



18th
ANNUAL REPORT
2007—2008

JAIN STUDIOS LIMITED



JAIN STUDIOS LIMITED

BOARD OF DIRECTORS

Dr. J. K. Jain	:	Managing Director
Dr. (Mrs.) Ragini Jain	:	Director
Shri Kulwant Singh	:	Director (Nominee-IDBI/SASF)
Shri Murli Dhar Asthana	:	Director
Shri Vishnu Bhagwan	:	Director
Shri Krishan Lal Khetarpaul	:	Director
Shri J.C. Jetli	:	Director
Smt. Tanuja Joshi	:	Director

COMPANY SECRETARY

Mr. Satyendu Pattnaik

INTERNATIONAL GATEWAY

Surajpur, Dist. Gautambudh Nagar,
Greater Noida, U.P.

AUDITORS

M/s. Giri & Bansal,
Chartered Accountants
K-37, IIInd Floor,
Green Park Main,
Green Park Market
New Delhi -110023

STUDIO

Scindia Villa, Sarojini Nagar,
Ring Road, New Delhi - 110023,

REGISTERED OFFICE

Scindia Villa,
Sarojini Nagar,
Ring Road,
New Delhi – 110023

BANKERS

Punjab National Bank
Syndicate Bank
UTI Bank
ICICI Bank
State Bank of India

EIGHTEENTH ANNUAL REPORT 2007-2008

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NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the members of Jain Studios Limited will be held on **Monday, 29th Day of September 2008**, at Sharma Farms (Near Batra Farms), Green Meadows, Village Satbari, Mehrauli, New Delhi –110030, at 11.00 A.M. to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. (Mrs.) Ragini Jain, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Sh. Vishnu Bhagwan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To Consider and if Thought fit to pass with or without modification the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT M/s. Giri & Bansal, Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at remuneration as may be decided by the Board of Directors of the Company.”

SPECIAL BUSINESS:

5. To Consider and if Thought fit to pass with or without modification the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT Shri Krishan Lall Kheterpaul, who was appointed as an Additional Director on 23rd January 2008 pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as Director of the company under the provisions of Articles of Association of the Company.”

6. To Consider and if Thought fit to pass with or without modification the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT Shri J.C Jetli, who was appointed as an Additional Director on 23rd January 2008 pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as Director of the company under the provisions of Articles of Association of the Company.”

7. To Consider and if Thought fit to pass with or without modification the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT Ms. Tanuja Joshi, who was appointed as an Additional Director on 23rd January 2008 pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section



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257 of the Companies Act, 1956, in writing, proposing her candidature for the office of Director, be and is hereby appointed as Director of the company under the provisions of Articles of Association of the Company.”

By order of the Board of Directors
for **JAIN STUDIOS LTD.**

Place : New Delhi
Date : 30th July 2008

Satyendu Pattnaik
(Company Secretary)

NOTES:

1. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item no.s 5, 6 and 7 setout above are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the meeting, along with the Annual Report.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 25thSeptember 2008 to 29th September 2008, both days inclusive.
5. Members who hold shares in dematerialized form are requested to bring their Client ID (Demat A/C No.) and DP ID numbers for easy identification of attendance at the meeting.
6. Members are requested to notify the change in their address, if any.
7. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours on all working days between 11a.m. and 1.00 p.m. up to the date of this Annual General Meeting.
8. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are requested to send duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.
9. Members are requested to note that all correspondence relating to share transfer should be addressed to its Registrars and Transfer Agents, M/s. Beetal Computer & Financial Services Pvt. Ltd., Beetal House, 3rd Floor, 99, Madangir, BH - Local Shopping Centre, New Delhi – 110 062

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

Item No.5:

Shri Krishan Lall Khetarpaul was appointed as an Additional Director by the Board of Directors of the Company on 23rd January 2008. In terms of Section 260 of the Companies Act, 1956, Shri Krishan lall Khetarpaul shall hold office upto the date of this Annual General Meeting. The Company has received a valid notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the



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office of Director. In view of the background and valuable experience of Shri Krishan lall Khetarpaul, it will be in the interest of the Company to appoint him as a Director of the Company.

Your Directors have recommended the resolution as set out in item no.5 of the notice for your approval.

None of the Director is interested in the resolution except Sh. Krishan Lall Khetarpaul.

Item No.6:

Shri J.C Jetli was appointed as an Additional Director by the Board of Directors of the Company on 23rd January 2008. In terms of Section 260 of the Companies Act, 1956, Shri J.C Jetli shall hold office upto the date of this Annual General Meeting. The Company has received a valid notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director. In view of the background and valuable experience of Shri J.C Jetli it will be in the interest of the Company to appoint him as a Director of the Company.

Your Directors have recommended the resolution as set out in the item no. 6 of the notice for your approval.

None of the Director is interested in the resolution except Sh. J.C. Jetli.

Item No.7:

Ms. Tanuja Joshi was appointed as an Additional Director by the Board of Directors of the Company on 23rd January 2008. In terms of Section 260 of the Companies Act, 1956, Ms. Tanuja Joshi shall hold office upto the date of this Annual General Meeting. The Company has received a valid notice under section 257 of the Companies Act, 1956, in writing, proposing her candidature for the office of Director. In view of the background and valuable experience of Ms. Tanuja Joshi it will be in the interest of the Company to appoint her as a Director of the Company.

Your Directors have recommended the resolution as set out in the item no. 7 of the notice for your approval.

None of the Directors is interested in the resolution except Ms. Tanuja Joshi.

By order of the Board of Directors
for **JAIN STUDIOS LTD.**

Place : New Delhi
Date : 30th July 2008

Satyendu Pattnaik
(Company Secretary)



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DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT/ APPOINTED DURING THE YEAR

(In pursuance to Clause 49 of the Listing Agreement)

1. Sh. Vishnu Bhagwan, Non-Executive and Independent Director

Date of Birth	07.12.1940
Expertise in Specific Functional Area	Sh. Vishnu Bhagwan who joined the Board as Additional Director on 30.06.2005 and regularized as Director in 15 th A.G.M held on 23 rd August 2005 is a retired Civil Servant and was Chief Secretary of Government of Haryana.
Directorship in other Companies	Dr. Jain Video on wheels Ltd.
Committee Position	Chairman of Audit Committee of Jain Studios Ltd.
Shareholding in the Company	NIL

2. Dr. (Mrs.) Ragini Jain, Non-Executive Director

Date of Birth	26.09.1949
Expertise in Specific Functional Area	Dr. (Mrs.) Ragini Jain in her capacity as an eminent Medical Doctor, (MBBS, MD) of repute having post qualification experience of about 22 years of managing and running A reputed Medical Center at South Delhi is providing leadership and direction to the Company.
Directorship in other Companies	Jain Studios Ltd., Dr. Jain Clinic Pvt. Ltd., Sona Press Pvt. Ltd., Dr. Jain Medical Centre Pvt. Ltd., Jain e- Connect Ltd., Jain Medical Communication Network Ltd., Jain News Papers Pvt. Ltd., Shalini Properties Pvt. Ltd., Subhag Traders Pvt. Ltd., Kinder Klinik Pvt. Ltd.
Committee Position	NIL
Shareholding in the Company	100

3. Sh. Krishan Lall Khetarpaul, Non-Executive and Independent Director

Date of Birth	02.07.1943
Expertise in Specific Functional Area	Shri Krishan Lall Khetarpaul is a seasoned Banker having more than 37 Years of experience with the Reserve Bank of India, including 16 Years on Banking Regulation/ Supervision. His other responsibility include Trusteeship on the Board Of Unit Trust Of India & Heading of the Technical Committee of RBI for Capital Market
Directorship in other Companies	Almonds Global Securities Ltd., Sivanandha Pipe Fittings Ltd. and Parameshwari Fabrics Pvt Ltd.
Committee Position	Member of Audit Committee of Jain Studios Limited.
Shareholding in the Company	NIL



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4. Sh. J.C. Jetli, Non-Executive and Independent Director

Date of Birth	17.05.1933
Expertise in Specific Functional Area	Shri J.C Jetli is a retired I.A.S officer, he serve under Government of Bihar in various responsible position such as, S.D.O., under Secretary, Joint Registrar Cooperative Department, District Magistrate, Divisional Commissioner, Commissioner Commercial Taxes and Ex-officio Finance Secretary, Chairman of Bihar State Electricity and he also held various post under Government of India i.e Deputy Secretary, Director, Managing Director of National Textile Corporation, Joint Secretary, Additional Secretary, Secretary etc. He was the Chairman of Damodar Valley Corporation, Kolkata (For a period of Five and Half Years).
Directorship in other Companies	NIL
Committee Position	Chairman of Shareholders' Grievance Committee and Member of Audit Committee, of Jain Studios Limited.
Shareholding in the Company	NIL

5. Smt. Tanuja Joshi, Non-Executive and Independent Director

Date of Birth	23.09.1963
Expertise in Specific Functional Area	Ms. Tanuja Joshi is the Managing Director of Venue Eye Institute & Research Center, Saikh Sarai, New Delhi. She is also President of Community Ophthalmology Society of India and Secretary of Vision 2020. She was the immediate past President of the Eye Bank Association of India, Which is an umbrella body for all Eye Bank in India
Directorship in other Companies	NIL
Committee Position	NIL
Shareholding in the Company	NIL

DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present the Eighteenth Annual Report of Jain Studios Limited together with Audited Financial Statements and Auditor's Report for the Financial Year ended as on 31st March 2008. The Financial Highlights for the year under review are given below:

Financial Results

	(Rs. In Lacs)	
	2007-08	2006-07
Total Income	2813.76	2215.84
Profit/ (Loss) before Interest, Depreciation and Tax	(86.84)	391.80
Interest	67.89	20.37
Profit / (Loss) after Interest but before Depreciation and Tax	(154.73)	371.43
Depreciation	105.77	109.51
Profit / (Loss) before Exceptional Items	(260.50)	261.92
Exceptional Items	-	354.11
Profit / (Loss) before Tax	(260.50)	616.03
Provision for Taxation (Including Current Tax, FBT, Deferred Tax & MAT Credit entitlement)	152.19	218.92
Profit / (Loss) after tax	(412.69)	397.11
Balance b/f from previous year	(1706.85)	(2103.95)
Net profit/ (Loss) & Carried to Balance sheet	(2119.54)	(1706.85)

Performance

During the year under review, the total income of your Company was Rs.2813.76 Lacs as compared to Rs. 2215.84 Lacs in the previous F.Y. 2006-07, registering a growth of 27%. The Loss before Tax for the year under review was Rs. 260.50 Lacs as compared to Profit before Tax (PBT) of Rs. 616.03 Lacs in the previous year. The Net Loss for the year under review was Rs. 412.69 Lacs as compared to Net Profit (PAT) of Rs. 397.11 Lacs in

the previous year.

Dividend

In view of the brought forward losses, your Directors have been unable to recommend any dividend.

Business Operations Overview & Future Outlook.

The Companies business is currently divided into following areas:

1. JAIN TV (Broadcasting and related activities)
2. NBA (Training and Education)
3. Production (Third party Video productions)

The first film co-produced by JSL under the name & style of "JSL Cinema" is expected to be completed by the end of 2008. The Company is hopeful for reasonable return from the venture and the film has been produced at very competitive budget by industry standards.

The Company received extension from Prashar Bharti for production contract. The Company is exploring possibility to start a franchise programme for its training business.

Fixed Deposits

The Company has not accepted any deposits during the financial year under review.

Directors

In terms of the provisions of Companies Act, 1956 and the Articles of Association of the Company, Dr. (Mrs.) Ragini Jain and Sh. Vishnu Bhagwan, Directors of the Company retires by rotation and being eligible, offers themselves for re-appointment as non-executive Directors. Sh Krishan Lall Khetarpaul, Sh. J.C Jetli and Ms. Tanuja Joshi appointed as Additional Director in the Board Meeting held on 23rd January 2008. The brief resume and other details of these directors are given separately in the Annual report. Dr. Shekhar Agarwal resigned from the post of Directorship w.e.f. 24/01/2008.

IDBI/SASF Term Loan Settlement

The Company was arrived at a "One Time Settlement" (OTS) with SASF for Rs. 21.18 Crores towards the outstanding loan amount, with the

following principal terms and conditions as contained in the Letter dated 26th June 2007 issued by SASF:

- Rs.18.00 Lakh to be paid on exchange of the Letter of Approval (LOA) dated 26th June 2007.
- Rs. 100.00 Lakh to be paid within one month from date of LOA.
- Balance of Rs. 2000.00 Lakh to be paid within 6 months after the payment of Rs.100.00 Lakh on interest free basis.
- In case the Company is unable to pay the balance amount within 6 months as stipulated above, interest @ 12% would be charged on the outstanding amount for a further period of 6 months.

With reference to this OTS, Company paid to SASF Rs. 18.00 Lakh on 26th June 2007 and Rs.100.00 Lakh on 26th July 2007 respectively. Interest amount on the outstanding debt has been provided in the books of account of the Company.

Status of Preferential Issues

Company had allotted 38,00,000 and 15,00,000 equity shares on 25.08.2005 and on 25.02.2006 respectively to the Indian Promoter Group Companies against the conversion of 53,00,000 share warrants allotted on 26.08.2004. Thereafter, the Company got the in-principle approval from BSE for listing of said shares vide their letter dated 26.05.2008. Company is waiting for in-principle approval from other stock exchanges including NSE for listing of said shares.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm:

- i) that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2008, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements 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 the profit of the Company for the year under review;

- iii) 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; and
- iv) that the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2008 on a 'going concern' basis.

Particulars of Energy, Technology and Foreign exchange

- A- Energy conservation – The Company makes continuous efforts to explore new technologies and techniques to make the infrastructure more energy efficient. Moreover, the operations of the Company are not energy intensive.
- B- Technology absorption – Company uses Indian technical manpower to operate Indian and imported infrastructure.
- C- Foreign Exchange earnings and out go:

Earnings in foreign exchange : NIL

Expenditure in foreign exchange : Rs.59.69 Lacs

Personnel and Particulars of Employees

The industrial relations with the workers and staff of the company remained cordial throughout the year. There was unity of purpose among all levels of employees, continuously striving for improvement in work practices and productivity. Training and development of employees continue to be an area of prime importance. Pursuant to Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975, as amended a statement containing list of employees drawing remuneration exceeding Rs. 24.00 lacs per annum or Rs. 2.00 lac per month is given herein below:



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S.No	Name	Designation	Remuneration Received (Rs.)	Qualification	Exp	Age	Date of Commencement	Particulars of Last Employment
1.	Dr. J.K. Jain	Chairman and Managing Director	30,00,000/-**	M.B.B.S, MS,F.I.C.S	38 yrs.	63 yrs.	01.10.1999*	Industrialist

NOTE:

* Dr. J.K. Jain was appointed as Managing Director of the Company for a period of five years w.e.f. 01.10.1999. Thereafter, he was re-appointed as Managing Director of the Company for a further period of five years w.e.f. 01.10.2004.

** Remuneration of Dr. J.K. Jain, Chairman & Managing Director of the Company has been revised @ Rs. 5,00,000/- per month w.e.f. 01.04.2007 and approval of members of the Company and of the Central Government has been obtained.

Nature of Appointment of Dr. J.K Jain, Chairman & Managing Director: Contractual

Terms of Appointment: Dr. J.K. Jain has been re-appointed as Managing Director of the Company by the Board of Directors at their meeting held on 26th August 2004 for a period of five years w.e.f. 1.10.2004 with the remuneration duly approved by the members of the Company and by the Central Government.

No. of shares held as on 31/03/2008 by Dr. J.K. Jain are 2,00,100, which constitutes 1.39% of the paid up share capital of the Company.

Auditors

M/s Giri & Bansal, Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting, being eligible offer themselves for re-appointment. The Company has received a certificate from them that their re-appointment if made would be within prescribed limits under Section 224(1B) of the Companies Act, 1956.

Auditors' Report

The Notes on Accounts bearing no. 6, 12, 13, 15 & 17 of Schedule "T" referred to in the Auditors' Report para vi (a) to para vi (e) of point no. 2, in

italics are self explanatory and therefore do not call for any further explanation u/s 217(3) of the Companies Act' 1956, except item no (ix) (a) of the annexure to the Auditors' Report. The Management believes that it will be possible to settle all the disputes within the next year.

Audit Committee recommendations

The Audit Committee has recommended for clearing all statutory dues, such as, Provident Fund, Employees State Insurance, Service Tax, Bonus, Royalty, Electricity & Water charges, Wealth Tax & Fringe Benefit Tax or any other material statutory dues as early as possible to avoid unnecessary penalties and prosecutions.

Management Discussion and Analysis

A detailed chapter on "Management Discussion & Analysis" (MDA) pursuant to Clause 49 of the Listing Agreement is annexed to the Annual Report and forms integral part of Directors' Report.

Corporate Governance Report

We strive to attain high standards of corporate governance while interacting with all our stakeholders. The Company has duly complied with revised Clause 49 - Corporate Governance Code as stipulated in the listing agreement with Stock Exchanges. A separate section on Corporate Governance alongwith Certificate from B.S. Goyal & Co., Company Secretaries, confirming level of Compliance is annexed and forms part of the Directors' Report.

Subsidiary

Financial Statements and other document of the subsidiary Company namely Dr. Jain Video On Wheels Ltd. are annexed pursuant to Provisions contained in Section 212 of the Companies Act 1956.

Consolidated Financial Statement

The Consolidated Financial Statements as stipulated by Clause 32 of the Listing Agreement



JAIN STUDIOS LIMITED

with Stock Exchanges have been prepared by your Company in accordance with requirements of Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements together with Auditor's Report forms part of the Annual Report.

and commitment of employees at all levels who have contributed towards the effective functioning of the Company. We also wish to convey gratitude to company's Bankers, Financial Institutions, Government Authorities, Clients, Vendors, and Investors for their support and encouragement during the year and look forward for their continued support in the future.

Appreciation

Your Directors greatly appreciate the dedication

For and on Behalf of the Board

Place: New Delhi
Dated: 30th July 2008

(Dr. J.K. Jain)
Chairman & Managing Director

MANAGEMENT DISCUSSIONS AND ANALYSIS

Industry Structure and Developments

Company Business

The Company's primary business is broadcasting. The Company currently operates a 24-hour News and Current Affairs Channel under the brand name "JAIN Television". Company's revenues are derived from advertisement sale on the channel.

Segment or Product Wise Performance

Broadly the Company has two identifiable business units such as Television and Teleport. A summary of major performance indicators for the year under review is given below:

	(Rs. in Lacs)	
Particulars	Television	Teleport
Revenue		
Total sales	2092.26	240.00
Expenses	2426.76	272.53
Segment Results		
Profit/(Loss) before Tax and Interest]	(334.50)	(32.53)

A detailed financial and physical performance may be viewed from the Balance Sheet and Annexure thereto in the Annual report.

Outlook

The Company perceives a bright growth and performance in the Television and the Satellite communication business due to overall growth in industry size and has planned to start the business of film production and distribution.

Company is confident of enhanced performance in the forthcoming financial year.

Internal Control System and Their Adequacy

Broadly the internal controls and systems are broken up into following areas:

- ❖ Financial Systems and Reporting
- ❖ Management Reporting
- ❖ H R Systems and Reporting
- ❖ Sales Systems and Reporting
- ❖ Capital Asset Systems and Reporting
- ❖ Operational Fulfilment Systems and Reporting
- ❖ General Administrative Systems and Reporting
- ❖ Knowledge Management Systems

For the size of the business, most of the systems are considered adequate. Due to the severe resource crunch in the company, it has been unable to implement its plans of automotive systems.



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Discussions on Financial Performance With Respect To Operational Performance

In this financial year company's revenues were Rs.2813.76 Lacs as compared to Rs. 2215.84 Lacs in the previous F.Y. 2006-07, registering a growth of 27%. The Loss before Tax for the year under review was Rs. 260.50 Lacs as compared to Profit before Tax (PBT) of Rs. 616.03 Lacs in the previous year. The Net Loss for the year under review was Rs. 412.69 Lacs as compared to Net Profit (PAT) of Rs. 397.11 Lacs in the previous year. During the year Bad debts for an amount of Rs. 7.37 Crores has been written off.

The company has put stringent measures, which assure better collection and quicker action in case of default. The company has also evolved new strategies to develop niche in television business.

Human Resources

During the year 2007-08 your company's Human Resources has undergone large-scale initiatives in the form of total revamping and restructuring.

Category	As on 31.03.2008	As on 31.03.2007
Skilled Employees	24	25
Non-Skilled Employees	11	10
TOTAL	35	35

Risk and Concerns

The Company is operating its business with the highly competitive environment that is subject to innovations, changes and varying levels of resources available to each player in each segment of business.

The quarterly decision making of most customers affects the revenue in different quarters, which could have the impact on the Company's results of operations.

The overall performance of the Company depends substantially on its senior management and other skilled personnel and may be adversely affected if it losses their services and fails to equipped with equally talented and skilled personnel.

The Company does not experience operational risk relating to CAS, since the "JAIN TV" channel is "Free to Air" (FTA) and also available on Doordarshan, DTH service. Infact it will benefit from

CAS due to availability of more frequencies for FTA channels.

The quick pace evolution of technology and distribution channels such as IPTV, Web casting, DTH and HITS are all bringing up new and never before seen risks and opportunities which are difficult to estimate at this stage as most of these channels are not widely implemented as yet.

Future Plans

The company has witnessed growth with an increase in all its revenue segments. The Company plans to consolidate this growth by rebuilding a content and marketing team for its main activity i.e. JAIN TV and broadcasting business.

The company continues to explore regional partners to start new channels and regional content products.

The company has diversified into film production and the first film co-produced by JSL under the name & style of "JSL Cinema" is expected to be completed by the end of 2008. The Company is hopeful for reasonable return from the venture and the film has been produced at very competitive budget by industry standards.

The company has also picked up content distribution rights for international films, which it expects to start work with by the end of second quarter of Financial Year 2008-09.

The company is also in process of launching online content distribution platform, which should be soft launched by the end of second quarter of Financial Year 2008-09.

Cautionary Statement

"Management Discussion and Analysis" report contains forward looking statements, which may be identified by the use of the words in that direction, or connoting the same. All the statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditure and financial results are forward looking statements.

The Company's actual results, performance or achievements could thus differ materially from those projected in such forward looking statements. The Company assumes no responsibility to public, to amend, modify or revise any forward looking statements on the basis of subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE

I. Company's philosophy on code of Corporate Governance:

Corporate Governance assumes a great deal of importance in the business life of Jain Studios Limited. The Company's philosophy on corporate governance is based on the belief that timely disclosures, transparent accounting policies, and a strong and independent Board go a long way in preserving shareholders trust while maximizing long-term shareholders value. It has been a constant endeavor on the part of the Company to follow good Corporate Governance by following the principles of transparency, accountability and integrity in functioning, so as to constantly enhance value for all stakeholders and fulfill the social obligation entrusted upon the corporate sector.

II. Board of Directors

(A) Composition of Board

The Present Board of Directors of our Company comprises Eight Directors consisting of one Executive and Seven Non-Executive Directors. Out of these Seven Non-executive Directors one

of them is the Promoter Director and Six Directors are independent. The Company has an executive Chairman. The Number of the Independent Directors is more than one half of the total strength. The Company meets the requirements related to the Composition of the Board of Directors.

(B) Non Executive Director's Compensation and Disclosures

The Non Executive Directors of the Company are paid sitting fees as fixed by the Board of Directors within limits prescribed under the Companies Act, 1956. Besides sitting fee non-executive directors are not paid any remuneration.

(C) Other provisions as to Board and Committee

The details of the other directorship of the Board and their attendance at the Board meetings held during the year, i.e. between April 1, 2007 to March 31, 2008 is given in the following table:

Name	Category	Board meeting attended during the year	Attendance at last AGM	No. of Directorship in other companies \$	No. of Committee position held**	
					Chairman	Member
Dr. J. K Jain	Promoter- Executive Director	6	Yes	3	-	-
Dr. (Mrs.) Ragini Jain	Promoter- Non-Executive Director	5	No	2	-	-
Sh. Kulwant Singh, (Nominee-IDBI)#	Non- Executive Independent Director	6	No	1	-	2
Sh. Murli Dhar Asthana	Non- Executive Independent Director	6	No	NIL	-	1
Dr. Shekhar Agarwal*	Non- Executive Independent Director	1	No	NIL	-	2
Sh. Vishnu Bhagwan	Non- Executive Independent Director	6	No	1	1	-
Sh. Krishan Lall Khetarpaul*#	Non- Executive Independent Director	1	No	2	-	2
Sh. J.C Jetli*#	Non- Executive Independent Director	1	No	NIL	1	1
Mrs. Tanuja Joshi*#	Non- Executive Independent Director	1	No	NIL	-	-

- * Resigned from the post of Directorship w.e.f. 24.01.2008
- *# They were appointed at the Board meeting held on 23.01.2008
- ** Includes only chairmanship/membership of Audit Committee, Shareholders/Investors Grievance Committee.
- \$ Exclusive of the Directorship in Private Limited Companies, Non-Corporate Institutions, foreign Companies and Section 25 Companies.
- # Lenders/Investors

The Board periodically reviews Compliance reports of all laws applicable to the Company and has put in place procedure to review steps taken by the Company to rectify the instances of non-compliances, if any.

(D) Number of Board Meetings held and dates:

During the financial year 2007-2008 the Board of Directors met seven (7) times. The dates of the meetings are 30th April 2007, 28th June 2007, 30th June 2007, 30th July 2007, 3rd September 2007, 26th October 2007 and 23rd January 2008.

(E) Information supplied to the Board:

The Board has complete access to all information with the Company. The information is provided to the Board and the agenda [papers for the meetings are circulated in advance of each meeting. The information supplied to the Board includes:

- Business/Operating Plans,
- Quarterly, Half yearly and yearly results of the Company
- Minutes of the Meetings of audit Committees and other Committees of the Board.

The Board periodically reviews compliance of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances if any.

(F) Code of conduct:

In terms of the new provisions of clause 49 of the listing agreement and contemporary practices of good corporate governance a code of conduct for all the Board members and senior management personnel has been approved by the Board of Directors vide their

meeting held on 29th July 2006 and the same has been posted on the web-site of the Company. All the Board members and senior management personnel have affirmed compliance with the code of conduct.

III. AUDIT COMMITTEE:

(A) Qualified & Independent Audit Committee:

The Company complies with the provisions of Section 292A of the Companies Act, 1956 as well as requirement under the listing agreement pertaining to Audit Committee. Your Company has an Audit Committee, which was constituted on April 30, 2001. It is functioning as under:

- (i) At present the committee comprises of 4 Non-Executive Independent Directors viz Shri Vishnu Bhagwan, Sh. J.C Jetli, Shri Kulwant Singh and Shri Krishan Lall Khetarpaul.
- (ii) All the members of the committee are financially literate.
- (iii) Sh. Vishnu Bhagwan was appointed as Chairman of the Audit Committee w.e.f. 28th October 2005. Sh. Vishnu Bhagwan is an independent Director.
- (iv) Director (Finance), General Manager Finance & Accounts, Statutory Auditors and Internal Auditors and such other officials of the Company are invited to attend the Audit Committee meeting as and when required.
- (v) The Company Secretary of the Company acts as the Secretary of the Committee.
- (vi) The term of reference of the committee have been revised in conformity with the provisions of section 292A of the Companies Act 1956 and the new/revised clause 49 of the listing agreement.

(B) Meetings of Audit Committee

During the year 6 meetings were held i.e. 30th April 2007, 28th June 2007, 30th June 2007, 30th July 2007, 26th October 2007 and 23rd January 2008.

The Composition of the Audit Committee and number of meetings attended by the members are given below:

Sl. No	Name of Member(s) of Audit Committee	Category	No. of Meetings	
			Held	Attended
1.	Shri Vishnu Bhagwan	Chairman	6	6
2.	Dr. Shekhar Agarwal*	Member	6	4
3.	Shri Kulwant Singh	Member	6	6
4.	Sh. Krishan Lall Khetarpaul**	Member	6	0
5	Shri J.C Jetli**	Member	6	0

*Resigned from the post of Directorship w.e.f. 24/01/2008.

** Appointed as member of the Audit Committee at the Board meeting held on 23rd January 2008

(C) Powers of the Audit Committee

The Audit Committee has powers including:

- 1) To investigate any activity within its terms of reference.
- 2) To seek information from any employee
- 3) To obtain outside legal or other professional advice.
- 4) To secure attendance of outsiders with relevant expertise, if it considers necessary.

(D) Role of Audit Committee:

- Oversight of the company's financial reporting process and disclosure of its financial information to ensure that financial statement is correct, sufficient and credible.
- Recommendation to the Board of Directors, the appointment, re-appointment and if required, the replacement or removal of the statutory Auditor and fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the management, the annual financial statements before submissions to board for approval, with particular reference to
 - Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management
 - Significant adjustments made in the financial

statements arising out of audit findings.

- Compliance with listing and other legal requirements relating to financial statements
- Disclosure of related party transactions
- Qualifications in draft audit report.
 - Reviewing with management, the quarterly financial statements before submission to the board for approval.
 - Reviewing with management, performance of statutory and internal auditors, adequacy of internal control systems.
 - Reviewing the adequacy of internal audit function, if any including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
 - Discussion with internal auditors any significant findings and follow up thereon.
 - Discussion with the statutory auditors before the audit commences, of the scope and nature of audit and as well as have post audit discussion to ascertain any area of concern.
 - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

(E) Review of information by the Audit Committee

The audit Committee review the reports of the Internal Auditors, meets Statutory and Internal Auditors as and when required & discuss their findings, observations, suggestions, internal control system, scope of audit and other related matters.

IV. Subsidiary Companies

- (i) The Company have one material non-listed subsidiary Company namely Dr. Jain Video on Wheels Limited. Sh. Vishnu Bhagwan, Independent Director of Jain Studios Ltd. has been appointed as Additional Director of Dr. Jain Video on Wheels Limited on 03.11.2006 and was regularized as a Director at the A.G.M held on 29/09/2007.
- (ii) The Audit Committee reviews the financial statements of unlisted subsidiary Company.
- (iii) The Company is taking effective steps to place the minutes of subsidiary Company in the Meeting of the company in compliance with revised Clause 49.

V. Disclosures

(A) Related Party Transaction

- i. Statements containing transactions with related party has been submitted periodically before the Audit Committee.
- ii. There are no materially significant related party transactions with the Company's promoters, Directors, the management, the relatives, which may have potential conflict with the interest of the Company at large. Suitable disclosures as required by Accounting Standard (AS - 18) on transaction with related parties have been shown in note no. 10 of schedule T in notes on accounts of the Annual Accounts for the year.
- iii. There is no penalty, strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority, on any matter related to Capital Market during last three years, however 53,00,000 equity shares issued to promoters on preferential basis are In the process of listing at Stock Exchanges.

(B) Disclosure of Accounting Treatment

During the year, there has been no change in the accounting treatment of Accounting Standard applicable to the Company.

(C) Risk Management

In terms of new provision of Clause 49 & contemporary practices of good corporate governance, Company has developed the policies & procedures to assess the risk

associated with the Company and minimization thereof and periodically informed the Board of Directors for their review to ensure that the executive management, controls the risk in accordance with the defined policies and procedures adopted by the Company.

(D) Director's Remuneration

i. Executive Director

- (a) Dr. J.K. Jain is working as Chairman & Managing Director of the Company.
- (b) During the year the remuneration of Dr. J.K. Jain, Chairman & Managing Director was increased to Rs. 5.00 Lacs p.m. for a period up to 30.09.2009 w.e.f. 01.04.2008, which was duly approved by the shareholders of the Company at their 17th AGM held on 29.09.2007 and by the Central Govt. vide their letter dated 26.11.2007
- (c) The Following is the remuneration paid to Dr. J.K. Jain, Managing Director in the Financial Year 2007-2008:

Salary & other Allowances	Rs. 29.91 lacs
Contribution to Provident Fund	Rs. 0.09 lacs
Total	Rs. 30 lacs

No commission was paid to Dr. J.K. Jain during the year.

Notice period /severance fee: NIL

The Company does not have any stock option scheme.

- (d) Dr. J.K Jain is holding 2,00,100 equity shares of the Company

Remuneration Committee (Non-Mandatory)

At present the Remuneration Committee of the Company comprises of the following members who are Non-Executive and Independent Directors of the Company:

1. Sh. Murli Dhar Asthana, Chairman
2. Sh. Kulwant Singh, Member
3. Dr. Shekhar Agarwal, Member*
4. Sh.Vishnu Bhagwan, Member**

During the year the Remuneration Committee Meeting of the Company was held on 30th June 2007.

* Dr Shekhar Agarwal Reigned From the post of Directorship on 24th January 2008.

** Sh. Vishnu Bhagwan was appointed as member of the Remuneration Committee w.e.f. 23rd January 2008.

ii. Non-Executive Directors

- The Non-Executive Directors are entitled to sitting fee only for attending Board/Committee meetings. A sitting Fee of Rs. 2500/- per meeting is paid for attending Board/Committee meeting.
- During the year under review, the Company has not paid any remuneration to any Non-Executive Directors.
- There has been no pecuniary relationships or transactions of the non-executive directors vis-à-vis the Company during the year.
- The Company has paid sitting fee aggregating Rs. 1,17,500/- to all the Non Executive Directors which is within the limits as prescribed under the Companies Act 1956. No other payments were made to such directors.

Number of Shares held by Non-Executive Director

Non - Executive Directors do not have any shareholding in the Company.

(E) Management

Management Discussion and Analysis

Management Discussion and Analysis has been provided separately as a part of this annual report.

(F) Shareholders

- Shri Vishnu Bhagwan and Dr. (Mrs.) Ragini Jain are retiring from the Board by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment as non-executive Directors. Sh Krishan Lall Khetarpaul, Sh. J.C Jetli and Ms. Tanuja Joshi appointed as Additional Director in The Board Meeting held on 23rd January 2008. The brief resume and other details of these directors are given separately in the Annual report. Dr. Shekhar Agarwal resigned from the post of Directorship w.e.f. 24/01/2008.

ii. Shareholders' Investors' Grievance Committee:

The Board of Directors of the Company has constituted a Shareholders'/ Investors' Grievance Committee on 30th April 2001. The Shareholders'/ Investors' Grievance Committee presently comprises of three (3) Independent, Non-Executive Directors viz. Shri M.D. Asthana, Sh. J.C Jetli and Shri Kulwant Singh. The terms of reference stipulated by the Board to the Shareholders'/ Investors' Grievance Committee are, as contained under Clause 49 of the standard Listing Agreement. Shri. J.C Jetli is the Chairman of the Committee.

In compliance with the SEBI guidelines the Company has appointed M/s. Beetal Financial & Computer Services Pvt. Limited as RTA (Registered Transfer Agent) w.e.f. 1st October 2005 in place of M/s. MAS Services Pvt. Limited to look after the share transfer, transmission, transposition, issuance of duplicate share certificate, share dematerialization / rematerialization etc. independently under the supervision and control of the Shareholders'/ Investors' Grievance Committee.

Mr. Satyendu Pattnaik who has been appointed as Company Secretary w.e.f. 2nd January 2007 is also appointed as Compliance Officer in terms of Clause 47 of the Listing Agreement.

During the 12 months period from 1st April 2007 to 31st March 2008 only two (2) meetings of the Shareholders'/ Investors' Grievance Committee were held viz. 30th July 2007 and 26th March 2008.

The Company received 1 (one) complaint from SEBI and 4 (four) complaints from investors during the financial year 2007-2008, which were promptly and satisfactorily resolved.

- The Company had constituted a sub-committee of its Executives for approval of generally, the share transfer, transmission, issuance of duplicate share certificate, share dematerialization/rematerialization etc. The Sub-Committee meets twice a month. The duly transferred share certificates were sent to the shareholders within a period of 30 days and there is no pending transfer of shares.

VI. CEO/CFO Certification

The Managing Director & Director (Finance) have certified to the Board of Directors of the Company that:

- (a) They have reviewed financial statement and cash flow statement for the year ended 31st March 2008 and to the best of their knowledge and belief:
- (i) these statements do not contain any material untrue statement or omit any material fact or contain that might be misleading.
- (ii) These statements together present a true and fair view of the Company affairs and are in compliance with existing accounting standards applicable laws and regulations.
- (b) There are, to best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and they have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal control, if any of which

they are aware and the steps they have taken or propose to take to rectify these deficiencies.

- (d) They have indicated to the Auditors and Audit Committee:
- (i) significant changes in internal control over financial reporting during the year.
- (ii) significant changes in accounting policies during the year and that same has been disclosed in the notes to financial statements, and
- (iii) instances of significant fraud of which they have become aware and the involvement therein, if any of the management or an employee having a significant role in the Company's internal control system over financial reporting.

VII. REPORT ON CORPORATE GOVERNANCE

The quarterly compliance report has been submitted to the stock exchanges where the companies' equity shares are listed in the requisite format and duly signed by the compliance officer.

VIII. COMPLIANCE

The other information for the benefit of the shareholders is as under:

(i) General Body Meetings:

Details of Location, Date and Time of Annual General Meetings held during last three years are given below:

Particulars	Time	Dated on which held	Venue
17 th A.G.M	11.30A.M	29 th September 2007	Sharma Farms, Green Meadows Village Satbari, Mehrauli, New Delhi- 110 030
16 th AGM	12.30 P.M.	30 th September 2006	Sharma Farms, Green Meadows, Village Satbari, Mehrauli, New Delhi- 110 030
15 th AGM	12.30 P.M.	23 rd August 2005	Sharma Farms, Green Meadows, Village Satbari, Mehrauli, New Delhi – 110 030

The Company has passed the following special resolutions in the previous 3 AGMs.

Sl. No.	Subject matter of Resolution	Date of AGM
1.	De - listing of shares from Delhi Stock Exchange Association Ltd, The Calcutta Stock Exchange Association Limited, Madras Stock Exchange Ltd, The Stock Exchange - Ahemdabad and Vadodara Stock Exchange-	23 rd August 2005
2.	Issue of 50,00,000 warrants on preferential basis to Indian Body Corporate(s)	23 rd August 2005
3.	Revision of Remuneration to Dr. J.K. Jain, Chairman & Managing Director	29 th September 2007



JAIN STUDIOS LIMITED

The shareholders of the Company at the Extra-Ordinary General Meeting held on 25.05.2007 passed the following resolution(s):

Sl. No.	Subject Matter of Resolution	Type of Resolution
1.	Re-Classification of Authorised share capital of the Company.	Ordinary Resolution
2.	Alteration in the Capital clause in the Memorandum of Association of the Company.	Ordinary Resolution
3.	Alteration in the Capital clause in the Articles of Association of the Company.	Special Resolution
4.	Issue of 1,15,94,203 Equity shares to Ankur Services and Growth Fund Ltd., Promoter Group Company on preferential basis u/section 81(1A) of the Companies Act, 1956.	Special Resolution

The shareholders through postal ballot passed no ordinary or special resolutions during the F.Y.2007-2008. At the ensuing Annual General Meeting there is no special Resolution proposed to be passed through the postal ballot.

- Unaudited results for the quarter ended March 2009 : End April 2009
- Audited Results for the Year ending March 2009 : July/August 2009

(ii) Means of Communications

- Quarterly results are published in prominent newspapers.
- Company issued press releases from time to time.

A detailed Management Discussion and Analysis as per requirement of Clause 49 of the Listing agreement is forming part of Annual report.

Dates of Book Closure:

From 25th day of September 2008 to 29th day of September 2008 (both days inclusive) for the purpose of Annual General Meeting.

Dividend Payment date:

The Board of Directors have not recommended any dividend on equity shares for the financial year 2007-08.

(iii) General shareholder information

Annual General Meeting

Day & Date : Monday, 29th September, 2008

Time : 11.00 a.m.

Venue : Sharma Farms (Opp. Batra Farms), Green Meadows, Village Satbari, Mehrauli, New Delhi 110030

Name of the Stock Exchanges on which the equity shares of the Company are listed:

Delhi, Mumbai, NSE, Ahmedabad, Chennai, Vadodara and Calcutta.

Stock Code:

National Stock Exchange : JAINSTUDIO
The Stock Exchange, Mumbai : 532033

Financial Calendar (Tentative):

- Next Annual General Meeting : Sept 2008
- Unaudited results for the quarter ended June 2008 : End July 2008
- Unaudited results for the quarter/half year ended September 2008 : End October 2008
- Unaudited results for the quarter ended December 2008 : End January 2009

Listing Fee:

Listing fee has been paid to all the Stock Exchanges upto the financial year 2007-2008

ISIN no allotted to the depositories namely, NSDL and CDSL is INE486B01011.

Market Price Data:

Monthly high and low of the equity shares of the Company in The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd (NSE) for the F.Y. 2007-08 are stated herein below:



JAIN STUDIOS LIMITED

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High(Rs.)	Low(Rs.)	High(Rs.)	Low(Rs.)
April 2007	20.25	13.32	20.25	13.50
May 2007	19.50	17.00	19.35	16.70
June 2007	18.55	15.10	18.40	15.50
July 2007	21.40	17.10	21.40	17.15
August 2007	19.50	16.60	19.70	16.80
September 2007	25.95	18.40	26.25	18.15
October 2007	24.30	18.40	24.30	18.50
November 2007	28.55	19.30	28.55	18.85
December 2007	40.75	22.55	40.60	23.00
January 2008	54.40	26.95	54.50	26.05
February 2008	33.25	24.50	33.30	24.70
March 2008	28.50	15.25	28.80	14.75

Jain Studios Ltd (JSL) Share Performance vs S & P CNX NIFTY (1st April 2007 to 31st March 2008)

Month	JSL (NSE) Share Price (Closing)	S&P CNX NIFTY (Closing)	S&P CNX NIFTY (Closing) Relative to 100	JSL (NSE) Share Price (Closing) relative to 100
APR. 07	18.85	4087.90	100	100
MAY.07	17.5	4295.80	105.09	92.84
JUNE.07	18.4	4318.30	105.64	97.61
JUL.07	17.75	4528.85	110.79	94.16
AUG.07	18.65	4464.00	109.20	98.94
SEP.07	23.25	5021.35	122.83	123.34
OCT.07	20.9	5900.65	144.34	110.88
NOV.07	23.05	5762.75	140.97	122.28
DEC.07	40.6	6138.60	150.17	215.38
JAN.08	27.3	5137.45	125.67	144.83
FEB.08	29.5	5223.50	127.78	156.50
MAR.08	17.3	4734.50	115.82	91.78

Distribution of shareholding as on 31.03.2008:

Shareholding of nominal value		Share holders		Share Amount	
Rs.	Number	% to Total	Rs.	% to Total	
Upto – 5000	6877	87.63	1,02,30,700	7.12	
5001-10000	521	6.64	44,14,210	3.07	
10001-20000	217	2.77	33,56,290	2.33	
20001-30000	64	0.82	16,33,590	1.14	
30001-40000	35	0.45	12,52,100	0.87	
40001-50000	30	0.38	14,51,620	1.00	
50001-100000	46	0.59	34,23,340	2.38	
100001 and above	58	0.74	11,80,97,970	82.09	
Total	8,379	100.00	14,38,59,820*	100.00	

*Includes 53,00,000 equity shares of Rs. 10/- each allotted during the year on conversion of 53,00,000 warrants which are in process of listing.

Shareholding Pattern as on 31st March 2008:

Shareholders Category	Number of Shares	Percentage
(A) Promoter and Promoter Group		
(1) Indian Promoters:	202959	1.41
- Individual/HUF	7679657	53.38
- Bodies Corporate	Nil	Nil
(2) Foreign Promoters:		
Total Shareholding (A)	7882616	54.79
(B) Public Shareholding		
(1) Institutions:		
Mutual Funds/UTI	1900	0.01
(2) Non-Institutions:		
Bodies Corporate	3557670	24.73
Individuals	2883078	20.04
Clearing Members	26677	0.19
Non Resident Indians	34041	0.24
Sub Total	6503366	45.21
Total Shareholding (B)	6503366	45.21
Total (A+B)	1,43,85,982*	100.00

*Includes 53,00,000 equity shares of Rs. 10/- each allotted during the F.Y. 2005-06 on conversion of 53,00,000 warrants which are in process of listing.



JAIN STUDIOS LIMITED

Registrar & Share Transfer Agents:

M/s. Beetal Computer & Financial Services Pvt. Ltd

Beetal House, 3rd Floor, 99, Madangir,
BH - Local Shopping Centre,
Near Dada Harsukhdas Mandir,
New Delhi – 110 062,

System of Share Transfer/ dematerialisation/ rematerialisation etc.: The aforementioned RTA has its own infrastructure commensurate with the work undertaken and is manned by skilled and trained staff.

Dematerialisation of shares and liquidity:

Company's shares are now in Compulsory Demat category. Over 31.65 % of the shares have been dematerialized. The Equity Shares are listed on major Stock Exchanges in India.

Status of preferential Issues:

During the year Company got the approval from the shareholders of the Company to issue 1,15,94,203 Equity shares on preferential basis to Ankur Services and Growth Fund Ltd.(ASGFL), Promoter Group Company in one or more tranches at a price of Rs.17.25/- per share (considering the nominal value per share as Rs.10/- and premium of Rs.7.25/- per share), determined in accordance with the provisions of SEBI (DIP) Guidelines. Accordingly, Company applied to various stock exchanges including BSE and NSE to issue in-principle approval letter for allotment of said shares and is waiting for the said approval from stock exchanges to allot the shares to ASGFL subject to in compliance with the SEBI (SAST) Regulations, 1997 by the promoter group.

Further, 53,00,000 equity shares allotted during the F.Y. 2005-06 to the Indian Promoter Group Companies against the conversion of 53,00,000 share warrants allotted on 26.08.2004 are in the process of listing at various stock exchanges as the Company got the in-principle approval from BSE for listing of said shares vide their letter dated 26.05.2008. Company is waiting for in-principle approval from other stock exchanges including NSE for listing of said shares.

Outstanding GDRs/ADRs, and Convertible Bonds, Conversion date and likely impact on equity:

Not Applicable.

Plant Locations: Studio of the company is situated at Scindia Villa, Sarojini Nagar, Ring Road, New Delhi. International Gateway project is situated at Surajpur, Dist. Gautambudh Nagar, Greater Noida, UP.

Address for correspondence:

Company

Company Secretary
Jain Studios Limited
Jain Studio Campus
Scindia Villa, Sarojini Nagar,
Ring Road, New Delhi – 110 023
Tele : 011- 32568801-04
Fax : 011-2687 4046
E-mail: jsl@jaintv.co.in
Web-site: www.jainstudiosltd.com

Registrar

M/s. Beetal Computer & Financial Services Pvt. Ltd
Beetal House, 3rd Floor, 99, Madangir,
BH - Local Shopping Centre,
Near Dada Harsukhdas Mandir,
New Delhi – 110 062

Declaration:

This is to confirm that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for Directors and Senior Management adopted by the Board.

Dr. J.K Jain
(Managing Director)



JAIN STUDIOS LIMITED

CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF JAIN STUDIOS LIMITED

We have examined the compliance of conditions of Corporate Governance by Jain Studios Limited for the year ended March 31, 2008 as stipulated in clause 49 of the listing agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of 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, in all material respect with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As informed we state that, in respect of investor grievances received during the year ended 31st March 2008, no investor grievances is unattended/pending for a period exceeding one month against the Company as per the records maintained by the Company which are presented to Shareholders/Investors Grievance Committee.

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 B.S. Goyal & Co.
Company Secretaries**

**(B.S. Goyal)
Proprietor
C.P. No.: 2915**

Place: New Delhi
Date: 30th July 2008

AUDITORS' REPORT

To the Members of JAIN STUDIOS LIMITED

We have audited the attached Balance Sheet of JAIN STUDIOS LIMITED as at 31st March 2008, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 (as amended) (The Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (The Act), and on the basis of such examination of books and records of the company as we considered proper and the information and explanations given to us during the course of our audit, we annex a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred in Paragraph 1 above, we report that:
 - i) 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 *read with our comments in para 2 (vi) below.*
 - ii) 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, *read with our comments in para 2(i) above.*

- iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards (AS) referred to in sub-section (3C) of section 211 of the companies Act, 1956 *except as stated in para (vi)(a) below regarding accounting of income [AS 9-Revenue Recognition]*
- v) As per the information and explanations given to us, none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) *Attention is invited to:*
 - a) *In respect of non-provision against shortfall in recovery (amount-unascertainable) against overdue and other debts amounting to Rs.158365.13 thousand and loans and advances amounting to Rs.21234.22 thousand; accounting of leased license fees amounting to Rs 24000 thousands as per terms of agreement which is pending necessary approvals and our inability to comment on realisability/recoverability thereof.*
 - b) *In respect of non confirmation/reconciliation and non availability of documents in support and audit trail of balances of debtors, loans and advances, sundry creditors and other current liabilities (including statutory dues), banks and secured loans and income and expenditure accounted for during the year and contingent liabilities considered as ascertained by the management, consequential impact where of presently cannot be ascertained and our inability to comment on correctness and completeness.*
 - c) *In respect of transfer of Provident Fund amount payable of Rs.2414.70 thousands*

(net) to 'Social Security Fund A/c', and regarding write back of sundry balances/ excess provision written back amounting to Rs 7352.10 thousands based on management perception and our inability to comment thereon. Further in respect of non-payment of certain statutory dues and non filing of certain statutory returns/forms w.r.t. Employees state Insurance, Provident Fund, Tax deducted at source, Service tax, custom duty, Fringe Benefit tax and other and accounting of penalty, interest, etc.(amount unascertainable) and our inability to comment thereon.

- d) In respect of recognition and carry over of deferred tax assts (net) to the extent as stated in said note, based on management perception (note no. 12 of schedule T) and MAT credit entitlement of amounting to Rs. 2645.30 thousands recognized and carried over based on management perception (note no. 17 of schedule T) and our inability to comment thereon.
- e) In respect of management perception about recoverable amount of the fixed assets (Impairment of assets:AS-28) of the

company being more than carrying amount and our inability to comment thereon.

We further report that the profit for the year, balance in profit & loss account and respective assets and liabilities are without considering the impact of items referred to in paragraphs 2(vi) (a) to (e) above or otherwise, the effect of which could not be determined.

Subject to the foregoing, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with Notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2008;
- ii) In the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
- iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For GIRI & BANSAL
Chartered Accountants

(N. P. BANSAL)
Partner
Membership No.: - 80319

New Delhi
Date: 28th June 2008

ANNEXURE TO THE AUDITORS' REPORT

- (i) (Referred to in paragraph (1) of our Report of even date of JAIN STUDIOS LIMITED for the year ended 31st March 2008.)**
- (a) Fixed assets records showing full particulars including quantitative details and situation of fixed assets *are under process of updation/ completion.*
- (b) According to the information and explanations given to us, the company has a phased programme of verification of its fixed assets, *however physical verification of fixed assets carried out during the year is not as per the programme and also discrepancy, if any, on such verification has not been determined, hence cannot be commented upon by us. In our opinion, the frequency of verification needs to be further strengthened to be made the same reasonable with regard to the size of the Company.*
- (c) As per the records and information and explanations given to us, fixed assets disposed off during the year were not substantial.
- (ii) The company has no inventory other than WIP (feature film), hence provisions of clause 4(ii) (a) and (b) of the order are not applicable and records of inventory are updated.
- (iii) As per the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4 (iii) (b) to (d), (f) & (g) of the Order are not applicable.
- (iv) According to the information and explanations given to us, having regard to the explanations that some of the items purchased/ contracts for services availed/ provided are of special nature and suitable alternative sources do not exist for obtaining comparable quotations (*read with our comment in para 2(vi) above and note no. 13(b) of Schedule T*), *internal control system needs to be further strengthened to be made the same commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets, expenditures and for the sale of services.*
- (v) Based on the audit procedures performed and according to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Act that need to be entered into register required to be maintained under that section, accordingly provisions of clause 4 (v)(b) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of section 58A and 58AA and rules framed thereunder and directives issued by Reserve Bank of India or any other relevant provisions of the Act. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- (vii) In our opinion, the Company has an internal audit system, *which need to be further strengthened* to be made the same commensurate with the size of the Company and nature of its business.
- (viii) We are informed that the Central Government has not prescribed maintenance of Cost Records under section 209 (1)(d) of the Act.
- (ix) (a) According to the records and information and explanations given to us, the Company is not regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee' State Insurance, Income Tax, Wealth Tax, Service Tax, Custom Duty, Cess and other material statutory dues with the appropriate authorities to the extent applicable (Sales Tax and Excise Duty are not applicable to the company) and there are undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March 2008 are Employees' State Insurance(Rs. 875.81 thousands), Tax Deduction at Source(Rs. 2813.47thousands), Fringe Benefit Tax (Rs. 1437.95), Bonus (Rs. 1347.24), Wealth Tax(Rs. 198.94 thousands) and Electricity and water charges(Rs. 2171.48 thousands). *It is to be read together with comments in Para no 2(vi) (b) & (c) above and note no. 6 of Schedule T.*

- (b) According to the records and information & explanations given to us, there are no dues in respect of sales Tax, income tax, custom duty, wealth tax, service tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute. *However this is to be read with note no 6 of schedule T and our comments in para no 2(vi) (c) above.*
- (x) Accumulated losses of the Company at the end of the financial year do not exceed 50% of its net worth. It has not incurred cash losses in the current financial year and in the immediate preceding financial year. *However, it is to be read together with comments in audit report in Para 2(vi) above in respect of unquantified qualifications, effect of which could not be determined.*
- (xi) In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the company has not defaulted in repayment of dues to Financial Institutions. *The company has delayed (after restructuring) in repayment of principal amount of Rs. 200,000 thousand for a period of 65 days and maximum amount of interest of Rs. 4,273.97 thousand for a maximum period of 187 days to SASF which since has been settled for OTS (refer Note no. 6 of Schedule T). Further there has been delay in payment of maximum amount of interest of Rs244.75 thousands for a maximum period of 365 days to Syndicate Bank.* There are no dues in respect of Debenture holders during the year.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/ or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi/ mutual benefit fund/society, therefore, provisions of clause 4(xiii) of the Order are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the company has mortgaged its property situated at Gurgaon and has given guarantee for loans taken by body corporate (a subsidiary of the company) from Bank as stated in note no 25 (D) of schedule T. The company has not given any guarantee for loans taken by others from financial institutions. In our opinion, the terms and conditions on which the company has given guarantee and mortgaged its property for loans taken by others from bank are not prime facie prejudicial to the interest of the company.
- (xvi) In our opinion, on the basis of information and explanations given to us, the short terms loans were applied for the purposes for which the loans were obtained during the year.
- (xvii) On the basis of information and explanations given to us and on an overall examination of the financial statements of the company, no funds raised during the year on short term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties / companies covered in the Register maintained under section 301 of the Act, and we are of the opinion that the price at which shares have been issued is not prejudicial to the interest of the company.
- (xix) The company has not issued any debentures during the year.
- (xx) The company has not raised any money through a public issue during the year.
- (xxi) Based on audit procedure performed and on the basis of information and explanations provided by the management and to the best of our Knowledge and belief *read with comments in audit report in Para 2(vi) above*, no material fraud on or by the company has been noticed or reported during the course of our audit nor we have been informed of any such case by the management.

For GIRI & BANSAL
Chartered Accountants

(N. P. BANSAL)
Partner

Membership No.: - 80319

New Delhi
Date: 28.06.2008



JAIN STUDIOS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2008

(Rs. in '000)

	SCHEDULE	As on 31.03.2008	As on 31.03.2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	143,859.82	143,859.82
Reserves & Surplus	B	390,718.97	390,812.97
Advance Against Share Application			
Money Pending Allotment			
(Note No. 3 of Schedule T)			
		-	-
Warrants [Note No. 4(ii) of Schedule T]			
Minority Interest			
Loan Funds			
Secured Loans	C	207,226.55	213,962.89
TOTAL		741,805.34	748,635.68
APPLICATION OF FUNDS			
Fixed Assets			
D			
Gross Block		292,769.44	290,066.19
Less: Depreciation		95,094.69	84,423.82
Net Block		197,674.75	205,642.37
Assets held for Disposal			
		15,385.32	15,385.32
Investments			
	E	63,600.00	63,600.00
Goodwill on Consolidation			
Deferred Tax Assets (Net)			
		40,835.81	55,452.60
Current Assets, Loans and Advances			
Inventory	F	8,706.88	6,532.01
Sundry Debtors	G	208,759.24	226,598.63
Cash & Bank Balances	H	25,781.13	25,257.42
Loans & Advances	I	46,043.95	94,287.06
		289,291.20	352,675.12
Less: Current Liabilities and Provisions			
J			
Current liabilities		74,175.48	104,116.59
Provisions		2,760.49	10,687.94
		76,935.97	114,804.53
Net Current Assets			
		212,355.23	237,870.59
Miscellaneous Expenditure			
	K	-	-
(To the Extent not Written Off)			
Profit & Loss Account			
		211,954.23	170,684.81
TOTAL		741,805.34	748,635.68
		0.01	(0.00)

Notes on Accounts

As per our report of even date
for **Giri & Bansal**
Chartered Accountants

T

For and on behalf of the Board

(N P Bansal)
Partner

Dr. J K Jain
Managing Director

Dr. (Mrs.) Ragini Jain
Director

Vishnu Bhagwan
Director

Place : New Delhi
Date : 28th June, 2008

Sunil K Malhotra
Director (Finance)

Satyendu Patnaik
Company Secretary



JAIN STUDIOS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008 (Rs. in '000)

	SCHEDULE	for the year ended 31.03.2008	for the year ended 31.03.2007
INCOME			
Income from Operations	L	233,225.75	215,366.49
Other Income	M	48,149.52	6,217.96
Increase/(decrease) in Stock	N	2,174.87	1,023.04
		283,550.14	222,607.49
EXPENDITURE			
Production Expenses	O	167,819.46	139,427.60
Personnel Expenses	P	13,465.48	7,662.00
Administrative & Other Expenses	Q	103,822.49	25,688.59
Selling & Distribution Expenses	R	7,126.99	10,568.81
Interest & Other Financial Charges	S	6,789.23	2,036.89
Miscellaneous Expenses Written Off		-	81.02
Depreciation/Amortisation		10,670.87	11,044.92
Less :Transfer from Revaluation Reserve		94.00	94.00
		309,600.53	196,415.83
Profit/(Loss) before exceptional items		(26,050.39)	26,191.66
Exceptional Items (Note no 3 of Schedule T)		-	35,410.92
Profit/(Loss) before tax		(26,050.39)	61,602.58
Less: Provision For Taxation			
- Current Tax		-	6,911.81
- Fringe Benefit Tax		602.25	591.00
- Deferred tax (Note no.12 of Schedule T)		14,616.79	21,300.92
- MAT Credit Entitlement		-	(6,911.81)
Profit/(Loss) after tax		(41,269.42)	39,710.66
Add : Balance Brought Forward		(170,684.81)	(210,395.47)
Profit/(loss) Available For Appropriation		(211,954.23)	(170,684.81)
Balance Carried to Balance Sheet		(211,954.23)	(170,684.81)
Earning per share (Note no 11 of Schedule T)			
Cash		(1.12)	5.01
Basic		(2.87)	2.76
Diluted		(2.87)	2.08

Notes on Accounts T

As per our report of even date
for **Giri & Bansal**
Chartered Accountants

For and on behalf of the Board

(N P Bansal)
Partner

Dr. J K Jain
Managing Director

Dr. (Mrs.) Ragini Jain
Director

Vishnu Bhagwan
Director

Place : New Delhi
Date: 28th June,2008

Sunil K Malhotra
Director (Finance)

Satyendu Patnaik
Company Secretary



JAIN STUDIOS LIMITED

SCHEDULE TO THE BALANCE SHEET

(Rs. in '000)

SCHEDULE - A : Share Capital	31-03-2008	31-03-2007
Authorised		
2,05,00,000 Equity Shares of Rs. 10/- each	-	205,000.00
3,05,00,000 Equity Shares of Rs. 10/- each	3,05,000.00	-
10,00,000 Preference Shares of Rs. 100/- each	-	100,000.00
	305,000.00	305,000.00
Issued, Subscribed and Paid-up		
14,385,982 Equity Shares of Rs 10/- each fully paid up	143,859.82	143,859.82
	143,859.82	143,859.82

Note

a) 4,73,283 Equity shares of Rs10/- each issued to Unit Trust of India India ,at a price of Rs 211.29 per share on preferential basis , pursuant to conversion of Optionally Convertible Cumulative Preference Shares (OCCPs).

b) 1,11,599 Equity shares of Rs. 10/- each issued on conversion of cummulative dividend @ 15.5% due on the outstanding OCCPs (refer note a above) upto the date of allotment of aforesaid equity shares without payment being received in cash

SCHEDULE - B

Reserves and Surplus

Capital Reserve

As per Last Balance Sheet	-	-
Additions during the year	18,000.00	18,000.00
(Refer Note 4(ii) of Schedule T)	18,000.00	18,000.00

Revaluation Reserve

As per last Balance Sheet	32,950.16	33,044.16
Less : Transferred to Profit & Loss Account	94.00	94.00
	32,856.16	32,950.16

Share Premium Account

As per Last Balance Sheet	339,862.81	339,862.81
Additions during the year	-	-
	339,862.81	339,862.81
	390,718.97	390,812.97

SCHEDULE - C

Secured Loans

Long Term

Loan from SASF (Stressed Assets Stabilisation Fund) (Refer Note 3 of Schedule T) (Secured by hypothecation of movable properties, book debts and mortgage of immovable properties of the company both present & future ranking pari passu with the charges /mortgage created/to be created on the said assets in favour of the Company's bankersInterest Accrued and due	199,996.93	211,796.93
	4,273.97	-
Working Capital loan		7,575.24
	204,270.90	211,796.93

Short Term

Vehicle Loan from ICICI Bank (Loan secured by hypothecation of vehicles)	710.90	-
	710.90	
Demand Loan from Syndicate Bank	2,000.00	2,000.00
(loan secured against pledge of FDRs)		
Interest Accrued and due	244.75	165.96
	2,244.75	2,165.96
	207,226.55	213,962.89

JAIN STUDIOS LIMITED SCHEDULE TO THE BALANCE SHEET

SCHEDULE-D Fixed Assets	(Rs. in '000)									
	PARTICULARS	Ason 01/04/2007	GROSS BOOK VALUE Additions	Sales/ Adjustment	Ason 31/03/2008	upto 31/03/2007	DEPRECIATION During the year (Adjustment)	upto 31/03/2008	NET BOOK VALUE As on 31/03/2008	As on 31/03/2007
Land - Leasehold	52,129.19	-	-	52,129.19	4,100.94	4,686.66	-	4,686.66	47,442.53	48,028.25
- Freehold	29,679.63	-	-	29,679.63	-	-	-	-	29,679.63	29,679.63
	81,808.82	-	-	81,808.82	4,100.94	4,686.66	-	4,686.66	77,122.16	77,707.88
Building	31,485.24	-	-	31,485.24	6,298.19	6,782.90	-	6,782.90	24,702.34	25,187.05
Plant & Machinery	146,141.60	240.00	-	146,381.60	51,156.59	7,923.55	-	59,080.14	87,301.46	94,985.00
Furniture & Fixtures	2,513.54	623.50	-	3,137.04	1,242.77	161.52	-	1,404.29	1,732.75	1,270.77
Office Equipments	15,597.96	924.62	-	16,522.58	12,927.57	262.59	-	13,190.16	3,332.42	2,670.39
Vehicles	4,638.78	915.13	-	5,553.91	3,181.58	462.60	-	3,644.18	1,909.73	1,457.21
Intangible Assets										
Programme	7,880.25	-	-	7,880.25	5,516.18	790.18	-	6,306.36	1,573.89	2,364.06
Software Library										
Total	290,066.19	2,703.25	-	292,769.44	84,423.82	10,670.87	-	95,094.69	197,674.75	205,642.35
Previous Year	289,214.54	872.64	20.99	290,066.19	73,379.55	11,044.92	0.65	84,423.82	205,642.37	



JAIN STUDIOS LIMITED

SCHEDULE TO THE BALANCE SHEET

(Rs. in '000)

	JSL 31-03-2008	As on 31-03-2007
SCHEDULE - E		
Investments (At Cost)		
Long Term-other than trade Unquoted-Fully Paid Up In Body Corporates		
40,00,000 Equity Shares of Rs. 10/- each of Noida Software Technology Park Ltd	40,000.00	40,000.00
In Subsidiary		
29,00,000 Equity Shares of Rs. 10/- each of Dr Jain Video on Wheels Ltd (w.e.f. 01.04.2005)	23,600.00	23,600.00
	63,600.00	63,600.00
SCHEDULE - F : Inventory		
(valued at net realisable value or cost whichever is lower)		
Work in Progress (Feature film)	8,706.88	6,532.01
	8,706.88	6,532.01
SCHEDULE - G : Sundry Debtors		
(Unconfirmed, Unsecured)		
- exceeding six months considered good	177,516.09	177,516.09
considered doubtful	3,072.82	3,072.82
- others considered good	31,243.15	49,082.54
considered doubtful	-	-
	211,832.06	229,671.45
Less : Provision for doubtful debts	3,072.82	3,072.82
	208,759.24	226,598.63
SCHEDULE - H: Cash and Bank Balances		
Cash in hand	41.95	62.27
Balances with scheduled banks in Current account	323.55	366.01
in Fixed Deposits	25,415.63	24,829.14
[Pledged with bank]		
	25,781.13	25,257.42
SCHEDULE - I : Loans and Advances		
(Unconfirmed, Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	22,336.54	64,218.75
Deposit with Government Authorities & others	17,774.68	17,919.68
Interest receivable	139.42	454.23
Prepaid Expenses	206.32	164.64
MAT Credit Entitlement	2,645.30	6,911.81
TDS Recoverable	2,941.69	4,617.95
	46,043.95	94,287.06
SCHEDULE - J		
Current Liabilities and Provisions, Current Liabilities		
Sundry Creditors - due to small scale undertakings*	-	-
- others	36,397.22	55,184.98
Advance from Customers	1,273.98	-
Other liabilities	36,503.45	48,466.25
Book Overdraft	0.83	465.36
	74,175.48	104,116.59
Provisions		
Provision for Tax	-	8,190.34
Fringe Benefit Tax (Net)	1,712.67	1,110.43
For retirement benefits	1,047.82	1,387.17
	2,760.49	10,687.94
	76,935.97	114,804.53
* to the extent information available		
Note: Sundry Creditors includes creditors for capital goods Rs. Nil Thousand (Previous Year Rs 772 Thousand)		
SCHEDULE - K		
Miscellaneous Expenditure		
(to the extent not written off or adjusted)		
Preliminary Expenses	-	81.02
Less: written off during the year	-	81.02
	-	-



JAIN STUDIOS LIMITED

SCHEDULE TO PROFIT AND LOSS ACCOUNT

(Rs. in '000)

	for the year ended 31.03.2008	for the year ended 31.03.2007
SCHEDULE - L		
Income from Operations		
Advertisement / Slot Sale	13,979.56	11,510.51
Sale of Video Programme & Software	-	-
Production & Other Incomes	140,573.60	185,942.43
Licence fee for Infrastructure	-	-
Event Management Services	-	-
Registration & Audition fees	-	-
Enrollment Fees	78,672.59	17,913.55
News Feed Income	-	-
One time Fees	-	-
	233,225.75	215,366.49
SCHEDULE - M : Other Income		
Interest Income on FDR's (Gross)	2,225.60	2,072.37
[Tax deducted at source Rs.500.84 thousands, (previous year Rs. 439.21)]		
Profit on sale of fixed assets	-	0.46
Foreign Exchange Fluctuation (Gain)	1,606.85	310.40
Sundry Balances/Excess provisions written back including liabilities no longer required Rs.7691.44 thousand (PY Rs. 2628.21 thousand)	44,140.43	3,683.51
Miscellaneous Income	176.64	151.22
	48,149.52	6,217.96
SCHEDULE - N : Increase/(Decrease) in Stock		
Closing Stock : - Work in progress	8,706.88	6,532.01
Opening Stock : - Work in progress	6,532.01	5,508.97
	2,174.87	1,023.04
SCHEDULE - O: Production Expenses		
Production Expenses		
- Production & Shooting Expenses	40,177.83	59,396.39
- News Gathering Expenses	110,454.34	61,249.83
- Operational expenses	-	-
- Taxi hire Charges	660.70	1,067.03
- Other Expenses	1,672.06	2,325.69
Uplinking Charges	8,400.00	8,400.00
Telecasting Charges	6,454.53	6,988.66
	167,819.46	139,427.60
SCHEDULE - P : Personnel Expenses		
Salary, Wages and Allowances	12,172.05	6,938.15
Contribution to Provident Fund	185.58	201.27
Staff Welfare Expenses	1,107.85	522.58
	13,465.48	7,662.00



JAIN STUDIOS LIMITED

SCHEDULE TO PROFIT AND LOSS ACCOUNT

(Rs. in '000)

	for the year ended 31.03.2008	for the year ended 31.03.2007
SCHEDULE - Q		
Adminstrative & Other Expenses		
Electricity & