u></b>	<b><u>909,840,748</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
E			
GROSS BLOCK		76,366,620	72,235,219
LESS: DEPRECIATION		<u>44,674,878</u>	<u>28,665,150</u>
NET BOOK VALUE		31,691,742	43,570,069
ADD: CAPITAL WORK IN PROGRESS (INCLUDES CAPITAL ADVANCES)		<u>—</u>	<u>926,970</u>
		31,691,742	44,497,039
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
F			
CASH & BANK BALANCES		5,431,441	76,659,578
SUNDRY DEBTORS		89,937,255	21,374,131
CLOSING STOCK		30,085,679	30,818,138
LOANS & ADVANCES		<u>322,818,107</u>	<u>207,013,540</u>
		<b><u>448,272,482</u></b>	<b><u>335,865,387</u></b>
<b>LESS CURRENT LIABILITIES &amp; PROVISIONS</b>			
G			
LIABILITIES		182,579,816	49,523,196
PROVISIONS		<u>420,619</u>	<u>1,146,676</u>
		<b><u>183,000,435</u></b>	<b><u>50,669,872</u></b>
<b>NET CURRENT ASSETS</b>		265,272,047	285,195,515
<b>MISCELLANEOUS EXPENDITURE</b> (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	H	1,017,530	1,162,894
PROFIT & LOSS ACCOUNT		<u>723,725,075</u>	<u>578,985,300</u>
		<b><u>1,021,706,394</u></b>	<b><u>909,840,748</u></b>

**SIGNIFICANT ACCOUNTING POLICIES  
AND NOTES TO ACCOUNTS**

Q

THE SCHEDULES REFERRED TO ABOVE ARE INTEGRAL PART OF THE BALANCE SHEET

AS PER OUR SEPARATE REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**FOR JOY MUKHERJEE & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**JOY MUKHERJEE**  
(PARTNER)  
M.NO.74602

**ANURADHA PRASAD**  
(DIRECTOR)

**AJIT ANJUM**  
(DIRECTOR)

PLACE: NOIDA  
DATE : MAY 29, 2010

**AJAY MISHRA**  
(COMPANY SECRETARY)

**B.A.G. GLAMOUR LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

(Amt. in Rs.)

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED MARCH 31, 2010	FOR THE YEAR ENDED MARCH 31, 2009
<b>INCOME</b>			
SALES & SERVICES	I	173,962,239	36,195,192
OTHER INCOME	J	5,266,292	26,832,049
INCREASE/(DECREASE) IN STOCKS		(732,459)	(40,994,822)
		<b><u>178,496,072</u></b>	<b><u>22,032,419</u></b>
<b>EXPENDITURE</b>			
PRODUCTION EXPENSES	K	74,743,369	123,590,660
PERSONNEL COST	L	27,908,295	54,691,099
ADMINISTRATIVE EXPENSES	M	17,309,866	55,068,823
MARKETING & DISTRIBUTION EXPENSES	N	169,861,575	177,535,593
FINANCIAL CHARGES	O	17,965,732	2,116,553
MISC. EXPENSES WRITTEN OFF	P	145,364	145,364
DEPRECIATION		16,081,845	28,332,786
		<b><u>324,016,046</u></b>	<b><u>441,480,878</u></b>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b><u>(145,519,974)</u></b>	<b><u>(419,448,459)</u></b>
FRINGE BENEFIT TAX		—	628,595
DEFERRED TAX		<u>(780,199)</u>	<u>486,979</u>
		(780,199)	1,115,574
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b><u>(144,739,775)</u></b>	<b><u>(420,564,033)</u></b>
ADJUSTMENT RELATING TO EARLIER YEARS			(4,672)
BALANCE BROUGHT FORWARD		(578,985,300)	(158,416,595)
AVAILABLE FOR APPROPRIATIONS		(723,725,075)	(578,985,300)
<b>APPROPRIATIONS</b>			
LOSS TRANSFERRED TO BALANCE SHEET		<u>(723,725,075)</u>	<u>(578,985,300)</u>
		<b><u>(723,725,075)</u></b>	<b><u>(578,985,300)</u></b>
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS. 10 EACH		(8.44)	(24.53)
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS. 10 EACH (BEFORE EXCEPTIONAL ITEMS)		(8.44)	(24.53)

**SIGNIFICANT ACCOUNTING POLICIES  
AND NOTES TO ACCOUNTS**

Q

THE SCHEDULES REFERRED TO ABOVE ARE INTEGRAL PART OF THE PROFIT & LOSS A/C

AS PER OUR SEPARATE REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**FOR JOY MUKHERJEE & ASSOCIATES**  
 CHARTERED ACCOUNTANTS

**JOY MUKHERJEE**  
 (PARTNER)  
 M.NO.74602

**ANURADHA PRASAD**  
 (DIRECTOR)

**AJIT ANJUM**  
 (DIRECTOR)

PLACE: NOIDA  
 DATE : MAY 29, 2010

**AJAY MISHRA**  
 (COMPANY SECRETARY)



**SCHEDULES FORMING PART OF ACCOUNTS AS ON MARCH 31, 2010**
*(Amt. in Rs.)*

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
<b>SCHEDULE 'A': SHARE CAPITAL</b>		
<b>AUTHORIZED CAPITAL</b>		
30,000,000 EQUITY SHARES OF RS. 10/- EACH ( PREVIOUS YEAR 30,000,000 EQUITY SHARES OF RS. 10/- EACH)	<u>300,000,000</u>	<u>300,000,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
17,142,856 EQUITY SHARES OF RS. 10/- PER SHARE ( PREVIOUS YEAR 17,142,856 EQUITY SHARES OF RS. 10/- EACH)	171,428,560	171,428,560
	<u>171,428,560</u>	<u>171,428,560</u>
<b>SCHEDULE 'B': RESERVES &amp; SURPLUS</b>		
SHARE PREMIUM	448,571,440	448,571,440
	<u>448,571,440</u>	<u>448,571,440</u>
<b>SCHEDULE 'C': SECURED LOAN</b>		
OTHERS (SECURED BY HYPOTHECATION OF SHARES)	40,000,000	40,000,000
	<u>40,000,000</u>	<u>40,000,000</u>
<b>SCHEDULE 'D': UNSECURED LOAN</b>		
OPTIONALLY FULLY CONVERTIBLE DEBENTURES	125,000,000	125,000,000
OTHER LOANS	230,583,520	117,937,675
	<u>355,583,520</u>	<u>242,937,675</u>

**SCHEDULE 'E': FIXED ASSETS SCHEDULE AS PER COMPANIES ACT, 1956 FOR THE YEAR ENDING ON MARCH 31, 2010**
*(Amt. in Rs.)*

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	COST AS AT 01.04.09	ADDITION DURING THE YEAR	SALE/ADJ DURING THE YEAR	COST AS AT 31.03.10	ACCUMULATED DEPRECIATION AS AT 01.04.09	DEPRECIATION FOR THE YEAR	ADJUSTMENT FOR THE YEAR	ACCUMULATED DEPRECIATION AS AT 31.03.10	W.D.V. AS AT 31.03.10	W.D.V. AS AT 31.03.09
PLANT & MACHINERY	2,206,963	—	—	2,206,963	384,214	364,162	—	748,376	1,458,587	1,822,749
COMPUTERS & PERIPHERALS	39,607,376	9,950	—	39,617,326	15,854,576	9,500,123	—	25,354,699	14,262,627	23,752,800
COMPUTER SOFTWARES	23,566,735	—	—	23,566,735	9,343,666	5,687,751	—	15,031,417	8,535,318	14,223,069
FURNITURE'S & FIXTURES	2,413,235	—	—	2,413,235	2,226,955	33,625	—	2,260,580	152,655	186,280
OFFICE EQUIPMENTS	4,440,910	4,480,250	358,799	8,562,361	855,739	496,184	72,117	1,279,806	7,282,555	3,585,171
<b>TOTAL</b>	<b>72,235,219</b>	<b>4,490,200</b>	<b>358,799</b>	<b>76,366,620</b>	<b>28,665,150</b>	<b>16,081,845</b>	<b>72,117</b>	<b>44,674,878</b>	<b>31,691,742</b>	<b>43,570,069</b>
CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)									—	926,970

**SCHEDULE 'F': CURRENT ASSETS, LOANS & ADVANCES**
**(A) CURRENT ASSETS**
**1 CASH & BANK BALANCES**

CASH IN HAND	96,560	217,796
<b>BALANCES WITH SCHEDULED BANKS</b>		
WITH CURRENT ACCOUNT	5,208,852	722,116
FIXED DEPOSIT	126,029	5,334,881
	<u>5,431,441</u>	<u>76,441,782</u>
	<u>5,431,441</u>	<u>76,659,578</u>

(Amt. in Rs.)

PARTICULARS	MARCH 31, 2010		MARCH 31, 2009	
<b>(B) SUNDRY DEBTORS</b>				
(UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE SPECIFIED)				
(a) DEBTS FOR A PERIOD EXCEEDING SIX MONTHS	14,105,086		734,111	
(b) OTHER DEBTS	75,832,169	89,937,255	20,640,020	21,374,131
		<b>89,937,255</b>		<b>21,374,131</b>
<b>(C) STOCK IN TRADE</b>				
(AT COST, AS VALUED AND CERTIFIED BY THE MANAGEMENT)				
FINISHED GOODS		30,085,679		30,818,138
		<b>30,085,679</b>		<b>30,818,138</b>
<b>(D) LOANS &amp; ADVANCES</b>				
(UNSECURED, CONSIDERED GOOD)				
ADVANCE TAXES		5,602,459		2,941,311
SERVICE TAX CREDIT		5,158,251		10,240,100
SECURITY DEPOSITS		5,712,337		15,326,445
PREPAID EXPENSES		9,970,164		16,192,413
STAFF ADVANCES		457,810		232,883
ADVANCE TO OTHERS		295,917,086		162,080,388
		<b>322,818,107</b>		<b>207,013,540</b>
<b>SCHEDULE 'G' : CURRENT LIABILITIES AND PROVISIONS</b>				
<b>A LIABILITIES</b>				
SUNDRY CREDITORS FOR GOODS & SERVICES		161,176,897		39,941,510
ADVANCE FROM CUSTOMERS		531,362		1,278,785
TAXES PAYABLE		6,060,770		2,542,139
OTHER LIABILITIES		14,810,787		5,760,762
		<b>182,579,816</b>		<b>49,523,196</b>
<b>B PROVISIONS</b>				
PROVISION FOR INCOME TAX		—		633,873
PROVISION FOR GRATUITY		386,783		258,466
PROVISION FOR LEAVE ENCASHMENT		33,836		254,337
		<b>420,619</b>		<b>1,146,676</b>
<b>SCHEDULE 'H' : MISCELLANEOUS EXPENDITURE</b>				
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)				
PRELIMINARY EXPENSES				
OPENING BALANCE	1,162,894		1,308,258	
LESS: WRITTEN OFF	145,364	1,017,530	145,364	1,162,894
		<b>1,017,530</b>		<b>1,162,894</b>

(Amt. in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2010		FOR THE YEAR ENDED MARCH 31, 2009	
<b>SCHEDULE 'I' : SALES &amp; SERVICES</b>				
ADVERTISMENT SALES REVENUE		173,962,239		36,195,192
		<b>173,962,239</b>		<b>36,195,192</b>
<b>SCHEDULE 'J' : OTHER INCOME</b>				
PROFIT ON SALE OF INVESTMENT		—		24,527,500
INTEREST INCOME		2,484,137		1,690,599
SUNDRY BALANCES WRITTEN BACK		199,065		443,750
MISCELLANEOUS INCOME		2,583,090		170,200
		<b>5,266,292</b>		<b>26,832,049</b>

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2010	FOR THE YEAR ENDED MARCH 31, 2009
<b>SCHEDULE 'K' : PRODUCTION EXPENSES</b>		
PROFESSIONAL CHARGES ARTIST, DIRECTORS, TECHNICIANS	4,927,079	34,278,454
CASSETTES	22,615	1,002,160
EDITING CHARGES	—	82,150
CAMERA HIRING CHARGES	—	2,579,250
GENERATOR FUEL EXPENSES	160,496	2,517,940
PROGRAMMING EXPENSES	833,333	14,240,650
LOCATION & STUDIO HIRING CHARGES	8,500	1,283,262
LICENCE AND OTHER OPERATIONAL FEES	16,992,127	3,652,718
SET EXPENSES	55,096	490,448
EQUIPMENT HIRING CHARGES	4,150	3,241,679
ELECTRICITY EXPENSES	—	641,969
ROYALTY	22,655,312	12,667,777
SHOOTING EXPENSES	599,495	4,849,785
PRODUCTION TRAVELLING & CONVEYANCE	739,911	1,314,179
RUNNING & MAINTENANCE OF VEHICLE	114,262	73,657
REPAIRS & MAINTENANCE - PRODUCTION EQUIP	45,602	557,233
INTERNET & WEBSITE MAINTENANCE EXPENSES	—	7,201,900
UPLINKING CHARGES	18,766,251	20,774,917
LEASE RENT ON EQUIPMENTS	8,819,140	12,140,532
	<b>74,743,369</b>	<b>123,590,660</b>
<b>SCHEDULE 'L' : PERSONNEL COST</b>		
SALARIES, ALLOWANCES AND BONUS	26,875,482	51,036,339
GRATUITY	128,317	185,596
LEAVE ENCASHMENT	33,836	235,662
STAFF WELFARE EXPENSES	743,412	3,164,482
CONTRIBUTION TOWARDS PROVIDENT FUND	127,248	69,020
	<b>27,908,295</b>	<b>54,691,099</b>
<b>SCHEDULE 'M' : ADMINISTRATIVE COST</b>		
OFFICE MAINTENANCE	4,375,603	10,862,548
ELECTRICITY EXPENSES	1,775,040	4,217,776
TELEPHONE, COURIER, POSTAGE AND TELEGRAM	3,785,944	2,517,104
PRINTING & STATIONERY	143,334	566,186
REPAIRS & MAINTENANCE	370,304	459,688
CONVEYANCE EXPENSES	2,415,952	3,294,412
LOSS ON FOREIGN EXCHANGE FLUCTUATION	—	8,058
LOSS ON SALE OF FIXED ASSET	182,682	16,849,080
TRAVELLING EXPENSES	258,797	1,274,796
<b>REMUNERATION TO AUDITORS</b>		
STATUTORY AUDIT	50,000	50,000
TAX AUDIT FEES	40,000	40,000
CERTIFICATION FEES	10,000	10,000
INTERNAL AUDIT FEES	75,000	100,000
AUDITOR EXPENSES	7,231	40,381
FEES & SUBSCRIPTION	1,236,314	799,891
CONSULTANCY CHARGES	676,832	5,358,575
RENT,RATES & TAXES	1,186,471	8,553,580
INSURANCE EXPENSES	34,570	—
MISCELLANEOUS EXPENSES	685,792	66,748
	<b>17,309,866</b>	<b>55,068,823</b>
<b>SCHEDULE 'N' : MARKETING &amp; DISTRIBUTION EXPENSES</b>		
ADVERTISEMENT & BUSINESS PROMOTIONS	2,345,923	18,066,342
CARRIAGE FEES	167,515,652	159,469,251
	<b>169,861,575</b>	<b>177,535,593</b>
<b>SCHEDULE 'O' : FINANCIAL CHARGES</b>		
BANK CHARGES	2,976	9,045
INTEREST PAID	17,962,756	2,107,508
	<b>17,965,732</b>	<b>2,116,553</b>
<b>SCHEDULE 'P' : MISCELLANEOUS EXPENDITURE WRITTEN OFF</b>		
PRELIMINARY EXPENSES	145,364	145,364
	<b>145,364</b>	<b>145,364</b>

**B.A.G. GLAMOUR LIMITED****SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010****SCHEDULE-Q:-SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****I) Significant Accounting Policies****1. Accounting Convention**

The financial statements have been prepared under the Historical Cost Convention on the Mercantile System of accounting and in accordance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.

**2. Use of Estimates**

The preparation of the financial statements is in accordance with Generally Accepted Accounting Principles. It requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from these estimates and a revision to such accounting estimates is recognised in the accounting period in which such a revision takes place.

**3. Fixed Assets & Capital Work-in-Progress**

- a. The Fixed assets are stated at cost less accumulated depreciation and impairment. Cost includes capital cost, freight, installation cost, duties and taxes and other incidental expenses incurred during the construction/installation and attributable to bringing the asset to its intended use. Fixed assets are further adjusted by the amount of CENVAT credit available, wherever applicable.
- b. Capital work in progress comprises the cost of fixed assets that are not yet ready for their intended use and outstanding advances paid to acquire fixed assets, at the balance sheet date.

**4. Depreciation**

Depreciation on fixed asset is provided on Written Down Value method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956.

**5. Revenue Recognition**

- a. Advertisement revenue from sale of advertising time is recognised on the accrual basis when advertisements are telecast in accordance with contractual obligations.
- b. Subscription revenue is recognised on accrual basis in accordance with the terms of the contract with the distribution and collection agency.
- c. Interest is recognised using time proportion method and dividend income is recognised when the Company's right to receive dividend is established.

**6. Borrowing cost**

Borrowing costs that are attributable to the acquisition

or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**7. Operating Lease**

The Company has taken broadcasting equipments under operating leases. These lease agreements are normally renewable on expiry. The rental expenses on operating leases are charged to Profit and Loss account.

**8. Inventories****a. Stock of Tapes, Cassettes and Discs**

Inventories consists of tapes, cassettes and compact discs which are valued at lower of cost or estimated net realisable value. Cost is taken on First in First out basis (FIFO).

**b. Inventories related to Television Software and Programme Pilots**

The entire cost of the programme is charged to Profit and Loss account when the programme is first exploited. The inventory thus comprises of unamortized cost of such programmes. In case of Programme Pilots, the cost is expensed off on first telecast or after the review of realisability.

**9. Investments**

Current investments are stated at cost or fair value whichever is lower. Long term investments are stated at cost. Provision for diminution in value of long term investment is made, if the diminution is other than temporary.

**10. Employee Benefits**

- a. The Company has contributed to employee's provident fund as per provisions of the Employee's Provident Fund Act, 1952 and is charged to Profit and Loss Account.
- b. As per the Company's policy, the gratuity is payable as per the provisions of the Gratuity Act. Liability in respect of Gratuity and Leave encashment is provided for on the basis of an actuarial valuation as at the date of Balance Sheet.
- c. Bonus is paid and charged to Profit and Loss Account as per the provisions of "The Payment of Bonus Act, 1965".

**11. Taxation**

Tax expenses for the period comprises of both, current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of income tax payable in respect of the taxable income for the reporting period. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

## 12. Miscellaneous Expenditure

Preliminary expenses are amortized over a period of ten years from the year of commencement of commercial operations.

## 13. Pre-Operative Expenditure

Expenditure incurred by the Company till the date of operationalisation of Entertainment Channel, not directly attributable to fixed asset is charged to the profit and loss account.

## 14. Segmental Reporting

In accordance with Accounting Standard -17 issued by the Institute of Chartered Accountants of India, the Company's single business segment is broadcasting of Bollywood centric entertainment and infotainment programmes and related operations and it has no other primary reportable segment. The Company caters only to the needs of Indian markets hence there are no reportable geographical segments.

## 15. Earnings Per Share (EPS)

The Company reports basic earning per equity share in accordance with the Accounting Standard-20 issued by the Institute of Chartered Accountants of India. Basic earning per equity share has been computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing the diluted earning per share comprises of the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

## 16. Impairment of Assets

As per Accounting Standard-28 issued by the Institute of Chartered Accountants of India, the Company assesses at each balance sheet date whether there is any indication of impairment of carrying amount of the Company's assets. The recoverable amount of such assets are estimated, if any indication exists, and impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount.

## 17. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

## 18. Foreign Currency Transactions

As per Companies (Accounting Standard) Rules 2006, exchange difference arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed assets, which is in accordance with Accounting Standard-11 issued by the Institute of Chartered Accountants of India are recognised in the Profit & Loss account.

As per Schedule-VI of the Companies Act, 1956 exchange differences arising on foreign currency

denominated liabilities relating to the Capital work in progress/Capital advance forms part of the Capital Work in progress/Capital Advance.

## II) Notes to Accounts

- The details of Capital Work in Progress (including Capital Advances) is as follows :

(Amt. in Rs.)

Particulars	For the	For the
	year ended	year ended
	March 31, 2010	March 31, 2009
Capital Work in Progress	NIL	NIL
Capital Advances	NIL	926,970
<b>Total</b>	<b>NIL</b>	<b>926,970</b>

- There are no dues to small scale industrial undertakings (SSI) outstanding for more than 30 days. Amount due as at March 31, 2010 to Micro, Small and Medium Enterprise on account of principal amount together with interest, aggregate to Rs. Nil.

Note: The above information regarding the small scale undertakings and Micro, Small and Medium Enterprise has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

- There is no amount outstanding to be credited to Investor Education and Protection Fund.
- The Company has not made any provision for cess payable u/s 441A of the companies Act, 1956. The said provision shall be made as and when the requisite notification is issued by the Central Government in this regard.
- Advances taken from associated companies are shown as unsecured loans under the head Loan Funds where there is no repayment schedule and are re-payable on demand.
- The Deferred Tax Liability(Net) comprises of the following:

(Amt. in Rs.)

