18th ANNUAL REPORT 2010-2011

B.A.G. Films & Media Limited

CORPORATE INFORMATION

Board of Directors	Ms. Anurradha Prasad	Chairperson cum Managing Director
	Mr. Bhupindar Singh	Director
	Dr. Anuradha Mishra	Director
	Mr. Rajeev Shankar	Director
	Mr. Prem Behl	Director
	Mr. Sudhir Shukla	Director
	Mr. Rohit Lal	Director

Company Secretary Mr. Rajeev Parashar

Statutory Auditors Joy Mukherjee & Associates

Banker
HDFC Bank Limited
Ansals Fortune Arcade,
K- Block Sector-18,
Noida - 201 301 (U. P.)

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.)

Registrar and Share Transfer Agent
Alankit Assignments Limited, Alankit House,
2E/21, Jhandewalan Extension, New Delhi- 110 055

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Members of B.A.G. Films & Media Limited will be held on Wednesday, September 28, 2011 at 3.30 P.M. at MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Delhi-110054 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the Financial Year ended on that date and the report of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Prem Behl who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Sudhir Shukla, who was appointed as an Aditional Director with effect from August 12, 2011 on the Board of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

   "RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Rohit Lal, who was appointed as an Additional Director with effect from August 12, 2011 on the Board of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

   "RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification thereto or re-enactment thereof for the time being in force and in accordance with the provisions of Articles of Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to the approval, consent, permission and/or sanction, as may be required from the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Financial Institutions and any other appropriate authority, Institution or Body and subject to such terms, conditions, alterations, corrections, changes, variations and/or modifications, if any, as may be prescribed by any one or more or all of them in granting such approval, consent, permission and/ or sanction, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee duly constituted by the Board of Directors or any Committee which the Board of Directors may hereafter constitute, to exercise one or more of its powers including the powers conferred by this resolution) to create, offer, issue and allot up to 17,500,000 Warrants on preferential basis carrying an entitlement to subscribe up to 17,500,000 Equity Shares of Rs. 2/- each at a price of Rs. 7.50/- per Share (**"Conversion Price"** including a Premium of Rs. 5.50/- per Share) by conversion of one warrant into one equity share being the price which is in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for preferential issues, to the following allottee as detailed herein below:

S.N.	Name of the allottee	Category	No. of Warrants to be allotted
1	ARVR Communications Private Limited (Formerly known as Anu Films and Communications Private Limited)	Promoter	17,500,000
	TOTAL		**17,500,000**

RESOLVED FURTHER THAT the equity shares issued on conversion of the warrants shall rank pari passu with the existing equity shares of the Company in all respects including payment of dividend.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the shares arising on conversion of the above mentioned warrants on the stock exchanges where the company's shares are listed, as per the terms and conditions of the listing and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT the 'Relevant Date' as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for the determination of applicable price for issue of the aforementioned equity shares warrant is August 29, 2011.

RESOLVED FURTHER THAT an amount equivalent to 25% of the conversion price of the equity shares shall be payable at the time of making application for the warrants, which shall be adjusted and appropriated against the conversion price of the equity shares payable by the warrant holders at the time of exercising the option to convert the Warrants into equity shares and that in the event the option for such conversion is not exercised within the prescribed time, the warrants shall lapse and the amount of 25% paid on the allotment of the warrants shall stand forfeited.

RESOLVED FURTHER THAT the warrants shall be issued by the Company on the following terms and conditions:

i) The option to acquire the equity shares can be exercised by the Warrant holders in one or more tranches on or before the expiry of eighteen months from the date of allotment of the warrants.

ii) The warrants proposed to be allotted shall be subject to a lock-in to be determined in accordance with the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of warrants in accordance with the terms of the offer and subject to the provisions of the company's Memorandum and Articles of Association.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and resolve any doubts or questions that may arise in the issue and allotment of Warrants, to effect any modification(s) to the foregoing (including any modification to the terms of the issue) in the best interest of the Company and its shareholders and to execute all such writings and instrument(s) as the Board may in its absolute discretion deem necessary or desirable."

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

"RESOLVED THAT in terms of stipulations in Regulations 78 of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 the resolution passed vide items No. 6 of Notice to the 17th Annual General Meeting passed as on September 04, 2010, under section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification thereto or re-enactment thereof for the time being in force) be and is hereby rectified and ratified by deletion of the clause mentioned below:

"The lock-in of equity shares resulting from the exercise of options under warrants shall be reduced to the extent the warrants have already been locked-in."

By order of the Board of Directors

Place : Noida
Date : August 29, 2011

Rajeev Parashar
Company Secretary

NOTES:

1. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote, on the poll only, instead of himself/herself and the proxy so appointed need not be a Member of the company. Proxies in order to be effective must reach at the registered office of the Company not less than 48 hours before the time fixed for the meeting.**

2. The Register of Members and the Share Transfer Books of the Company shall remain closed from Thursday, September 22, 2011 to Wednesday, September 28, 2011 (both days inclusive).

3. Shareholders/Proxy holders are requested to produce at the entrance the attendance slip forwarded to them, duly completed and signed in accordance with the specimen signature registered with the Company.

4. Members are requested to inform immediately of any change in their address or Bank Details/Mandate to the Company or Alankit Assignments Limited, the Registrar and Share Transfer Agent. Members holding shares in dematerialized form are requested to intimate E-mail ID and all changes with respect to their address, bank details, and mandate etc. to their respective Depository Participants only.

5. Members are requested to address all correspondence to the Registrar and Share Transfer Agent, Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi- 110 055

6. Members are requested to quote Folio numbers/ DPID and Client ID, as the case may be, in all correspondence with the Company.

7. For security reasons briefcases, transistors, bags, tiffin boxes, cameras, binoculars etc. are not allowed inside the Auditorium.

8. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to Special Business to be transacted at the Annual General Meeting is annexed.

9. The Certificate from the Auditors of the Company certifying that the Company's Employees Stock Options Scheme is being implemented in accordance with the SEBI (Employee Stock Options Scheme) Guidelines, 1999 and in accordance with the resolutions of the Members in the General Meeting, will be available for inspection by the Members at the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

Mr. Sudhir Shukla was appointed as an Additional Director by the Board of Director w.e.f. August 12, 2011 in accordance with the provisions of section 260 of the Companies Act, 1956 and Article 80 of Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the above Director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received his candidature for appointment as Director of the Company in accordance with the provisions of section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr. Sudhir Shukla on the Board is desirable and would be beneficial to the company and hence recommends resolution No. 5 for adoption.

None of the Directors, except Ms. Anurradha Prasad, Mr. Sudhir Shukla and Mr. Rajeev Shankar are concerned or interested in this resolution.

ITEM NO. 5

Mr. Rohit Lal was appointed as an Additional Director by the Board of Director w.e.f. August 12, 2011 in accordance with the provisions of section 260 of the Companies Act, 1956 and Article 80 of Article of Associations of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the above Director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received his candidature for appointment as Director of the Company in accordance with the provisions of section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feel that presence of Mr. Rohit Lal on the Board is desirable and would be beneficial to the company and hence recommends resolution No. 6 for adoption.

None of the Directors, except Mr. Rohit Lal is concerned or interested in this resolution.

ITEM NO. 6

The Company proposes to issue up to 17,500,000 warrants at a price of Rs. 7.50/- per Share (**"Conversion Price"** including a Premium of Rs.5.50/- per Share) to the promoter category on preferential basis.

As per regulation 73 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 the required details are furnished as under:

1. **Objects of the Issue:**

   The Company need more funds to sustain its operations in the field of Media and Entertainment in the company and its subsidiaries and in order to finance the same, the Company proposes to offer, issue and allot 17,500,000 warrants to its promoters at a price of Rs. 7.50/- per share (including premium of Rs. 5.50/- per share).

2. **Pricing:**

   The proposed issue of shares is governed by the SEBI Regulations.

   As per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, an issue of shares on a preferential basis can be made only at a price which is not less than the higher of the following:

   (i) The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the six months preceding the "relevant date"; or

   (ii) The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the "relevant date".

   The "relevant date" for the above purpose means the date thirty days prior to the date on which the General Meeting is held to consider the proposed issue under Section 81(1A) of the Companies Act, 1956. As the date of the Annual General Meeting of the shareholders is September 28, 2011 and the Relevant Date is August 29, 2011. The warrants are proposed to be issued at Rs. 7.50/- per share which is higher than the minimum price arrived at as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for the time being in force.

   The entire amount on the equity shares issued on preferential basis shall be paid in cash by the allottee on such terms and conditions and in such manner as the Board may think fit.

3. **Payment & Conversion Terms:**

   25% of the value of the warrants is to be paid together with application as upfront money and the balance is payable at the time of conversion. In case the option is not exercised within a period of eighteen months from the date of allotment, the application money will be forfeited by the Company. The warrants are converted at the option of the allottee on payment of the balance amount of the issue price at any time during the period of eighteen months.

   The amount received from the allottees can be adjusted towards outstanding dues if any, payable by the Company on such terms and conditions and in such manner as the Board may think fit.

4. **Intention of Promoters / Directors / Key Management Persons to subscribe to the offer:**

   Promoter ARVR Communications Private Limited is interested in the said transaction and intends to subscribe to the offer.

5. **Relevant Date:**

   The "Relevant Date" under the SEBI Regulations for the purpose of determining the price at which warrants shall be issued to the investor is August 29, 2011.

6. Shareholding Pattern of the Company before and after the issue:

The Shareholding pattern before and the one likely to emerge after the proposed allotment of Warrants [assuming conversion of all warrants held by the Promoters (including the 17,500,000 Warrants proposed to be allotted in this meeting) in to Equity Shares of the Company] would be as under:

(I) (a) Statement showing Shareholding Pattern

Cat. code	Category of shareholder	Pre-Issue		Post-Issue	
		No. of Shares	% of Holding	No. of Shares	% of Holding
(A)	**Shareholding of Promoter and Promoter Group**				
	(1) Indian				
	(a) Individuals/ Hindu Undivided Family	21,507,790	13.02%	21,507,790	11.44%
	(b) Central Government/ State Government(s)	—	0.00%	—	0.00%
	(c) Bodies Corporate	33,194,868	20.09%	55,694,868	29.61%
	(d) Financial Institutions/ Banks	—	0.00%	—	0.00%
	(e) Any other (specify)	—	0.00%	—	0.00%
	Sub - Total (A) (1)	**54,702,658**	**33.11%**	**77,202,658**	**41.05%**
	(2) Foreign				
	(a) Individuals (Non-Resident/ Individuals/ Foreign Individuals)	—	0.00%	—	0.00%
	(b) Bodies Corporate	—	0.00%	—	0.00%
	(c) Institutions	—	0.00%	—	0.00%
	Sub - Total (A) (2)	**—**	**0.00%**	**—**	**0.00%**
	Total shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)	**54,702,658**	**33.11%**	**77,202,658**	**41.05%**
(B)	**Public shareholding**				
	(1) Institutions				
	(a) Mutual Funds/ UTI	—	0.00%	—	0.00%
	(b) Financial Institutions/ Banks	—	0.00%	—	0.00%
	(c) Central Government/ State Government (s)	—	0.00%	—	0.00%
	(d) Venture Capital Funds	—	0.00%	—	0.00%
	(e) Insurance Companies	—	0.00%	—	0.00%
	(f) Foreign Institutional Investors	7,534,548	4.56%	7,534,548	4.01%
	(g) Foreign Venture Capital Investors	—	0.00%	—	0.00%
	(h) Any other (specify):	—	0.00%	—	0.00%
	Sub - Total (B) (1)	**7,534,548**	**4.56%**	**7,534,548**	**4.01%**
	(2) Non-Institutions				
	(a) Bodies Corporate	31,923,476	19.32%	31,923,476	16.97%
	(b) Individuals	70,172,192	42.47%	70,517,192	37.50%
	(c) Any other (specify)				
	NRI	786,516	0.48%	786,516	0.42%
	OCBs	98,700	0.06%	98,700	0.05%
	Sub - Total (B) (2)	**102,980,884**	**62.33%**	**103,325,884**	**54.94%**
	Total Public Shareholding (B) = (B) (1) + (B) (2)	**110,515,432**	**66.89%**	**110,860,432**	**58.95%**
	TOTAL (A) + (B)	**165,218,090**	**100.00%**	**188,063,090**	**100.00%**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	**—**	**—**	**—**	**—**
	GRAND TOTAL (A) + (B) + (C)	**165,218,090**	**100.00%**	**188,063,090**	**100.00%**

Note: The Post-Offer Shareholding Pattern assumes allotment of 5,000,000 equity shares due for conversion of equal number of warrants issued vide shareholders approval dated September 4, 2010 and 17,500,000 equity shares of the Company in favor of ARVR Communications Private Limited upon conversion of 17,500,000 warrants proposed to be issued to ARVR Communications Private Limited.

The Post-Offer Shareholding Pattern also assumes conversion of 3,45,000 options into equity shares under "the BAG ESOP Scheme".

During the Financial Year there is no pledging of equity shares by the Promoters of the Company.

7. Proposed time within which the allotment shall be complete:

As per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the allotment of equity shares shall be completed within 15 days from the date of passing of the above resolution in the AGM proposed to be held. Provided that where the allotment is pending on account of pending of any approval from any regulatory authority or from the Central Government, the allotment will be completed within 15 days from the date of receipt of such approval.

8. The identity of the proposed allottee and the percentage of the preferential issue that may be held by the allottee:

Name of allottee	Category	Pre Issue Holding %	Post Issue holding %	Details of Warrants to be allotted
ARVR Communications Private Limited	Promoter	20.09 %	29.61%	17,500,000 warrants of Rs. 2/- each at a price of Rs. 7.50/- per share.

9. Auditor's Certificate:

A certificate as required under SEBI Regulations certifying that the proposed issue is being made in accordance with the requirements contained in SEBI Regulations has been obtained from the Auditors of the Company.

10. Lock-In:

The share warrants to be allotted on preferential basis shall be subject to lock-in as per applicable SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in this behalf.

11. Change in Management:

The issue of Equity Shares will not result in any change in the management or control of the Company.

The consent of the Members is being sought under Section 81(1A) of the Companies Act, 1956, and other applicable provisions of the Companies Act, 1956, if any and in terms of the provisions of the Listing Agreements executed by the Company with the Stock Exchanges where the Company's shares are listed.

None of the Directors of the Company are concerned or interested in the said resolution except Ms. Anurradha Prasad, Chairperson cum Managing Director, Rajeev Shankar and Mr. Sudhir Shukla, Director of the Company..

The Board of Directors recommends the special resolution for the approval of Members.

ITEM NO. 7

Your Company is required to make certain modification in the resolution passed vide items No. 6 of Notice to the 17th Annual General Meeting passed as on September 04, 2010 as per the requirement of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 stipulated by the stock exchanges. Accordingly the following modification is deemed to be made to the earlier resolution passed at the 17th Annual General Meeting held on September 04, 2010 and is therefore amended accordingly:

"RESOLVED THAT in terms of stipulations in Regulations 78 of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 the resolution passed vide items No. 6 of Notice to the Annual General Meeting passed as on September 04, 2010, under section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification thereto or re-enactment thereof for the time being in force) be and is hereby rectified and ratified by deletion of the clause mention below:

"The lock-in of Equity Shares resulting from the exercise of options under warrants shall be reduced to the extent the warrants have already been locked-in."

The Board of Directors recommends the resolution set out in the accompanying Notice for the approval of the Members as Special Resolution.

None of the Directors of the Company is, in any way, concerned or interested in the resolution except in the capacity of the Shareholder(s) of the Company.

By order of the Board of Directors

Place: Noida
Date: August 29, 2011

Rajeev Parashar
Company Secretary

DIRECTOR'S REPORT

To,

The Members,
B.A.G. Films & Media Limited

Your Directors are pleased to present their 18th Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the financial year ended March 31, 2011.

FINANCIAL RESULTS

(Rupees in Lacs)

Particulars	2010-11	2009-10
Total Income	4749.52	3996.79
Profit before Depreciation and Financial Charges	1228.18	1194.82
Financial Charges	302.11	125.85
Cash Profit	946.27	1089.18
Depreciation	822.29	1010.75
Profit before Tax	103.77	58.22
Provision for Tax	101.95	53.99
Profit after Tax	1.82	4.23
Proposed Dividend (%)	NIL	NIL

PERFORMANCE REVIEW

During the year under review, the revenues of the Company improved new programming was introduced keeping in mind the changing tastes of the audience. During the financial year under review the total revenue of your company has been Rs. 4749.52 lacs compared to Rs. 3996.79 lacs previous year. Profit before tax improved from 58.22 lacs to 103.77 lacs through cash profit decreased from 1089.18 lacs to 946.27 lacs.

Your Company developed and strengthened its client baseand produced shows for prominent channels viz. NGC, Fox History, Colors and Imagine TV apart from Star Plus and Star Suvarna .

Your Company leveraged content creations and did programming for its subsidiaries and thus made optimum use of internal sources and its infrastructure.

The Company continued its focus on commissioned programmes and bagged cotracts from prestigious channels. Your Company also produced documentary films for various State Authorities and private organizations including Ministry of External Affairs. The Company also plans to focus on sponsored programmes.

Television Software:

The content business holds the unique distinction of producing programmes across genre for a range of channels. 'Luteri Dulhan' is running successfully on Imazine and gaining on GRPs. Various other programmes such as India Investigates aired on NGC Fox History was applauded by its viewers.

iSOMES

Your Company has been providing media education through its media school iSOMES (International School of Media & Entertainment Studies) in collaboration with Missouri School of Journalism, U.S.A. iSOMES also has a Memorandum of Understanding with FTII, Pune for exchange of curricula and faculty wherein the students of both the institutes benefits immensely. iSOMES is offering full time graduate courses in Broadcast Journalism.

During the year Media Fest24 "Manthan" a three days media festival organized by iSOMES ended with great fervor and zeal. The Company has big plans to expand the media education by reaching out to other States of India through franchisee model. One such branch opened in Lucknow last year has already shown a good response.

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, 2011.

Broadcasting

News24, a 24 hours National Hindi free to air News channel operating through its subsidiary B.A.G. Newsline 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 48.41% during the year under review.

'E24' a 24 hours Bollywood Entertainment channel of your Company operating 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 No.1 Channel, 'E24' has managed to attract audiences of various age groups and succeeded in creating a new genre in television entertainment. The Channel has given tough competition to its rivals and has made its presence felt in the music and entertainment sector.

The revenue of the channel saw an increase of 49.07% and losses were reduced by 92.16% year on year.

Radio

Your Company has 10 FM Radio stations operated under the brand name **'Dhamaal24'** at 106.4 FM under its subsidiary B.A.G. Infotainment Limited in the cities of Hissar, Karnal, Patiala, Shimla, Muzaffarpur, Ranchi, Jabalpur, Jalgaon, Dhule and Ahmadnagar.

The response of the listeners has been extremely encouraging and our programming has a distinct edge over its competitors. The radio station has gone under major revamp including the re-styling and also the re- programming of all shows. Various new shows have been launched considering the demand & taste of masses which are more appealing and hence are bound to gain more listeners.

The performance of the radio operations has improved greatly. The revenues increased by 150.84% during the year under review and losses were reduced by 98.69% year on year.

DIRECTORS

Pursuant to section 256 of the Companies Act, 1956, and Articles of Association of the Company, Mr.Bhupindar Singh and Mr. Prem Behl, liable to retire by rotation at the ensuing Annual General Meeting and they being eligible, have offered themselves for re-appointment. The above re-appointments form part of the Notice of the 18th Annual General Meeting and the relevant resolutions are recommended for your approval.

Brief profile 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.

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

The 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. The company also endeavours to share information with its stakeholders openly and transparently on matters which have a bearing on their economic and reputational interest.

A certificate from Statutory Auditors of the Company regarding the compliance of the conditions of Corporate Governance by the Company stipulated under Clause 49 of the Listing Agreement is also attached to this Report.

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.

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, 2011, 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, 2011 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. Newsline 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 B.A.G. Animation Private Limited 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.

During the year a wholly owned foreign subsidiary company has been registered in the United Arab Emirates with the name of “B.A.G. Network Limited” on March 27, 2011 with a view to expansion in Innternational Market.

PREFRENTIAL ALLOTMENT

Convertible Equity Warrants

Your company had issued and allotted 15,000,000 convertible equity 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 29, 2009 to ARVR 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. These equity warrants were converted into equity shares in two tranches of 7,140,000 warrants and 7,860,000 warrants. Under the first tranche 7,140,000 equity shares had been converted into equity shares on November 28, 2009 and were listed for trading on the Stock Exchanges. In the second tranche remaining 7.860,000 equity warrants were converted into equity shares in the financial year 2010-11 on March 31, 2011 and were listed for trading on all the Stock Exchanges.

Your Company also issued and allotted fresh 5,000,000 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 September 04, 2010 to ARVR 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 said shares have not been converted into equity shares till date.

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 up to 10,000,000 options to eligible employees. In the financial year 2008-09 company had granted 1,150,000 options to the eligible employees. Each option was 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. (Price revised to Rs. 3/- per share under the approval of the members of the company at Annual General Meeting dated September 04, 2010) During the year under review out of 1,150,000 options 165,000 options were converted into equity shares. Out of 1,150,000 options 270,000 options are converted during the end of financial year 2010-2011.

The applicable disclosures as stipulated under the SEBI (Employees Stock Options Scheme and Employees Purchase Scheme) Guidelines, 1999 as at March 31, 2011 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 stated in **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. 58,58,318 as against Rs. 10,054,749 in the previous financial year 2009-2010.

Foreign Exchange earnings during the year and in the previous financial year 2009-2010 were NIL.

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 30, 2011

Anurradha Prasad
Chairperson cum
Managing Director

ANNEXURE-I TO THE DIRECTORS' REPORT

Information regarding the BAG ESOP Scheme as on March 31, 2011 are:

S. No.	Details	Nos.
1.	Total No. of Options in force at the beginning of the year	645,000
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	165,000
5.	No. of shares arising as a result of exercise of option during the year	165,000
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	495,000
9.	*Total No. of options in force at the end of the year	480,000

* Excluding 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.0.01

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. 26,33,900)	
	(c)	The impact of this difference on profit and on EPS of the Company:	Profit/loss after Tax	: Rs 182,065
			Less: Short provision of tax of earlier year	: Rs. (151,650)
			Add: Defferential employee compensation cost based on fair value:	: Rs. 2,633,900
			Adjusted Profit After Tax	: Rs. 2,967,615
			Adjusted EPS (diluted)	: Rs. 0.02

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	4.33Years
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	Date of Comm -encement of employment	Last employment held	Percentage of Equity shares held
1	Anurradha Prasad	48	Chairperson cum Managing Director	10,000,000	M.A. (Pol. Science)	January 22, 1993	Observer Channel, 1990	6.67%

Notes:

1. Remuneration includes Basic Salary, Commission, other allowances and taxable value of perquisites and company's contribution to provident fund.
2. The above mentioned appointment is on contractual basis.
3. Chairperson cum Managing Director Ms. Anurradha Prasad is related to Mr. Rajiv Shukla and Mr. Rajeev Shankar.

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 shareholders' value 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. Anurradha 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 ESOP Compensation Committee, Securities Committee and Finance Committee which is chaired by Ms. Anurradha Prasad, Chairperson cum Managing Director.

During the financial year 2010-11, five Board Meetings were held on May 29, 2010; August 05, 2010; November 13, 2010; February 08, 2011; and March 18, 2011.

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 committes where member	Number of Board level committes where chair person
		Board Meeting	Last AGM			
Ms. Anurradha Prasad	Chairperson cum Managing Director, Executive Director	5	Present	13	3	3
Mr. Rajiv Shukla	Non- Executive Director	3	Present	3	4	-
Mr. Bhupindar Singh	Independent Non-Executive Director	5	Present	5	3	2
Dr. Anuradha Mishra	Independent Non-Executive Director	4	Present	4	5	1
Mr. Rajeev Shankar	Non- Executive Director	1	Present	1	-	-
Mr. Prem Behl	IndependentNon-Executive Director	4	Present	9	2	-

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, 2010, August 05, 2010, November 13, 2010, February 08, 2011 and March 18, 2011. 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	4
3.	Dr. Anuradha Mishra	4

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 dematerialsation, 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. Dr. Anuradha Mishra-Chairperson, non-executive Independent Director, Mr. Rajiv Shukla, 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 five times.

During the period under review, Company received 30 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, 2011.

The shareholders may directly e-mail to the company at 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 Directors. 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, 2011 to the Directors are as follows:

Details of Sitting Fees paid to the Directors

Name of the Directors	Sitting Fees (in Rs.)
Ms. Anurradha Prasad	—
Mr. Rajiv Shukla	90,000
Mr. Bhupindar Singh	120,000
Mr. Prem Behl	60,000
Dr. Anuradha Mishra	105,000
Mr. Rajeev Shankar	15,000

Company is not paying any sitting fees to Ms. Anurradha Prasad- Executive Director of the Company. Remuneration paid to Ms. Anurradha 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. Anurradha 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.

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 Chairperson. 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 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 Economic Times, 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

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. Prem Behl is liable to retire by rotation at the ensuing Annual General Meeting and they being eligible, offered themselves for re-appointment. Brief resume of Mr. Prem Behl is given hereunder:

Mr. Prem Behl

A veteran Businessman with 45 years of experience, Mr. Prem Behl is the Chairman & Managing Director of the Exhibition India Group, which pioneers in organizing international exibitions and conferences in India. He was employed with Indian and International corporations for over 20 years before launching Exhibition India Group. Mr. Prem Behl maintains professional memberships with a large number of trade associations and business councils. Mr. Prem Behl is currently a member of the Asian Exhibition Council (AEC) and of the International Association of Exhibitions and Events (IAEE). He is also the General Secretary of the Indian Exhibition Industry Association (IEIA). Mr. Prem Behl is an Independent Director of Intex Technologies (India) Limited and B.A.G. Films & Media Limited.

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
17th AGM 2009-10	September 04, 2010	Air force Auditorium, Subroto Park Delhi Cantt, New Delhi-110 010	4.00 P.M.
16th AGM 2008-09	August 26, 2009	Air force Auditorium, Subroto Park Delhi Cantt, New Delhi-110 010	4.30 P.M.
15th AGM 2007-08	August 18, 2008	Air force Auditorium, Subroto Park Delhi Cantt, New Delhi-110 010	12.00 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, 2011 there were no special resolutions passed through Postal Ballot.

Annual General Meeting

-	Date	September 28, 2011
-	Time	3.30 p.m.
-	Venue	MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Delhi-110 054

Financial Calendar for 2011- 2012:

(Tentative and subject to change)

Financial Year Ending:	31st March
First Quarter Results (June, 2011):	Latest by second week of August, 2011
Half Yearly Results (September, 2011):	Latest by second week of November, 2011
Third Quarter Results (December, 2011)	Latest by second week of February, 2011
Fourth Quarter Results (March, 2012)	Latest by Last week of May 2012
Approval of Audited Accounts (2011-2012)	Latest by Last week of May 2012

Book Closure Date	Thursday, September 22, 2011 to Wednesday, September 28, 2011 (both days inclusive).
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 2011-2012 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, 2011, 95.06% of fully paid up Equity Share Capital and 78.53 % 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 corres-pondence	Registered Office C-4, Shivalik, Near Malviya Nagar Market, New Delhi-110 017
Corporate Office	FC-23, Sector 16A, Film City, Noida- 201 301 (Uttar Pradesh)
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, 2011 are 480,000. During the year under review 165,000 equity sharers were allotted to the eligible employees under "the BAG ESOP Scheme" vide ESOP Compensation Committee Meeting dated November 13, 2011.

OUTSTANDING WARRANT'S

Your company had issued and allotted 15,000,000 convertible equity 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 29, 2009 to ARVR 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. These equity warrants were converted into equity shares in two tranches of 7,140,000 warrants and 7,860,000 warrants. Under the first tranche 7,140,000 equity shares had been converted into equity shares in the financial year 2009-10 on November 28, 2009 and were listed for trading on the Stock Exchanges. In the second tranche remaining 7,860,000 equity warrants were converted into equity shares in the financial year 2010-11 on March 31, 2011 and were listed for trading on all the Stock Exchanges.

Your Company also issued and allotted fresh 5,000,000 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 September 04, 2010 to ARVR 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'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 has paid the Listing Fees, as applicable to the BSE, NSE, DSE. 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.

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 i.e. Balika Sharma & Associates 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 2010	30.55	16.80	30.55	16.80
May 2010	17.20	13.60	17.30	13.60
June 2010	18.50	13.60	17.66	13.65
July 2010	19.60	14.10	19.95	14.10
August 2010	15.80	12.40	15.50	12.46
September 2010	14.10	10.25	13.79	10.63
October 2010	12.90	11.20	12.95	11.21
November 2010	14.10	9.80	14.05	9.95
December 2010	11.60	9.30	11.50	9.36
January 2011	11.50	7.80	11.44	8.31
February 2011	9.20	6.90	8.69	7.13
March 2011	7.90	6.80	8.35	6.60

Distribution of Shareholdings as on March 31, 2011.

Shareholding of Nominal Value of Rs. 2/- each	No. of Shareholders		No. of Shares	
From -To	**Number**	**%Total**	**Number**	**%Total**
1-100	15053	32.37	807595	0.49
101-500	17001	36.56	5562472	3.37
501-1000	6549	14.08	5730291	3.47
1001-5000	6242	13.42	14895244	9.02
5001-10000	887	1.91	6771064	4.06
10001-20000	400	0.86	5689951	3.45
20001-30000	131	0.28	3252339	1.97
30001-40000	45	0.10	1534138	0.93
40001-50000	35	0.08	1630870	0.99
50001-100000	81	0.18	5980529	3.62
100001-500000	56	0.12	11588587	7.02
500001- & Above	18	0.04	101710010	61.61
Total	**46498**	**100.00**	**165083090**	**100.00**

Shareholding of Non- Executive Directors in the company as on March 31, 2011

Name of Non-Executive Director	No. of shares	Percentage of holding
Mr. Rajiv Shukla	10461298	6.34
Mr. Bhupindar Singh	—	—
Dr. Anurradha Mishra	—	—
Mr. Rajeev Shankar	500	—
Mr. Prem Behl	—	—

F. COMPLIANCE

The Certificate dated May 30, 2011 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, 2011 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, 2011, 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 30, 2011

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, 2011 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	**Anurradha Prasad**	**Ajay Jain**
Date: May 30, 2011	(Chairperson cum Managing Director)	(A.V.P-Accounts & Finance)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

Media and Entertainment (M&E) is one of the fastest growing sectors in India. The sector consists of creation, aggregation and distribution of content, products and services, news and information, advertising and entertainment through various channels and platforms.

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 industry is taking initiatives like regional content and distribution platforms (digital, non-digital and mobile) to enhance customer experience as well as monetize content. New technologies such as 3G, broadband and mobile infrastructure are also helping in propelling the growth rate.

While most sectors witnessed double digit growth, the film industry witnessed a decline in revenues owing to content that failed to make a strong run at the box office. Television and print resumed their pace of growth as did radio and out of home. Meanwhile, with the growing popularity of digital platforms, content creators looked to build strong foundations to prepare themselves for the exciting road ahead.

The Indian M&E industry grew from INR 587 billion in 2009 to INR 652 billion in 2010, registering an overall growth of 11 percent. Backed by positive industry sentiment and growing media Consumption, the industry is estimated to achieve growth of 13 percent in 2011 to touch INR 738 billion. As the industry braces for exciting times ahead, the sector is projected to grow at a CAGR of 14 percent to reach INR 1,275 billion by 2015.

While television and print continue to dominate the Indian M&E industry, sectors such as gaming, digital advertising, and animation VFX also show tremendous potential in the coming years. By 2015, television is expected to account for almost half of the Indian M&E industry revenues, and more than twice the size of print, the second largest media sector.

The contribution of advertising revenue to overall industry pie is expected to increase from 38 percent in 2007 to 42 percent in 2012.

India is the third biggest Internet market, with over 100 million internet user base and the amount of time spent on the Internet for an average user in the country is 16 hours a week. According to Google estimates, 40 million users access Internet through mobile phones and download 30 million applications.

INDUSTRY ANALYSIS- KEY DRIVERS

Key trends and drivers have enabled the sector to grow fast are:-

- **Focus on profitable growth**

Indian M&E companies implemented cost reduction strategies to weather the economic slowdown of 2008-09. While industry projections look optimistic, increasing competition is creating greater pressure on margins. In order to sustain profitable growth, several cost control initiatives implemented during the slowdown have continued to prevail despite the industry resuming its double digit growth rate. Incorporation of technology across key business performance areas such as planning, budgeting, CRM, strategic outsourcing, etc. could enable more consistent and profitable growth given the technological advancements in these areas.

- **Increasing media penetration and per capita consumption**

Low media penetration particularly across SEC B, C and D segments offers significant headroom for growth. With increase in per capita consumption, discretionary spends are expected to grow and entertainment and leisure platforms are likely to beneficiaries of this trend. Moreover, as metros and tier 1 markets get saturated, media companies are looking to penetrate the tier 2 - tier 3 towns and rural markets. For e.g. multiplexes have expanded across tier 2 towns, while DTH players have 7 helped achieve greater C&S penetration across rural India .

- **Power of digitization**

Digitization continues to be a key growth driver for the Indian M&E industry and this trend was even more pronounced in 2010. Film studios saw greater adoption of digital prints over physical and it was the first time in India that digital music sales surpassed that of physical unit sales.

DTH achieved a robust growth of 75 percent in the net subscriber base over 2009, by adding 12 million subscribers . The government is also attempting to gradually shift towards increased digitization and addressability by making it mandatory to convert to digital addressable infrastructure by March 31, 2015. The industry is expected to incur significant capex investment during this digitization process.

With the regulatory push on digitization, increasing mobile and broadband penetration and ongoing 3G rollouts, the market for digital distribution platforms is only expected to grow.

- **"Niche" is in**

Increasing audience segmentation is catering to different tastes and thereby driving content and delivery. Television showed signs of this growing trend through the launch of several new niche channel genres - from India's first 24-hour food channel to a dedicated channel for Hollywood Action movies dubbed in Hindi.

Similarly, movies targeted at specific segments of society that seem to capture the vibe of the local audience and their social issues (e.g. Peepli Live, Band Baja Barat etc.) appear to have found an audience. It has now become a business prerequisite to assess trends for continually changing customer preferences, lifestyles and media buying habits and incorporate the understanding in focused content, marketing and delivery strategies for each target audience segment.

- **Consumer Understanding**

With increasing fragmentation and intensity of competition, a deeper understanding of cultural and social references through focused study groups will enable players to target their consumers specifically and build loyalty.

- **Regionalization**

The regional story in India is here to stay! Backed by the increasing purchasing power across tier 2 and tier 3 cities, regional media consumption is expected to continue to rise. In the print sector, revenues from Hindi and Vernacular segments are expected to catch up with English which has to date enjoyed a majority share. Advertising volumes on television also saw a shift in favor of regional channels. In 2010, of total ad volumes on television 53 percent was on regional channels as opposed to national channels, growing from 47 percent in 2009. Realizing the power of regional media, national and foreign players have ventured into regional markets and several others are likely to follow suit. Meanwhile regional players have achieved scale and are now looking to go national and build a pan India presence. Geographical expansion by existing players in television, print and radio is expected to intensify competition and create a dynamic challenging but opportunity-filled environment for these sectors.

- **Growing importance of New Media (Convergence)**

The past decade marked the convergence of media and technology; of user generated content, social media and new publishing models that have changed the way media is consumed. These changes in media consumption are being driven by factors such as content pull from telecom service providers due to the 3G launch, emerging gaming platforms and innovation in technological devices such as tablets. Convergence of media, m-commerce and emergence of an app economy are the trends likely to emerge. Availability of infrastructure and appropriately pricing content across these new media platforms will be critical success factors for the India market.

- **Regulation to trigger growth**

The Government's thrust addressability for cable television, is expected to increase the pace of digitization leading to tremendous growth in DTH and digital cable. The phase III auction of radio is expected to add 700 licenses across tier 3 and few tier 2 towns. Moreover TRAI has submitted recommendations to the government to increase the FDI limits across several broadcast and distribution platforms including Radio, TV, DTH and cable. The government is also evaluating the industry's suggestion to allow radio companies to own multiple frequencies in an area, air news and current affairs and permit networking of content across categories of cities. As the government, regulatory bodies and members of the industry actively work together, reforms that aid the development of Indian media companies will act as a catalyst to the growth of the sector.

- **Consolidation**

The Indian M&E industry is currently extremely fragmented. Mature players are increasingly looking to build scale across the media value chain and explore cross media synergies. In addition, existing foreign players are looking to expand their Indian portfolio and several others are expected to make an entry into India.

Inorganic growth is likely to be a preferred route for many of these players. With increased digitization and accountability, Indian media companies are also expected to generate greater interest from private equity players.

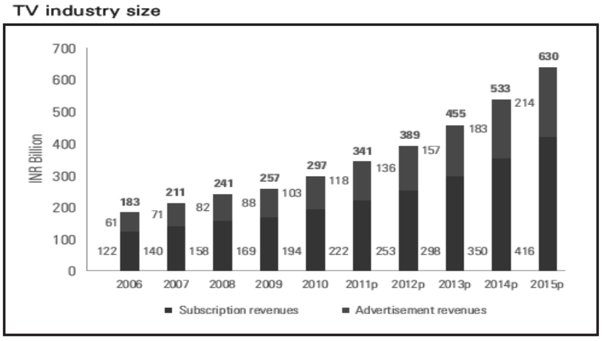
While the industry is poised for exciting times ahead, the road may not seem as smooth. The industry grapples with certain challenges such as increasing fragmentation, revenue leakages and a need for more sophisticated industry measurement systems. While some of these issues are likely get addressed through digitization, government intervention, adoption of secure distribution platforms and thrust on addressability, the process is likely to be gradual.

Segmental Performance

1. Television

The television and broadcasting industry has grown tremendously over the last two decades, with an average growth rate in double digits. The industry added almost 100 million viewers in 2010 to reach 600 million viewers and crossed the 550 channel mark from 460 in 2009. New players are entering the market with niche offerings like food channels and more channels in English Entertainment space. Viewers are able to access niche content easily on DTH platform even in smaller markets.

TV industry size



Overall the industry grew from INR 257 billion in 2009 to INR 297 billion in 2010 recording a growth rate of 15 percent compared to 7 percent last year, owing to resurgence after the recessionary pressures of last year.

It is expected to reach a size of INR 630 billion in next five years i.e. by 2015 at a CAGR of 17 percent. The growth in advertisement revenues in 2010 happened at a rate of 17 percent owing to resurgence witnessed in the industry.

India is the world's third largest TV market with almost 138 million TV Households (HHs) next to China and USA. Cable and Satellite C&S) penetration has reached close to 80 percent with the soaring growth shown by the DTH platform. New technologies like High Definition (HD), STBs (Set Top Boxes) with inbuilt recorders and delivery platforms like mobiles are rapidly evolving, creating further opportunities for innovation and growth.

News 24, 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. Kal chakra, News Shatak - 100 khabre, India Ka cricket, Sahib Biwi Aur Tv are few of most liked shows by our Indian viewers. These shows reflects the new and innovative ways of reporting news that has given the maximum viewership and rating to our channel making its marked presence felt in the whole Media Industry.

Mass entertainment channels mean channels having programs with varieties of genres catering to viewers of all ages and tastes. Movie channels mostly carry movies and programs related to cinema

'E-24' a 24 hours Bollywood Entertainment channel has also been growing at a rapid pace. Pitched as Bollywood's first news channel, E 24 managed to attract audiences of various age groups and succeeded in creating a new genre in television entertainment and today has become bollywood ka No.1 channel.

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, Sahib Bivi Aur Tv, 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 & reality check that are popular among the viewers and also qualify as channel drivers.

E 24'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. E 24 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.

B.A.G. Network's production house 'Studio 24' holds the unique distinction of producing programmes of all genres for a range of channels and audience. 'Luteri Dulhan' is running successfully on Imagine Tv and gaining on GRPs. Various other programmes such as India Investigates aired on NGC Fox History has already taken a lot of praises from its viewers. With various prestigious contracts in hand, and a few more programmes are lined up for launch, Studio24 seems poised for a very healthy financial 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. 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.

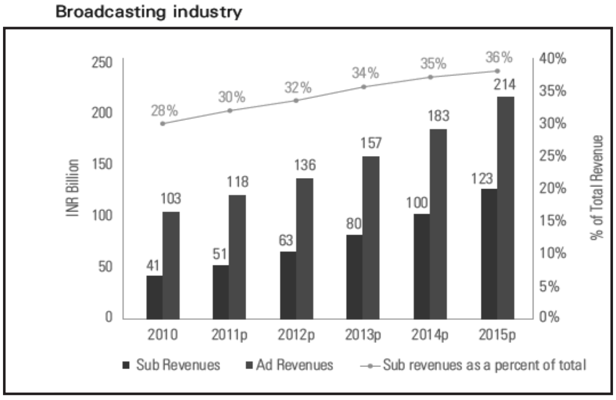
B.A.G. Films continues to demonstrate its ideated innovations across all the well-linked broadcasters of the country. This widespread presence promises the viewers with more diversity over the years ahead.

2. Broadcasting

Digital platforms comprise digital cable, DTH and IPTV platforms as opposed to the traditional analog cable which still dominates the Indian market. The number of analog cable subscribers is witnessing a flat or de-growth with increasing penetration of digital distribution systems. The digital subscribers are expected to outdo the analog subscribers by 2013.

The share of broadcasters in the total subscription pie is expected to go up from the current levels of 21 percent of the overall subscription revenues in 2010 on an average across platforms to 30 percent in 2015. It is expected to improve with addressability as more transparency takes hold. The share of subscription revenues in the top line of the broadcasters is expected to increase from the current level of 28 percent to 36 percent by 2015. It is growing at a higher CAGR of 24 percent 35 compared to the CAGR of ad revenues at around 16 percent.

Broadcasting industry



Source: KPMG Analysis, Industry discussions

The government is attempting to gradually shift towards digital by making it mandatory to convert to digital addressable infrastructure. March 31, 2015 has been set as the revised deadline by TRAI for digitization of the entire industry in a phased manner. Delhi, Mumbai, Kolkata and Chennai are required to shift to digital addressability by March 31, 2012. The next phase will include 35 cities with population greater than one million to make the transition by March 31, 2013. All urban areas are expected to convert by November 30, 2014 and the remaining areas by March31, 2015.

DTH displayed more than expected growth to reach 28 million subscribers by the end of 2010, net of churn. The amount of churn is still expected to be around 5 percent of the overall DTH subscriber base per month.

The platform has reached a penetration of 26 percent of the total C&S homes in a market like India which has traditionally been an analog market.

The DTH industry is very competitive with 6 players already in the market, excluding Doordarshan, which is a free platform. The sector has seen exponential growth in subscribers with almost 1million subscribers being added each month.

On the horizon are newer modes of broadcasting such as IPTV and streaming of content over wireless broadband. IPTV also has constraints like digital cable in terms of last mile connectivity and hence infrastructure is a limiting factor. The technology is promising due to its superior quality and interactive service but the reach is limited to households having a broadband connection.

In a country like India where internet penetration is very low, the acceptability for the platform continues to be low volumes, TV advertising recorded a growth of 24 percent in 2010 compared to the same period in 2009. However, rates remained flat or dropped. Also, compared to print, where the ad volumes have shown a CAGR of only eight percent in last five years, TV has shown a healthy growth rate of 26 percent.

Comparing the Indian television industry with other countries, it observed that while India has a high number of GECs and News channels, it lags behind others on the number of sports, documentary, lifestyle and home shopping channels indicating headroom for growth in these niche genres.

TV viewing largely serves two purposes, entertainment and information / education. From an average audience perspective, 90 percent viewership still comes from entertainment and it expected to remain so for some time. The number of Hindi GECs has risen from three in 2000 to nine in 2010. More importantly, there were about three news channels, whereas now there about 60 today in the Hindi space25. Majority of news channels play large amounts of entertainment content. Hence, the audience for the entertainment genre has expanded not only from GECs but from other genres as well.

With advertisement revenues strengthening, M&E players are aggressively entering the television (TV) broadcasting space. Broadcasters have added 444 television channels in the last five years with over 100 channels getting added in 2010 alone. Last year saw the second highest additions of television channels in the decade after 2008 which saw a record permission for 152 channels.

3. Radio

Radio is increasingly gaining acceptance among advertisers, which is expected to result in higher ad spends on radio. There are a number of advertiser categories that are currently under penetrated on radio, which could potentially increase spend. Advertisers are also increasingly focusing on non-metro markets, given the rising purchasing power of these markets. Phase III licensing, where licensees will be on offer in over 200 additional towns is hence likely to be a catalyst for growth. The resolution of the royalties issue and improved profitability could also encourage more investment in the sector, facilitating growth.

The Radio industry is now in the Phase III licensing stage which will take its station numbers to 700 from the current 250.

Recovering from the impact of the slowdown, the radio industry registered robust growth of around 24 percent during the year. Growth was driven by both metros and non-metro markets. The industry is forecast to grow at a 20 percent CAGR till 2015, from the current base of around INR 10.0 Bn. Correspondingly, radio's share of media ad spends is expected to increase from around four per cent currently to five per cent by 2015.

The new age of FM Radio industry, our Company has also revamped and changed the look of its radio station **'Dhamaal'24 Dhinchak'** with revitalized, novel and popular shows like MorningPur, U Turn, Sumiran, Humraaz, Hit List, Zindagi Rocks Dhamaal Cricket Championship, Zara Yaad Karo Qurbani are aired on Dhamaal 24 keeping the regional flavor in each of its programmes offered to its listeners.

The radio advertising industry is projected to grow at a CAGR of 12.2 per cent over 2010-14, reaching US$ 342.7 million in 2014 from the present US$ 192.8 million in 2009, as per PwC.

Radio has made a comeback in the lifestyle of Indians. Radio has the reputation of being the oldest and the cheapest medium of entertainment in India. The radio industry has been completely energized by the various private players that entered the sector after the government has allowed foreign investment into the segment and opened the licenses to the private players with new innovation happening almost everyday basis thereby keeping up the spirit of competiveness alive and also providing the daily dose of unique and new entertainment.

4. 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 has its affiliation with the top universities like Guru Jambeshwar 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

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 various branches in India order to nurture the young talent in polished and professional manner as per the international standards.

Media Fest 24 "Manthan" a three days media festival organized by ISOMES ended with great fervor and zeal. The festival was a grand success and received lots of appreciation and applauds from the participants and guests.

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.

5. Cinema

India is the largest film producing market in the world with over 1,000 films released every year .

The Indian film industry is projected to grow at a CAGR of 9.6 percent to touch INR 133.5 billion in revenues by 2015. The contribution of domestic theatrical revenues to the overall industry pie is expected to reduce slightly, while the share revenues from cable and satellite rights is expected to increase going forward and account for 13 percent of overall industry size.

Though the previous year witnessed a decline for the filmed entertainment industry, the trend is likely to reverse in 2011, the industry is projected to grow at a CAGR of 9.6 percent to touch INR 133.5 billion in revenues by 2015.

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).

Government Policies

The Ministry of Information and Broadcasting (MIB) has set up a committee to assess the current rating system for television rating points (TRP) of TV programs and has expressed concern over this current system of evaluation. The MIB has recommended increasing the sample size and switching to a more scientific approach for accurate data.

It has also proposed an increase in the sample size from 8,000 homes to 15,000 urban and rural households over a period of two years. It further recommends that this figure should increase to 30,000 over the next three years, covering urban areas, rural areas and small towns as well as Jammu and Kashmir and the North-Eastern States, to provide complete geographical coverage of the country.

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. 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.

2010 has been the year of resurgence for the India Media & Entertainment (M&E) industry. The year saw growth in advertising revenues for the industry as a whole after the subdued performance of 2009 owing to the impact of the economic turmoil world over. Subscription revenues continued to grow at a healthy rate as India is still a nation with low media penetration and significant growth potential. Some the cost optimization initiatives adopted in the previous year continue to benefit industry players. Many companies also have begun to deepen their focus on consumers and their understanding of media consumption behavior through robust research. The year saw landmarks in terms of the highest grossing Indian film, unprecedented growth in the DTH platform, digital music sales surpassing that of the physical formats, onset of 3G and the government's regulatory push towards digitization and addressability.

If we compare the contribution of India to the world in terms of population, it is second only to China at **22 percent**. 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.

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. The direct-to-home (DTH) market in India had 23.1 million active subscribers by the end of 2010, as per Media Partners Asia. This amounts to 16 per cent penetration of television homes in India.

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 excepting 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 overall M&E market in India is expected to grow at a compounded annual growth rate of 14 percent per annum through 2015 to reach INR 1.3 trillion.

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

E. RISK AND CONCERN

Television and radio together contributed eight percent to the total industry revenues, up from six percent in 2009. The relatively low cost of launching a music channel has resulted in 40 music channels operational on television in 2010.

The segment is expected to grow at a CAGR of 15 percent in next five years to reach INR 1.38 billion by 2015. However, the Copyright Board's recommendation of a revenue sharing model between radio and music companies is likely to flatten the revenue contribution of broadcasters. As per the recommendation, around two percent of the net advertising revenues of radio companies are to be passed on as royalty to the music companies. This is as opposed to the earlier arrangement which required some players in the radio industry to pay as much as 20 percent of their revenues as royalties on a fixed charge per needle hour basis.

The shift from needle-hour rate to revenue sharing model is expected to squeeze down revenues for music companies. Indian music companies will see a drop in revenues from radio royalties, from 7-8 percent of net advertising revenues in the needle hour rate era, down to about two percent of net advertising revenues earned by radio 9 companies.

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

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-rationalization, leading to restructuring of programming costs, carriage fee and compensations etc.

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 had 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 direct-to-home (DTH) market in India had 23.1 million active subscribers by the end of 2010, as per Media Partners Asia. This amounts to 16 per cent penetration of television homes in India.

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 experienced 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 organizations are human driven; its growth depends upon the quality contribution made by the people in the organization. Therefore, your Company recognizes human resources as a key component for facilitating organizational growth. Your Company has continuously worked to create and nurture an organization 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 getting 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.AG. 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. In this financial year your Company plans to extend the B.A.G. ESOP Scheme wherein it is proposed to issue options to all the employees of the Company and its subsidiaries, which could give rise to the issue of equity shares of the Company not exceeding ten million equity shares. 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 previous year's your company has granted 11,50,000 options to their employees and its subsidiaries out of which 4,80,000 options are in force.

AUDITOR'S 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, 2011 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, 2011 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, 2011 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, 2011;

      (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
Membership No. 74602
FRN: 006792C

Place : Noida
Dated : 30.05.2011

ANNEXURE TO AUDITOR'S 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, 2011 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, 2011 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 25,00,00,000 (Previous Year Rs. 7,00,00,000 from State Bank of India) from Punjab National Bank 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 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
Membership No. 74602
FRN: 006792C

Place : Noida
Dated : 30.05.2011

BALANCE SHEET AS AT MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	SCHEDULE		MARCH,31 2011		MARCH,31 2010
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
CAPITAL	A	339,991,539		329,655,639	
RESERVES & SURPLUS	B	2,535,052,800	2,875,044,339	2,422,434,360	2,752,089,999
LOAN FUND					
SECURED LOANS	C		409,865,279		143,872,985
DEFERRED TAX LIABILITY			27,262,895		21,722,612
			3,312,172,513		**2,917,685,596**
APPLICATION OF FUNDS					
FIXED ASSETS					
GROSS BLOCK	D	1,186,907,744		930,922,953	
LESS: DEPRECIATION		493,956,289		413,431,192	
NET BLOCK		692,951,455		517,491,761	
ADD: CAPITAL WORK IN PROGRESS (INCLUDES CAPITAL ADVANCES)		177,365,234	870,316,689	15,076,031	532,567,792
INVESTMENTS	E		441,586,426		301,897,099
CURRENT ASSETS, LOANS & ADVANCES	F				
CASH & BANK BALANCES		107,581,077		932,016,035	
CLOSING STOCK		124,323,451		118,609,192	
SUNDRY DEBTORS		152,952,032		154,038,067	
LOANS & ADVANCES		1,866,284,767		1,086,311,017	
		2,251,141,327		2,290,974,311	
LESS CURRENT LIABILITIES & PROVISIONS	G				
LIABILITIES		241,110,199		201,019,296	
PROVISIONS		17,289,170		18,989,802	
		258,399,369		220,009,098	
NET CURRENT ASSETS			1,992,741,958		2,070,965,213
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	H		7,527,440		12,255,492
			3,312,172,513		**2,917,685,596**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS P

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

AS PER OUR SEPERATE 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
FRN : 006792C

ANURRADHA PRASAD
(CHAIRPERSON CUM MANAGING DIRECTOR)

ANURADHA MISHRA
(DIRECTOR)

RAJEEV PARASHAR
(COMPANY SECRETARY)

PLACE : NOIDA
Date : 30.05.2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	SCHEDULE		FOR THE YAER ENDED MARCH,31 2011		FOR THE YAER ENDED MARCH,31 2010
INCOME					
SALES & SERVICES	I		338,270,550		315,017,796
OTHER INCOME	J		136,681,295		84,660,720
INCREASE/(DECREASE) IN STOCKS			5,714,259		47,633,687
TOTAL			**480,666,104**		**447,312,203**
EXPENDITURE					
COST OF PRODUCTION	K		277,346,112		248,787,005
PERSONNEL COST	L		25,280,653		34,365,812
ADMINISTRATIVE EXPENSES	M		53,201,168		42,656,585
FINANCIAL CHARGES	N		30,211,018		12,584,579
MISC. EXPENSES WRITTEN OFF	O		2,020,552		2,020,552
DEPRECIATION			82,229,182		101,075,328
TOTAL			**470,288,685**		**441,489,861**
PROFIT BEFORE TAXATION			**10,377,419**		**5,822,342**
PROVISION FOR TAX (INCLUDING WEALTH TAX)		4,655,070		9,321,931	
DEFERRED TAX		5,540,283		(3,922,841)	
			10,195,353		5,399,090
PROFIT AFTER TAXATION			**182,066**		**423,252**
ADJUSTMENT RELATING TO EARLIER YEARS			(1,860,726)		(2,672,974)
BALANCE BROUGHT FORWARD			90,742,854		92,992,576
AVAILABLE FOR APPROPRIATIONS			**89,064,194**		**90,742,854**
APPROPRIATIONS					
SURPLUS TRANSFERRED TO BALANCE SHEET			89,064,194		90,742,854
			89,064,194		**90,742,854**
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS. 2 EACH			0.01		0.03
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS. 2 EACH (BEFORE EXCEPTIONAL ITEMS)			0.01		0.03

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 SEPERATE 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
FRN : 006792C

ANURRADHA PRASAD
(CHAIRPERSON CUM MANAGING DIRECTOR)

ANURADHA MISHRA
(DIRECTOR)

RAJEEV PARASHAR
(COMPANY SECRETARY)

PLACE : NOIDA
Date : 30.05.2011

SCHEDULES FORMING PART OF ACCOUNTS AS AT MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	MARCH,31 2011		MARCH,31 2010	
SCHEDULE 'A': SHAREHOLDERS FUNDS				
SHARE CAPITAL				
AUTHORISED CAPITAL				
200,000,000 EQUITY SHARES OF RS. 2/- EACH (PREVIOUS YEAR 200,000,000 EQUITY SHARES @ Rs 2/- EACH)		**400,000,000**		**400,000,000**
ISSUED, SUBSCRIBED & PAID UP CAPITAL				
37,518,890 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP FOR CASH (PREVIOUS YEAR 37,518,890 EQUITY SHARES)	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 @ 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 100,00,000 EQUITY SHARES @ Rs 2/- EACH)	20,000,000		20,000,000	
15,000,000 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP FOR CASH BY CONVERTING SHARE WARRANTS (PREVIOUS YEAR 71,40,000 EQUITY SHARES)	30,000,000		14,280,000	
3,70,00,000 EQUITY SHARES @ 2/- PER SHARE REPRESENTED BY 37,00,000 GDR ISSUED @ USD 4.71 PER GDR	74,000,000		74,000,000	
270000 SHARES OF RS.2/- EACH AGAINST ESOPS (PREVIOUS YEAR 105,000 SHARES @ RS.2/- EACH)	540,000		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	
	330,166,180		314,116,180	
LESS: CALLS UNPAID (174,641 EQUITY SHARES @ RS. 1/-) (PREVIOUS YEAR 180,541 EQUITY SHARES @ RS. 1/- EACH)	174,641	329,991,539	180,541	313,935,639
SHARE WARRANTS PENDING ALLOTMENT 50,00,000 OF RS 2 EACH (PREVIOUS YEAR ON 78,60,000 SHARES WARRANTS @ Rs 2/- EACH)		10,000,000		15,720,000
		339,991,539		**329,655,639**
SCHEDULE 'B': RESERVES & SURPLUS				
(A) PROFIT & LOSS				
OPENING	93,367,041		92,992,576	
ADD:PROFIT AFTER TAX	182,066		423,252	
ADD : ADJUSTMENTS RELATING TO EARLIER YEARS	(1,860,726)		(48,788)	
LESS:PROPOSED DIVIDEND INCL.CORPORATE DIVIDEND TAX	—	91,688,381	—	93,367,041
(B) GENERAL RESERVES				
OPENING	37,927,284		37,927,284	
ADD: TRANSFERRED FROM PROFIT AND LOSS ACCOUNT	—	37,927,284	—	37,927,284
(C) SHARE PREMIUM				
OPENING	1,393,994,779		1,393,994,779	
LESS: SHARE WARRANTS FORFIETED	40,150,000		40,150,000	
ADD: PREMIUM ON ESOPS ISSUED	3,050,250		3,050,250	
ADD: RECEIVED THROUGH SHARE WARRANTS	229,500,000		109,242,000	
ADD: RECEIVED THROUGH GDR	735,658,420		735,658,420	
ADD: RECEIVED THROUGH UPFRONT MONEY OF SHARE WARRANT	12,125,000		18,274,500	
ADD: PREMIUM ON ESOPS ISSUED	3,143,250		—	
LESS: CALLS UNPAID (174,641 EQUITY SHARES @ RS.4/-)	698,564	2,336,623,135	722,164	2,219,347,785
(D) CAPITAL RESERVE		60,150,000		60,150,000
(E) DEFERRED EMPLOYEE COMPENSATION		8,664,000		11,642,250
		2,535,052,800		**2,422,434,360**
SCHEDULE 'C': SECURED LOANS				
VEHICLE LOAN FROM BANKS (SECURED BY HYPOTHECATION OF VEHICLES FINANCED)		4,358,028		5,540,147
PNB LOAN		250,000,000		—
SBI CC AND TERM LOAN		155,507,250		138,332,838
		409,865,279		**143,872,985**

SCHEDULE 'D' FIXED ASSETS SCHEDULE AS PER COMPANIES ACT, 1956 FOR THE YEAR ENDING ON MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	COST AS AT 01.04.2010	ADDITION DURING THE YEAR	SALE/ADJ DURING THE YEAR	TOTAL COST AS AT 31.03.2011	ACCUMULATED DEPRECIATION AS AT 01.04.2010	DEPRECIATION FOR THE YEAR	ADJUSTMENT FOR THE YEAR	ACCUMULATED DEPRECIATION AS AT 31.03.2011	W.D.V. AS AT 31.03.2011	W.D.V. AS AT 31.03.2010
LAND & SITE DEVELOPMENT	57,825,219	—	—	57,825,219	—	—	—	—	57,825,219	57,825,219
BUILDING	167,615,982	—	—	167,615,982	30,992,251	6,831,186	—	37,823,437	129,792,545	136,623,731
PLANT & MACHINERY	309,757,830	160,090,887	35,411	469,813,306	145,453,368	34,134,723	35,411	179,552,680	290,260,626	164,304,462
COMPUTERS & PERIPHERALS	159,184,037	16,048,871	1,081,462	174,151,446	101,490,152	16,605,290	1,081,462	117,013,980	57,137,466	57,693,885
VEHICLE	23,449,653	3,176,075	1,528,707	25,097,021	14,610,675	2,658,376	587,212	16,681,839	8,415,182	8,838,978
COMPUTER SOFTWARE	85,967,355	61,325,350	—	147,292,705	62,749,685	10,157,676	—	72,907,361	74,385,344	23,217,670
FURNITURE'S & FIXTURES	92,658,174	1,358,610	21,500	93,995,284	43,029,007	9,011,878	—	52,040,885	41,954,399	49,629,167
OFFICE EQUIPMENTS	34,464,703	16,652,079	—	51,116,782	15,106,054	2,830,053	—	17,936,107	33,180,675	19,358,649
TOTAL	**930,922,953**	**258,651,872**	**2,667,080**	**1,186,907,744**	**413,431,192**	**82,229,182**	**1,704,085**	**493,956,289**	**692,951,455**	**517,491,761**
CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)									**177,365,234**	**15,076,031**

(Amt. in Rs.)

PARTICULARS		MARCH,31 2011		MARCH,31 2010
SCHEDULE 'E': INVESTMENTS				
LONG TERM INVESTMENTS		**322,385,454**		**288,625,920**
TRADE INVESTMENT AT COST				
5,000 EQUITY SHARES (PREVIOUS YEAR 5000 EQUITY SHARES) OF MUKTA ARTS LIMITED HAVING FACE VALUE OF RS.5/- PER SHARE FULLY PAID UP PURCHASED @ RS.100/- PER EQUITY SHARE (MARKET VALUE AS ON 31-03-2011 IS RS. 34.30 PER SHARE) (PREVIOUS YEAR RS. 58.15 PER SHARE)	500,000		500,000	
12,400 EQUITY SHARES OF (PREVIOUS YEAR 12,400 EQUITY SHARES) B.A.G.INFOTECH PRIVATE LIMITED HAVING FACE VALUE OF RS 10/- PER SHARE FULLY PAID-UP. (UNQUOTED)	124,000		124,000	
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 SUBSIDARIES AT COST				
12,200,000 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)	135,759,534		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 321,885,454/- (PREVIOUS YEAR RS. 288,125,920)				
OTHER INVESTMENTS		**119,200,972**		**13,271,179**
CURRENT INVESTMENT				
IN MUTUAL FUND*				
* AGGREGATE VALUE OF QUOTED INVESTMENT IS Rs. 119,200,971 (PREVIOUS YEAR Rs. 13,271,179/-)		119,200,972		13,271,179
** AGGREGATE VALUE OF UN- QUOTED INVESTMENT		—		—
		441,586,426		**301,897,099**

(Amt. in Rs.)

PARTICULARS		MARCH 31, 2011		MARCH 31, 2010
SCHEDULE 'F': CURRENT ASSETS, LOANS & ADVANCES				
(A) CURRENT ASSETS				
1 CASH & BANK BALANCES				
CASH IN HAND		2,334,392		1,105,112
IMPREST WITH STAFF		2,298,585		103,909
CHEQUES IN HAND		1,477,239		657,665
BALANCES WITH SCHEDULED BANKS		101,470,861		120,490,929
CURRENT ACCOUNT	95,982,544		19,876,361	
FIXED DEPOSITS	5,488,317		100,614,568	
BALANCES WITH OTHER THAN SCHEDULED BANKS		—		809,658,420
		107,581,077		**932,016,035**
2 STOCK IN TRADE				
(AT COST, AS VALUED AND CERTIFIED BY THE MANAGEMENT)				
RAW MATERIAL		618,430		56,298
WORK IN PROGRESS		15,656,715		31,152,142
FINISHED GOODS		108,048,306		87,400,752
		124,323,451		**118,609,192**
3 SUNDRY DEBTORS				
(UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE SPECIFIED)				
(a) DEBTS FOR A PERIOD EXCEEDING SIX MONTHS	10,988,103		12,985,370	
(b) OTHER DEBTS	141,963,929		141,052,697	
		152,952,032		154,038,067
		152,952,032		**154,038,067**
(B) LOANS & ADVANCES				
(UNSECURED, CONSIDERED GOOD)				
ADVANCE TAXES		83,322,049		98,021,966
EARNEST MONEY & SECURITY DEPOSITS		7,029,474		7,021,974
PREPAID EXPENSES		2,933,426		2,576,105
FEES RECOVERABLE (ISOMES)		2,491,300		6,234,800
STAFF ADVANCES		949,647		840,675
LOAN TO SUBSIDIARY COMPANIES		1,748,019,226		961,653,968
ADVANCES TO OTHERS		21,539,645		9,961,529
		1,866,284,767		**1,086,311,017**
SCHEDULE 'G' : CURRENT LIABILITIES AND PROVISIONS				
A. LIABILITIES				
SUNDRY CREDITORS FOR GOODS & SERVICES		212,957,557		77,030,545
OTHER CREDITORS		—		144,267
ADVANCE FROM CUSTOMERS		292,882		292,882
TAXES PAYABLE		16,866,226		16,482,172
OTHER LIABILITIES		10,402,098		106,477,346
UNCLAIMED DIVIDEND		591,436		592,084
		241,110,199		**201,019,296**
B. PROVISIONS				
PROVISION FOR INCOME TAX		15,337,145		17,670,967
PROVISION FOR WEALTH TAX		532,205		259,317
PROVISION FOR LEAVE ENCASHMENT		—		110,559
PROVISION FOR GRATUITY		1,419,820		948,959
		17,289,170		**18,989,802**

(Amt. in Rs.)

PARTICULARS		MARCH 31, 2011		MARCH 31, 2010
SCHEDULE 'H' : MISCELLANEOUS EXPENDITURE				
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)				
PRELIMINARY EXPENSES				
OPENING BALANCE	3,456,116		5,476,668	
LESS: WRITTEN OFF	2,020,552	1,435,564	2,020,552	3,456,116
DEFFERRED EMPLOYEE COMPENSATION				
OPENING BALANCE	8,799,376		11,506,876	
ADD: INCURRED DURING THE YEAR	—		—	
	8,799,376		11,506,876	
LESS: WRITTEN OFF	2,707,500	6,091,876	2,707,500	8,799,376
		7,527,440		**12,255,492**

(Amt. in Rs.)

PARTICULARS		FOR THE YEAR ENDED MARCH 31, 2011		FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 'I' : SALES & SERVICES				
AUDIO -VIDEO PRODUCTIONS				
INCOME FROM COMMISSIONED SERIALS	252,839,973		184,005,170	
INCOME FROM CORPORATE FILMS & OTHERS	3,758,318		—	
INCOME FROM LOCATION HIRING	8,180,833	264,779,124	1,780,528	185,785,698
MEDIA EDUCATION				
INCOME FROM MEDIA SCHOOL		19,465,980		19,303,717
LEASING INCOME				
INCOME FROM LEASING OF EQUIPMENTS		54,025,446		90,004,404
INCOME FROM RENT		—		19,923,977
		338,270,550		**315,017,796**

(Amt. in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2011	FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 'J' : OTHER INCOME		
INTEREST	133,153,565	80,735,251
SUNDRY BALANCES WRITTEN BACK	3,088,647	1,049,120
DIVIDEND ON INVESTMENTS	77,553	1,087,044
PROFIT ON SALE OF ASSET	—	394,930
PROFIT ON SALE OF INVESTMENTS	250,658	990,254
MISC. INCOME	110,872	404,122
	136,681,295	**84,660,720**
SCHEDULE ' K ' : COST OF PRODUCTION		
PROFESSIONAL CHARGES ARTIST, DIRECTORS, TECHNICIANS	65,109,254	128,636,803
CASSETTES	1,051,214	3,291,321
EDITING CHARGES	14,920	19,100
GENERATOR FUEL EXPENSES	910,929	750,536
CAMERA HIRING CHARGES	2,107,626	4,369,574
FILM PROCESSING CHARGES	—	650,000
LOCATION & STUDIO HIRING CHARGES	11,460,147	18,687,411
SET EXPENSES	6,980,403	15,128,481
EQUIPMENT HIRING CHARGES	8,427,837	11,861,887
SHOOTING EXPENSES	14,231,318	38,210,272
ELECTRICITY EXPENSES	5,076,798	6,684,035
PRODUCTION TRAVELLING & CONVEYANCE	5,559,807	11,172,076
FILM PROMOTION & OTHER PUBLICITY EXPENSES	146,091,304	2,064,801
REPAIRS & MAINTENANCE - PRODUCTION EQUIP	1,721,804	1,754,709
POSTAGE, TELEPHONE & DOWNLINKING CHARGES	2,114,071	2,452,049
RUNNING & MAINTENANCE OF VEHICLE	1,790,194	2,683,387
UPLINKING CHARGES	4,698,487	370,564
	277,346,112	**248,787,005**
SCHEDULE ' L ' : PERSONNEL COST		
SALARIES, ALLOWANCES AND BONUS	11,010,798	12,043,410
MANAGERIAL REMUNERATION	10,000,000	17,899,998
LEAVE ENCASHMENT	—	110,559
GRATUITY	545,516	173,820
STAFF WELFARE EXPENSES	691,368	1,137,329
EMPLOYEE COMPENSATION	2,707,500	2,707,500
CONTRIBUTION TOWARDS PROVIDENT FUND AND ESI	325,471	293,196
	25,280,653	**34,365,812**

(*Amt. in Rs.*)

PARTICULARS		FOR THE YEAR ENDED MARCH 31, 2011		FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE ' M ' : ADMINISTRATIVE COST				
OFFICE MAINTENANCE		9,661,008		5,684,394
ELECTRICITY EXPENSES		2,257,126		2,739,342
TELEPHONE, COURIER, POSTAGE AND TELEGRAM		1,079,776		1,272,930
PRINTING & STATIONERY		79,549		180,383
REPAIRS & MAINTENANCE		771,817		635,816
CONVEYANCE EXPENSES		423,490		783,167
RUNNING & MAINTENANCE OF VEHICLE		301,535		764,614
LOSS ON FOREIGN EXCHANGE FLUCTUATION		6,303,514		1,072,588
TRAVELLING EXPENSES				
DIRECTORS	2,333,004		2,226,533	
OTHERS	1,032,209	3,365,213	1,822,246	4,048,779
AUDITORS REMUNERATION & EXPENSES				
(A) STATUTORY AUDIT	200,000		200,000	
(B) TAX AUDIT FEES	40,000		40,000	
(C) LIMITED REVIEW FEES	60,000		60,000	
(D) AUDITOR'S EXPENSES	99,042	399,042	28,2703	582,703
BOARD & GENERAL MEETING EXPENSES		2,579,480		2,253,522
DONATIONS		324,200		311,701
FEES & SUBSCRIPTION		3,053,824		2,680,628
INTERNET & WEBSITE MAINTENANCE EXPENSES		538,799		730,982
ADVERTISEMENT & BUSINESS PROMOTIONS		723,516		1,809,630
CONSULTANCY & LEGAL CHARGES		7,829,421		6,070,458
RENT,RATES & TAXES		7,042,190		2,432,153
INSURANCE EXPENSES		2,450,061		2,062,930
SECURITIES TRANSACTIONS TAX		16,003		55,439
LOSS ON SALE OF ASSET		6,495		—
LOSS ON SALE OF INVESTMENT		2,810,185		6,065,326
MISCELLANEOUS EXPENSES		1,184,925		419,100
		53,201,168		**42,656,585**
SCHEDULE ' N ' : FINANCIAL CHARGES				
BANK CHARGES		95,084		1,939,133
BANK INTEREST & DISCOUNTING CHARGES		30,115,934		10,645,446
		30,211,018		**12,584,579**
SCHEDULE ' O ' : MISCELLANEOUS EXPENDITURE WRITTEN OFF				
PRELIMINARY EXPENSES		2,020,552		2,020,552
		2,020,552		**2,020,552**

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

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 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. 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. 171,500 (Previous year Rs. 172,500). This being a long-term investment, the Company considers this fall in value as temporary.

2. 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:

   During the year under review company has converted 7,860,000 warrants at a price of Rs. 17.30 each including a premium of Rs. 15.30 per warrant into equity shares. These equity shares allotted by above conversion have been listed for trading on the stock exchanges.

   During the year under review your company has issued 5,000,000 warrants at a price of Rs 17.70 each including premium of Rs 15.70 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 September 4, 2010 to 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% application money against the same as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 mentioned above amounting to Rs. 22,125,000.

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, 2011	For the year ended March 31, 2010
ASSETS		
Fixed Assets	11,914,970	11,914,970
Current Assets		
- Cash & Bank Balance	12,78,383	65,823
- Loans & Advances	115,633	1,414,899
Miscellaneous Expenses		
- Preliminary Expenses	246,670	246,670
- Pre-operative Expenses	1,074,915	866,306
LIABILITIES		
Share Capital		
Equity Share capital	9,667,520	9,667,520
Current Liabilities	4,963,051	4,841,148

The company has not started its commercial operations as at March 31, 2011

4. During the year under review the Company has discharged its liability towards the guarantee given to IDBI for its subsidiary B.A.G. Infotainment Limited for buying back the investment into equity of the amount of Rs 20,000,000/- at the discounted yield of 13.50% per annum by making a payment of Rs 3,37,59,534/-. The stake of the company into its subsidiary B.A.G Infotainment Limited increases by 20,00,000 equity shares to 1,22,00,000 equity shares.

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

   i) B.A.G. Newsline Network Limited: Rs. 1,140,229,590 (Maximum Amount outstanding during the year Rs. 1,157,115,126) (Previous year Rs. 560,871,911).

   ii) B.A.G. Glamour Limited: Rs. 370,050,287 n(Maximum Amount outstanding during the year Rs. 436,614,013) (Previous year Rs. 230,583,520).

   (iii) B.A.G. Infotainment Limited: Rs. 370,050,287 (Maximum Amount outstanding during the year Rs. 402,032,065) (Previous year Rs. 170,196,904).

6. The unsecured loan of Rs. 35,773,974 given to its subsidiary company B.A.G Infotainment Limited along with interest as at March 31, 2011 has been converted into share application account for proposed investment in equity share of B.A.G. Infotainment limited.

7. 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.

8. Earlier year adjustment (net) of Rs. 1,860,726 (Previous Year Rs. 2,672,974) in Reserves and Surplus Account includes:-

   i) Rs. 2,012,376 on account of short provisioning of Fringe Benefit Tax and unclaimed dividend.

   ii) Rs.151, 650 on account of excess provisioning of Income Tax.

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, 2011 in respect of Employees Stock Options Outstanding is Rs.8,664,000. The balance deferred compensation expense Rs. 6,091,876 will be amortized over the remaining vesting period of Options.

The movement in the options granted to employees during the year ended March, 31 2011 under the "the BAG ESOP Scheme" is as below:

Particulars	March,11	March,10
Date of Grant	30-Jul-08	30-Jul-08
Market value on date of grant	Rs. 31.05	Rs. 31.05
Exercise Price	Rs. 3.00	Rs. 13.00
Vesting Period	5 Years	5 Years
Options outstanding at the beginning of year	320000	375000
Options granted (Nos)	NIL	NIL
Options forfeited/Lapsed (Nos)	NIL	NIL
Options exercised (Nos)	95000	55000
Options Expired (Nos)	Nil	Nil
Options outstanding at the end of year (Nos)	225000	320000

10. Commitments & Contingent Liabilities

a) Guarantee given to bank amounting to Rs. 6,06,000 (Previous year Rs. 6,06,000) secure by fixed deposit.

b) Guarantee given on behalf of subsidiaries:

i) Guarantee given on behalf of subsidiary company, B.A.G. Newsline Network Limited amounting to Rs. 27,00,000 (Previous year Rs. 27,00,000).

ii) Guarantee given on behalf of subsidiary company, B.A.G. Infotainment Limited amounting to Rs. 5,13,000 (Previous year Rs. 5,13,000).

iii) Guarantee given on behalf of subsidiary company, B.A.G. Newsline Network Limited amounting to Rs. 5,00,00,000 (Previous year Rs. 5,00,00,000) by pledging 514,286 shares held by B.A.G. Films & Media Limited in the B.A.G. Newsline Network Limited.

iv) Guarantee given on behalf of subsidiary company, B.A.G. Glamour Limited amounting to Rs. 4,00,00,000 (Previous year Rs. 4,00,00,000) by pledging 411,430 shares held by B.A.G. Films & Media Limited in the B.A.G. Glamour Limited.

c) Corporate Guarantees given in favour of bank by creating charge on land situated at Plot No. HS-20, Sector-B-7, Greater Noida amounting to Rs. 180,000,000 (Previous year Rs. 132,500,000) on behalf of B.A.G. Education Society.

d) During the year B.A.G Films & Media Limited. availed facility of Rs.25,00,00,000 (Previous Year Rs. 19,00,00,000 from State Bank of India) from Punjab National Bank Limited in the form of term loan. The sanction given by bank on the basis of proposed pari passu charge on Land and building of B.A.G Films & Media Limited situated at FC-23, Sector-16-A, Film City, Noida.

11. 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.

12. 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 undertaking to custom department. Under the terms of the EPCG Scheme, the company is required to export goods or services of at least Rs. 43,52,16,860 (Previous Year Rs. Rs. 43,52,16,860) within eight years from issue of EPCG Licenses.

13. 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

14. 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. 210,938 (Previous Year Rs. 236,893)

Employer's Contribution to ESI : Rs. 86,216 (Previous Year Rs. 24,472)

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.)

	March 31, 2010	March 31, 2011
a) Present value of obligation as at the beginning of the period	10,30,173	10,06,651
b) Acquisition adjustment	—	—
c) Interest cost	82,414	80,532
d) Past service cost	—	2,69,949
e) Current service cost	1,96,834	2,68,429
f) Curtailment cost/(Credit)	—	—
g) Settlement cost/(Credit)	—	—
h) Benefits paid	(1,97,342)	—
i) Actuarial (gain)/loss on obligation	(1,05,428)	(73,394)
j) Present value of obligation as at the end of period	10,06,651	15,52,167

b. Expense recognized in the statement of profit and loss

(Amt in Rs.)

	March 31, 2010	March 31, 2011
a) Current service cost	1,96,834	2,68,429
b) Past service cost	—	2,69,949
c) Interest cost	82,414	80,532
d) Expected return on plan assets	—	—
e) Curtailment cost / (Credit)	—	—
f) Settlement cost / (credit)	—	—
g) Net actuarial (gain)/ loss recognized in the period	(1,05,428)	(73,394)
h) Expenses recognized in the statement of profit & losses	1,73,820	5,45,516

c. Actuarial Assumptions

	March 31, 2010	March 31, 2011
i) Discounting Rate	8.00	8.00
ii) Future salary Increase	5.50	5.50
iii) Expected Rate of return on plan assets	0.00	0.00

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.

15. 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, 2011**	**Year ended March 31,2010**
Managing Directors Remuneration and Other Allowances*	10,000,000	17,899,998
Total	10,000,000	17,899,998

* The Company has obtained approval from Central Government for managerial remuneration of Rs. 1 crore to the managing director w.e.f. 13.04.2011

ii) (Amt. in Rs.)

Particulars	**Year ended March 31, 2011**	**Year ended March 31, 2010**
Sitting Fees,	390,000	450,000
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, 2011**	**Year ended March 31, 2010**
Earnings in Foreign Currency		
Income from Commissioned Serials	NIL	NIL
Income from Sale of Rights	NIL	NIL
Expenditure in Foreign Currency		
Fees & Subscription	451,034	NIL
Travel Expenses	203,743	203,743
Equipments Purchased	3,670,441	1,501,475
Import of Services	1,573,100	8,553,274
Interest	NIL	NIL

Value of Export of Services of Rs. NIL (Previous Year Rs. NIL).

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

(Amt. in Rs.)

Particulars	**Year ended March 31, 2011**	**Year ended March 31, 2010**
Repairs & Maintenance -Building	1,276,500	2,543,264
Repairs & Maintenance - Machinery	1,721,804	483,077

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.

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

(Amt. in Rs.)

Particulars	**Year ended March 31, 2011**	**Year ended March 31, 2010**
Opening Balance of Deferred Tax Liability (Net)	21,722,612	25,645,453
A. Deferred Tax Liability		
Related to Fixed Assets	6,412,490	(4,599,653)
Disallowance under the Income Tax Act	(686,786)	686,786
B. Deferred Tax Assets		
Related to Gratuity	(185,421)	(9,974)
Closing Balance of Deferred Tax Liability (Net)	27,262,895	21,722,612

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

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

1. List of Related Parties

Name	**Relationship**
Ms. Anurradha 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. Newsline 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	Promoter Company

2. 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	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Salary	10,000,000	17,899,998	-	-	-	-	-	-	-	-	-	-
Consultancy fees	-	-	3,600,000	3,600,000	-	-	-	-	-	-	-	-
Sitting Fee			105,000	105,000	-	-	-	-	-	-	-	-
Advance against share capital given	-	-	-	-	-	-	-	-	-	-	-	-
Lease rent on equipments received	-	-	-	-	54,025,446	81,004,404	-	-	-	-	-	-
Security deposit Receipt - Refunded	-	-	-	-	-	3,330,000	-	-	-	-	-	-
Income from Television Programming	-	-	-	-	149900000	-	-	-	-	-	-	-
Advertisement Expenses	-	-	-	-	145,000,000	1,044,836						
Expenses incurred	-	-	-	-	186,418,576	81,967,482	-	-	70515	19,408	-	6,000,000
Expenses Reimbursed					156,736,302	3,186,696						
Interest Earned	-	-	-		130,983,645	74,197,911	-		-	-	-	-
Unsecured loan(taken)	-	-	-	-	642,104,096	388,014,982	-	6,078	-	-	-	-
Unsecured loan (given/returned)	-	-	-	-	1,398,487,797	834,213,485	-	6,078	-	-	-	-
Share application money invested	-	-	-	-	357,737,974	-	-	-	-	-	-	-
Share application money Received	-	-	-	-	-	-	-	-	22,125,000	33,994,500	-	-
Share's issued	-	-	-	-	-	-	-	-	101,983,500	123,522,000	-	-

19. a). There are no dues to small scale industrial undertakings (SSI) outstanding for more than 30 days.

b). Amount overdue as on March 31, 2011 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.

20. 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.

21. Earnings Per Share (EPS) is Computed in Accordance with Accounting Standard-20:-

(Amt. in Rs.)

Particulars		**2010-11**	**2009-10**
i)	Net Profit after tax as per profit and loss account	1,82,066	423,252
ii)	short provision for tax of earlier years	(1,860,726)	(2,672,974)
iii)	Net Profit attributable to Equity Shareholders	2,042,792	3,096,226
iv)	Net Profit before Exceptional Item	2,042,792	3,096,226
v)	Weighted Average number of equity shares used as denominator for calculating Basic EPS	157,030,900	119,727,656
vi)	Basic Earnings per share	0.01	0.03
vii)	Weighted Average number of equity shares used as denominator for calculating Diluted EPS	157,071,070	119,776,299
viii)	Diluted Earnings per share	0.01	0.03
ix)	Basic Earnings (before exceptional item) per share	0.01	0.03
x)	Diluted Earnings (before exceptional item) per share	0.01	0.03
xi)	Face Value per equity share	2.00	2.00

22. Details of Investments in Mutual Funds

SCHEME	**No. of Units as at March 31,**		**Value (Rs) as at March 31,**	
	2011	**2010**	**2011**	**2010**
BIRLA SUNLIFE MIP WEALTH GROWTH	840,887	—	15,000,000	—
DSP-ML TIGER FUND	—	21,070	—	350,001
DSP MERILL LYNCH EQUITY FUND -DIV CASH OPTION	—	7,871	—	500,000
FRANKLIN INDIA PRIMA FUND	6,181	6,181	283,382	283,382
HDFC CASH MANAGEMET FUND	42,914	—	861,865	—
ICICI PRU FLEXIBLE INCOME	1,029,447	—	20,000,000	—
J M EMERGING LEADER FUND	—	136,878	—	2,000,000
PRINCIPAL CASH MGNT FUND	6,259	6,259	62,596	62,596
PRU. ICICI INFRASTRUCTURE FUND - DIV PAYOUT	—	—	—	—
PRU. ICICI INFRASTRUCTURE FUND - DIV PAYOUT	109,529	109,529	2,000,000	2,000,000
RELIANCE MIP GROWTH	1,616,329	—	35,000,000	—
SUNDARAM CAPEX OPPORTUNITIES FUND	—	54,821	—	1,000,000
SUNDARAM BNP PARIBAS MONEY FUND -DAILY DIV	—	380,000	—	3,800,000

SCHEME	No. of Units as at March 31,		Value (Rs) as at March 31,	
	2011	2010	2011	2010
TEMPLETION INDIA TREASURY MANAGEMENT ACCOUNT	182	182	275,200	275,200
TATA INFRASRUCTURE FUND	—	37,981	—	1,000,000
TATA INDO-GLOBAL INFRASTRUCTURE FUND-DIV	200,000	200,000	2,000,000	2,000,000
TATA MIP PLUS GROWTH	1,800,278	—	28,717,928	—
UTI MIS ADVANTAGE FUND-GROWTH	744,590	—	15,000,000	—

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

AS PER OUR SEPERATE 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
FRN : 006792C

ANURRADHA PRASAD
(CHAIRPERSON CUM MANAGING DIRECTOR)

ANURADHA MISHRA
(DIRECTOR)

RAJEEV PARASHAR
(COMPANY SECRETARY)

PLACE : NOIDA
Date : 30.05.2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(A)	**REGISTRATION DETAIL**	
	REGISTRATION NO.	51841
	STATE CODE	55
	BALANCE SHEET DATE	MARCH 31,2011
(B)	**CAPITAL RAISED DURING THE YEAR**	**(AMT IN '000)**
	PUBLIC ISSUE	NIL
	RIGHT ISSUE	NIL
	BONUS ISSUE	NIL
	PRIVATE PLACEMENT	16050
(C)	**POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**	**(AMT IN '000)**
	TOTAL LIABILITIES	3,312,173
	TOTAL ASSETS	3,312,173
	SOURCES OF FUNDS	
	SHARE CAPITAL	339,992
	RESERVE & SURPLUS	2,535,053
	SECURED LOANS	409,865
	DEFERRED TAX LIABILITY (NET)	27,263
	TOTAL	**3,312,173**
	APPLICATION OF FUNDS	
	NET FIXED ASSETS AND CAPITAL WIP	870,317
	INVESTMENTS	441,586
	NET CURRENT ASSETS	1,992,742
	MISC EXPENDITURE	7,527
	TOTAL	**3,312,173**
(D)	**PERFORMANCE OF THE COMPANY**	**(AMT IN '000)**
	SALES AND SERVICES	480,666
	TOTAL EXPENDITURE	470,289
	PROFIT BEFORE TAX	10,377
	PROFIT AFTER TAX	182
	EARNING PER SHARE (RS.)	0.01
	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	ANURADHA MISHRA	RAJEEV PARASHAR
(CHAIRPERSON CUM MANAGING DIRECTOR)	*(DIRECTOR)*	*(COMPANY SECRETARY)*

PLACE : NOIDA
Date : 30.05.2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(Amt. in Rs.)

		MARCH 31,2011	MARCH 31,2010
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	NET PROFIT	10,377,419	5,822,342
	ADJUSTMENTS FOR :		
	DEPRECIATION / AMORTISATION	82,229,182	101,075,328
	MISCELLANEOUS ASSETS WRITTEN OFF	2,020,552	2,020,552
	DEFERRED EMPLOYEES COMPENSATION	2,707,500	2,707,500
	DIVIDEND INCOME	(77,553)	(1,087,044)
	LOSS ON SALE OF FIXED ASSETS	6,495	—
	LOSS ON SALE OF INVESTMENT	2,810,185	5,075,073
	PROFIT SALE OF INVESTMENTS	(250,658)	—
	PROFIT ON SALE OF FIXED ASSETS	—	(394,930)
	INTEREST EXPENSE	30,115,934	10,645,446
	INTEREST INCOME	(133,153,565)	(80,735,251)
	AMOUNTS WRITTEN OFF (BACK)	(3,088,647)	(1,049,120)
	NET PRIOR PERIOD ADJUSTMENT	(1,860,726)	(48,788)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**(8,163,882)**	**44,031,108**
	ADJUSTMENTS FOR :		
	INVENTORIES	(5,714,259)	(47,633,687)
	SUNDRY DEBTORS / RECEIVABLES	4,174,682	82,358,596
	LOANS AND ADVANCES	(779,973,750)	(395,181,047)
	TRADE/OTHER PAYABLES	33,735,199	(25,018,905)
	NET CASH GENERATED FROM OPERATING ACTIVITY BEFORE EXCEPTIONAL ITEMS	(755,942,010)	(341,443,935)
	FRINGE BENEFIT TAX	—	(2,542,448)
	WEALTH TAX PAID	—	(226,291)
	GRATUITY PAID	—	(255,034)
	LEAVE ENCASHMENT	—	—
	INCREASE IN MISCELLANEOUS EXPENDITURE	(2,978,249)	(1,895,250)
	NET CASH FROM OPERATING ACTIVITIES	**(758,920,259)**	**(346,362,959)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	PURCHASE/SALE OF FIXED ASSETS / CAPITAL WIP(NET)	(419,978,079)	(2,333,661)
	PURCHASE/(SALE) OF INVESTMENTS	(139,689,327)	30,208,631
	LOSS ON SALE OF INVESTMENT	(2,810,185)	(5,075,073)
	PROFIT ON SALE OF INVESTMENT	250,658	—
	LOSS ON SALE OF FIXED ASSET	(6,495)	—
	PROFIT ON SALE OF FIXED ASSETS	—	394,930
	INTEREST RECEIVED	133,153,565	80,735,251
	DIVIDEND RECEIVED	77,553	1,087,044
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**(429,002,310)**	**105,017,122**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	PROCEEDS FROM ISSUE OF CAPITAL (INCLUDING PREMIUM)	127,611,250	910,285,170
	INCREASE IN BANK BORROWINGS LONG TERM	265,992,294	133,896,129
	INCREASE IN CAPITAL RESERVE	—	60,150,000
	INTEREST PAID	(30,115,934)	(10,645,446)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**363,487,610**	**1,093,685,853**
	INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(824,434,959)**	**852,340,017**
	CASH AND CASH EQUIVALENTS AT THE BEGINNING	**932,016,035**	**79,676,018**
	CASH AND CASH EQUIVALENTS AT THE CLOSE	**107,581,076**	**932,016,035**

AS PER OUR SEPERATE 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
FRN : 006792C

ANURRADHA PRASAD
(CHAIRPERSON CUM MANAGING DIRECTOR)

ANURADHA MISHRA
(DIRECTOR)

RAJEEV PARASHAR
(COMPANY SECRETARY)

PLACE : NOIDA
Date : 30.05.2011

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
FINANACIAL YEAR OF THE SUBSIDIARIES ENDED ON	MARCH 31, 2011	MARCH 31, 2011	MARCH 31, 2011	MARCH 31, 2011
SHARES OF THE SUBSIDIARY HELD BY B.A.G. FILMS & MEDIA LIMITED ON THE ABOVE DATE:				
A) NUMBER	12,200,000	9,000,286	8,571,430	496,100
FACE VALUE	Rs.10	Rs.10	Rs.10	Rs.10
B) EXTENT OF HOLDING	61%	52.50%	50%	98.02%
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	(451,101)	(5,956,783)	(165,012,037)	(24,505)
A) DEALT WITH IN THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2011	Yes	Yes	Yes	Yes
B) NOT DEALT WITH IN THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2011	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	(109,731,340)	(379,955,664)	(525,564,445)	(220,540)
A) DEALT WITH IN THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2011	Yes	Yes	Yes	Yes
B) NOT DEALT WITH IN THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2011	Nil	Nil	Nil	Nil

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

ANURRADHA PRASAD	ANURADHA MISHRA	RAJEEV PARASHAR
(CHAIRPERSON CUM MANAGING DIRECTOR)	*(DIRECTOR)*	*(COMPANY SECRETARY)*

PLACE : NOIDA
Date : 30.05.2011

DIRECTORS' REPORT

To,

The Members,
B.A.G. Infotainment Limited

The Directors hereby present their 6th Annual Report on the business and operations of the company along with the Audited Statements of Accounts for the year ended March 31, 2011.

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	2010-11	2009-10
Total Income	1075.52	420.38
Profit/(Loss) before depreciation and financial charges	404.35	(195.90)
Financial charges	200.12	139.72
Cash Profit/(Loss)	217.67	(322.17)
Depreciation	201.45	218.61
Profit/(Loss) before Tax	2.77	(554.22)
Provision for Tax	10.16	11.04
Profit/(Loss) after Tax	(7.40)	(565.27)
Proposed Dividend (%)	—-	—-

PERFORMANCE REVIEW

During the financial year under review, your company's revenue from operations has been Rs. 1075.52 lacs compared to Rs. 420.38 lacs last year, an increase of 155.84%. Profit before tax has been Rs. 2.77 lacs compared to loss of Rs. (554.22) lacs last year. Loss after tax has been Rs. 7.40 lacs compared to Rs. 565.27 lacs last year, a reduction of 98.69 %.

Your FM radio station, on frequency 106.4 in the name of "Dhamaal24" 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, Ahemednagar, Simla and Jabalpur.

Our Company has revamped and changed the look of its radio station 'Dhamaal24' with revitalized, novel and popular shows like MorningPur, U Turn, Sumiran, Humraaz, Hit List, Zindagi Rocks Dhamaal Cricket Championship, Zara Yaad Karo Qurbani are aired on Dhamaal 24 keeping the regional flavor in each of its programmes offered to its listeners.

Radio has made a comeback in the lifestyle of Indians. Radio has the reputation of being the oldest and the cheapest medium of entertainment in India. The radio industry has been completely energized by the various private players that entered the sector after the government allowed foreign investment into the segment and opened the licenses to the private players with new innovation happening almost everyday basis thereby keeping up the spirit of competiveness alive and also providing the daily dose of unique and new entertainment.

DIVIDEND

The Directors express their inability to declare any dividend for the financial year ended March 31, 2011 on account of losses during the year under review.

DIRECTORS

There are three directors in the company viz. Ms. Anurradha 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 he being eligible has offered himself for re-appointment. Your Board of Directors recommends his 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, 2011, 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 2011 have been prepared on a "going concern" basis.

SUBSIDIARY COMPANY

During the year a wholly owned foreign subsidiary company has been registered in the United Arab Emirates with the name of "Radio Dhamal Twenty Four Network Limited" on March 27, 2011 with a view to expansion in Innternational Market.

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 an independent director. Other members are Ms. Anurradha Prasad and Mr. Rajiv Shukla.

During the last financial year, five Audit Committee Meetings were held on May 29, 2010, August 5, 2010, November 12, 2010 February 8, 2011 and March 18, 2011.

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. 526,912 /- as against Rs. NIL 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 30, 2011

Anurradha 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, 2011 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, 2011 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, 2011 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, 2011;
      (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
Membership No. 74602
FRN: 006792C

Place: Noida
Dated: May 30, 2011

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 no 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, 2011 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. 7,39,509/- (Previous Year Rs.5,65,26,698/-) during the year ending March 31, 2011. The Company has incurred Cash profit after tax of Rs 20,750,311/- (Previous year cash loss of Rs. 33,321,031/-) during 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
Membership No. 74602
FRN: 006792C

Place: Noida
Dated: May 30, 2011

B.A.G. INFOTAINMENT LIMITED

BALANCE SHEET AS AT MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	SCHEDULE		MARCH 31, 2011		MARCH 31, 2010
SOURCES OF FUNDS					
SHAREHOLDER'S FUNDS					
SHARE CAPITAL	A	567,737,974		200,000,000	
RESERVES AND SURPLUS	B	1,500,000	569,237,974	1,500,000	201,500,000
LOAN FUND					
UNSECURED LOANS	C		51,318,830		170,198,537
DEFERRED TAX LIABILITY			8,719,628		7,703,093
TOTAL			**629,276,432**		**379,401,630**
APPLICATION OF FUNDS					
FIXED ASSETS	D				
GROSS BLOCK		215,888,612		195,817,770	
LESS: DEPRECIATION/AMORTIZATION		78,089,744		58,141,136	
NET BLOCK		137,798,868		137,676,634	
CAPITAL WORK-IN-PROGRESS (INCLUDING CAPITAL ADVANCES)		2,291,988	140,090,856	17,208,703	154,885,337
CURRENT ASSETS, LOANS AND ADVANCES:					
CASH AND BANK BALANCES	E	64,759,074		5,252,093	
SUNDRY DEBTORS	F	55,889,471		31,502,148	
LOANS AND ADVANCES	G	187,909,776		17,907,219	
		308,558,321		54,661,460	
LESS: CURRENT LIABILITIES AND PROVISIONS					
LIABILITIES	H	36,659,000		48,230,232	
PROVISIONS	I	351,439		157,648	
		37,010,439		48,387,880	
NET CURRENT ASSETS			271,547,882		6,273,580
MISCELLANEOUS EXPENDITURES (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	J		1,738,697		3,083,225
PROFIT & LOSS ACCOUNT			215,898,997		215,159,488
TOTAL			**629,276,432**		**379,401,630**

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
FRN :006792C

ANURRADHA PRASAD
(MANAGING DIRECTOR)

ANURADHA MISHRA
(DIRECTOR)

PLACE: NOIDA
DATE : MAY 30, 2011

AJAY MISHRA
(COMPANY SECRETARY)

B.A.G. INFOTAINMENT LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	SCHEDULE		FOR THE YEAR ENDED MARCH 31, 2011		FOR THE YEAR ENDED MARCH 31, 2010
INCOME					
SALES & SERVICES	K		107,468,972		40,655,502
OTHER INCOME	L		83,089		1,382,745
			107,552,061		**42,038,247**
EXPENDITURE					
PRODUCTION EXPENSES	M		38,078,866		36,354,596
PERSONNEL COST	N		13,692,621		15,940,364
ADMINISTRATIVE AND MARKETING EXPENSES	O		14,001,270		7,988,505
FINANCIAL CHARGES	P		20,012,459		13,971,557
MISCELLANEOUS EXPENSES WRITTEN OFF			1,344,528		1,344,528
DEPRECIATION/AMORTISATION			20,145,292		21,861,139
			107,275,035		**97,460,689**
PROFIT/(LOSS) BEFORE TAXATION			**277,026**		**(55,422,442)**
DEFERRED TAX		1,016,535		1,104,256	
			1,016,535		1,104,256
PROFIT/(LOSS) AFTER TAXATION			**(739,509)**		**(56,526,698)**
BALANCE BROUGHT FORWARD			(215,159,488)		(158,632,790)
AVAILABLE FOR APPROPRIATIONS			**(215,898,997)**		**(215,159,488)**
APPROPRIATIONS					
SURPLUS (LOSS) TRANSFERRED TO BALANCE SHEET			**(215,898,997)**		**(215,159,488)**
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS.10 EACH			(0.04)		(2.83)
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS.10 EACH (BEFORE EXCEPTIONAL ITEM)			(0.04)		(2.83)
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
FRN :006792C

ANURRADHA PRASAD
(MANAGING DIRECTOR)

ANURADHA MISHRA
(DIRECTOR)

PLACE: NOIDA
DATE : MAY 30, 2011

AJAY MISHRA
(COMPANY SECRETARY)

SCHEDULES FORMING PART OF ACCOUNTS AS ON MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	MARCH 31, 2011	MARCH 31, 2010
SCHEDULE-'A' : SHARE CAPITAL		
AUTHORIZED CAPITAL		
25,000,000 EQUITY SHARES OF RS.10/- EACH (PREVIOUS YEAR 25,000,000 EQUITY SHARES @ RS 10/- EACH)	**250,000,000**	**250,000,000**
ISSUED SUBSCRIBED AND PAID UP CAPITAL		
20,000,000 EQUITY SHARES @ RS. 10/- EACH FULLY PAID UP (PREVIOUS YEAR 20,000,000 SHARES @ RS. 10/- EACH)	200,000,000	200,000,000
SHARE APPLICATION	367,737,974	—
	567,737,974	**200,000,000**
SCHEDULE-'B' : RESERVES & SURPLUS		
SHARE PREMIUM	1,500,000	1,500,000
	1,500,000	**1,500,000**
SCHEDULE-'C' : UNSECURED LOAN		
UNSECURED LOAN	51,318,830	170,198,537
	51,318,830	**170,198,537**

SCHEDULE - 'D' : FIXED ASSETS SCHEDULE AS PER COMPANIES ACT, 1956 FOR THE YEAR ENDING ON MARCH 31, 2011

(Amt in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	COST AS AT 01.04.10	ADDITION DURING THE YEAR	SALE/ADJ DURING THE YEAR	COST AS AT 31.03.11	ACCUMULATED DEPRECIATION AS AT 01.04.10	DEPRECIATION FOR THE YEAR	ADJUSTMENT FOR THE YEAR	ACCUMULATED DEPRECIATION AS AT 31.03.11	W.D.V. AS AT 31.03.11	W.D.V. AS AT 31.03.10
TANGIBLE ASSETS										
PLANT & MACHINERY	71,386,218	—	—	71,386,218	20,213,737	7,118,092	—	27,331,829	44,054,389	51,172,480
COMPUTER & PERIPHERALS	7,103,357	84,750	—	7,188,107	5,016,737	852,202	—	5,868,938	1,319,169	2,086,620
SOFTWARE	7,307,316	—	—	7,307,316	4,854,352	981,185	—	5,835,537	1,471,779	2,452,964
FURNITURE AND FIXTURE	3,491,827	94,850	—	3,586,677	1,119,979	435,043	—	1,555,022	2,031,655	2,371,848
OFFICE EQUIPMENT	56,619,052	20,439,545	548,303	76,510,294	16,112,855	5,767,770	196,684	21,683,941	54,826,353	40,506,197
INTANGIBLE ASSETS										
RADIO LICENSES FEES	49,910,000	—	—	49,910,000	10,823,477	4,991,000	—	15,814,477	34,095,523	39,086,523
TOTAL	**195,817,770**	**20,619,145**	**548,303**	**215,888,612**	**58,141,136**	**20,145,292**	**196,684**	**78,089,744**	**137,798,868**	**137,676,632**
CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)									**2,291,988**	**17,208,703**

(Amt. in Rs.)

PARTICULARS		MARCH 31, 2011		MARCH 31, 2010
SCHEDULE 'E' : CASH & BANK BALANCES				
CASH IN HAND		265,154		248,555
CURRENT ACCOUNT		64,493,920		5,003,538
		64,759,074		**5,252,093**
SCHEDULE 'F': SUNDRY DEBTORS				
(UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE SPECIFIED)				
DEBTS FOR A PERIOD EXCEEDING SIX MONTHS		8,590,204		13,470,775
OTHER DEBTS		47,299,267		18,031,373
		55,889,471		**31,502,148**
SCHEDULE 'G': LOANS AND ADVANCES				
(UNSECURED, CONSIDERED GOOD)				
SERVICE TAX CREDIT		—		972,043
EARNEST MONEY & SECURITY DEPOSITS		7,923,131		7,979,400
PREPAID EXPENSES		5,377,257		5,056,161
OTHER ADVANCES		172,170,618		3,209,558
TDS RECEIVABLE		2,438,770		690,057
		187,909,776		**17,907,219**
SCHEDULE 'H': LIABILITIES				
SUNDRY CREDITORS FOR GOODS & SERVICES		19,259,178		6,912,854
TAXES PAYABLES		15,570,088		6,122,097
OTHERS LIABILITIES		1,829,733		35,195,281
		36,659,000		**48,230,232**
SCHEDULE 'I': PROVISIONS				
PROVISION FOR LEAVE ENCASHMENT		—		34,187
PROVISION FOR GRATUITY		351,439		123,461
		351,439		**157,648**
SCHEDULE 'J': MISCELLANEOUS EXPENDITURE				
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)				
PRELIMINARY EXPENSES				
OPENING BALANCE	551,834		630,666	
LESS WRITTEN OFF DURING THE YEAR	78,832	473,002	78,832	551,834
PREOPERATIVE EXPENSES				
OPENING BALANCE	2,531,391		3,797,086	
LESS WRITTEN OFF DURING THE YEAR	1,265,696	1,265,695	1,265,695	2,531,391
		1,738,697		**3,083,223**

(Amt. in Rs.)

PARTICULARS		FOR THE YEAR ENDED MARCH 31, 2011		FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 'K' : SALES & SERVICES				
ADVERTISEMENT SALES REVENUE		107,468,972		40,655,502
		107,468,972		**40,655,502**
SCHEDULE 'L': OTHER INCOME				
IVR SERVICES		—		37,029
MISC INCOME		83,089		43,298
SUNDRY BALANCE WRITTEN BACK		—		1,302,418
		83,089		**1,382,745**
SCHEDULE 'M': PRODUCTION EXPENSES				
PROFESSIONAL CHARGES		1,435,111		3,339,554
ROYALTY		7,291,680		4,116,252
CONSULTANCY CHARGES		65,628		286634
CASSETTES/CD'S & VCD		7,865		19,281
REPAIR & MAINT CHARGES		489,570		414,743
PROGRAMMING & PROMO EXPENSES		1,546,421		2,815,008
POWER & FUEL EXPENSES		12,920,311		12,173,039
INTERNET & WEBSITE EXPENSES		324,999		484,940
LICENSE & OTHER OPERATIONAL FEES		12,592,276		11,461,611
SECURITY SERVICES		1,405,006		1,243,534
		38,078,866		**36,354,596**
SCHEDULE 'N': PERSONNEL COST				
SALARY, ALLOWANCES & BONUS		12,435,140		15,104,138
LEAVE ENCASHMENT		—		34,187
GRATUITY		227,978		24,232
CONTRIBUTION TOWARDS PROVIDENT FUND & E.S.I.		690,399		505,691
STAFF WELFARE		339,104		272,116
		13,692,621		**15,940,364**
SCHEDULE 'O': ADMINISTRATIVE AND MARKETING EXPENSES				
ADMINISTRATION EXPENSES:				
OFFICE EXPENSES		729,878		459,133
TELEPHONE, POSTAGE AND INTERNET EXPENSES		353,588		403,445
PRINTING & STATIONERY		214,610		153,841
BOARDING & LODGING EXPENSES		49,936		30,103
REPAIR & MAINTENANCE		660,233		621,412
CONVEYANCE		406,451		436,674
TRAVELLING EXPENSES		197,084		291,871
NEWSPAPER & PERIODICALS		69,356		141,785
RENT		1,767,353		1,542,202
RATES & TAXES		543,515		77,836
REMUNERATION TO AUDITORS				
STATUTORY AUDIT FEE	50,000		50,000	
TAX AUDIT	40,000		40,000	
CERTIFICATION	10,000	100,000	10,000	100,000
FEES & SUBSCRIPTION		90,000		234,134
ROC FEES		1,000		2,000
LEGAL CHARGES		85,700		2,790
ELECTRICITY CHARGES		252,752		241,979
LOSS ON FOREIGN EXCHANGE FLUCTUATION		80,414		—
LOSS ON SALE OF FIXED ASSETS		236,784		1,656,602
BAD DEBTS WRITTEN OFF		1,029,996		—
MISCELLANEOUS EXPENSES		11,781		24,718
MARKETING EXPENSES:				
ADVERTISEMENT EXPENSES		1,856,948		513,550
COMMISSION & OTHER MARKETING EXPENSES		5,263,891		1,198,564
		14,001,270		**7,988,505**
SCHEDULE 'P': FINANCIAL CHARGES				
BANK CHARGES		45,380		14,408
INTEREST		19,967,079		13,957,149
		20,012,459		**13,971,557**

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

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. 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 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 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 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

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

(Amt. in Rs.)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Capital Work in Progress	Nil	172,234
Capital Advances	2,291,988	17,036,469
Total	**2,291,988**	**17,208,703**

2. There are no dues to small scale industrial undertakings (SSI) outstanding for more than 30 days. Amount due as at March 31, 2011 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.

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

4. 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.

5. The existing unsecured loans of Rs. 357,737,974.00 from the holding company has been converted into equity share application account vide the proposal accepted and approved by the Board of Directors in the meeting held on 18th March 2011.

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

(Amt. in Rs.)

Particulars	As at March 31, 2011	As at March 31, 2010
Opening Balance	7,703,093	6,598,837
Related to Fixed Assets	671,521	6,67,107
Disallowance under the Income Tax Act	415,459	4,57,005
Related to Leave encashment & Gratuity	(70,445)	(19,856)
Deferred Tax Liability	**8,719,628**	**7,703,093**

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. 654,279 (Previous Year Rs. 464,452)

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	
	2011	2010
Present value of obligation as at the beginning of the period	123,461	99,229
Current Service Cost	158,066	95,433
Interest Cost	14,269	7,938
Expected Return on Plan Assets	NIL	NIL
Actuarial (gain)/loss	55,643	(79,139)
Past Service Cost	NIL	NIL
Curtailment and settlement Cost/(credit)	NIL	NIL
Present value of obligation as at the end of the period	351,439	123,461

b) **Actuarial Assumptions:** *(Amt. in Rs.)*

Particulars	Gratuity	
	2011	2010
Discount Rate (%)	8.00	8.00
Expected Rate of Increase in Compensation Levels (%)	5.50	5.50
Expected Rate of Return on Plan Assets	NIL	NIL
Expected Average remaining working lives of employees (Years)	26.67	28.91

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

(Amt. in Rs.)

Particulars	Gratuity	
	2011	2010
Current service cost	158,066	95,433
Past service cost	NIL	NIL
Interest cost	14,269	7,938
Expected return on plan assets	NIL	NIL
Curtailment cost/Credit	NIL	NIL
Settlement cost/Credit	NIL	NIL
Net actuarial gain/loss recognized in the period	55,643	(79,139)
Expenses recognized in the statement of Profit & Losses	227,978	24,232

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.

8. **Commitments and Contingencies**

(Amt. in Rs.)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
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	513,000	5,13,000

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

a. Managerial Remuneration : Nil (Previous Year Rs. Nil)

b. The business of the Company is not subject to license as required by schedule VI; hence licensed capacity is not given.

c. CIF Value of Import - Nil (Previous Year Nil)

d. Earnings in Foreign Currency - Nil (Previous year Rs. Nil)

e. Expenditure in Foreign Currency - Rs.526,912 (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.

10. 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. Anurradha Prasad	Key Managerial Personnel
B.A.G. Glamour Limited	Enterprises over which KMP are able to exercise significant influence
B.A.G. Newsline 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
B.A.G. Live Entertainment 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	
	2011	2010	2011	2010	2011	2010
Rent	240,000	240,000	NIL	NIL	NIL	NIL
Security Deposits received	NIL	NIL	NIL	NIL	NIL	NIL
Security Deposits refund	NIL	NIL	NIL	NIL	NIL	450,000
Unsecured Loans received	NIL	NIL	23,429,868	24,763,770	248,377,884	67,026,633
Unsecured Loans given/Repaid	NIL	NIL	53,874,303	5,237,599	60,838,446	34,025,000
Expense Reimbursed	NIL	NIL	NIL	NIL	4,574,168	3,945,799
Income from Ad Sales	NIL	NIL	NIL	NIL	NIL	NIL
Interest Paid	NIL	NIL	NIL	NIL	19,967,079	13,957,149
Share Application Received	NIL	NIL	NIL	NIL	357,737,974	NIL
Equity Share Capital	NIL	NIL	NIL	NIL	20,000,000	NIL
Advance Given	NIL	NIL	52,500,000	NIL	NIL	NIL

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

(Amt. in Rs.)

SL	Particulars	2010-11	2009-10
1	Net Profit after tax as per profit and loss account	(739,509)	(56,526,698)
2	Short provision for tax of earlier years	NIL	NIL
3	Net Profit attributable to Equity Shareholders	(739,509)	(56,526,698)
4	Net Profit before Exceptional Item	(739,509)	(56,526,698)
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	(0.04)	(2.83)
7	Weighted Average number of equity shares used as denominator for calculating Diluted EPS	20,070,613	20,000,000
8	Diluted Earnings per share	(0.04)	(2.83)
9	Basic Earnings (before exceptional item) per share	(0.04)	(2.83)
10	Diluted Earnings (before exceptional item) per share	(0.04)	(2.83)
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
FRN :006792C

ANURRADHA PRASAD
(MANAGING DIRECTOR)

ANURADHA MISHRA
(DIRECTOR)

PLACE: NOIDA
DATE : MAY 30, 2011

AJAY MISHRA
(COMPANY SECRETARY)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(A)	**REGISTRATION DETAILS**	
	REGISTRATION NO.	142230
	STATE CODE	55
	BALANCE SHEET DATE	MARCH 31,2011
(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	629,276
	TOTAL ASSETS	629,276
	SOURCES OF FUNDS	
	SHARE CAPITAL	567,738
	RESERVE & SURPLUS	1,500
	UNSECURED LOANS	51,319
	DEFERRED TAX LIABILITY (NET)	8,720
	TOTAL	**629,276**
	APPLICATION OF FUNDS	
	NET FIXED ASSETS AND CAPITAL WIP	140,091
	NET CURRENT ASSETS	271,548
	MISC EXPENDITURE	1,739
	PROFIT & LOSS ACCOUNT	215,899
	TOTAL	**629,276**
(D)	**PERFORMANCE OF THE COMPANY**	**(AMT IN'000)**
	SALES AND SERVICES	107,469
	TOTAL EXPENDITURE	107,275
	PROFIT BEFORE TAX	277
	PROFIT AFTER TAX	(740)
	EARNING PER SHARE (RS.)	(0.04)
	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
(MANAGING DIRECTOR)

ANURADHA MISHRA
(DIRECTOR)

PLACE : NOIDA
DATE : MAY 30, 2011

AJAY MISHRA
(COMPANY SECRETARY)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(Amt. in Rs.)

	MARCH 31,2011	MARCH 31,2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAXATION	**277,026**	**(55,422,442)**
ADJUSTMENTS FOR :		
DEPRECIATION/AMORTISATION	20,145,292	21,861,139
MISCELLANOUS ASSETS WRITTEN OFF	1,344,528	1,344,528
PROVISION OF LEAVEENCASHMENT	—	34,187
PROVISION OF GRATUITY	227,978	24,232
INTEREST EXPENSE	19,967,079	13,957,149
AMOUNTS WRITTEN BACK	—	(1,302,418)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**41,961,900**	**(19,503,625)**
ADJUSTMENTS FOR :		
SUNDRY DEBTORS / RECEIVABLES	(24,387,323)	(8,135,488)
LOANS AND ADVANCES	(170,002,556)	2,428,630
TRADE/OTHER PAYABLES	(11,605,419)	6,980,997
LEAVEENCASHMENT PAID	—	34,187
FRINGE BENEFIT TAX	—	249,572
NET CASH FROM OPERATING ACTIVITIES	**(164,033,397)**	**(17,945,729)**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS / CAPITAL WORKS-IN-PROGRESS	(5,350,811)	2,277,092
NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**(5,350,811)**	**2,277,092**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
SHARE APPLICATION	367,737,974	—
INCREASE IN UNSECURED LOAN	(118,879,707)	33,001,633
INTEREST PAID	(19,967,079)	(13,957,149)
NET CASH FLOW/(USED) IN FINANCING ACTIVITIES	**228,891,189**	**19,044,484**
INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	**59,506,981**	**3,375,847**
CASH AND CASH EQUIVALENTS AT THE BEGINNING	**5,252,093**	**1,876,246**
CASH AND CASH EQUIVALENTS AT THE CLOSE	**64,759,074**	**5,252,093**

AS PER OUR SEPARATE REPORT OF EVEN DATE

FOR JOY MUKHERJEE & ASSOCIATES
CHARTERED ACCOUNTANTS

JOY MUKHERJEE
(PARTNER)
M.NO.74602
FRN :006792C

PLACE: NOIDA
DATE : MAY 30, 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

ANURRADHA PRASAD
(MANAGING DIRECTOR)

ANURADHA MISHRA
(DIRECTOR)

AJAY MISHRA
(COMPANY SECRETARY)

DIRECTORS' REPORT

To,

The Members,
B.A.G. Newsline Network Limited

The Directors hereby present their 4th Annual Report on the business and operations of the company along with the Audited Statements of Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

Financial Results of the Company for the year under review along with the figures for period ended March 31, 2011 are as follows:

(Rs. in Lacs)

Particulars	2010-11	2009-10
Total Income	3939.37	2654.34
Profit/(Loss) before depreciation and financial charges	(2328.77)	(1603.47)
Financial charges	815.10	467.18
Cash Profit/(Loss)	(3143.45)	(2070.22)
Depreciation	175.10	247.59
Profit/(Loss) before Tax	(3318.97)	(2318.24)
Provision for Tax	(18.79)	(22.07)
Profit/(Loss) after Tax	(3300.17)	(2296.17)
Proposed Dividend (%)	—	—

PERFORMANCE REVIEW

During the financial year under review, your company's revenue from operations has been Rs. 3939.37 lacs compared to Rs. 2654.34 lacs last year, an increase of 48.41 %. Loss before tax has been Rs. 3318.97 lacs compared to Rs. 2318.24 lacs last year, an increase of 43.17 %. Loss after tax has been Rs. 3300.17 lacs compared to Rs. 2296.17 lacs last year, an increase of 43.72%. Losses have increased due to increase in financial charges and additional spence on carriage fee for better distrubution of channnel.

The Company is running its 24 hours National Hindi free to air news channel in the name of "News24". Responsible reporting and modish look of "News24" has appealed to the mass audience of India. Programmes like Aamne-Saamne, Kismet Connection 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.

The television industry is expected to grow by 12.9 per cent cumulatively over 2009-14.

DIVIDEND

The Directors express their inability to declare any dividend for the financial year ended March 31, 2011 on account of losses during the year under review.

DIRECTORS

There are three directors in the company viz. Ms. Anurradha 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, Ms. Anurradha 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 31st March, 2011, 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 2011 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 an executive director. Other members are Ms. Anurradha Prasad and Dr. Anuradha Mishra.

During the last financial year, four Audit Committee Meetings were held on May 29, 2010, August 5, 2010, November 12, 2010 and February 8, 2011.

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. 5718521 as against Rs. 6,267,154 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 30, 2011

Anurradha Prasad
Chairperson

AUDITORS' REPORT

To
The Members of
B.A.G. Newsline Network Limited.

1. We have audited the attached Balance Sheet of B.A.G. Newsline Network Limited, as at March 31, 2011 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, 2011 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, 2011 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, 2011;

      (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
Membership No. 74602
FRN: 006792C

Place: Noida
Dated: May 30, 2011

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 was 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, 2011 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. 330,017,473/- (Previous Year Rs. 229,617,280/-) during the year ending March 31, 2011 and cash loss after tax of Rs. 314,344,891/- (Previous Year Rs. 207,022,906/-) 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-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
Membership No. 74602
FRN: 006792C

Place: Noida
Dated: May 30, 2011

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B.A.G. NEWSLINE NETWORK LIMITED

BALANCE SHEET AS AT MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	SCHEDULE	MARCH 31, 2011		MARCH 31, 2010	
SOURCES OF FUNDS					
SHAREHOLDER'S FUNDS					
CAPITAL	A	308,191,786		188,191,786	
RESERVES & SURPLUS	B	448,571,440	756,763,226	448,571,440	636,763,226
LOAN FUND					
SECURED LOANS	C	51,596,638		50,000,000	
UNSECURED LOANS	D	1,229,195,398	1,280,792,036	685,871,912	735,871,912
DEFERRED TAX LIABILITY			3,130,487		5,009,725
			2,040,685,749		**1,377,644,863**
APPLICATION OF FUNDS					
FIXED ASSETS					
GROSS BLOCK	E	148,040,063		144,690,006	
LESS: DEPRECIATION		84,668,620		67,159,052	
NET BLOCK		63,371,443		77,530,954	
ADD: CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)		21,578,860	84,950,303	29,493,479	107,024,434
CURRENT ASSETS, LOANS & ADVANCES	F				
CASH & BANK BALANCES		141,284,321		16,849,542	
SUNDRY DEBTORS		95,202,987		191,405,071	
CLOSING STOCK		70,247,389		50,113,389	
LOANS & ADVANCES		400,217,202		129,584,943	
		706,951,899		**387,952,945**	
LESS: CURRENT LIABILITIES & PROVISIONS	G				
LIABILITIES		179,792,105		166,325,460	
PROVISIONS		2,769,852		2,410,674	
		182,561,957		**168,736,134**	
NET CURRENT ASSETS			524,389,942		219,216,811
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	H		50,220,163		295,750
PROFIT & LOSS ACCOUNT			1,381,125,341		1,051,107,868
			2,040,685,749		**1,377,644,863**
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 JOY MUKHERJEE & ASSOCIATES
CHARTERED ACCOUNTANTS

JOY MUKHERJEE
(PARTNER)
M.NO.74602
FRN: 006792C

PLACE: NOIDA
DATE : 30-05-2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

ANURRADHA PRASAD
(DIRECTOR)

AJIT ANJUM
(DIRECTOR)

NAKUL GROVER
(COMPANY SECRETARY)

B.A.G. NEWSLINE NETWORK LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	SCHEDULE		FOR THE YEAR ENDED MARCH 31, 2011		FOR THE YEAR ENDED MARCH 31, 2010
INCOME					
SALES & SERVICES	I		388,953,894		252,469,657
OTHER INCOME	J		4,983,275		12,964,833
INCREASE/(DECREASE) IN STOCKS			20,134,000		50,113,389
TOTAL			**414,071,169**		**315,547,879**
EXPENDITURE					
PRODUCTION EXPENSES	K		174,182,571		158,753,774
PERSONNEL COST	L		113,253,008		118,155,743
ADMINISTRATIVE EXPENSES	M		27,963,061		17,807,870
MARKETING & DISTRIBUTION EXPENSES	N		331,507,597		181,135,299
FINANCIAL CHARGES	O		81,509,823		46,718,099
MISC. EXPENSES WRITTEN OFF	P		42,252		42,250
DEPRECIATION			17,509,568		24,758,578
TOTAL			**745,967,880**		**547,371,613**
PROFIT/(LOSS) BEFORE TAXATION			**(331,896,711)**		**(231,823,734)**
DEFERRED TAX		(1,879,238)	(1,879,238)	(2,206,454)	(2,206,454)
PROFIT/(LOSS) AFTER TAXATION			**(330,017,473)**		**(229,617,280)**
ADJUSTMENT RELATING TO EARLIER YEARS					
BALANCE BROUGHT FORWARD			(1,051,107,868)		(821,490,587)
AVAILABLE FOR APPROPRIATIONS			**(1,381,125,341)**		**(1,051,107,868)**
APPROPRIATIONS					
LOSS TRANSFERRED TO BALANCE SHEET			(1,381,125,341)		(1,051,107,868)
			(1,381,125,341)		**(1,051,107,868)**
BASIC EARNINGS PER SHARE HAVING FACE VALUE OF RS. 10 EACH			(19.25)		(13.39)
BASIC EARNINGS PER SHARE HAVING FACE VALUE OF RS. 10 EACH (BEFORE EXCEPTIONAL ITEMS)			(19.25)		(13.39)
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
FRN: 006792C

ANURRADHA PRASAD
(DIRECTOR)

AJIT ANJUM
(DIRECTOR)

PLACE: NOIDA
DATE : 30-05-2011

NAKUL GROVER
(COMPANY SECRETARY)

SCHEDULES FORMING PART OF ACCOUNTS AS ON MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	MARCH 31, 2011	MARCH 31, 2010
SCHEDULE-'A' : SHARE CAPITAL		
AUTHORISED CAPITAL		
30,000,000 EQUITY SHARES OF RS.10/- EACH (PREVIOUS YEAR 30,000,000 EQUITY SHARES @ Rs.10 EACH)	**300,000,000**	**300,000,000**
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
17,142,856 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP (PREVIOUS YEAR 17,142,856 EQUITY SHARES @ Rs. 10 EACH)	171,428,560	171,428,560
SHARE APPLICATION MONEY	136,763,226	16,763,226
	308,191,786	**188,191,786**
SCHEDULE-'B' : RESERVES & SURPLUS		
SHARE PREMIUM	448,571,440	448,571,440
	448,571,440	**448,571,440**
SCHEDULE -'C' : SECURED LOANS		
OTHER LOANS (SECURED BY HYPOTHECATION OF SHARES)	50,000,000	50,000,000
VEHICLE LOAN FROM BANKS	1,596,638	—
	51,596,638	**50,000,000**
SCHEDULE-'D' : UNSECURED LOANS		
OPTIONALLY FULLY CONVETIBLE DEBENTURES	125,000,000	125,000,000
OTHER LOANS	1,104,195,398	560,871,912
	1,229,195,398	**685,871,912**

SCHEDULE -'E' : FIXED ASSETS SCHEDULE AS PER COMPANIES ACT, 1956 FOR THE YEAR ENDING ON MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	COST AS AT 01.04.10	ADDITION DURING THE YEAR	SALE/ADJ DURING THE YEAR	COST AS AT 31.03.11	ACCUMULATED DEPRECIATION AS AT 01.04.10	DEPRECIATION FOR THE YEAR	ADJUSTMENT FOR THE YEAR	ACCUMULATED DEPRECIATION AS AT 31.03.11	W.D.V. AS AT 31.03.11	W.D.V. AS AT 31.03.10
PLANT & MACHINERY	31,065,658			31,065,658	8,073,434	3,198,219		11,271,653	19,794,005	22,992,225
COMPUTERS & PERIPHERALS	37,742,971	603,111	25,882	38,320,200	25,591,334	5,020,570		30,611,904	7,708,296	12,151,637
COMPUTER SOFTWARE	25,257,340	16,800		25,274,140	17,115,713	3,262,267		20,377,980	4,896,160	8,141,627
FURNITURE'S & FIXTURES	39,801,616			39,801,616	13,220,647	4,813,762		18,034,409	21,767,207	26,580,969
OFFICE EQUIPMENTS	10,822,421	92,600		10,915,021	3,157,924	1,121,928		4,279,852	6,635,169	7,664,498
CAMERA & Broadcast Equipment	—	579,819		579,819	—	48,484		48,484	531,335	—
VEHICLE	—	2,083,609		2,083,609		44,338		44,338	2,039,271	—
TOTAL	**144,690,006**	**3,375,939**	**25,882**	**148,040,063**	**67,159,052**	**17,509,568**	**—**	**84,668,620**	**63,371,443**	**77,530,954**
CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)									**21,578,860**	**29,493,479**

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

(A) CURRENT ASSETS

	MARCH 31, 2011		MARCH 31, 2010	
1 CASH & BANK BALANCES				
CASH IN HAND		120,241		180,234
IMPREST WITH STAFF		814,583		576,267
BALANCES WITH SCHEDULED BANKS				
CURRENT ACCOUNT	125,774,796		4,763,041	
FIXED DEPOSITS	14,574,701	140,349,497	11,330,000	16,093,041
		141,284,321		**16,849,542**

(Amt. in Rs.)

PARTICULARS	MARCH 31, 2011	MARCH 31, 2010
2 SUNDRY DEBTORS		
(UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE SPECIFIED)		
DEBTS FOR A PERIOD EXCEEDING SIX MONTHS	21,060,969	27,134,082
OTHER DEBTS	74,142,018	164,270,989
	95,202,987	**191,405,071**
3 STOCK IN TRADE		
(AT COST, AS VALUED AND CERTIFIED BY THE MANAGEMENT)		
FINISHED GOODS	70,247,389	50,113,389
	70,247,389	**50,113,389**
(B) LOANS & ADVANCES		
(UNSECURED, CONSIDERED GOOD)		
ADVANCE TAX	40,535,718	32,904,779
EARNEST MONEY & SECURITY DEPOSITS	1,544,679	1,064,679
PREPAID EXPENSES	2,270,727	10,840,580
STAFF ADVANCES	1,152,321	846,502
ADVANCES TO OTHERS	354,713,757	83,928,403
	400,217,202	**129,584,943**
SCHEDULE 'G' : CURRENT LIABILITIES AND PROVISIONS		
A. LIABILITIES		
SUNDRY CREDITORS FOR GOODS & SERVICES	125,205,118	121,293,534
OTHER CREDITORS	57,690	2,331,768
ADVANCE FROM CUSTOMERS	—	490,950
TAXES PAYABLE	33,870,128	21,421,329
OTHER LIABILITIES	20,659,169	20,787,879
	179,792,105	**166,325,460**
B. PROVISIONS		
PROVISION FOR LEAVE ENCASHMENT	—	619,744
PROVISION FOR GRATUITY	2,769,852	1,790,930
	2,769,852	**2,410,674**

PARTICULARS	MARCH 31, 2011		MARCH 31, 2010	
SCHEDULE 'H' : MISCELLANEOUS EXPENDITURE				
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)				
DEFFERED REVENUE EXPENDITURE				
OPENING BALANCE	—		—	
ADD: INCURRED DURING THE YEAR	74,950,000		—	
	74,950,000		—	
LESS : WRITTEN OFF	24,983,333	49,966,667	—	—
PRELIMINARY EXPENSES				
OPENING BALANCE	295,748		338,000	
ADD: INCURRED DURING THE YEAR	—		—	
	295,748		338,000	
LESS: WRITTEN OFF	42,252	253,496	42,250	295,750
		50,220,163		**295,750**

(Amt in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2011	FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE-'I' : SALES & SERVICES		
ADVERTISEMENT SALES REVENUE	388,953,894	252,469,657
	388,953,894	**252,469,657**
SCHEDULE -'J' : OTHER INCOME		
INTEREST ON FDR	1,226,760	6,888,646
INCOME FROM SALE OF SCRAP	18,000	—
INCOME FROM EQUIPMENT HIRING	3,108,358	3,511,601
GAIN ON FOREIGN EXECHANGE	—	5,303
SUNDRY BALANCES WRITTEN BACK/PROVISION	619,744	2,355,914
MISC INCOME	10,413	203,369
	4,983,275	**12,964,833**

(Amt. in Rs.)

PARTICULARS		FOR THE YEAR ENDED MARCH 31, 2011		FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE -K : PRODUCTION EXPENSES				
PROFESSIONAL CHARGES		8,042,960		5,963,450
OB VAN EXPENSES		3,690,344		3,979,863
SPACE SEGMENT CHARGES		31,606,463		18,975,599
BOARDING & LODGING		1,192,525		501,998
MAKE-UP MATERIALS		360,000		225,350
TELEPHONE, COURIER, POSTAGE & TELEGRAM		4,179,922		4,321,801
RUNNING & MAINTENANCE OF VEHICLE		724,584		4,213,552
TRAVELING EXPENSES		15,136,935		10,541,045
SUBSCRIPTION CHARGES		12,229,069		7,761,655
LICENSES FEE		3,793,944		5,333,006
EQUIPMENT HIRING		187,201		254,685
INTERNET & WEBSITE MAINT. EXPENSES		4,716,496		6,561,124
LOCATION HIRING CHARGES		1,178,070		—
BUREAU RENT		1,436,260		1,362,460
LEASE RENT ON EQUIPMENT		48,145,988		72,185,264
REPAIR & MAINTENANCE-PROD.EQUIPMENTS		437,072		44,727
GENERATOR HIRING & FUEL CHARGES		2,382,564		1,812,381
STORIES PURCHASED		2,629,845		3,720,893
ELECTRICITY EXPENSES		5,504,433		4,692,646
CASSETTES & CDS		235,101		519,024
SET, PROGRAMMING & SHOOTING EXPENSES		26,372,796		5,783,251
		174,182,572		**158,753,774**
SCHEDULE 'L' : PERSONNEL COST				
SALARIES, ALLOWANCES AND BONUS		105,584,995		112,636,849
STAFF WELFARE EXPENSES		2,980,830		677,140
LEAVE ENCASHMENT		—		619,744
GRATUITY		999,691		510,994
CONTRIBUTION TOWARDS ESI		703,666		94,169
CONTRIBUTION TOWARDS PROVIDENT		2,983,826		3,616,847
		113,253,008		**118,155,743**
SCHEDULE 'M' : ADMINISTRATIVE EXPENSES				
OFFICE MAINTENANCE		3,817,714		3,730,984
ANNUAL MAINTENANCE CHARGES		6,460,912		4,633,876
PRINTING & STATIONERY		677,898		597,050
REPAIRS & MAINT-COMPUTER & OTHERS		619,417		233,531
CONVEYANCE EXPENSES		997,963		729,184
REMUNERATION TO AUDITORS				
STATUTORY AUDIT	50,000		50,000	
TAX AUDIT FEES	40,000		40,000	
CERTIFICATION FEES	10,000	100,000	10,000	100,000
AUDITOR'S EXPENSES		27,364		28,324
INSURANCE EXPENSES		85,004		52,247
LEGAL & CONSULTACY EXPENSES		3,541,496		5,517,665
RENT, RATES, TAXES		1,555,535		1,144,891
BAD DEBTS WRITTEN OFF		4,207,851		—
LOSS ON FOREIGN EXCHANGE FLUCTUATION		5,871,907		52,256
LOSS ON SALE OF ASSETS		—		891,561
MISCELLANEOUS EXPENSES		—		96,301
		27,963,061		**17,807,870**
SCHEDULE 'N' : MARKETING & DISTRIBUTION EXPENSES				
CARRIAGE CHARGES		308,166,047		175,159,350
BROKERAGE AND COMMISION		21,795,010		—
ADVERTISEMENT & PUBLICITY		1,546,540		5,975,949
		331,507,597		**181,135,299**
SCHEDULE 'O' : FINANCIAL CHARGES				
BANK CHARGES		78,207		19,713
INTEREST		81,431,616		46,698,386
		81,509,823		**46,718,099**
SCHEDULE 'P' : MISCELLANEOUS EXPENSES WRITTEN OFF				
PRELIMINARY EXPENSES		42,252		42,250
		42,252		**42,250**

B.A.G. NEWSLINE NETWORK LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

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 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.

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 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**

A. **Preliminary Expenses**

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

B. **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.

C. **Deferred Revenue Expenditure**

Deferred Revenue Expenditures are those expenditures which have been incurred in an accounting period and they do not create any assets but their benefit is spread in more than one accounting period.

Expenditure incurred by company on programming and sets for future shows will be amortized over a period of three years from the date of its incurrence. Expenditure amortized during a year over period of three years will be expensed out in the profit and loss account of that financial year. The benefit of these expenses will spread over a period of three years.

13. **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.

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

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

(Amt. in Rs.)

Particulars	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**
Capital Work in Progress	15,796,985	2,37,11,604
Capital Advances	57,81,875	57,81,875
Total	**21,578,860**	**2,94,93,479**

2. There are no dues to small scale industrial undertakings (SSI) outstanding for more than 30 days. Amount due as at March 31, 2011 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.

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

4. 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.

5. 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.

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

(Amt. in Rs.)

Particulars	As at March 31, 2011	As at March 31, 2010
Opening Balance of Deferred Tax Liability (Net)	5009,725	7,216,179
Related to Fixed Assets	(1,583,389)	(1,836,477)
Disallowance under the Income Tax Act	13,056	14,361
Related to Leave encashment & Gratuity	308,905	(384,338)
Deferred Tax Liability (Net)	**3,130,487**	**5,009,725**

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. 2,983,826 (Previous Year Rs. 1,517,794)

Employer's Contribution to ESI : Rs. 703,666 (Previous Year Rs. 94,169)

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	
	2011	2010
Present value of obligation as at the beginning of the period	1,790,930	1,279,936
Current Service Cost	880,725	650,582
Interest Cost	143,274	102,395
Expected Return on Plan Assets	NIL	NIL
Actuarial (gain)/loss	(45,077)	(241,983)
Past Service Cost	NIL	NIL
Curtailment and settlement Cost/(credit)	NIL	NIL
Present value of obligation as at the end of the period	27,69,852	1,790,930

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

(Amt. in Rs.)

Particulars	Gratuity	
	2011	2010
Current service cost	880,725	650,582
Past service cost	—	—
Interest cost	164,043	102,395
Expected return on plan assets	—	—
Curtailment cost / (Credit)	—	—
Settlement cost / (credit)	—	—
Net actuarial (gain)/ loss recognized in the period	(45,077)	(241,983)
Expenses recognized in the statement of profit & losses	999,691	510,994

c) **Actuarial Assumptions:**

(Amt. in Rs.)

Particulars	Gratuity	
	2011	2010
Discount Rate (%)	8.00	8.00
Expected Rate of increase in Compensation Levels (%)	5.50	5.50
Expected Rate of Return on Plan Assets	NIL	NIL
Expected Average remaining working lives of employees (years)	28.42	29.07

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, 2011	For the year ended March 31, 2010
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	NIL

8. **Export Obligation**

The company has obtained license under the Export Promotion Credit Guarantee Scheme (EPCG Scheme) dated August 24, 2007 and 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.

9. The Holding Company B.A.G. Films and Media Limited granted Nil (P.Y. 3,75,000) options to the employees of its subsidiary Company B.A.G. Newsline 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.The cost of the compensation of options granted to the employees of the company is Rs. 28,66,000.00 (P.Y. Rs. 13,53,750.00).

The movement in the options granted to employees of the company during the year ended March, 31 2011 under the "the BAG ESOP scheme" is as below:

Particulars	F.Y 2010-11	F.Y. 2009-10
Date of Grant	30-Jul-2008	30-Jul-2008
Market Value on date of grant	Rs. 31.05	Rs. 31.05
Exercise Price	Rs. 3	Rs. 13
Vesting Period	5 Years	5 Years
Options outstanding at the beginning of year	3,25,000	3,75,000
Options Granted (Nos)	Nil	Nil
Options forfeited/Lapsed (Nos)	Nil	Nil
Options exercised (Nos)	70000	50000
Options Expired (Nos)	Nil	Nil
Options outstanding at the end of year (nos)	255000	325000

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

a) Managerial Remuneration : Nil (Previous Year Nil)

b) The business of the company is not subject to license as required by schedule VI; hence licensed capacity is not given.

c) CIF Value of Imports - Rs. Nil (Previous Year Nil)

d) Expenditure in Foreign Currency : Rs. 5,718,521 (Previous Year Rs. 6,267,154)

e) 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. Anurradha Prasad	Key Managerial Personnel
ARVR 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 & Television 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	
	2011	2010	2011	2010	2011	2010
Office Rent	NIL	NIL	NIL	NIL	NIL	NIL
Lease rental on Equipments	48,145,988	72,185,264	NIL	NIL	NIL	NIL
Security Deposits Paid	NIL	NIL	NIL	NIL	NIL	NIL
Security Deposits Refund	NIL	2,160,000	NIL	NIL	NIL	4,462,250
Proceeds from Issue of Share Capital and Share Application Money	NIL	NIL	NIL	10,000,000	NIL	6,763,226
Programming Expenses	74,950,000	NIL	NIL	NIL	NIL	NIL
Unsecured Loans received	815,878,260	536,132,261	NIL	NIL	38,379,514	60,219,563
Unsecured Loans returned	258,816,332	248,759,936	NIL	NIL	95,291,760	62,995,543
Expenses Reimbursed	41,509,445	49,141,686	NIL	NIL	31,606,463	102,619,184
Interest Paid	77,464,730	42,278,006	NIL	NIL	3,966,886	NIL
Income from Ad Sales	72,500,000	838,764	NIL	NIL	NIL	1,852,668
Advertisements	NIL	NIL	NIL	NIL	NIL	235,894

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	2010-11	2009-10
1	Net Profit /(Loss) after tax as per profit and loss account	(330,017,473)	(229,617,280)
2	Short provision for tax of earlier years	NIL	NIL
3	Net Profit /(Loss) attributable to Equity Shareholders	(330,017,473)	(229,617,280)
4	Net Profit/(Loss) before Exceptional Item	(330,017,473)	(229,617,280)
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	(19.25)	(13.39)
7	Weighted Average number of equity shares used as denominator for calculating Diluted EPS	19,819,179	17,142,856
8	Diluted Earnings per share	(16.65)	(13.39)
9	Basic Earnings (before exceptional item) per share	(19.25)	(13.39)
10	Diluted Earnings (before exceptional item) per share	(16.65)	(13.39)
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 JOY MUKHERJEE & ASSOCIATES
CHARTERED ACCOUNTANTS

JOY MUKHERJEE
(PARTNER)
M.NO.74602
FRN: 006792C

PLACE: NOIDA
DATE : 30.05.2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

ANURRADHA PRASAD
(DIRECTOR)

AJIT ANJUM
(DIRECTOR)

NAKUL GROVER
(COMPANY SECRETARY)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(A)	**REGISTRATION DETAILS**	
	REGISTRATION NO.	162094
	STATE CODE	55
	BALANCE SHEET DATE	MARCH 31,2011
(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	20,407
	TOTAL ASSETS	20,407
	SOURCES OF FUNDS	
	SHARE CAPITAL	3,082
	RESERVE & SURPLUS	4,486
	SECURED LOANS	516
	UNSECURED LOANS	12,292
	DEFERRED TAX LIABILITY (NET)	31
	TOTAL	**20,407**
	APPLICATION OF FUNDS	
	NET FIXED ASSETS AND CAPITAL WIP	850
	NET CURRENT ASSETS	5,244
	MISC EXPENDITURE	502
	PROFIT & LOSS ACCOUNT	13,811
	TOTAL	**20,407**
(D)	**PERFORMANCE OF THE COMPANY**	**(AMT IN '000)**
	SALES AND SERVICES	3,890
	TOTAL EXPENDITURE	7,460
	PROFIT/(LOSS) BEFORE TAX	(3,319)
	PROFIT/(LOSS) AFTER TAX	
	BASIC EARNING PER SHARE IN (RS.)	(19.25)
	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)

NAKUL GROVER
(COMPANY SECRETARY)

PLACE : NOIDA
DATE : MAY 30, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(Amt. in Rs.)

	MARCH 31,2011	MARCH 31,2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS)	**(331,896,711)**	**(231,823,734)**
ADJUSTMENTS FOR :		
DEPRECIATION	17,509,568	24,758,579
MISC. ASSETS WRITTEN OFF	42,253	42,250
INTEREST EXPENSE	81,431,616	46,698,386
BALANCES WRITTEN OFF	619,745	(2,355,914)
INTEREST INCOME	(1,226,760)	(6,888,646)
DEFFERED EXPENDITURE	(49,966,667)	—
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	**(283,486,957)**	**(169,569,079)**
ADJUSTMENTS FOR :		
INVENTORIES	(20,134,000)	(50,113,389)
SUNDRY DEBTORS/RECEIVABLES	95,582,340	(119,570,905)
LOANS AND ADVANCES	(270,632,259)	(74,518,667)
TRADE/OTHER PAYABLES	13,825,823	(32,494,312)
NET CASH FROM OPERATING ACTIVITIES	**(464,845,052)**	**(446,266,354)**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS/CAPITAL WORK-IN-PROGRESS	4,564,563	40,368,738
INTEREST RECEIVED	1,226,760	6,888,646
NET CASH FROM/(USED) IN INVESTING ACTIVITIES	**5,791,323**	**47,257,384**
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM SHARE APPLICATION PENDING ALLOTMENT	120,000,000	16,763,226
INCREASE IN UNSECURED LOAN	543,323,486	282,372,326
INCREASE IN SECURED LOAN	1,596,638	—
INTEREST PAID	(81,431,616)	(46,698,386)
NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**583,488,508**	**252,437,166**
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**124,434,779**	**(146,571,804)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING	**16,849,542**	**163,421,346**
CASH AND CASH EQUIVALENTS AT THE CLOSE	**141,284,321**	**16,849,542**

AS PER OUR SEPARATE REPORT OF EVEN DATE

FOR JOY MUKHERJEE & ASSOCIATES
CHARTERED ACCOUNTANTS

JOY MUKHERJEE
(PARTNER)
M.NO.74602
FRN : 006792C

PLACE: NOIDA
DATE : MAY 30, 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

ANURRADHA PRASAD
(DIRECTOR)

AJIT ANJUM
(DIRECTOR)

NAKUL GROVER
(COMPANY SECRETARY)

DIRECTORS' REPORT

To,

The Members,
B.A.G. Glamour Limited

The Directors hereby present their 4th Annual Report on the business and operations of the company along with the Audited Statements of Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

Financial Results of the Company for the year under review along with the figures for period ended March 31, 2011 are as follows:

(Rs. in Lacs)

Particulars	2010-11	2009-10
Total Income	2671.77	1792.29
Profit/(Loss) before depreciation and financial charges	353.78	(1114.72)
Financial charges	296.15	179.66
Cash Profit/(Loss)	59.08	(1292.93)
Depreciation	105.25	160.82
Profit/(Loss) before Tax	(47.63)	(1455.20)
Provision for Tax	(65.83)	(7.80)
Profit/(Loss) after Tax	(113.46)	(1447.40)
Proposed Dividend (%)	—	—

PERFORMANCE REVIEW

During the financial year under review, your company's revenue from operations has been Rs. 2671.77 lacs compared to Rs. 1792.29 lacs last year, an increase of 49.07%. Losses have been substantially curtailed. Loss before tax has been Rs. 47.63 lacs compared to Rs. 1455.20 lacs last year, a reduction of 96.73%. Loss after tax has been Rs. 113.46 lacs compared to Rs. 1447.06 lacs last year, a reduction of 92.16%.

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 and entertainment 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 Company running it's a 24 hours Bollywood Entertainment channel in the name of **"E24"**. The channel 'E24' since its inception had been entertaining its audience by showcasing Bollywood with innovative content, new ideas, 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. The channel had not only successfully been able to entertain its audience but had also been educating the youth by sending important messages and uplifting the lifestyle up-to to the global standard at same time not forgetting its culture and traditions.

E20, 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. Retro Hitz, Cut to Cut, Star Shake, Love Byte & Bole to 10 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 shown a tremendous jump as compared to last year's rating. It has left all its competitors behind in league of entertainment channel. With the remarkably high 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 for their 'GRP and has one of the best time spent' in the industry. It is way ahead of its competitors and shows signs of improving even further. Even at the time of lethargy and stagnated growth in the industry the channel had shown exceptionally.

DIVIDEND

The Directors express their inability to declare any dividend for the financial year ended March 31, 2011 on account of losses during the year under review.

DIRECTORS

There are three directors in the company viz. Ms. Anurradha 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. Anurradha 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, 2011 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, 2011 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. Anurradha Prasad and Ms. Ankita Kumar.

During the last financial year, four Audit Committee Meetings were held on May 29, 2010, August 05, 2010, November 12, 2010 and February 08, 2011.

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. Nil 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 30, 2011

Anurradha 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, 2011 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, 2011 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, 2011 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, 2011;
      (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
Membership No. 74602
FRN: 006792C

Place: Noida
Dated: May 30, 2011

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 was 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, 2011 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. 1,13,46,254 (Previous Year Rs.14,47,39,775) during the year ending March 31, 2011 and cash loss after tax of Rs 6,74,927 (Previous Year Cash Loss Rs. 12,85,12,566) 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
Membership No. 74602
FRN: 006792C

Place: Noida
Dated: May 30, 2011

B.A.G. GLAMOUR LIMITED

BALANCE SHEET AS AT MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	SCHEDULE		MARCH 31, 2011		MARCH 31, 2010
SOURCES OF FUNDS					
SHAREHOLDER'S FUNDS					
SHARE CAPITAL	A		171,428,560		171,428,560
RESERVES & SURPLUS	B		448,571,440		448,571,440
LOAN FUND					
SECURED LOANS	C		40,000,000		40,000,000
UNSECURED LOANS	D		477,050,494		355,583,520
DEFERRED TAX LIABILITY			4,888,187		6,122,874
			1,141,938,681		**1,021,706,394**
APPLICATION OF FUNDS					
FIXED ASSETS	E				
GROSS BLOCK		76,968,731		76,366,620	
LESS: DEPRECIATION		55,272,958		44,674,878	
NET BOOK VALUE		21,695,773	21,695,773	31,691,742	31,691,742
CURRENT ASSETS, LOANS & ADVANCES	F				
CASH & BANK BALANCES		3,458,932		5,431,441	
SUNDRY DEBTORS		71,511,798		89,937,255	
CLOSING STOCK		57,650,379		30,085,679	
LOANS & ADVANCES		277,901,894		322,818,107	
		410,523,003		**448,272,482**	
LESS CURRENT LIABILITIES & PROVISIONS	G				
LIABILITIES		67,781,400		182,579,816	
PROVISIONS		8,480,971		420,619	
		76,262,371		**183,000,435**	
NET CURRENT ASSETS			334,260,632		265,272,047
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	H		50,838,833		1,017,530
PROFIT & LOSS ACCOUNT			735,143,443		723,725,075
			1,141,938,681		**1,021,706,394**

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
FRN: 006792C

ANURRADHA PRASAD
(DIRECTOR)

AJIT ANJUM
(DIRECTOR)

PLACE: NOIDA
DATE : MAY 30, 2011

PINKI RANI
(COMPANY SECRETARY)

B.A.G. GLAMOUR LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	SCHEDULE		FOR THE YEAR ENDED MARCH 31, 2011		FOR THE YEAR ENDED MARCH 31, 2010
INCOME					
SALES & SERVICES	I		266,162,483		173,962,239
OTHER INCOME	J		1,014,203		5,266,292
INCREASE/(DECREASE) IN STOCKS			27,564,700		(732,459)
TOTAL			**294,741,386**		**178,496,072**
EXPENDITURE					
PRODUCTION EXPENSES	K		85,853,246		74,743,369
PERSONNEL COST	L		26,882,713		27,908,295
ADMINISTRATIVE EXPENSES	M		12,846,584		17,309,866
MARKETING & DISTRIBUTION EXPENSES	N		133,635,129		169,861,575
FINANCIAL CHARGES	O		29,615,312		17,965,732
MISC. EXPENSES WRITTEN OFF	P		145,364		145,364
DEPRECIATION			10,525,963		16,081,845
TOTAL			**299,504,311**		**324,016,046**
PROFIT/(LOSS) BEFORE TAXATION			**(4,762,925)**		**(145,519,974)**
INCOME TAX		7,818,016		—	
DEFERRED TAX		(1,234,687)		(780,199)	
			6,583,329		(780,199)
PROFIT/(LOSS) AFTER TAXATION			**(11,346,254)**		**(144,739,775)**
ADJUSTMENT RELATING TO EARLIER YEARS			(72,114)		—
BALANCE BROUGHT FORWARD			(723,725,075)		(578,985,300)
AVAILABLE FOR APPROPRIATIONS			(735,143,443)		(723,725,075)
APPROPRIATIONS					
LOSS TRANSFERRED TO BALANCE SHEET			(735,143,443)		(723,725,075)
			(735,143,443)		**(723,725,075)**
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS. 10 EACH			(0.67)		(8.44)
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS. 10 EACH (BEFORE EXCEPTIONAL ITEMS)			(0.67)		(8.44)
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 JOY MUKHERJEE & ASSOCIATES
CHARTERED ACCOUNTANTS

JOY MUKHERJEE
(PARTNER)
M.NO.74602
FRN: 006792C

PLACE: NOIDA
DATE : MAY 30, 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

ANURRADHA PRASAD
(DIRECTOR)

AJIT ANJUM
(DIRECTOR)

PINKI RANI
(COMPANY SECRETARY)

SCHEDULES FORMING PART OF ACCOUNTS AS ON MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	MARCH 31, 2011	MARCH 31, 2010
SCHEDULE 'A' : SHARE CAPITAL		
AUTHORIZED CAPITAL		
30,000,000 EQUITY SHARES OF RS. 10/- EACH		
(PREVIOUS YEAR 30,000,000 EQUITY SHARES OF RS. 10/- EACH)	**300,000,000**	**300,000,000**
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
17,142,856 EQUITY SHARES OF RS. 10/- PER SHARE	171,428,560	171,428,560
(PREVIOUS YEAR 17,142,856 EQUITY SHARES OF RS. 10/- EACH)		
	171,428,560	**171,428,560**
SCHEDULE 'B': RESERVES & SURPLUS		
SHARE PREMIUM	448,571,440	448,571,440
	448,571,440	**448,571,440**
SCHEDULE 'C': SECURED LOAN		
OTHERS (SECURED BY HYPOTHECATION OF SHARES)	40,000,000	40,000,000
	40,000,000	**40,000,000**
SCHEDULE 'D': UNSECURED LOAN		
OPTIONALLY FULLY CONVERTIBLE DEBENTURES	125,000,000	125,000,000
OTHER LOANS	352,050,494	230,583,520
	477,050,494	**355,583,520**

SCHEDULE 'E' : FIXED ASSETS SCHEDULE AS PER COMPANIES ACT, 1956 FOR THE YEAR ENDING ON MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	COST AS AT 01.04.10	ADDITION DURING THE YEAR	SALE/ADJ DURING THE YEAR	COST AS AT 31.03.11	ACCUMULATED DEPRECIATION AS AT 01.04.10	DEPRECIATION FOR THE YEAR	ADJUSTMENT FOR THE YEAR	ACCUMULATED DEPRECIATION AS AT 31.03.11	W.D.V. AS AT 31.03.11	W.D.V. AS AT 31.03.10
PLANT & MACHINERY	2,206,963	2,121	—	2,209,084	748,376	291,776	—	1,040,152	1,168,932	1,458,587
COMPUTERS & PERIPHERALS	39,617,326	37,515	—	39,654,841	25,354,699	5,711,764	—	31,066,463	8,588,378	14,262,627
COMPUTER SOFTWARES	23,566,735	—	—	23,566,735	15,031,417	3,413,240	—	18,444,657	5,122,078	8,535,318
FURNITURE'S & FIXTURES	2,413,235	245,335	—	2,658,570	2,260,580	59,631	—	2,320,211	338,359	152,655
OFFICE EQUIPMENTS	8,562,361	317,140	—	8,879,501	1,351,923	1,049,552	—	2,401,475	6,478,026	7,210,438
TOTAL	**76,366,620**	**602,111**	**—**	**76,968,731**	**44,746,995**	**10,525,963**	**—**	**55,272,958**	**21,695,773**	**31,619,625**
CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)									—	—

SCHEDULE 'F': CURRENT ASSETS, LOANS & ADVANCES

		MARCH 31, 2011		MARCH 31, 2010
(A) CURRENT ASSETS				
CASH & BANK BALANCES				
CASH IN HAND		187,257		96,560
BALANCES WITH SCHEDULED BANKS				
WITH CURRENT ACCOUNT		3,150,355		5,208,852
FIXED DEPOSIT		121,320		126,029
		3,458,932		**5,431,441**
(B) SUNDRY DEBTORS				
(UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE SPECIFIED)				
(a) DEBTS FOR A PERIOD EXCEEDING SIX MONTHS	26,264,584		14,105,086	
(b) OTHER DEBTS	45,247,214	71,511,798	75,832,169	89,937,255
		71,511,798		**89,937,255**

(Amt. in Rs.)

PARTICULARS		MARCH 31, 2011		MARCH 31, 2010
(C) STOCK IN TRADE				
(AT COST, AS VALUED AND CERTIFIED BY THE MANAGEMENT)				
FINISHED GOODS		57,650,379		30,085,679
		57,650,379		**30,085,679**
(D) LOANS & ADVANCES				
(UNSECURED, CONSIDERED GOOD)				
ADVANCE TAX		8,650,956		5,602,459
SERVICE TAX CREDIT		3,530,647		5,158,251
SECURITY DEPOSITS		4,362,337		5,712,337
PREPAID EXPENSES		2,328,842		9,970,164
STAFF ADVANCES		495,104		457,810
ADVANCE TO OTHERS		258,534,008		295,917,086
		277,901,894		**322,818,107**
SCHEDULE 'G' : CURRENT LIABILITIES AND PROVISIONS				
A LIABILITIES				
SUNDRY CREDITORS FOR GOODS & SERVICES		33,908,001		161,176,897
ADVANCE FROM CUSTOMERS		628,172		531,362
TAXES PAYABLE		13,578,232		6,060,770
OTHER LIABILITIES		19,666,995		14,810,787
		67,781,400		**182,579,816**
B PROVISIONS				
PROVISION FOR INCOME TAX		7,818,016		—
PROVISION FOR GRATUITY		662,955		386,783
PROVISION FOR LEAVE ENCASHMENT		—		33,836
		8,480,971		**420,619**
SCHEDULE 'H' : MISCELLANEOUS EXPENDITURE				
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)				
DEFFERED REVENUE EXPENDITURE				
OPENING BALANCE	—		—	
ADD: INCURRED DURING THE YEAR	74,950,000		—	
	74,950,000		—	
LESS : WRITTEN OFF	24,983,333	49,966,667	—	
PRELIMINARY EXPENSES				
OPENING BALANCE	1,017,530		1,162,894	
LESS: WRITTEN OFF	145,364	872,166	145,364	1,017,530
		50,838,833		**1,017,530**

(Amt. in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2011	FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 'I' :SALES & SERVICES		
ADVERTISEMENT SALES REVENUE	266,162,483	173,962,239
	266,162,483	**173,962,239**
SCHEDULE 'J' :OTHER INCOME		
INTEREST INCOME	23,756	2,484,137
SUNDRY BALANCES WRITTEN BACK	33,836	199,065
MISCELLANEOUS INCOME	956,611	2,583,090
	1,014,203	**5,266,292**

(Amt. in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2011	FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 'K ' : PRODUCTION EXPENSES		
PROFESSIONAL CHARGES ARTIST, DIRECTORS, TECHNICIANS	4,393,623	4,927,079
CASSETTES	9,253	22,615
GENERATOR FUEL EXPENSES	211,869	160,496
LICENCE AND OTHER OPERATIONAL FEES	9,971,917	16,992,127
SET EXPENSES	65,325	55,096
EQUIPMENT HIRING CHARGES	33,489	4,150
ROYALTY	25,956,227	22,655,312
SET & PROGRAMMING EXPENSES	25,991,389	1,441,328
PRODUCTION TRAVELLING & CONVEYANCE	539,691	739,911
RUNNING & MAINTENANCE OF VEHICLE	131,736	114,262
REPAIRS & MAINTENANCE - PRODUCTION EQUIP	27,738	45,602
UPLINKING CHARGES	12,641,562	18,766,251
LEASE RENT ON EQUIPMENTS	5,879,427	8,819,140
	85,853,246	**74,743,369**
SCHEDULE 'L' : PERSONNEL COST		
SALARIES, ALLOWANCES AND BONUS	26,136,580	26,875,482
GRATUITY	276,172	128,317
LEAVE ENCASHMENT	—	33,836
STAFF WELFARE EXPENSES	260,074	743,412
CONTRIBUTION TOWARDS PROVIDENT FUND & ESI	209,887	127,248
	26,882,713	**27,908,295**
SCHEDULE 'M' : ADMINISTRATIVE COST		
OFFICE MAINTENANCE	2,114,050	4,375,603
ELECTRICITY EXPENSES	1,842,549	1,775,040
TELEPHONE, COURIER, POSTAGE AND TELEGRAM	3,440,614	3,785,944
PRINTING & STATIONERY	180,076	143,334
REPAIRS & MAINTENANCE	517,002	370,304
CONVEYANCE EXPENSES	1,928,900	2,415,952
LOSS ON FOREIGN EXCHANGE FLUCTUATION	1,685	—
LOSS ON SALE OF FIXED ASSET	—	182,682
TRAVELLING EXPENSES	174,044	258,797
REMUNERATION TO AUDITORS		
STATUTORY AUDIT	50,000	50,000
TAX AUDIT FEES	40,000	40,000
CERTIFICATION FEES	10,000	10,000
AUDITOR EXPENSES	6,303	82,231
FEES & SUBSCRIPTION	686,226	1,236,314
CONSULTANCY CHARGES	411,500	676,832
RENT,RATES & TAXES	779,841	1,186,471
MISCELLANEOUS EXPENSES	663,794	720,362
	12,846,584	**17,309,866**
SCHEDULE 'N' : MARKETING & DISTRIBUTION EXPENSES		
ADVERTISEMENT & BUSINESS PROMOTIONS	11,886,987	2,345,923
BROKERAGE AND COMMISION	8,379,627	—
CARRIAGE FEES	113,368,515	167,515,652
	133,635,129	**169,861,575**
SCHEDULE 'O' : FINANCIAL CHARGES		
BANK CHARGES	3,648	2,976
INTEREST PAID	29,611,664	17,962,756
	29,615,312	**17,965,732**
SCHEDULE 'P' : MISCELLANEOUS EXPENDITURE WRITTEN OFF		
PRELIMINARY EXPENSES	145,364	145,364
	145,364	**145,364**

B.A.G. GLAMOUR LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

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 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 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 recognized on accrual basis in accordance with the terms of the contract with the distribution and collection agency.

c. Interest is recognized using time proportion method and dividend income is recognized 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 realizable value. Cost is taken on First in First out basis (FIFO).

b. Inventories related to Television Software and Program Pilots

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

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 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 recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

12. Miscellaneous Expenditure

A. Preliminary Expenses

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

B. 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.

C. Deferred Revenue Expenditure

Deferred Revenue Expenditures are those expenditures which have been incurred in an accounting period and they do not create any assets but their benefit is spread in more than one accounting period.

Expenditure incurred by company on programming and sets for future shows will be amortized over a period of three years from the date of its incurrence. Expenditure amortized during a year over period of three years will be expensed out in the profit and loss account of that financial year. The benefit of these expenses will spread over a period of three years.

13. 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 program 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.

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 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.

II) Notes to Accounts

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

(Amt. in Rs.)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Capital Work in Progress	NIL	NIL
Capital Advances	NIL	NIL
Total	**NIL**	**NIL**

2. There are no dues to small scale industrial undertakings (SSI) outstanding for more than 30 days. Amount due as at March 31, 2011 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.

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

4. 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.

5. 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.

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

(Amt. in Rs.)

Particulars	As at March 31, 2011	As at March 31, 2010
Opening Balance of Deferred Tax Liability (Net)	6,122,874	6,903,073
Related to Fixed Assets	(1,194,267)	(774,492)
Disallowance under the Income Tax Act	44,917	49,409
Related to Leave Encashment & Gratuity	(85,337)	(55,116)
Deferred Tax Liability (Net)	**4,888,187**	**6,122,874**

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 recognized as expense for the year is as under:

Employer's Contribution to Provident Fund : Rs. 114064 (Previous Year Rs. 112181)

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.)

Particulars	Gratuity	
	2011	2010
Present value of obligation as at the beginning of the period	386,783	258,466
Current Service Cost	312,556	208,430
Interest Cost	30,943	20,677
Expected Return on Plan Assets	NIL	NIL
Actuarial (gain)/loss	(67,327)	(100,790)
Past Service Cost	NIL	NIL
Curtailment and settlement Cost/(credit)	NIL	NIL
Present value of obligation as at the end of period	662,955	386,783

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

(Amt. in Rs.)

Particulars	Gratuity	
	2011	2010
Current service cost	312,556	208,430
Past service cost	—	—
Interest cost	30,943	20,677
Expected return on plan assets	—	—
Curtailment cost / (Credit)	—	—
Settlement cost / (credit)	—	—
Net actuarial (gain)/ loss recognized in the period	(67,327)	(100,790)
Expenses recognized in the statement of profit & losses	276,172	128,317

c) **Actuarial Assumptions:**

(Amt. in Rs.)

Particulars	Gratuity	
	2011	2010
Discount Rate (%)	8.00	8.00
Expected Rate of increase in Compensation Levels (%)	5.50	5.50
Expected Rate of Return on Plan Assets	NIL	NIL
Expected Average remaining working lives of employees (Years)	30.96	30.56

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.

8. **Commitments and Contingencies**

(Amt. in Rs.)

Particulars	For the year ended March 31,2011	For the year ended March 31,2010
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

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

a) Managerial Remuneration : Nil (Previous Year Nil)

b) The business of the company is not subject to license as required by schedule VI; hence licensed capacity is not given.

c) CIF Value of Imports - Rs. Nil (Previous Year Nil)

d) Expenditure in Foreign Currency (on accrual basis): Rs. Nil (Previous Year NIL)

e) 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.

10. 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. Anurradha Prasad	Key Managerial Personnel
ARVR Communications Private Ltd. (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. Newsline 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	
	2011	2010	2011	2010	2011	2010
Office Rent	NIL	NIL	NIL	NIL	NIL	NIL
Lease rental on Equipments	5,879,428	8,819,140	NIL	NIL	NIL	NIL
Security Deposits Refunded	NIL	720,000	NIL	NIL	NIL	NIL
Unsecured Loans (taken)	266,954,330	231,054,591	NIL	NIL	NIL	11,682,355
Unsecured Loans (given/returned)	68,887,242	105,230,046	NIL	NIL	57,062,085	86,151,759
Interest Paid	28,863,150	17,962,756	NIL	NIL	748,514	NIL
Programming Expenses	74,950,000	NIL	NIL	NIL	NIL	NIL
Expenses Reimbursed	6,395,891	28,858,952	NIL	NIL	NIL	101,834,836
Expenses Incurred	NIL	3,186,696	NIL	NIL	NIL	1,049,704
Advertisement Expenses	NIL	NIL	NIL	NIL	NIL	1,852,668
Income from Ad Sales	72,500,000	206,072	NIL	NIL	Nil	235,894

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

(Amt. in Rs.)

SL	Particulars	2010-11	2009-10
1	Net Profit /(Loss) after tax as per profit and loss account	(13,346,254)	(144,739,775)
2	Short provision for tax of earlier years	(72,114)	—
3	Net Profit /(Loss) attributable to Equity Shareholders	(11,418,368)	(144,739,775)
4	Net Profit/(Loss) before Exceptional Item	(11,418,368)	(144,739,775)
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	(0.67)	(8.44)
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	(0.67)	(8.44)
9	Basic Earnings (before exceptional item) per share	(0.67)	(8.44)
10	Diluted Earnings (before exceptional item) per share	(0.67)	(8.44)
11	Face Value per equity share	10.00	10.00

12. 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 JOY MUKHERJEE & ASSOCIATES
CHARTERED ACCOUNTANTS

JOY MUKHERJEE
(PARTNER)
M.NO.74602
FRN: 006792C

PLACE: NOIDA
DATE : MAY 30, 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

ANURRADHA PRASAD
(DIRECTOR)

AJIT ANJUM
(DIRECTOR)

PINKI RANI
(COMPANY SECRETARY)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(A)	**REGISTRATION DETAILS**	
	REGISTRATION NO.	160548
	STATE CODE	55
	BALANCE SHEET DATE	MARCH 31,2011
(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	1,141,939
	TOTAL ASSETS	1,141,939
	SOURCES OF FUNDS	
	SHARE CAPITAL	171,429
	RESERVE & SURPLUS	448,571
	SECURED LOANS	40,000
	UNSECURED LOANS	477,050
	DEFERRED TAX LIABILITY (NET)	4,889
	TOTAL	**1,141,939**
	APPLICATION OF FUNDS	
	NET FIXED ASSETS AND CAPITAL WIP	21,696
	NET CURRENT ASSETS	334,261
	MISC EXPENDITURE	50,839
	PROFIT & LOSS ACCOUNT	735,143
	TOTAL	**1,141,939**
(D)	**PERFORMANCE OF THE COMPANY**	**(AMT IN '000)**
	SALES AND SERVICES	294,741
	TOTAL EXPENDITURE	299,504
	PROFIT BEFORE TAX	(4,763)
	PROFIT AFTER TAX	(11,346)
	EARNING PER SHARE IN (RS.)	(0.67)
	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)

PINKI RANI
(COMPANY SECRETARY)

PLACE : NOIDA
DATE : MAY 30, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(Amt. in Rs.)

	March 31, 2011	March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS)	**(4,762,925)**	**(145,519,974)**
ADJUSTMENTS FOR :		
DEPRECIATION	10,525,963	16,081,845
MISCELLANEOUS ASSETS WRITTEN OFF	145,364	145,364
INTEREST EXPENSE	29,611,664	17,962,756
LOSS ON SALE OF FIXED ASSETS	—	182,682
INTEREST INCOME	(23,756)	(2,484,137)
AMOUNTS WRITTEN OFF	(33,836)	(199,065)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**35,462,474**	**(113,830,529)**
ADJUSTMENTS FOR :		
INVENTORIES	(27,564,700)	732,459
SUNDRY DEBTORS / RECEIVABLES	18,459,293	(68,364,058)
LOANS AND ADVANCES	44,916,213	(115,804,567)
TRADE/OTHER PAYABLES	(114,556,077)	132,959,157
NET CASH GENERATED FROM OPERATING ACTIVITY BEFORE	**(43,282,797)**	**(164,307,538)**
EXCEPTIONAL ITEMS		
FRINGE BENEFIT TAX	—	(628,595)
INCREASE IN MISC . EXPENDITURE	(49,966,667)	—
NET CASH FROM OPERATING ACTIVITIES	**(93,249,464)**	**(164,936,135)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE/SALE OF FIXED ASSETS / CAPITAL		
WORKS-IN-PROGRESS(NET)	(602,111)	(3,276,548)
LOSS ON SALE OF FIXED ASSETS	—	(182,682)
INTEREST RECEIVED	23,756	2,484,137
NET CASH FROM/(USED) IN INVESTING ACTIVITIES	**(578,355)**	**(975,093)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
INCREASE IN UNSECURED LOAN	121,466,974	112,645,845
INTEREST PAID	(29,611,664)	(17,962,756)
NET CASH FROM/(USED) IN FINANCING ACTIVITIES	**91,855,310**	**94,683,089**
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,972,509)**	**(71,228,139)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING	**5,431,441**	**76,659,578**
CASH AND CASH EQUIVALENTS AT THE CLOSE	**3,458,932**	**5,431,441**

AS PER OUR SEPARATE REPORT OF EVEN DATE

FOR JOY MUKHERJEE & ASSOCIATES
CHARTERED ACCOUNTANTS

JOY MUKHERJEE
(PARTNER)
M.NO.74602
FRN: 006792C

PLACE: NOIDA
DATE : MAY 30, 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

ANURRADHA PRASAD
(DIRECTOR)

AJIT ANJUM
(DIRECTOR)

PINKI RANI
(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, 2011, 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, 2011;
   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
FRN : 006792C

Place: Noida
Date: May 30, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(Amt.in Rs.)

PARTICULARS	SCHEDULE		MARCH 31, 2011		MARCH 31, 2010
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
CAPITAL	A	486,754,765		346,418,865	
RESERVES & SURPLUS	B	1,232,974,996	1,719,729,761	1,596,224,774	1,942,643,639
LOAN FUND					
SECURED LOANS	C		501,461,917		233,872,985
UNSECURED LOAN	D		308,903,461		250,000,000
DEFERRED TAX LIABILITY			44,001,197		40,558,304
MINORITY INTEREST			—		—
			2,574,096,336		**2,467,074,928**
APPLICATION OF FUNDS					
FIXED ASSETS					
GROSS BLOCK	E	1,627,805,152		1,347,797,353	
LESS: DEPRECIATION		711,987,611		583,406,260	
NET BLOCK		915,817,541		764,391,093	
ADD: CAPITAL WORK IN PROGRESS (INCLUDES CAPITAL ADVANCES)		201,236,082	1,117,053,623	61,778,213	826,169,306
INVESTMENTS	F		130,109,731		24,179,939
CURRENT ASSETS, LOANS & ADVANCES	G				
CASH & BANK BALANCES		317,083,402		959,549,112	
CLOSING STOCK		252,221,219		198,808,260	
SUNDRY DEBTORS		255,557,665		260,619,547	
LOANS & ADVANCES		925,914,404		492,089,985	
		1,750,776,690		1,911,066,904	
LESS CURRENT LIABILITIES & PROVISIONS	H				
LIABILITIES		405,344,077		289,014,475	
PROVISIONS		28,891,432		21,978,743	
		434,235,509		310,993,218	
NET CURRENT ASSETS			1,316,541,181		1,600,073,686
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	I		10,391,801		16,651,997
			2,574,096,336		**2,467,074,928**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS R

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
FRN : 006792C

ANURRADHA PRASAD
(CHAIRPERSON CUM MANAGING DIRECTOR)

ANURADHA MISHRA
(DIRECTOR)

RAJEEV PARASHAR
(COMPANY SECRETARY)

PLACE : NOIDA
DATE : 30.05.2011

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(Amt.in Rs.)

PARTICULARS	SCHEDULE		FOR THE YEAR ENDED MARCH 31, 2011		FOR THE YEAR ENDED MARCH 31, 2010
INCOME					
SALES & SERVICES	J		751,930,453		692,479,392
OTHER INCOME	K		16,466,902		35,564,681
INCREASE/(DECREASE) IN STOCKS			53,412,959		97,014,617
TOTAL			**821,810,314**		**825,058,690**
EXPENDITURE					
COST OF PRODUCTION	L		326,468,683		437,490,206
PERSONNEL COST	M		179,108,995		196,370,214
ADMINISTRATIVE EXPENSES	N		100,891,242		84,194,846
MARKETING & DISTRIBUTION EXPENSES	O		472,263,565		349,575,590
FINANCIAL CHARGES	P		35,053,653		17,042,057
MISC. EXPENSES WRITTEN OFF	Q		3,552,696		3,552,694
DEPRECIATION			130,410,005		163,776,891
TOTAL			**1,247,748,839**		**1,252,002,498**
PROFIT BEFORE TAXATION			**(425,938,525)**		**(426,943,809)**
PROVISION FOR TAX (INCLUDING WEALTH TAX)		12,473,086		9,321,931	
DEFERRED TAX		3,442,893		(5,805,238)	
			15,915,979		3,516,693
PROFIT AFTER TAXATION			**(441,854,504)**		**(430,460,502)**
SHARE OF BAG FILMS AND MEDIA LIMITED			(69,364,703)		—
MINORITY INTEREST			(372,489,801)		—
			(441,854,504)		**—**
ADJUSTMENT RELATING TO EARLIER YEARS			(1,932,840)		(2,672,974)
BALANCE BROUGHT FORWARD			(1,899,249,571)		(1,466,116,095)
AVAILABLE FOR APPROPRIATIONS			**(2,343,036,915)**		**(1,899,249,571)**
APPROPRIATIONS					
SURPLUS TRANSFERRED TO BALANCE SHEET			(2,343,036,915)		(1,899,249,571)
			(2,343,036,915)		**(1,899,249,571)**
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS. 2 EACH			(2.80)		(3.57)
BASIC AND DILUTED EARNINGS PER SHARE HAVING FACE VALUE OF RS. 2 EACH (BEFORE EXCEPTIONAL ITEMS)			(2.79)		(3.57)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS R

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

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	**ANURRADHA PRASAD**	**ANURADHA MISHRA**	**RAJEEV PARASHAR**
(PARTNER)	*(CHAIRPERSON CUM MANAGING DIRECTOR)*	*(DIRECTOR)*	*(COMPANY SECRETARY)*
M. NO.: 74602			
FRN : 006792C			

PLACE : NOIDA
DATE : 30.05.2011

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS AS ON MARCH 31, 2011

(Amt. in Rs.)

PARTICULARS		MARCH 31, 2011		MARCH 31, 2010
SCHEDULE 'A': SHAREHOLDERS FUNDS				
SHARE CAPITAL				
AUTHORISED CAPITAL				
200,000,000 EQUITY SHARES OF RS. 2/- EACH (PREVIOUS YEAR 200,000,000 EQUITY SHARES @ RS. 2/- EACH)		400,000,000		400,000,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL				
37,518,890 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP FOR CASH (PREVIOUS YEAR 37,518,890 EQUITY SHARES)	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 @ 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 @ RS. 2/- EACH)	20,000,000		20,000,000	
15,000,000 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP FOR CASH BY CONVERTING SHARE WARRANTS (PREVIOUS YEAR 71,40,000)	30,000,000		14,280,000	
3,70,00,000 EQUITY SHARES @ 2.00 PER SHARE REPRESENTED BY 37,00,000 GDR ISSUED @ USD 4.71 PER GDR	74,000,000		74,000,000	
270000 SHARES OF RS.2/- EACH AGAINST ESOPS (PREVIOUS YEAR 105,000 SHARES @ RS.2/- EACH)	540,000		210,000	
22,566,200 EQUITY SHARES OF RS. 2/- EACH ISSUED AS BONUS SHARES BY CAPITALISING GENERAL RESERVES (PREVIOUS YEAR 22,566,200 EQUITY SHARES)	45,132,400		45,132,400	
	330,166,180		314,116,180	
LESS: CALLS UNPAID (174,641 EQUITY SHARES @ RS. 1/-) (PREVIOUS YEAR 180,541 EQUITY SHARES @ RS. 1/- EACH)	174,641	329,991,539	180,541	313,935,639
SHARE PENDING FOR ALLOTMENT		146,763,226		16,763,226
SHARE WARRANTS PENDING ALLOTMENT 78,60,000 OF RS 2 EACH (PREVIOUS YEAR 78,60,000 SHARE WARRANTS @ RS. 2/- EACH)		10,000,000		15,720,000
		486,754,765		**346,418,865**
SCHEDULE 'B': RESERVES & SURPLUS				
(A) PROFIT & LOSS				
OPENING	(1,193,400,823)		(800,655,809)	
ADD:PROFIT AFTER TAX	(69,364,703)		(430,460,502)	
ADD: MINORITY INTEREST	(372,489,801)		37,764,276	
ADD : ADJUSTMENTS RELATING TO EARLIER YEARS	(1,932,840)		(48,788)	
ADD : GOODWILL	35,180,946	(1,602,007,221)	—	(1,193,400,823)
(B) GENERAL RESERVES				
OPENING	37,927,284		37,927,284	
ADD: TRANSFERRED FROM PROFIT AND LOSS ACCOUNT	—	37,927,284	—	37,927,284
(C) SHARE PREMIUM				
OPENING	1,820,793,523		1,854,553,057	
LESS: SHARE WARRANTS FORFIETED	40,150,000		40,150,000	
ADD: PREMIUM ON ESOPS ISSUED	6,193,500		3,050,250	
ADD: RECEIVED THROUGH SHARE WARRANTS	229,500,000		109,242,000	
ADD: RECEIVED THROUGH GDR	735,658,420		735,658,420	
ADD: RECEIVED THROUGH UPFRONT MONEY OF SHARE WARRANT	12,125,000		18,274,500	
LESS: CALLS UNPAID (180,541 EQUITY SHARES @ RS. 4/-)	698,564	2,763,421,879	722,164	2,679,906,063
(D) CAPITAL RESERVE				
OPENING BALANCE	60,150,000		60,150,000	
Less : GOODWILL	35,180,946	24,969,054	—	60,150,000
(E) DEFERRED EMPLOYEE COMPENSATION		8,664,000		11,642,250
		1,268,155,942		**1,596,224,774**
SCHEDULE 'C': SECURED LOANS				
VEHICLE LOAN FROM BANKS (SECURED BY HYPOTHECATION OF VEHICLES FINANCED)		5,954,666		5,540,147
OTHER LOANS (SECURED BY HYPOTHECATION OF SHARES)		90,000,000		90,000,000
SBI TERM LOAN		155,507,251		138,332,838
PNB SHORT TERM LOAN		250,000,000		—
		501,461,917		**233,872,985**
SCHEDULE 'D': UNSECURED LOAN				
OPTIONALLY FULLY CONVERTIBLE DEBENTURES		250,000,000		250,000,000
OTHER LOANS		58,903,461		—
		308,903,461		**250,000,000**

SCHEDULE 'E' FIXED ASSETS SCHEDULE AS PER COMPANIES ACT, 1956 FOR THE YEAR ENDING ON MARCH 31, 2011

(Amt.in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	COST AS AT 01.04.2010	ADDITION DURING THE YEAR	SALE/ADJ DURING THE YEAR	TOTAL COST AS AT 31.03.2011	ACCUMULATED DEPRECIATION AS AT 01.04.2010	DEPRECIATION FOR THE YEAR	ADJUSTMENT FOR THE YEAR	ACCUMULATED DEPRECIATION AS AT 31.03.2011	W.D.V. AS AT 31.03.2011	W.D.V. AS AT 31.03.2010
LAND & SITE DEVELOPMENT	57,825,219	—	—	57,825,219	—	—	—	—	57,825,219	57,825,219
BUILDING	167,615,982	—	—	167,615,982	30,992,251	6,831,186	—	37,823,437	129,792,545	136,623,731
PLANT & MACHINERY	414,416,669	160,672,827	35,411	575,054,085	174,488,913	44,791,294	35,411	219,244,797	355,809,288	239,927,756
COMPUTERS & PERIPHERALS	243,647,691	16,774,247	1,107,344	259,314,594	157,452,922	28,189,826	1,081,462	184,561,284	74,753,310	86,194,769
VEHICLE	23,449,653	5,259,684	1,528,707	27,180,630	14,610,675	2,702,714	587,212	16,726,177	10,454,453	8,838,978
COMPUTER SOFTWARE	142,098,746	61,342,150	—	203,440,896	99,751,167	17,814,368	—	117,565,535	85,875,360	42,347,579
FURNITURE'S & FIXTURES	138,367,851	1,698,795	21,500	140,042,147	59,630,215	14,320,314	—	73,950,528	66,091,619	78,734,636
OFFICE EQUIPMENTS	110,468,538	37,501,364	548,303	147,421,599	35,728,756	10,769,303	196,684	46,301,376	101,120,223	74,739,782
LICENCE FEES	49,910,000	—	—	49,910,000	10,823,477	4,991,000	—	15,814,477	34,095,523	39,086,523
TOTAL	**1,347,797,348**	**283,249,067**	**3,241,265**	**1,627,805,152**	**583,478,375**	**130,410,005**	**1,900,769**	**711,987,611**	**915,817,541**	**764,318,973**
CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)									**201,236,082**	**61,778,213**

(Amt. in Rs.)

PARTICULARS		MARCH,31 2011		MARCH,31 2010
SCHEDULE 'F': INVESTMENTS				
LONG TERM INVESTMENTS		**10,908,760**		**10,908,760**
TRADE INVESTMENT AT COST				
5,000 EQUITY SHARES OF MUKTA ARTS LIMITED* HAVING FACE VALUE OF RS.5/- PER SHARE FULLY PAID UP PURCHASED @ RS.100/- PER EQUITY SHARE (MARKET VALUE AS ON 31.03.2009 IS RS.34.50) (PREVIOUS YEAR RS. 58.15 PER SHARE)	500,000		500,000	
12,400 EQUITY SHARES OF B.A.G.INFOTECH PRIVATE LIMITED (A COMPANY UNDER SAME MANAGEMENT) HAVING FACE VALUE OF RS 10/- PER SHARE FULLY PAID-UP. (UNQUOTED)	124,000		124,000	
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 SEIUN 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 SUBSIDARIES AT COST				
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. 321,885,454/- (PREVIOUS YEAR RS. 288,125,920)				
OTHER INVESTMENTS		**119,200,971**		**13,271,179**
CURRENT INVESTMENT				
IN MUTUAL FUND*	119,200,971		13,271,179	
* AGGREGATE VALUE OF QUOTED INVESTMENT IS Rs. 119,200,971/- (PREVIOUS YEAR RS. 13,271,179/-)				
** AGGREGATE VALUE OF UN- QUOTED INVESTMENT NIL				
		130,109,731		**24,179,939**

(Amt. in Rs.)

PARTICULARS		MARCH 31, 2011		MARCH 31, 2010
SCHEDULE 'G' : CURRENT ASSETS, LOANS & ADVANCES				
(A) CURRENT ASSETS				
1 CASH & BANK BALANCES				
CASH IN HAND		2,907,044		1,406,806
IMPREST WITH STAFF		3,113,168		903,831
CHEQUES IN HAND		1,477,239		657,665
BALANCES WITH SCHEDULED BANKS		309,585,951		146,922,390
CURRENT ACCOUNT	289,401,613		34,851,793	
FIXED DEPOSITS	20,184,338		112,070,597	
BALANCES WITH OTHER THAN SCHEDULED BANKS		—		809,658,420
		317,083,402		**959,549,112**
2 STOCK IN TRADE				
(AT COST, AS VALUED AND CERTIFIED BY THE MANAGEMENT)				
RAW MATERIAL		618,430		56,298
WORK IN PROGRESS		15,656,715		31,152,142
FINISHED GOODS		235,946,074		87,400,752
		252,221,219		**118,609,192**
3 SUNDRY DEBTORS				
(UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE SPECIFIED)				
(a) DEBTS FOR A PERIOD EXCEEDING SIX MONTHS	66,903,859		122,435,763	
(b) OTHER DEBTS	188,653,806		138,183,784	
		255,557,665		260,619,547
		255,557,665		**260,619,547**
(B) LOANS & ADVANCES				
(UNSECURED, CONSIDERED GOOD)				
ADVANCE TAXES		134,947,493		143,349,555
EARNEST MONEY & SECURITY DEPOSITS		16,497,284		21,778,390
PREPAID EXPENSES		12,910,251		28,443,010
FEES RECOVERABLE (ISOMES)		2,491,300		6,234,800
STAFF ADVANCES		2,597,073		2,144,987
ADVANCES TO OTHERS		756,471,003		290,139,242
		925,914,404		**492,089,985**
SCHEDULE 'H' : CURRENT LIABILITIES AND PROVISIONS				
A. LIABILITIES				
SUNDRY CREDITORS FOR GOODS & SERVICES		271,331,228		160,150,835
OTHER CREDITORS		57,690		2,476,035
ADVANCE FROM CUSTOMERS		921,054		1,315,194
TAXES PAYABLE		79,884,674		50,086,367
OTHER LIABILITIES		52,557,995		74,393,959
UNCLAIMED DIVIDEND		591,436		592,084
		405,344,077		**289,014,475**
B. PROVISIONS				
PROVISION FOR INCOME TAX		23,155,161		17,670,967
PROVISION FOR WEALTH TAX		532,205		259,317
PROVISION FOR LEAVE ENCASHMENT		—		798,326
PROVISION FOR GRATUITY		5,204,066		3,250,133
		28,891,432		**21,978,743**

(Amt. in Rs.)

PARTICULARS		MARCH 31, 2011		MARCH 31, 2010
SCHEDULE 'I' : MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)				
PRELIMINARY EXPENSES				
OPENING BALANCE	5,321,230		7,608,228	
LESS: WRITTEN OFF	2,287,000	3,034,230	2,286,998	5,321,230
PRE-OPERATIVE EXOENSES				
OPENING	2,531,391		3,797,086	
LESS: WRITTEN OFF	1,265,696	1,265,695	1,265,695	2,531,391
DEFFERRED EMPLOYEE COMPENSATION				
OPENING BALANCE	8,799,376		—	
ADD: INCURRED DURING THE YEAR	—		11,506,876	
	8,799,376		11,506,876	
LESS: WRITTEN OFF	2,707,500	6,091,876	2,707,500	8,799,376
		10,391,801		**16,651,997**

(Amt. in Rs.)

PARTICULARS		FOR THE YEAR ENDED MARCH 31, 2011		FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 'J' : SALES & SERVICES				
AUDIO -VIDEO PRODUCTIONS				
INCOME FROM COMMISSIONED SERIALS	102,939,973		184,005,170	
INCOME FROM CORPORATE FILMS & OTHERS	3,758,318		—	
INCOME FROM LOCATION HIRING	8,180,833	114,879,124	1,780,528	185,785,698
MEDIA EDUCATION				
INCOME FROM MEDIA SCHOOL		19,465,980		19,303,717
INCOME FROM RENT		—		19,923,977
INCOME FROM AD SALES		617,585,349		467,466,000
		751,930,453		**692,479,392**

SCHEDULE 'K' : OTHER INCOME		
INTEREST	8,109,121	15,910,124
SUNDRY BALANCES WRITTEN BACK	3,742,227	4,906,516
DIVIDEND ON INVESTMENTS	77,553	1,087,044
INCOME FROM LEASING OF EQUIPMENTS	3,108,358	8,999,601
PROFIT ON SALE OF ASSET	18,000	394,930
PROFIT ON SALE OF INVESTMENTS	250,658	990,254
MISC. INCOME	1,160,985	3,270,909
GAIN ON FOREIGN EXCHANGE FLUCTUATION	—	5,303
	16,466,902	**35,564,681**

(Amt. in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2011	FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 'L' : COST OF PRODUCTION		
PROFESSIONAL CHARGES ARTIST, DIRECTORS, TECHNICIANS	78,980,948	142,866,886
SPACE SEGMENT CHARGES	31,606,463	—
CASSETTES	1,303,433	3,852,241
OB VAN EXPENSES	3,690,344	3,979,863
BOARDING & LODGING	1,192,525	501,998
EDITING CHARGES	14,920	19,100
MAKE-UP MATERIALS	360,000	225,350
GENERATOR FUEL EXPENSES	3,505,362	6,051,368
PROGRAMMING EXP	1,546,421	3,636,129
CAMERA HIRING CHARGES	2,107,626	4,369,574
FILM PROCESSING CHARGES	—	650,000
LICENCE AND OTHER OPERATIONAL FEES	26,358,137	33,786,744
LOCATION & STUDIO HIRING CHARGES	12,638,217	18,695,911
SET EXPENSES	7,045,728	15,183,577
EQUIPMENT HIRING CHARGES	8,648,497	12,120,722
CONSULTANCY CHARGES	65,628	142,500
ROYALTY	33,247,907	26,771,564
SHOOTING EXPENSES	16,628,837	44,593,018
SECURITY SERVICES	1,405,006	1,243,534
ELECTRICITY EXPENSES	23,501,541	20,221,764
PRODUCTION TRAVELLING & CONVEYANCE	21,236,432	11,924,199
FILM PROMOTION & OTHER PUBLICITY EXPENSES	1,091,304	2,064,801
BUREAU RENT	1,436,260	1,362,460
STORIES PURCHASED	2,629,845	3,720,893
REPAIRS & MAINTENANCE - PRODUCTION EQUIP	2,676,184	2,259,781
POSTAGE, TELEPHONE & DOWNLINKING CHARGES	6,293,992	6,773,850
INTERNET & WEBSITE MAINT. EXPENSES	5,041,495	7,046,064
SUBSCRIPTION CHARGES	12,229,069	7,761,655
TRAVELING EXPENSES	—	10,541,045
RUNNING & MAINTENANCE OF VEHICLE	2,646,514	7,011,201
UPLINKING CHARGES	17,340,049	38,112,414
	326,468,683	**437,490,206**
SCHEDULE ' M ' : PERSONNEL COST		
SALARIES, ALLOWANCES AND BONUS	155,167,513	166,659,879
MANAGERIAL REMUNERATION	10,000,000	17,899,998
LEAVE ENCASHMENT	-	798,326
GRATUITY	2,049,357	837,363
STAFF WELFARE EXPENSES	4,271,376	2,829,997
EMPLOYEE COMPENSATION	2,707,500	2,707,500
CONTRIBUTION TOWARDS PROVIDENT FUND AND ESI	4,913,249	4,637,151
	179,108,995	**196,370,214**

(Amt. in Rs.)

PARTICULARS		FOR THE YEAR ENDED MARCH 31, 2011		FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 'N' : ADMINISTRATIVE COST				
OFFICE MAINTENANCE		16,322,649		14,250,114
ANNUAL MAINTENACE CHARGES		6,460,912		4,633,876
TELEPHONE, COURIER, POSTAGE AND TELEGRAM		4,873,978		5,462,319
PRINTING & STATIONERY		1,152,133		1,074,608
REPAIRS & MAINTENANCE		2,568,469		1,861,063
CONVEYANCE EXPENSES		3,756,803		4,364,977
RUNNING & MAINTENANCE OF VEHICLE		301,535		764,614
LOSS ON FOREIGN EXCHANGE FLUCTUATION		12,257,519		1,124,844
TRAVELLING EXPENSES				
DIRECTORS	2,333,004		2,226,533	
OTHERS	1,403,336	3,736,340	2,372,914	4,599,447
AUDITORS REMUNERATION & EXPENSES				
(A) STATUTORY AUDIT	350,000		350,000	
(B) TAX AUDIT FEES	160,000		160,000	
(C) LIMITED REVIEW & CERTIFIACTION FEES	90,000		90,000	
(D) AUDITOR'S EXPENSES	132,709	732,709	638,848	1,238,848
BOARD & GENERAL MEETING EXPENSES		2,579,480		2,253,522
DONATIONS		324,200		311,701
FEES & SUBSCRIPTION		3,830,050		4,008,942
INTERNET & WEBSITE MAINTENANCE EXPENSES		538,799		730,982
ADVERTISEMENT & BUSINESS PROMOTIONS		723,516		1,809,630
CONSULTANCY & LEGAL CHARGES		11,868,117		12,166,289
RENT,RATES & TAXES		11,689,434		6,383,553
INSURANCE EXPENSES		2,535,065		2,149,747
SECURITIES TRANSACTIONS TAX		16,003		55,439
LOSS ON SALE OF ASSET		243,279		2,730,845
LOSS ON SALE OF INVESTMENT		2,810,185		6,065,326
ELECTRICITY CHARGES		4,352,427		4,756,361
BAD DEBTS WRTTEN OFF		5,237,847		—
BOARDING & LODGING EXPENSES		49,936		30,103
NEWSPAPER & PERIODICALS		69,356		141,785
MISCELLANEOUS EXPENSES		1,860,501		1,225,911
		100,891,242		**84,194,846**
SCHEDULE ' O ' : MARKETING & DISTRIBUTION EXPENSES				
ADVERTISEMENT & BUSINESS PROMOTIONS		15,290,475		5,702,024
CARRIAGE FEES		421,534,562		342,675,002
OTHER MARKETING EXPENSES		35,438,528		1,198,564
		472,263,565		**349,575,590**
SCHEDULE ' P ' : FINANCIAL CHARGES				
BANK CHARGES		222,320		1,976,230
BANK INTEREST & DISCOUNTING CHARGES		34,831,333		15,065,827
		35,053,653		**17,042,057**
SCHEDULE ' Q ' : MISCELLANEOUS EXPENDITURE WRITTEN OFF				
PRELIMINARY EXPENSES		2,287,000		2,286,999
PREOPERATIVE EXPENSES		1,265,696		1,265,695
		3,552,696		**3,552,694**

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, 2011
B.A.G. INFOTAINMENT LIMITED	61.00%
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. 171,500 (Previous year Rs. 172,500). This being a long-term investment, the Company considers this fall in value as temporary.

3. 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 Company has converted 7,860,000 warrants at a price of Rs. 17.30 each including a premium of Rs. 15.30 per warrant into equity shares. These equity shares issued by above conversion have been listed for trading on the stock exchanges.

   b) During the year under review your company issued 5,000,000 warrants at a price of Rs 17.70 each including premium of Rs 15.70 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 September 4th, 2010 to ARVR 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. 22,125,000.

4. 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, 2011	For the year ended March 31, 2010
ASSETS		
Fixed Assets	11,914,970	11,914,970
Current Assets		
- Cash & Bank Balance	1,278,383	65,823
- Loans & Advances	115,633	1,414,899
Miscellaneous Expenses		
- Preliminary Expenses	2,46,670	246,670
- Pre-operative Expenses	1,074,915	866,306
LIABILITIES		
Share Capital		
Equity Share capital	9,667,520	9,667,520
Current Liabilities	4,963,051	4,841,148

The company has not started its commercial operations as at March 31, 2011.

5. Goodwill of Rs. 35,180,946 arises on successive purchases of equity shares in its Subsidiary Company have been adjusted against the available capital reserve in holding Company.

6. **Commitments & Contingent Liabilities**

a. Guarantees given to bank amounting to Rs. 11,480,200 (Previous year Rs. 11,480,200).

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. 180,000,000 (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 (Prnevious Year Rs. NIL).

7. **Export Obligation**

B.A.G. Films & Media Limited and its subsidiary B.A.G. Newsline 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. **Employee Stock Option Scheme**

The Company instituted the Employee Stock option scheme - **("the BAG ESOP Scheme")** to grant equity shares 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, 2011 in respect of Employees Stock Options Outstanding is Rs.8,664,000. The balance deferred compensation expense Rs. 6,091,876 will be amortized over the remaining vesting period of Options.

The movement in the options granted to employees during the year ended March, 31 2011 under the "the BAG ESOP Scheme" is as below:

Particulars	March,11	March,10
Date of Grant	30-Jul-08	30-Jul-08
Market value on date of grant	Rs. 31.05	Rs. 31.05
Exercise Price	Rs. 3.00	Rs. 13.00
Vesting Period	5 Years	5 Years
Options outstanding at the beginning of year	320000	375000
Options granted (Nos)	NIL	NIL
Options forfeited/Lapsed (Nos)	NIL	NIL
Options exercised (Nos)	95000	55000
Options Expired (Nos)	Nil	Nil
Options outstanding at the end of year (Nos)	225000	320000

The movement in the options granted to employees of the subsidiary company during the year ended March, 31 2011 under the "the BAG ESOP scheme" is as below:

Particulars	F.Y 2010-11	F.Y. 2009-10
Date of Grant	30-Jul-2008	30-Jul-2008
Market Value on date of grant	Rs. 31.05	Rs. 31.05
Exercise Price	Rs. 3	Rs. 13
Vesting Period	5 Years	5 Years
Options outstanding at the beginning of year	325000	375000
Options Granted (Nos)	Nil	Nil
Options forfeited/Lapsed (Nos)	Nil	Nil
Options exercised (Nos)	70000	50000
Options Expired (Nos)	Nil	Nil
Options outstanding at the end of year (nos)	255000	325000

9. 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 is as follows:

(Amt. in Rs.)

Particulars	Year ended March 31, 2011	Year ended March 31,2010
Managing Directors Remuneration and Other Allowances*	10,000,000	17,899,998
Total	**10,000,000**	**17,899,998**

*The company has obtained approval from Central Government for managerial remuneration of Rs. 1 crore to the managing director w.e.f. 13th April 2011.

Remuneration to Non-Executive Directors *(Amt. in Rs.)*

Particulars	**Year ended March 31, 2011**	**Year ended March 31, 2010**
Sitting Fees	390,000	450,000
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, 2011**	**Year ended March 31, 2010**
Earnings in Foreign Currency		
Income from Commissioned Serials	NIL	NIL
Income from Sale of Rights	NIL	NIL
Expenditure in Foreign Currency	**5,898,318**	**16,525,646**

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

(Amt. in Rs.)

Particulars	**Year ended March 31, 2011**	**Year ended March 31, 2010**
Repairs & Maintenance -Others	1,276,500	2,631,263
Repairs & Maintenance - Machinery	1,721,804	1,044,969

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.

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

(Amt. in Rs.)

Particulars	**Year ended March 31, 2011**	**Year ended March 31, 2010**
Opening Balance of Deferred Tax Liability(Net)	40,558,304	46,363,542
A. Deferred Tax Liability		
Related to Fixed Assets	3,688,545	(6,543,515)
Disallowance under the Income Tax Act	(213,354)	1,207,561
B. Deferred Tax Assets		
Disallowance under the Income Tax Act	(32,298)	(469,284)
Closing Balance of Deferred Tax Liability(Net)	44,001,197	40,558,304

11. 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, 2011	Year ended March 31, 2010
1.	**Segment Revenue**		
	a) Audio - Visual Production	134,345,104	205,089,415
	b) Movies	—	—
	c) Leasing	—	28,923,977
	d) FM Radio	107,468,972	40,655,502
	e) Television Broadcasting	510,116,377	426,810,099
	Total	**751,930,453**	**701,478,993**
	Less: Inter Segment Revenue	—	—
	Net Sales/Income from Operations	**701,478,993**	**701,478,993**
2.	**Segment Results**		
	a) Audio - Visual Production	(33,401,340)	(26,387,377)
	b) Movies	—	—
	c) Leasing	(32,891,673)	(21,614,223)
	d) F.M.Radio	49,244,815	(17416455)
	e) Television Broadcasting	(91,406,885)	(66,717,456)
	Total	**(108,455,083)**	**(132,135,511)**
	Less:		
	I) Interest	35,053,654	17042057
	II) Other Un - allocable Expenditure Net off unallocable income	282,429,788	277,766,241
	Total Profit Before Tax	**(425,938,525)**	**(426,943,809)**
3.	**Capital Employed**		
	a) Audio - Visual Production	502,912,057	199897432
	b) Movies	44,161,955	44162334
	c) Leasing	345,376,489	268,388,837
	d) F.M.Radio	330,752,925	175,698,222
	e) Television Broadcasting	513,517,930	266369986
4.	**Segment Depreciation**		
	a) Audio - Visual Production	41,114,591	30322598
	b) Movies	—	—
	c) Leasing	32,891,673	50,537,664
	d) F.M.Radio	20,145,292	21,861,139
	e) Television Broadcasting	28,035,531	40,840,423

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

i) List of Related Party:

Name	Relationship
Ms. Anurradha 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	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	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Salary	10,000,000	17,899,998	—	—	—	—	—	—	—	—
Sitting Fees	—	—	105,000	105,000	—	—	—	—	—	—
Consultancy fees	—	—	3,600,000	3,600,000	—	—	—	—	—	—
Advance against share capital given	—	—	—	—	—	—	—	—	—	—
Unsecured loan(taken)	—	—	—	—	—	6,078	—	—	—	2,037,817
Unsecured loan (given/returned)	—	—	—	—	—	6,078	—	—	—	59,757,030
Share application money invested	—	—	—	—	—	—	—	—	—	—
Refund of Application money	—	—	—	—	—	—	—	—	—	—
Share application money Received	—	10,000,000	—	—	—	—	—	35594500	—	5163226
Proceeds from Issue of Share Capital	—	—	—	—	—	—	—	123,522,000	—	—
Expenses reimbursed	—	—	—	—	—	—	—	—	—	43,166,850
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	—	—	—	—	—	—

13. a) There are no dues to small scale industrial undertakings (SSI) outstanding for more than 30 days.

    b) Amount overdue as on March 31, 2011 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.

14. 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.

15. Earning Per Share (EPS) is computed in Accordance with Accounting Standard-20 :-

(Amt. in Rs.)

Particulars		2010-11	2009-10
i)	Net Profit/(loss) after tax as per profit and loss account	(441,854,504)	(430,460,508)
ii)	Short provision for tax of earlier years	(1,932,840)	(2,672,974)
iii)	Net Profit/(loss) attributable to Equity Shareholders	(439,921,664)	(433,133,482)
iv)	Net Profit/(loss) before Exceptional Item	(439,921,664)	(433,133,482)
v)	Weighted Average number of equity shares used as denominator for calculating Basic EPS.	157,030,900	119,727,656
vi)	Basic Earnings per share	(2.80)	(3.62)
vii)	Weighted Average number of equity shares used as denominator for calculating Diluted EPS	157,500,558	119,776,299
viii)	Diluted Earnings per share	(2.79)	(3.62)
ix)	Basic Earnings (before exceptional item) per share	(2.80)	(3.62)
x)	Diluted Earnings (before exceptional item) per share	(2.79)	(3.62)
xi)	Face Value per equity share	2.00	2.00

16. Details of Investments in Mutual Funds :-

SCHEME	No. of Units as at March 31,		Value (Rs) as at March 31,	
	2011	2010	2011	2010
BIRLA SUNLIFE MIP WEALTH GROWTH	840,887	—	15,000,000	—
DSP-ML TIGER FUND	—	21,070	—	350,001
DSP MERILL LYNCH EQUITY FUND-DIV CASH OPTION	—	7,871	—	500,000
FRANKLIN INDIA PRIMA FUND	6,181	6,181	283,382	283,382
HDFC CASH MANAGEMET FUND	42,914	—	861,865	—
ICICI PRU FLEXIBLE INCOME	1,029,447	—	20,000,000	—
J M EMERGING LEADER FUND	—	136,878	—	2,000,000
PRINCIPAL CASH MGNT FUND	6,259	6,259	62,596	62,596
PRU. ICICI INFRASTRUCTURE FUND- DIV PAYOUT	—	—	—	—
PRU. ICICI INFRASTRUCTURE FUND- DIV PAYOUT	109,529	109,529	2,000,000	2,000,000
RELIANCE MIP GROWTH	1,616,329	—	35,000,000	—
SUNDARAM CAPEX OPPORTUNITIES FUND	—	54,821	—	1,000,000
SUNDARAM BNP PARIBAS MONEY FUND-DAILY DIV	—	380,000	—	3,800,000
TEMPLETION INDIA TREASURY MANAGEMENT ACCOUNT	182	182	275,200	275,200
TATA INFRASRUCTURE FUND	—	37,981	—	1,000,000
TATA INDO-GLOBAL INFRASTRUCTURE FUND-DIV	200,000	200,000	2,000,000	2,000,000
TATA MIP PLUS GROWTH	1,800,278	—	28,717,928	—
UTI MIS ADVANTAGE FUND-GROWTH	744,590	—	15,000,000	—

17. 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 AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR JOY MUKHERJEE & ASSOCIATES
CHARTERED ACCOUNTANTS

JOY MUKHERJEE
(PARTNER)
M. NO.: 74602
FRN : 006792C

ANURRADHA PRASAD
(CHAIRPERSON CUM MANAGING DIRECTOR)

ANURADHA MISHRA
(DIRECTOR)

RAJEEV PARASHAR
(COMPANY SECRETARY)

PLACE : NOIDA
DATE : 30.05.2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

		MARCH 31,2011	MARCH 31,2010
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	NET PROFIT BEFORE EXCEPTIONAL ITEMS	**(425,938,525)**	**(426,943,809)**
	ADJUSTMENTS FOR :		
	DEPRECIATION / AMORTISATION	130,410,005	163,776,891
	GOODWILL	35,180,946	—
	MISC. ASSETS WRITTEN OFF	3,552,696	3,552,694
	DEFERRED EMPLOYEES COMPENSATION	2,707,500	2,707,500
	DIVIDEND INCOME	(77,553)	(1,087,044)
	PROFIT/LOSS ON SALE OF FIXED ASSETS	225,279	2,335,915
	PROFIT /LOSS ON SALE OF INVESTMENTS	2,559,527	5,075,073
	INTEREST EXPENSE	34,831,333	15,065,827
	INTEREST INCOME	(8,109,121)	(15,910,124)
	AMOUNTS WRITTEN (BACK)/OFF	(3,742,227)	(4,906,516)
	NET PRIOR PERIOD ADJUSTMENT	(1,932,840)	(48,788)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**(230,332,980)**	**(256,382,381)**
	ADJUSTMENTS FOR :		
	INVENTORIES	(53,412,959)	(97,014,617)
	SUNDRY DEBTORS / RECEIVABLES	8,804,109	40,149,235
	LOANS AND ADVANCES	(433,824,420)	(109,564,598)
	TRADE/OTHER PAYABLES	110,769,205	(105,708,799)
	FRINGE BENEFIT TAX	—	(3,171,043)
	WEALTH TAX PAID	—	(226,291)
	INCREASE IN MISC. EXPENDITURE	(2,978,250)	(3,018,983)
	GRATUITY PAID	—	(255,034)
	LEAVE ENCASHMENT	—	34,187
	NET CASH FROM OPERATING ACTIVITIES	**(600,975,295)**	**(535,158,324)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	PURCHASE/SALE OF FIXED ASSETS / CAPITAL WORKS-IN-PROGRESS(NET)	(421,294,323)	37,035,621
	PROFIT/LOSS ON SALE OF FIXED ASSETS	(225,279)	(2,335,915)
	SALE/(PURCHASE) OF INVESTMENTS	(105,929,792)	30,208,631
	PROFIT ON SALE OF INVESTMENT	250,658	—
	LOSS ON SALE OF INVESTMENT	(2,810,185)	(5,075,073)
	INTEREST RECEIVED	8,109,121	15,910,124
	DIVIDEND RECEIVED	77,553	1,087,044
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**(521,822,245)**	**76,830,432**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	PROCEEDS FROM ISSUE OF CAPITAL (INCLUDING PREMIUM)	223,851,716	927,048,396
	INCREASE IN BANK BORROWINGS LONG TERM	—	—
	INCREASE IN CAPITAL RESERVE	(35,180,946)	60,150,000
	INCREASE IN SECURED LOAN	267,588,937	133,896,129
	INCREASE IN UNSECURED LOAN	58,903,461	(9,784,882)
	INTEREST PAID	(34,831,333)	(15,065,827)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**480,331,830**	**1,096,243,816**
	INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(642,465,710)**	**637,915,924**
	CASH AND CASH EQUIVALENTS AT THE BEGINNING	**959,549,112**	**321,633,188**
	CASH AND CASH EQUIVALENTS AT THE CLOSE	**317,083,402**	**959,549,112**

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
FRN : 006792C

ANURRADHA PRASAD
(CHAIRPERSON CUM MANAGING DIRECTOR)

ANURADHA MISHRA
(DIRECTOR)

RAJEEV PARASHAR
(COMPANY SECRETARY)

PLACE : NOIDA
DATE : 30.05.2011

NOTES

B.A.G. FILMS & MEDIA LIMITED

Regd. 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.)

PROXY FORM

FOLIO NO. .... **NO. OF SHARES HELD..............................**

DP ID No. .... **CLIENT ID No. ....**

I/We ....of...in the district of...................................being member/ members of the above named Company hereby appoint...of failing him/ her...............................of...............................in the district of..as my/our proxy to attend and vote for me/ us our behalf at the 18th Annual General Meeting of the Company to held on Wednesday, September 28, 2011 at 3.30 P.M. at MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Delhi- 110054 and any adjournment thereof.

Signed this....................day of.....................2011.

Signature................... Affix Revenue Stamp

Note : This form should be signed across the stamp as per specimen signature with the Company.The proxy must reach the Registered Office of the Company not less than 48 Hours before the time fixed for holding the aforesaid meeting.

B.A.G. FILMS & MEDIA LIMITED

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

ATTENDANCE SLIP

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

FOLIO NO. .... **NO. OF SHARES HELD.........................**

DP ID No. .... **CLIENT ID No. ....**

NAME OF THE MEMBER..
(in block letters)

NAME OF PROXY...
(if any)

I/We hereby record my/our presence at the 18th Annual General Meeting of the Company to be held on Wednesday, September 28, 2011.

....
Signature of the Member/Proxy

B.A.G. FILMS & MEDIA LIMITED

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