Particulars	As at	As at
	March 31, 2010	March 31, 2009
Opening Balance of Deferred Tax Liability (Net) Related to Fixed Assets	6,903,073 (774,492)	6,416,094 580,248
Disallowance under the Income Tax Act	49,409	49,409
Related to Leave encashment & Gratuity	(55,116)	(142,678)
<b>Deferred Tax Liability (Net)</b>	<b>6,122,874</b>	<b>6,903,073</b>

## 7. Employee Benefits

As per Accounting Standard 15 (revised) 'Employees Benefits', the disclosures of employee benefits are given below:

### a) Defined Contribution Plans :

Contribution to Defined Contribution Plan recognised as expense for the year is as under:

Employer's Contribution to Provident Fund : Rs. 112,181 (Previous Year Rs. 60,113)



### Defined Benefit Plans:

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

#### a) Change in present value of obligation

(Amt. in Rs.)

Particulars	Gratuity		Leave Encashment	
	2010	2009	2010	2009
Present value of obligation as at the beginning of the period	258,466	72,870	254,337	20,167
Current Service Cost	208,430	223,499	167,444	224,482
Interest Cost	20,677	5,830	20,347	1,613
Expected Return on Plan Assets	NIL	NIL	NIL	NIL
Actuarial (gain)/loss	(100,790)	(43,733)	(153,955)	9,567
Past Service Cost	NIL	NIL	NIL	NIL
Curtailment and settlement Cost/(credit)	NIL	NIL	NIL	NIL
Present value of obligation as at the end of period	386,783	258,466	288,173	254,337

#### b) Expense recognized in the statement of profit and loss

(Amt. in Rs.)

Particulars	Gratuity		Leave Encashment	
	2010	2009	2010	2009
Current service cost	2,08,430	223,499	167,444	224,482
Past service cost	--	--	--	--
Interest cost	20,677	5,830	20,347	1,613
Expected return on plan assets	--	--	--	--
Curtailment cost / (Credit)	--	--	--	--
Settlement cost / (credit)	--	--	--	--
Net actuarial (gain)/ loss recognized in the period	(1,00,790)	(43,733)	(153,955)	9,567
Expenses recognized in the statement of profit & losses	1,28,317	185,596	33,836	235,662

#### c) Actuarial Assumptions:

Particulars	Gratuity		Leave Encashment	
	2010	2009	2010	2009
Discount Rate (%)	8.00	8.00	8.00	8.00
Expected Rate of increase in Compensation Levels (%)	5.50	5.50	5.50	5.50
Expected Rate of Return on Plan Assets	NIL	NIL	NIL	NIL
Expected Average remaining working lives of employees (Years)	30.56	30.70	30.56	30.72

The estimated rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

#### d) Commitments and Contingencies

(Amt. in Rs.)

Particulars	For the year ended March 31,2010	For the year ended March 31,2009
Estimated amount of contract remaining to be executed on capital account and not provided for	NIL	NIL
Claims against Company not acknowledged as debts	NIL	NIL
Bank Guarantees	NIL	NIL

#### e) Additional information required to be given pursuant to part II of Schedule VI of the Companies Act, 1956 is as follows:

- Managerial Remuneration : Nil (Previous Year Nil)
- The business of the Company is not subject to license as required by schedule VI; hence licensed capacity is not given.
- CIF Value of Imports - Rs. Nil (Previous Year Nil)
- Expenditure in Foreign Currency (on accrual basis): Rs. NIL. (Previous Year Rs. 159,607)
- Earnings in Foreign Currency: -Rs. Nil (Previous Year Nil)

Information pursuant to other provisions of part-II of Schedule VI to the Act, is either Nil or not applicable to the Company.

#### f) As per Accounting Standard 18, 'Party Disclosures', notified in the Companies (Accounting Standards) Rules 2006, the disclosures of transactions with the related parties as defined therein are given below:

#### i) List of Related Parties:

Name	Relationship
B.A.G. Films & Media Limited	Holding Company
Ms. Anuradha Prasad	Key Managerial Personnel
ARVR Communications Private Limited are (Formerly known as Anu Films and communications Private Limited)	Enterprises over which KMP are able to exercise significant influence
B.A.G. Infotainment Limited	Enterprises over which KMP are able to exercise significant influence
B.A.G. Newline Network Limited	Enterprises over which KMP are able to exercise significant influence
Skyline Tele Media Services Limited	Enterprises over which KMP are able to exercise significant influence

**ii) Related Party Transactions:-**

(Amt. in Rs.)

Particulars	Holding Company		Key Managerial Personnel (KMP)		Enterprises over which KMP exercise significant influence	
	Year Ended March 31		Year Ended March 31		Year Ended March 31	
	2010	2009	2010	2009	2010	2009
Office Rent	NIL	5,940,000	NIL	NIL	NIL	NIL
Lease rental on Equipments	8,819,140	11,954,439	NIL	NIL	NIL	NIL
Security Deposits Refunded	720,000	1,530,000	NIL	NIL	NIL	NIL
Unsecured Loans (taken)	231,054,591	138,838,222	NIL	NIL	11,682,355	4,800,000
Unsecured Loans (given/returned)	105,230,046	207,954,434	NIL	NIL	86,151,759	NIL
Interest Paid	17,962,756	NIL	NIL	NIL	NIL	NIL
Purchases of Serials	NIL	7,392,000	NIL	NIL	NIL	NIL
Expenses Reimbursed	28,858,952	23,458,957	NIL	NIL	101,834,836	4,491,667
Expenses Incurred	3,186,696	NIL	NIL	NIL	1,049,704	NIL
Advertisement Expenses	NIL	NIL	NIL	NIL	1,852,668	2,833,200
Income from Ad Sales	206,072	434,008	NIL	NIL	235,894	140,408

**g) Earnings/(Loss) per share (EPS) in accordance with Accounting Standard -20 issued by Institute of Chartered Accountants of India**

(Amt. in Rs.)

SL	Particulars	2009-10	2008-09
1	Net Profit/(Loss) after tax as per profit and loss account	(144,739,775)	(420,564,033)
2	Short provision for tax of earlier years	—	4,672
3	Net Profit/(Loss) attributable to Equity Shareholders	(144,739,775)	(420,568,705)
4	Net Profit/(Loss) before Exceptional Item	(144,739,775)	(420,568,705)
5	Weighted Average number of equity shares used as denominator for calculating Basic EPS	17,142,856	17,142,856
6	Basic Earnings per share	(8.44)	(24.53)
7	Weighted Average number of equity shares used as denominator for calculating Diluted EPS	17,142,856	17,142,856
8	Diluted Earnings per share	(8.44)	(24.53)
9	Basic Earnings (before exceptional item) per share	(8.44)	(24.53)
10	Diluted Earnings (before exceptional item) per share	(8.44)	(24.53)
11	Face Value per equity share	10.00	10.00

16. Previous year figures are regrouped, rearranged or re-classified wherever necessary to make them comparable with the current year figures.

AS PER OUR SEPARATE REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**FOR JOY MUKHERJEE & ASSOCIATES**  
 CHARTERED ACCOUNTANTS

**JOY MUKHERJEE**  
 (PARTNER)  
 M.NO.74602

**ANURRADHA PRASAD**  
 (DIRECTOR)

**AJIT ANJUM**  
 (DIRECTOR)

 PLACE: NOIDA  
 DATE : MAY 29, 2010

**AJAY MISHRA**  
 (COMPANY SECRETARY)

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### (A) REGISTRATION DETAILS

REGISTRATION NO.	160548
STATE CODE	55
BALANCE SHEET DATE	MARCH 31,2010

### (B) CAPITAL RAISED DURING THE YEAR

(AMT. IN '000)

PUBLIC ISSUE	NIL
RIGHT ISSUE	NIL
BONUS ISSUE	NIL
PRIVATE PLACEMENT	NIL

### (C) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(AMT. IN '000)

TOTAL LIABILITIES	1,021,706
TOTAL ASSETS	1,021,706

#### SOURCES OF FUNDS

SHARE CAPITAL	171,429
RESERVE & SURPLUS	448,571
SECURED LOANS	40,000
UNSECURED LOANS	355,584
DEFERRED TAX LIABILITY (NET)	6,123

#### TOTAL

1,021,706

#### APPLICATION OF FUNDS

NET FIXED ASSETS AND CAPITAL WIP	31,692
NET CURRENT ASSETS	265,272
MISC EXPENDITURE	1,018
PROFIT & LOSS ACCOUNT	723,725

#### TOTAL

1,021,706

### (D) PERFORMANCE OF THE COMPANY

(AMT IN '000)

SALES AND SERVICES	178,496
TOTAL EXPENDITURE	324,016
PROFIT BEFORE TAX	(145,520)
PROFIT AFTER TAX	(144,740)
EARNING PER SHARE IN (RS.)	(8.44)
DIVIDEND RATE %	NIL

### (E) GENERIC NAMES OF THREE PRINCIPLE PRODUCTS/SERVICES OF THE COMPANY

ITEM CODE NO.	NA
PRODUCT DESCRIPTION	NA

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**ANURADHA PRASAD**  
(DIRECTOR)

**AJIT ANJUM**  
(DIRECTOR)

**AJAY MISHRA**  
(COMPANY SECRETARY)

PLACE : NOIDA  
DATE : MAY 29, 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

*(Amt. in Rs.)*

	March 31,2010	March 31,2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT/(LOSS)</b>	<b>(145,519,974)</b>	<b>(419,448,459)</b>
<b>ADJUSTMENTS FOR :</b>		
DEPRECIATION	16,081,845	28,332,786
MISCELLANEOUS ASSETS WRITTEN OFF	145,364	145,364
INTEREST EXPENSE	17,962,756	2,107,508
PROFIT ON SALE OF INVESTMENTS	—	(24,527,500)
LOSS ON SALE OF FIXED ASSETS	182,682	16,849,080
INTEREST INCOME	(2,484,137)	(1,690,599)
NET PRIOR PERIOD ADJUSTMENT		(4,672)
AMOUNTS WRITTEN OFF	(199,065)	(443,750)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(113,830,531)</b>	<b>(398,680,242)</b>
<b>ADJUSTMENTS FOR :</b>		
INVENTORIES	732,459	40,994,822
SUNDRY DEBTORS / RECEIVABLES	(68,364,058)	(20,930,382)
LOANS AND ADVANCES	(115,804,567)	(134,395,685)
TRADE/OTHER PAYABLES	132,959,157	(8,054,219)
FRINGE BENEFIT TAX	(628,595)	(153,028)
LEAVE ENCASHMENT PAID	—	(1,492)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(164,936,135)</b>	<b>(521,220,226)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE/SALE OF FIXED ASSETS / CAPITAL WORKS-IN-PROGRESS(NET)	(3,276,548)	8,549,244
PURCHASE/SALE OF INVESTMENTS	—	250,000,000
LOSS ON SALE OF FIXED ASSETS	(182,682)	(16,849,080)
DIVIDEND INCOME	—	24,527,500
INTEREST RECEIVED	2,484,137	1,690,599
<b>NET CASH FROM/(USED) IN INVESTING ACTIVITIES</b>	<b>(975,093)</b>	<b>267,918,263</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
INCREASE IN SECURED LOAN	—	40,000,000
INCREASE IN UNSECURED LOAN	112,645,845	232,784,267
INTEREST PAID	(17,962,756)	(2,107,508)
<b>NET CASH FROM/(USED) IN FINANCING ACTIVITIES</b>	<b>94,683,089</b>	<b>270,676,759</b>
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(71,228,139)</b>	<b>17,374,796</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>76,659,578</b>	<b>59,284,782</b>
<b>CASH AND CASH EQUIVALENTS AT THE CLOSE</b>	<b>5,431,441</b>	<b>76,659,578</b>

AS PER OUR SEPARATE REPORT OF EVEN DATE  
FOR JOY MUKHERJEE & ASSOCIATES  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**JOY MUKHERJEE**  
(PARTNER)  
M.No.74602

**ANURADHA PRASAD**  
(DIRECTOR)

**AJIT ANJUM**  
(DIRECTOR)

PLACE : NOIDA  
DATE : MAY 29, 2009

**AJAY MISHRA**  
(COMPANY SECRETARY)

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF B.A.G. FILMS & MEDIA LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF B.A.G. FILMS & MEDIA LIMITED AND ITS SUBSIDIARIES**

1. We have audited the attached consolidated Balance Sheet of **B.A.G. FILMS & MEDIA LIMITED** and its subsidiaries (collectively called "**The Company**") as at March 31, 2010, and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. This is the fifth Year of Consolidation of Financial Statements of B.A.G. Films & Media Limited and its subsidiaries. The Company has four subsidiaries.
4. We report that the consolidated financial statements have been prepared by The Company's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
5. In our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the consolidated Balance Sheet, of the state of affairs of "The Company" as at March 31, 2010;
  - b) in the case of the consolidated Profit and Loss Account, of the loss of "The Company" for the year ended on that date; and
  - c) in the case of the consolidated Cash Flow Statement, of the cash flows of "The Company" for the year ended on that date.

**For and on behalf of**  
**Joy Mukherjee & Associates**  
*Chartered Accountants*

**Joy Mukherjee**  
Partner  
Membership No.74602

Place: Noida  
Date: May 29, 2010



**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010**

*(Amt.in Rs.)*

PARTICULARS	SCHEDULE	MARCH 31, 2010		MARCH 31, 2009
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
CAPITAL	A	346,418,865		245,445,639
RESERVES & SURPLUS	B	<u>1,596,224,774</u>	1,942,643,639	<u>1,093,132,992</u>
				1,338,578,631
<b>LOAN FUND</b>				
SECURED LOANS	C		233,872,985	99,976,856
UNSECURED LOANS	D		250,000,000	259,784,882
<b>DEFERRED TAX LIABILITY</b>			40,558,304	46,363,542
<b>MINORITY INTEREST</b>			—	37,764,276
			<u><b>2,467,074,928</b></u>	<u><b>1,782,468,187</b></u>
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
GROSS BLOCK	E	1,347,797,353		1,328,593,505
LESS: DEPRECIATION		<u>583,406,260</u>		<u>422,771,155</u>
NET BLOCK		764,391,093		905,822,350
ADD: CAPITAL WORK IN PROGRESS (INCLUDES CAPITAL ADVANCES)		<u>61,778,213</u>	826,169,306	<u>121,159,469</u>
				1,026,981,819
<b>INVESTMENTS</b>	F		24,179,939	54,388,570
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
CASH & BANK BALANCES	G	959,549,112		321,633,188
CLOSING STOCK		198,808,260		101,793,643
SUNDRY DEBTORS		260,619,547		295,862,265
LOANS & ADVANCES		<u>492,089,985</u>		<u>382,525,387</u>
		<u>1,911,066,904</u>		<u>1,101,814,483</u>
<b>LESS CURRENT LIABILITIES &amp; PROVISIONS</b>	H			
LIABILITIES		289,014,475		371,352,519
PROVISIONS		<u>21,978,743</u>		<u>40,769,480</u>
		<u>310,993,218</u>		<u>412,121,999</u>
<b>NET CURRENT ASSETS</b>			1,600,073,686	689,692,484
<b>MISCELLANEOUS EXPENDITURE</b> (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	I		16,651,997	11,405,314
			<u><b>2,467,074,928</b></u>	<u><b>1,782,468,187</b></u>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

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THE SCHEDULES REFERRED TO ABOVE ARE INTEGRAL PART OF THE BALANCE SHEET

AS PER OUR SEPARATE REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**FOR JOY MUKHERJEE & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**JOY MUKHERJEE**  
(PARTNER)  
MEMBERSHIP NO.74602

**ANURADHA PRASAD**  
(CHAIRPERSON CUM  
MANAGING DIRECTOR)

**RAJIV SHUKLA**  
(DIRECTOR)

PLACE: NOIDA  
DATE : MAY 29, 2010

**RAJEEV PARASHAR**  
(COMPANY SECRETARY)

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

*(Amt.in Rs.)*

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED MARCH 31, 2010	FOR THE YEAR ENDED MARCH 31, 2009
<b>INCOME</b>			
SALES & SERVICES	J	701,478,993	667,807,731
OTHER INCOME	K	26,565,080	40,416,327
INCREASE/(DECREASE) IN STOCKS		97,014,617	(60,016,337)
		<b>825,058,690</b>	<b>648,207,721</b>
<b>EXPENDITURE</b>			
COST OF PRODUCTION	L	437,490,206	617,505,783
PERSONNEL COST	M	196,370,214	231,521,252
ADMINISTRATIVE EXPENSES	N	84,194,846	122,427,203
MARKETING & DISTRIBUTION EXPENSES	O	349,575,590	367,422,610
FINANCIAL CHARGES	P	17,042,057	7,548,970
MISCELLANEOUS EXPENSES WRITTEN OFF	Q	3,552,694	6,781,734
DEPRECIATION		163,776,891	218,344,499
		<b>1,252,002,498</b>	<b>1,571,552,051</b>
<b>PROFIT BEFORE TAXATION</b>		<b>(426,943,809)</b>	<b>(923,344,330)</b>
PROVISION FOR TAX (INCLUDING WEALTH TAX)		9,321,931	8,993,443
FRINGE BENEFIT TAX		—	4,998,492
DEFERRED TAX		(5,805,238)	6,538,663
		3,516,693	20,530,598
<b>PROFIT AFTER TAXATION</b>		<b>(430,460,502)</b>	<b>(943,874,928)</b>
ADJUSTMENT RELATING TO EARLIER YEARS		(2,672,974)	(5,965,902)
BALANCE BROUGHT FORWARD		(1,466,116,095)	(516,275,265)
AVAILABLE FOR APPROPRIATIONS		<b>(1,899,249,571)</b>	<b>(1,466,116,095)</b>
<b>APPROPRIATIONS</b>			
SURPLUS TRANSFERRED TO BALANCE SHEET		(1,899,249,571)	(1,466,116,095)
		<b>(1,899,249,571)</b>	<b>(1,466,116,095)</b>
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS. 2 EACH		(3.57)	(8.57)
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS. 2 EACH (BEFORE EXCEPTIONAL ITEMS)		(3.57)	(8.56)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

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THE SCHEDULES REFERRED TO ABOVE ARE INTEGRAL PART OF THE PROFIT & LOSS A/C

AS PER OUR SEPARATE REPORT OF EVEN DATE FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**FOR JOY MUKHERJEE & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**JOY MUKHERJEE**  
(PARTNER)  
MEMBERSHIP NO.74602

**ANURADHA PRASAD**  
(CHAIRPERSON CUM  
MANAGING DIRECTOR)

**RAJIV SHUKLA**  
(DIRECTOR)

PLACE: NOIDA  
DATE : MAY 29, 2010

**RAJEEV PARASHAR**  
(COMPANY SECRETARY)

**SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS AS ON MARCH 31, 2010**

*(Amt. in Rs.)*

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
<b>SCHEDULE 'A': SHAREHOLDERS FUNDS</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
200,000,000 EQUITY SHARES OF RS. 2/- EACH (PREVIOUS YEAR 150,000,000 EQUITY SHARES OF RS. 2/- EACH)	400,000,000	300,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
37,518,890 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP FOR CASH (PREV. YEAR 37,518,890 EQ. SH. )	75,037,780	75,037,780
42,728,000 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP FOR CASH IN PREFERENTIAL ALLOTMENT (PREVIOUS YEAR 42,728,000 EQUITY SHARES OF RS. 2/- EACH)	85,456,000	85,456,000
10,000,000 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP FOR CASH BY CONVERTING SHARE WARRANTS (PREVIOUS YEAR 10,000,000 EQUITY SHARES OF RS. 2/- EACH)	20,000,000	20,000,000
7,140,000 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP FOR CASH BY CONVERTING SHARE WARRANTS ( PREVIOUS YEAR NIL)	14,280,000	—
37,000,000 EQUITY SHARES OF RS. 2/- PER SHARE REPRESENTED BY 3,700,000 GDR ISSUED AT USD 4.71 ( PREVIOUS YEAR NIL)	74,000,000	—
105,000 SHARES OF RS.2/- EACH AGAINST EMPLOYEE STOCK OPTION SCHEME ( PREVIOUS YEAR NIL)	210,000	—
22,566,200 EQUITY SHARES OF RS. 2/- EACH ISSUED AS BONUS SHARES BY CAPITALISING GENERAL RESERVES (PREVIOUS YEAR 22,566,200)	45,132,400	45,132,400
	314,116,180	225,626,180
LESS: CALLS UNPAID (180,541 EQUITY SHARES OF RS. 1/-) (PREVIOUS YEAR 180,541 EQUITY SHARES OF RS. 1/- EACH)	180,541	180,541
	313,935,639	225,445,639
SHARES PENDING FOR ALLOTMENT	16,763,226	—
SHARE WARRANTS PENDING ALLOTMENT 7,860,000 OF RS. 2/- EACH (PREVIOUS YEAR ON 10,000,000 SHARES WARRANTS OF RS. 2/- EACH)	15,720,000	20,000,000
	<u>346,418,865</u>	<u>245,445,639</u>
<b>SCHEDULE 'B': RESERVES &amp; SURPLUS</b>		
<b>(A) PROFIT &amp; LOSS</b>		
OPENING	(800,655,809)	(217,390,455)
ADD: PROFIT AFTER TAX	(430,460,502)	(943,874,928)
ADD: MINORITY INTEREST	37,764,276	366,575,476
ADD : ADJUSTMENTS RELATING TO EARLIER YEARS	(48,788)	(5,965,902)
	(1,193,400,825)	(800,655,809)
<b>(B) GENERAL RESERVES</b>		
OPENING	37,927,284	37,927,284
ADD: TRANSFERRED FROM PROFIT AND LOSS ACCOUNT	—	—
	37,927,284	37,927,284
<b>(C) SHARE PREMIUM</b>		
OPENING	1,854,553,057	1,803,953,057
LESS: SHARE WARRANTS FORFIETED	40,150,000	—
ADD: PREMIUM ON ESOPS ISSUED	3,050,250	—
ADD: RECEIVED THROUGH SHARE WARRANTS	109,242,000	50,600,000
ADD: RECEIVED THROUGH GDR	735,658,420	—
ADD: RECEIVED THROUGH UPFRONT MONEY OF SHARE WARRANT	18,274,500	—
LESS: CALLS UNPAID (180,541 EQUITY SHARES @ RS. 4/-)	722,164	—
	2,679,906,063	722,164
	60,150,000	—
<b>(D) CAPITAL RESERVE</b>		
	11,642,250	2,030,624
	<u>1,596,224,772</u>	<u>1,093,132,992</u>
<b>SCHEDULE 'C': SECURED LOANS</b>		
VEHICLE LOAN FROM BANKS (SECURED BY HYPOTHECATION OF VEHICLES FINANCED)	5,540,147	9,976,856
OTHER LOANS (SECURED BY HYPOTHECATION OF SHARES)	90,000,000	90,000,000
TERM LOAN FROM BANKS	138,332,838	—
	<u>233,872,985</u>	<u>99,976,856</u>
<b>SCHEDULE 'D': UNSECURED LOAN</b>		
OPTIONALLY FULLY CONVERTIBLE DEBENTURES	250,000,000	250,000,000
OTHER LOANS	—	9,784,882
	<u>250,000,000</u>	<u>259,784,882</u>

**SCHEDULE 'E' FIXED ASSETS SCHEDULE AS PER COMPANIES ACT, 1956 FOR THE YEAR ENDING ON MARCH 31, 2010**

(Amt.in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	COST AS AT 01.04.2009	ADDITION DURING THE YEAR	SALE/ADJ DURING THE YEAR	TOTAL COST AS AT 31.03.2010	ACCUMULATED DEPRECIATION AS AT 01.04.2009	DEPRECIATION FOR THE YEAR	ADJUSTMENT FOR THE YEAR	ACCUMULATED DEPRECIATION AS AT 31.03.2010	W.D.V. AS AT 31.03.2010	W.D.V. AS AT 31.03.2009
LAND & SITE DEVELOPMENT	57,825,219	—	—	57,825,219	—	—	—	—	57,825,219	57,825,219
BUILDING	167,278,902	337,080	—	167,615,982	23,801,771	7,190,480	—	30,992,251	136,623,731	143,477,131
PLANT & MACHINERY	413,410,037	8,243,719	7,237,086	414,416,669	123,171,453	53,194,782	1,883,320	174,488,913	239,927,756	290,232,584
COMPUTERS & PERIPHERALS	242,589,980	3,252,673	—	245,842,653	118,271,410	39,181,513	—	157,452,922	88,389,731	124,318,570
VEHICLES	25,176,653	—	1,727,000	23,449,653	12,508,934	3,188,586	1,086,845	14,610,675	8,838,978	12,667,719
COMPUTER SOFTWARES	139,235,860	667,927	—	139,903,787	71,747,047	28,004,120	—	99,751,167	40,152,620	67,488,813
FURNITURE'S & FIXTURES	138,098,681	371,000	104,830	138,364,851	42,288,473	17,365,668	23,927	59,630,215	78,734,636	95,810,208
OFFICE EQUIPMENTS	103,178,173	7,964,613	674,249	110,468,538	24,668,101	11,136,234	147,696	35,656,640	74,811,898	78,510,072
LICENCE FEES	41,800,000	8,110,000	—	49,910,000	6,307,967	4,515,510	—	10,823,477	39,086,523	35,492,033
<b>TOTAL</b>	<b>1,328,593,507</b>	<b>28,947,012</b>	<b>9,743,165</b>	<b>1,347,797,353</b>	<b>422,771,156</b>	<b>163,776,891</b>	<b>3,141,788</b>	<b>583,406,260</b>	<b>764,391,093</b>	<b>905,822,349</b>
<b>CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)</b>										
									<b>61,778,213</b>	<b>121,159,469</b>

(Amt. in Rs.)

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
<b>SCHEDULE 'F' : INVESTMENTS</b>		
<b>LONG TERM INVESTMENTS</b>	<b>10,908,760</b>	<b>15,908,760</b>
<b>TRADE INVESTMENT AT COST</b>		
5,000 EQUITY SHARES (PREV. YEAR 5,000 EQUITY SHARES) OF MUKTAARTS LIMITED* HAVING FACE VALUE OF RS.5/- PER SHARE FULLY PAID UP PURCHASED AT RS.100/- PER EQUITY SHARE (MARKET VALUE AS ON 31.03.2010 IS RS. 58.15 PER SHARE) (PREVIOUS YEAR RS. 34.50 PER SHARE)	500,000	500,000
12,400 EQUITY SHARES (PREV. YEAR 12,400 EQUITY SHARES) OF B.A.G.INFOTECH PRIVATE LIMITED HAVING FACE VALUE OF RS 10/- PER SHARE FULLY PAID-UP ( UNQUOTED )	124,000	124,000
NIL EQUITY SHARE (PREVIOUS YEAR 10,000 EQUITY SHARES) OF TURNER RECREATIONS PRIVATE LIMITED OF RS. 100/- PER SHARE AT A PREMIUM OF RS. 400/- PER SHARE)(UNQUOTED)	—	5,000,000
24,500 EQUITY SHARES (PREVIOUS YEAR 24,500 EQUITY SHARES) OF B.A.G. LIVE ENTERTAINMENT LIMITED HAVING FACE VALUE OF RS. 10/-PER SHARE FULLY PAID-UP (UNQUOTED)	245,000	245,000
483,376 EQUITY SHARES (PREVIOUS YEAR 483,376 EQUITY SHARES) OF SIEUN AND B.A.G.ANIMATION PRIVATE LIMITED ( A JOINT VENTURE COMPANY) HAVING FACE VALUE OF RS 10/- PER SHARE FULLY PAID-UP (UNQUOTED)	4,833,760	4,833,760
245,000 EQUITY SHARES (PREVIOUS YEAR 245,000 EQUITY SHARES) OF B.A.G. BUSINESS VENTURES LIMITED HAVING FACE VALUE OF RS. 1/-PER SHARE FULLY PAID-UP (UNQUOTED)	245,000	245,000
<b>IN SUBSIDIARIES AT COST</b>		
496,100 EQUITY SHARES (PREVIOUS YEAR 496,100 EQUITY SHARES) OF B.A.G. ANIMATION PRIVATE LIMITED HAVING FACE VALUE OF RS. 10/-PER SHARE FULLY PAID-UP (UNQUOTED)	4,961,000	4,961,000
* AGGREGATE VALUE OF QUOTED INVESTMENT IS Rs. 500,000/- (PREVIOUS YEAR RS. 500,000/-)		
AGGREGATE VALUE OF UN-QUOTED INVESTMENT Rs 10,408,760/- ( PREVIOUS YEAR RS. 15,408,760)		
<b>OTHER INVESTMENTS</b>	<b>13,271,179</b>	<b>38,479,810</b>
<b>CURRENT INVESTMENT</b>		
IN MUTUAL FUND*	13,271,179	38,479,810
* AGGREGATE VALUE OF QUOTED INVESTMENT IS Rs. 13,271,179/- (PREVIOUS YEAR RS. 38,479,810/-)		
AGGREGATE VALUE OF UN-QUOTED INVESTMENT NIL (PREVIOUS YEAR NIL)		
	<b>24,179,939</b>	<b>54,388,570</b>



PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
<b>SCHEDULE 'G' : CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>(A) CURRENT ASSETS</b>		
<b>1 CASH &amp; BANK BALANCES</b>		
CASH IN HAND	1,406,806	1,500,130
IMPREST WITH STAFF	903,831	452,412
CHEQUES IN HAND	657,665	2,822,081
BALANCES WITH SCHEDULED BANKS	146,922,390	316,858,565
CURRENT ACCOUNT	34,851,793	54,540,593
FIXED DEPOSITS	112,070,597	262,317,972
BALANCES WITH OTHER THAN SCHEDULED BANKS	809,658,420	—
	<b>959,549,112</b>	<b>321,633,189</b>
<b>2 STOCK IN TRADE</b>		
(AT COST, AS VALUED AND CERTIFIED BY THE MANAGEMENT)		
RAW MATERIAL	56,298	103,197
WORK IN PROGRESS	31,152,142	16,329,603
FINISHED GOODS	87,400,752	85,360,843
	<b>118,609,192</b>	<b>101,793,643</b>
<b>3 SUNDRY DEBTORS</b>		
(UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE SPECIFIED)		
(a) DEBTS FOR A PERIOD EXCEEDING SIX MONTHS	122,435,763	138,181,793
(b) OTHER DEBTS	138,183,784	157,680,472
	260,619,547	295,862,265
	<b>260,619,547</b>	<b>295,862,265</b>
<b>(B) LOANS &amp; ADVANCES</b>		
(UNSECURED, CONSIDERED GOOD)		
ADVANCE TAXES	143,349,555	135,071,329
EARNEST MONEY & SECURITY DEPOSITS	21,778,390	35,080,779
PREPAID EXPENSES	28,443,010	39,077,947
FEES RECOVERABLE (ISOMES)	6,234,800	3,576,700
STAFF ADVANCES	2,144,987	1,535,551
ADVANCES TO OTHERS	290,139,242	168,183,081
	<b>492,089,985</b>	<b>382,525,386</b>
<b>SCHEDULE 'H' : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. LIABILITIES</b>		
SUNDRY CREDITORS FOR GOODS & SERVICES	160,150,835	181,733,567
OTHER CREDITORS	2,476,035	24,739,271
ADVANCE FROM CUSTOMERS	1,315,194	32,976,523
TAXES PAYABLE	50,086,367	36,131,976
OTHER LIABILITIES	74,393,959	95,247,352
UNCLAIMED DIVIDEND	592,084	523,830
	<b>289,014,475</b>	<b>371,352,519</b>
<b>B. PROVISIONS</b>		
PROVISION FOR INCOME TAX	17,670,967	35,345,952
PROVISION FOR WEALTH TAX	259,317	229,454
PROVISION FOR LEAVE ENCASHMENT	798,326	2,526,270
PROVISION FOR GRATUITY	3,250,133	2,667,804
	<b>21,978,743</b>	<b>40,769,480</b>

(Amt. in Rs.)

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
<b>SCHEDULE 'I' : MISCELLANEOUS EXPENDITURE</b>		
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
<b>PRELIMINARY EXPENSES</b>		
OPENING	7,608,228	9,895,227
LESS: WRITTEN OFF	<u>2,286,998</u>	<u>2,286,999</u>
	5,321,230	7,608,228
<b>PRE-OPERATIVE EXPENSES</b>		
OPENING	—	3,229,040
LESS: WRITTEN OFF	<u>—</u>	<u>3,229,040</u>
	—	—
<b>DEFERRED EMPLOYEE COMPENSATION</b>		
OPENING	3,797,086	8,291,821
ADD: INCURRED DURING THE YEAR	<u>11,506,876</u>	<u>—</u>
	15,303,962	8,291,821
LESS: WRITTEN OFF	<u>3,973,195</u>	<u>4,494,735</u>
	<u>11,330,767</u>	<u>4,494,735</u>
	<b>16,651,997</b>	<b>11,405,314</b>

(Amt. in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2010	FOR THE YEAR ENDED MARCH 31, 2009
<b>SCHEDULE 'J' : SALES &amp; SERVICES</b>		
<b>AUDIO -VIDEO PRODUCTIONS</b>		
INCOME FROM COMMISSIONED SERIALS	184,005,170	355,656,819
INCOME FROM CORPORATE FILMS & OTHERS	—	1,144,000
INCOME FROM LOCATION HIRING	1,780,528	1,488,100
INCOME FROM FOOTAGE	—	10,000
INCOME FROM SALE OF RIGHTS OF SERIALS	—	31,417,412
INCOME FROM IVR SERVICES	<u>—</u>	<u>90,301</u>
	185,785,698	389,806,632
<b>MEDIA EDUCATION</b>		
INCOME FROM MEDIA SCHOOL	19,303,717	16,444,623
<b>LEASING INCOME</b>		
INCOME FROM LEASING OF EQUIPMENTS	8,999,601	3,000,000
INCOME FROM RENT	19,923,977	16,768,907
<b>INCOME FROM AD SALES</b>		
	467,466,000	223,509,569
<b>MOVIES</b>		
INCOME FROM SALE OF MOVIE RIGHTS	—	18,278,000
	<u>701,478,993</u>	<u>667,807,730</u>
<b>SCHEDULE 'K' : OTHER INCOME</b>		
INTEREST	15,910,124	9,706,576
SUNDRY BALANCES WRITTEN BACK	4,906,516	2,196,689
DIVIDEND ON INVESTMENTS	1,087,044	25,529,239
PROFIT ON SALE OF ASSET	394,930	32,624.00
PROFIT ON SALE OF INVESTMENTS	990,254	—
MISCELLANEOUS INCOME	3,270,909	1,915,008
GAIN ON FOREIGN EXCHANGE FLUCTUATION	5,303	536,191
SALE OF FOOTAGE	—	500,000
	<u>26,565,080</u>	<u>40,416,327</u>

(Amt. in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2010	FOR THE YEAR ENDED MARCH 31, 2009
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**SCHEDULE 'L' : COST OF PRODUCTION**

PROFESSIONAL CHARGES ARTIST, DIRECTORS, TECHNICIANS	142,866,886	237,621,966
CASSETTES	3,852,241	7,652,265
OB VAN EXPENSES	3,979,863	3,825,062
BOARDING & LODGING	501,998	—
EDITING CHARGES	19,100	429,978
MAKE-UP MATERIALS	225,350	—
GENERATOR FUEL EXPENSES	6,051,368	2,371,882
PROGRAMMING EXPENSES	3,636,129	10,345,376
SERIAL/FILM PRODUCTION EXPENSES	—	—
CAMERA HIRING CHARGES	4,369,574	10,597,359
FILM PROCESSING CHARGES	650,000	2,696,008
LICENCE AND OTHER OPERATIONAL FEES	33,786,744	19,040,273
LOCATION & STUDIO HIRING CHARGES	18,695,911	33,916,774
SET EXPENSES	15,183,577	15,252,204
EQUIPMENT HIRING CHARGES	12,120,722	23,450,338
CONSULTANCY CHARGES	142,500	—
ROYALTY	26,771,564	24,157,181
SHOOTING EXPENSES	44,593,018	39,164,718
SECURITY SERVICES	1,243,534	1,559,409
ELECTRICITY EXPENSES	20,221,764	28,441,501
PRODUCTION TRAVELLING & CONVEYANCE	11,924,199	10,253,920
FILM PROMOTION & OTHER PUBLICITY EXPENSES	2,064,801	4,299,841
SERIAL & FILM PRODUCTION EXPENSES	—	6,446,000
BUREAU RENT	1,362,460	—
STORIES PURCHASED	3,720,893	4,029,837
REPAIRS & MAINTENANCE - PRODUCTION EQUIPMENTS	2,259,781	2,846,933
POSTAGE, TELEPHONE & DOWNLINKING CHARGES	6,773,850	10,239,908
INTERNET & WEBSITE MAINTENANCE EXPENSES	7,046,064	22,713,919
SUBSCRIPTION CHARGES	7,761,655	11,027,717
TRAVELING EXPENSES	10,541,045	19,855,287
RUNNING & MAINTENANCE OF VEHICLE	7,011,201	11,318,987
UPLINKING CHARGES	38,112,414	53,951,140
	<b><u>437,490,206</u></b>	<b><u>617,505,783</u></b>

**SCHEDULE 'M' : PERSONNEL COST**

SALARIES, ALLOWANCES AND BONUS	166,659,879	212,246,183
MANAGERIAL REMUNERATION	17,899,998	2,100,000
LEAVE ENCASHMENT	798,326	1,195,762
GRATUITY	837,363	1,133,759
STAFF WELFARE EXPENSES	2,829,997	7,581,280
EMPLOYEE COMPENSATION	2,707,500	2,030,624
CONTRIBUTION TOWARDS PROVIDENT FUND AND ESI	4,637,151	5,233,644
	<b><u>196,370,214</u></b>	<b><u>231,521,252</u></b>

(Amt. in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2010	FOR THE YEAR ENDED MARCH 31, 2009
<b>SCHEDULE 'N' : ADMINISTRATIVE COST</b>		
OFFICE MAINTENANCE	14,250,114	22,412,426
ANNUAL MAINTENANCE CHARGES	4,633,876	—
TELEPHONE, COURIER, POSTAGE AND TELEGRAM	5,462,319	4,663,412
PRINTING & STATIONERY	1,074,608	2,517,704
REPAIRS & MAINTENANCE	1,861,063	3,467,331
CONVEYANCE EXPENSES	4,364,977	5,409,335
RUNNING & MAINTENANCE OF VEHICLE	764,614	1,257,463
LOSS ON FOREIGN EXCHANGE FLUCTUATION	1,124,844	4,663,885
<u>TRAVELLING EXPENSES</u>		
DIRECTORS	2,226,533	2,613,659
OTHERS	<u>2,372,914</u>	<u>2,946,547</u>
<u>AUDITORS REMUNERATION &amp; EXPENSES</u>		
(A) STATUTORY AUDIT	350,000	350,000
(B) TAX AUDIT FEES	160,000	160,000
(C) LIMITED REVIEW & CERTIFICATION FEES	90,000	90,000
(D) INTERNAL AUDIT FEES	480,182	400,000
(E) AUDITOR'S EXPENSES	<u>158,666</u>	<u>252,204</u>
BOARD & GENERAL MEETING EXPENSES	2,253,522	2,008,827
DONATIONS	311,701	576,601
FEES & SUBSCRIPTION	4,008,942	2,649,249
INTERNET & WEBSITE MAINTENANCE EXPENSES	730,982	169,856
ADVERTISEMENT & BUSINESS PROMOTIONS	1,809,630	436,919
CONSULTANCY & LEGAL CHARGES	12,166,289	23,790,035
RENT, RATES & TAXES	6,383,553	11,091,718
INSURANCE EXPENSES	2,149,747	4,300,932
SECURITIES TRANSACTIONS TAX	55,439	1,625
LOSS ON SALE OF ASSET	2,730,845	17,226,578
LOSS ON SALE OF INVESTMENT	6,065,326	599,995
ELECTRICITY CHARGES	4,756,361	7,023,860
BOARDING & LODGING EXPENSES	30,103	675,632
NEWSPAPER & PERIODICALS	141,785	
MISCELLANEOUS EXPENSES	1,225,912	671,410
	<b><u>84,194,846</u></b>	<b><u>122,427,204</u></b>
<b>SCHEDULE 'O' : MARKETING &amp; DISTRIBUTION EXPENSES</b>		
ADVERTISEMENT & BUSINESS PROMOTIONS	5,702,024	18,057,061
CARRIAGE FEES	342,675,002	349,365,549
OTHER MARKETING EXPENSES	1,198,564	—
	<b><u>349,575,590</u></b>	<b><u>367,422,610</u></b>
<b>SCHEDULE 'P' : FINANCIAL CHARGES</b>		
BANK CHARGES	1,976,230	827,709
BANK INTEREST & DISCOUNTING CHARGES	15,065,827	6,721,261
	<b><u>17,042,057</u></b>	<b><u>7,548,970</u></b>
<b>SCHEDULE 'Q' : MISCELLANEOUS EXPENDITURE WRITTEN OFF</b>		
PRELIMINARY EXPENSES	2,286,999	2,286,999
PREOPERATIVE EXPENSES	1,265,695	4,494,735
	<b><u>3,552,694</u></b>	<b><u>6,781,734</u></b>

## SCHEDULE-R

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

#### A) SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation:- The consolidated financial statements have been prepared on the following basis:-
  - a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".
  - b) Minority Interest's share of net profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
  - c) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
  - d) The consolidated financials statements are prepared by adopting uniform accounting policies for similar transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the holding Company's financial statements.
2. Investments other than in subsidiaries and associates have been accounted for as per Accounting Standard (AS) 13 "Accounting for Investments".
3. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the Standalone Financial Statements of B.A.G Films & Media Limited & its Subsidiaries.

#### B) NOTES TO ACCOUNTS

1. The details of subsidiaries (all incorporated in India) included in the consolidated financial statements are as under :-

Name of the Subsidiaries	Proportion of ownership as at March 31, 2010
B.A.G. INFOTAINMENT LIMITED	51.00%
B.A.G. GLAMOUR LIMITED	52.50%
B.A.G. NEWSLINE NETWORK LIMITED	50.001%
B.A.G. ANIMATION PRIVATE LIMITED**	98.02%

\*\*The Company B.A.G. Animation Private Limited became subsidiary of B.A.G. Films & Media Limited by virtue of the investment of Rs. 4,961,000 in 496,100 (98.02%) equity shares of Rs. 10 each made in the financial year 2007-08. However the subsidiary could not commence its commercial operations. The

subsidiary is immaterial to the group by virtue of insignificant investment as a whole and nil turnover hence not included in the Consolidated Financial Statements as per the Accounting Standard-21. The investment in the subsidiary has been accounted for in accordance with Accounting Standard -13.

2. The Company has valued its investment in equity shares of Mukta Arts Limited at cost. The current market price of the said shares is Rs. 290,750 (Previous year Rs. 172,500). This being a long-term investment, the Company considers this fall in value as temporary.
3. The financial disclosures as per Accounting Standard -27 issued by Institute of Chartered accountants of India for the 50:50 Joint venture of B.A.G. Films & Media Limited with Sieun Design Co. Limited of South Korea is given below:-

(Amt. in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
<b>ASSETS</b>		
Fixed Assets	11,914,970	11,914,970
Current Assets		
- Cash & Bank Balance	65,823	1,365,823
- Loans & Advances	1,414,899	114,899
<b>Miscellaneous Expenses</b>		
- Preliminary Expenses	246,670	246,670
- Pre-operative Expenses	858,235	833,235
<b>LIABILITIES</b>		
Share Capital		
Equity Share capital	9,667,520	9,667,520
Current Liabilities	4,841,148	4,816,148

The Company has not started its commercial operations as at March 31, 2010.

4. Disclosure under Chapter XIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 regarding Preferential Issue of Shares:

- a) During the year under review your Company had issued and allotted 1,50,00,000 convertible warrants at a price of Rs. 17.30 each including a premium of Rs. 15.30 per warrant pursuant to Section 81(1A) of the Companies Act, 1956 as per the approval accorded by the Members of the Company at the Annual General Meeting dated August 26, 2009 to M/s ARVR Communications Private Limited (Formerly known as Anu Films and Communications Private Limited), a promoter group Company on Preferential Basis with an option to get allotted one equity share per equity warrant before expiry of eighteen months from the date of allotment. The Company received 25% upfront money against the same as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 mentioned above amounting to Rs. 64,875,000.



Out of total 15,000,000 Convertible warrants, 7,140,000 warrants have been converted into equity shares during the financial year 2009-10 dated November 28, 2009. The equity shares issued by above conversion have been listed for trading on the Stock Exchanges.

- b) The Company issued 3,700,000 GDR at a price of USD 4.71 each convertible into 37,000,000 Equity Shares of Rs. 2 each aggregating to USD 17,427,000. One GDR represents 10 fully paid equity shares and number of outstanding GDR's as on March 31, 2010 were 3,700,000.

#### 5. Commitments & Contingent Liabilities

- a. Guarantees given to bank amounting to Rs. 11,480,200 (Previous year Rs.13,567,200).
- b. Corporate Guarantees given to bank by creating charge on land situated at Plot No. HS-20, Sector-B-7, Greater Noida amounting to Rs. 132,500,000 (Previous year Rs. 132,500,000) on behalf of B.A.G. Education Society.
- c. Liability in respect of bills discounted with banks is Rs. NIL (Previous Year Rs. 22,686,256).

#### 6. Employee Stock Option Scheme

The Company instituted the Employee Stock option scheme - ("the BAG ESOP Scheme") to grant equity to the eligible employees of the Company and its subsidiaries. "the BAG ESOP Scheme" has been approved by the Shareholders in their Extra-Ordinary General Meeting held on February 13, 2007, for grant of 10,000,000 options representing one share for each option. The equity shares covered under the scheme shall vest over a period of five years. Pursuant to the scheme, the ESOP compensation committee on July 30, 2008 granted 1,150,000 options to employees of the B.A.G. Films & Media Limited and its subsidiaries.

Accordingly the Company under the intrinsic value method has recognized the excess of the market price over the exercise price of the option amounting to Rs.2,707,500 as an expense during the year. Further, the Liability Outstanding as at March 31, 2010 in respect of Employees Stock Options Outstanding is Rs.11,642,250. The balance deferred compensation expense Rs. 8,799,376 will be amortized over the remaining vesting period of Options.

The movement in the options granted to employees during the year ended March, 31 2010 under the "the BAG ESOP Scheme" is as below:

Date of Grant	30-Jul-08
Market value on date of grant	Rs. 31.05
Exercise Price	Rs. 13.00
Vesting Period	5 Years

Options outstanding at the beginning of year	NIL
Options granted (Nos)	1,150,000
Options forfeited/Lapsed (Nos)	400,000
Options exercised (Nos)	105000
Options Expired (Nos)	Nil
Options outstanding at the end of year (Nos)	6,45,000

The Holding Company B.A.G Films and Media Limited granted 375,000 options out of above 1,150,000 options to the employees of its subsidiary Company B.A.G Newline Network Limited under the Employees stock option scheme - "the BAG ESOP Scheme" approved by its shareholders in the extra-ordinary general meeting held on 13th February 2007. These options were granted on 30th July 2008 at the exercise price of Rs 13.00 per option. The cost of the compensation of options granted pertaining to B.A.G. Newline network Limited is Rs 1,353,750 for the financial year 2009-2010.

The movement in the options granted to employees of B.A.G. Newline Network Limited during the year ended March, 31 2010 under the "the BAG ESOP Scheme" is as below:

Date of Grant	30-Jul-08
Market value on date of grant	Rs. 31.05
Exercise Price	Rs. 13.00
Vesting Period	5 Years
Options outstanding at the beginning of year	NIL
Options granted (Nos)	375,000
Options forfeited/Lapsed (Nos)	Nil
Options exercised (Nos)	50,000
Options Expired (Nos)	Nil
Options outstanding at the end of year (Nos)	325,000

#### 7. Export Obligation

B.A.G. Films & Media Limited and its subsidiary B.A.G. Newline Network Limited has obtained various licenses under the Export Promotion Credit Guarantee Scheme (EPCG) for importing capital goods at concessional rate of custom duty against submission of bank guarantee and bond.

Under the terms of the respective schemes the Company is required to export goods or services of FOB value equivalent to or more than five times its CIF value of imports in respect of certain license and eight times the duty saved in respect of license fair export obligation has been re-fixed by the order of Director General Foreign Trade Ministry of Finance as applicable. Accordingly, the Company is required to export goods or services of FOB value of at least Rs. 498,912,580 (Previous year 498,912,580) within Eight years.

8. Additional information required to be given pursuant to Part II of Schedule VI of the Companies Act, 1956 is as follows: -
- a) The aggregate Managerial remuneration under section 198 read with section 309 of the Companies Act, 1956 to the Directors:

(Amt. in Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Managing Directors Remuneration and Other Allowances*	17,899,998	2,100,000
<b>Total</b>	<b>17,899,998</b>	<b>2,100,000</b>

- \* The Company has obtained approval from Central Government for managerial remuneration of Rs. 1 crore to the managing Director w.e.f. 1st April 2008

**Remuneration to Non-Executive Directors**

(Amt. in Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Sitting Fees,	450,000	537,500
Non-Executive Director's Remuneration*	3,600,000	3,600,000

- \* Vide Central Government approval.

- b) The Company is in the business of media and entertainment, which is not subject to any license; hence licensed capacity is not given.
- c) Activity in Foreign Currency

(Amt. in Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
<b>Earnings in Foreign Currency</b>		
Income from Commissioned Serials	NIL	NIL
Income from Sale of Rights	NIL	27,298,833
<b>Expenditure in Foreign Currency</b>	<b>16,525,646</b>	<b>19,255,900</b>
CIF Value of Imports	NIL	44,196,716

Value of Export of Services of Rs. NIL (Previous Year Rs. 49,695,412). The same has been categorized under the head Income from Sale of Rights.

- d) Repairs & Maintenance included in the total cost is as follows: -

(Amt. in Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Repairs & Maintenance -Others	2,631,263	3,931,316
Repairs & Maintenance - Machinery	1,044,969	61,626

- e) Information pursuant to other provisions of Part -II of Schedule -VI to The Act, is either nil or not applicable to the Company for the year.

9. The Deferred Tax Liability (Net) comprises of the following:

(Amt. in Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Opening Balance of Deferred Tax Liability (Net)	46,363,542	39,824,879
<b>A. Deferred Tax Liability</b>		
Related to Fixed Assets	(6,543,515)	6,206,192
Disallowance under the Income Tax Act	1,207,561	777,352
<b>B. Deferred Tax Assets</b>		
Disallowance under the Income Tax Act	(469,284)	(444,881)
Closing Balance of Deferred Tax Liability(Net)	40,558,304	46,363,542

10. The business segments have been considered as the primary segment. The Company is organized into five main Business namely Audio- Visual production, Movies, Leasing, FM Radio & Television Broadcasting.

The above Business segments have been identified considering the different nature of activities carried on by these business divisions. Segments revenue, results, assets, and liabilities have been accounted for on the basis of their relationship to the related business activities of the segment and amounts allocated on a reasonable basis to the business segment.

#### Segment wise Revenue, Results and Capital Employed

S. No.	Particulars	Year ended March 31, 2010	Year ended March 31, 2009
1.	<b>Segment Revenue</b>		
	a) Audio -Visual Production	205,089,415	406,251,255
	b) Movies	—	18,278,000
	c) Leasing	28,923,977	19,768,907
	d) FM Radio	40,655,502	30,550,044
	e) Television Broadcasting	426,810,099	192,959,525
	<b>Total</b>	<b>701,478,993</b>	<b>667,807,731</b>
	Less: Inter Segment Revenue	—	—
	<b>Net Sales/Income from Operations</b>	<b>701,478,993</b>	<b>667,807,731</b>
2.	<b>Segment Results</b>		
	a) Audio -Visual Production	(26,387,377)	34,383,396
	b) Movies	-	7,098,586
	c) Leasing	(21,614,223)	19,768,907
	d) F.M.Radio	(17,416,455)	(35,622,539)
	e) Television Broadcasting	282,858,134	(227,753,331)
	<b>Total</b>	<b>217,442,079</b>	<b>(202,124,981)</b>
	Less:		
	I) Interest	17,042,057	7,548,970
	II) Other Un-allocable Expenditure Net off unallocable income	627,342,837	713,670,379
	<b>Total Profit Before Tax</b>	<b>426,944,815</b>	<b>(923,344,329)</b>
3.	<b>Capital Employed</b>		
	a) Audio -Visual Production	199,897,432	282,531,204
	b) Movies	44,162,334	53,393,832
	c) Leasing	268,388,837	332,912,735
	d) F.M.Radio	175,698,222	173,623,555
	e) Television Broadcasting	266,369,986	121,818,125
4.	<b>Segment Depreciation</b>		
	a) Audio -Visual Production	30,322,598	38,900,858
	b) Movies	—	—
	c) Leasing	50,537,664	64,834,764
	d) F.M.Radio	21,861,139	24,895,369
	e) Television Broadcasting	40,840,423	63,779,602

11. Related Parties Disclosures as per Accounting Standard (AS-18) are as follows:

**i) List of Related Party:**

Name	Relationship
Ms. Anuradha Prasad	Chairperson cum Managing Director
Mr. Rajiv Shukla	Relative of Chairperson cum Managing Director
B.A.G Animation Private Limited	Subsidiary
Sieun and B.A.G Animation Private Limited	Joint Venture
Approach Films & Television Limited	Enterprises over which KMP are able to exercise significant influence
ARVR Communications Private Limited (formerly known as Anu Films and Communications Private Limited)	Promoter Company

**ii) Related Party Transactions**

(Amt. in Rs.)

Particulars	Chairperson cum Managing Director		Relative of Chairperson cum Managing Director		Joint Ventures		Promoter Company		Enterprises over which KMP are able to exercise significant influence	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Salary	17,899,998	2,100,000	—	—	—	—	—	—	—	—
Sitting Fees	—	—	105,000	85,000	—	—	—	—	—	—
Consultancy fees	—	—	3,600,000	3,600,000	—	—	—	—	—	—
Advance against share capital given	—	—	—	—	—	—	—	—	—	—
Unsecured loan(taken)	—	—	—	—	6,078	1,330,000	—	—	2,037,817	9,800,000
Unsecured loan(given/returned)	—	—	—	—	6,078	1,140,000	—	—	59,757,030	—
Share application money invested	—	—	—	—	—	—	—	—	—	—
Refund of Application money	—	—	—	—	—	—	—	—	—	—
Share application money Received	10,000,000	—	—	—	—	—	35,594,500	53,820,000	5163226	—
Proceeds from Issue of Share Capital	—	—	—	—	—	—	123,522,000	—	—	—
Expenses reimbursed	—	—	—	—	—	—	—	—	43,166,850	9,177,000
Lease rent on equipments received	—	—	—	—	—	—	—	—	—	—
Office rent received	—	—	—	—	—	—	—	—	—	—
Security deposit Received	—	—	—	—	—	—	—	—	—	—
Security deposit Refunded	—	—	—	—	—	—	—	—	4,462,250	—
Income from commissioned serial	—	—	—	—	—	—	—	—	—	—
Advertisement Expenses	—	—	—	—	—	—	—	—	—	—
Rent	120,000	120,000	120,000	120,000	—	—	—	—	—	—

12. a) There are no dues to small scale industrial undertakings (SSI) outstanding for more than 30 days.  
 b) Amount overdue as on March 31, 2010 to Micro, Small and Medium Enterprise on account of principle account, together with interest aggregates to Rs. Nil. (Previous year Rs. Nil)

Note: The above information regarding the small scale undertakings and Micro, Small and Medium Enterprise has been determined to the extent such parties have been identified on the basis of the information available with the Company.

13. The Company has not made any provision for cess payable u/s 441A of the Companies Act, 1956. The said provision shall be made as and when the requisite notification is issued by the Central Government in this regard.  
 14. Earning Per Share (EPS) is computed in Accordance with Accounting Standard-20 :-

(Amt. in Rs.)

Particulars	2009-10	2008-09
i) Net Profit/(loss) after tax as per profit and loss account	(430,460,508)	(943,874,927)
ii) Short provision for tax of earlier years	(2,672,974)	5,791,135
iii) Net Profit/(loss) attributable to Equity Shareholders	(433,133,482)	(949,666,062)
iv) Net Profit/(loss) before Exceptional Item	(433,133,482)	(949,666,062)
v) Weighted Average number of equity shares used as denominator for calculating Basic EPS.	119,727,656	110,856,569
vi) Basic Earnings per share	(3.62)	(8.57)
vii) Weighted Average number of equity shares used as denominator for calculating Diluted EPS	119,776,299	110,910,268
viii) Diluted Earnings per share	(3.62)	(8.56)
ix) Basic Earnings (before exceptional item) per share	(3.62)	(8.57)
x) Diluted Earnings (before exceptional item) per share	(3.62)	(8.56)
xi) Face Value per equity share	2.00	2.00

15. Details of Investments in Mutual Funds

SCHEME	No. of Units as at March 31,		Value (Rs) as at March 31,	
	2010	2009	2010	2009
AIG INFRASTRUCTURE & ECONOMIC FUND		146,699		1,500,000
BIRLA SUNLIFE FRONTLINE EQUITY FUND -DIV REINVESTMENT		55,981		1,168,969
DSP ML BALANCED FUND		4,006		102,548
DSP ML GOLD FUND		80,832		1,100,000
DSP ML EQUITY FUND		25,458		1,400,000
DSP-ML SMALL & MID CAP FUND		16,376		200,009
DSP-ML TIGER FUND	21,070	287,313	350,001	4,772,569
DSP MERILL LYNCH EQUITY FUND-DIV CASH OPTION	7,871	7,871	500,000	500,000
FRANKLIN INDIA PRIMA FUND	6,181	6,181	283,382	283,382
HDFC GROWTH FUND-DIVIDEND		39,558		1,187,471
HDFC TOP 200 FUND		4,282		200,000
J M EMERGING LEADER FUND	136,878	136,878	2,000,000	2,000,000
PRINCIPAL CASH MGNT FUND	6,259	6,259	62,596	62,596
PRU. ICICI INFRASTRUCTURE FUND- DIV PAYOUT		10,699		150,000
PRU. ICICI INFRASTRUCTURE FUND- DIV PAYOUT	109,529	109,529	2,000,000	2,000,000
RELIANCE DIVERSIFIED POWER SECTOR FUND		37,405		1,661,861



SCHEME	No. of Units as at March 31,		Value (Rs) as at March 31,	
	2010	2009	2010	2009
RELIANCE GROWTH FUND		20,770		1,200,000
RELIANCE VISION FUND		27,430		1,476,905
RELIANCE LONG TER EQUITY FUND		100,000		1,000,000
RELIANCE NATURAL FUND		244,499		2,500,000
SBI MANGNAM GLOBAL FUND		5,085		138,300
SUNDARAM CAPEX OPPORTUNITIES FUND	54,821	54,821	1,000,000	1,000,000
SUNDARAM BNP PARIBAS MONEY FUND-DAILY DIV	380,000	380,000	3,800,000	3,800,000
TEMPLETON INDIA TREASURY MANAGEMENT ACCOUNT	182	182	275,200	275,200
TATA INFRASTRUCTURE FUND	37,981	37,981	1,000,000	1,000,000
TATA INDO-GLOBAL INFRASTRUCTURE FUND-DIV	200,000	200,000	2,000,000	2,000,000
FRANKLIN INDIA HIGH GROWTH COMP FUND DIV PAY		195,599		2,000,000
HSBC DYNAMIC FUND-DIV PAY		126,829		1,300,000
UTI INFRASTRUCTURE ADVANTAGE FUND -DIV PAY		250,000		2,500,000

16. Previous year figures are regrouped, rearranged or recast wherever necessary to make them comparable with the current year figures.

This is the Balance Sheet referred to in our report of even date.

AS PER OUR SEPARATE REPORT OF EVEN DATE  
FOR JOY MUKHERJEE & ASSOCIATES  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**JOY MUKHERJEE**  
(PARTNER)  
MEMBERSHIP NO.74602

**ANURRADHA PRASAD**  
(CHAIRPERSON CUM  
MANAGING DIRECTOR)

**RAJIV SHUKLA**  
(DIRECTOR)

PLACE : NOIDA  
DATE : MAY 29, 2010

**RAJEEV PARASHAR**  
(COMPANY SECRETARY)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>MARCH 31, 2010</b>	<b>MARCH 31, 2009</b>
<b>NET PROFIT BEFORE EXCEPTIONAL ITEMS</b>	<b>(426,943,809)</b>	<b>(923,344,330)</b>
<b>ADJUSTMENTS FOR :</b>		
DEPRECIATION / AMORTISATION	163,776,891	218,344,499
MISC. ASSETS WRITTEN OFF	3,552,694	6,781,734
DEFERRED EMPLOYEES COMPENSATION	2,707,500	2,030,624
DIVIDEND INCOME	(1,087,044)	(1,001,739)
PROFIT / LOSS ON SALE OF FIXED ASSETS	2,335,915	17,226,578
PROFIT / LOSS ON SALE OF INVESTMENT	5,075,073	(23,927,505)
INTEREST EXPENSE	15,065,827	6,721,261
INTEREST INCOME	(15,910,124)	(9,706,576)
AMOUNTS WRITTEN (BACK)/OFF	(4,906,516)	(2,196,689)
NET PRIOR PERIOD ADJUSTMENT	(48,788)	(5,965,902)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(256,382,381)</b>	<b>(715,038,045)</b>
<b>ADJUSTMENTS FOR :</b>		
INVENTORIES	(97,014,617)	60,016,336
SUNDRY DEBTORS / RECEIVABLES	40,149,235	(143,658,945)
LOANS AND ADVANCES	(109,564,598)	7,535,979
TRADE/OTHER PAYABLES	(105,708,799)	21,186,596
FRINGE BENEFIT TAX	(3,171,043)	(2,171,122)
WEALTH TAX PAID	(226,291)	(194,556)
INCREASE IN MISCELLANEOUS EXPENDITURE	(3,018,983)	—
GRATUITY PAID	(255,034)	(866,185)
LEAVE ENCASHMENT	34,187	(118,193)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(535,158,324)</b>	<b>(773,308,135)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE/SALE OF FIXED ASSETS / CAPITAL WORKS-IN-PROGRESS (NET)	37,035,621	(13,458,042)
PROFIT/LOSS ON SALE OF FIXED ASSETS	(2,335,915)	(17,226,578)
SALE/(PURCHASE) OF INVESTMENTS	30,208,631	244,992,163
PROFIT/LOSS ON SALE OF INVESTMENT	(5,075,073)	23,927,505
INTEREST RECEIVED	15,910,124	9,706,576
DIVIDEND RECEIVED	1,087,044	1,001,739
<b>NET CASH FROM / (USED) IN INVESTING ACTIVITIES</b>	<b>76,830,432</b>	<b>248,943,363</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM ISSUE OF CAPITAL (INCLUDING PREMIUM)	927,048,396	53,861,500
INCREASE IN CAPITAL RESERVE	60,150,000	
INCREASE IN SECURED LOAN	133,896,129	86,832,662
INCREASE IN UNSECURED LOAN	(9,784,882)	259,784,882
INTEREST PAID	(15,065,827)	(6,721,261)
<b>NET CASH FROM / (USED) IN FINANCING ACTIVITIES</b>	<b>1,096,243,816</b>	<b>393,757,783</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>637,915,924</b>	<b>(130,606,989)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>321,633,188</b>	<b>452,240,177</b>
<b>CASH AND CASH EQUIVALENTS AT THE CLOSE</b>	<b>959,549,112</b>	<b>321,633,188</b>

AS PER OUR SEPARATE REPORT OF EVEN DATE FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
**FOR JOY MUKHERJEE & ASSOCIATES**  
 CHARTERED ACCOUNTANTS

**JOY MUKHERJEE**  
 (PARTNER)  
 MEMBERSHIP NO. 74602

**ANURADHA PRASAD**  
 (CHAIRPERSON CUM  
 MANAGING DIRECTOR)

**RAJIV SHUKLA**  
 (DIRECTOR)

PLACE : NOIDA  
 DATE : MAY 29, 2010

**RAJEEV PARASHAR**  
 (COMPANY SECRETARY)

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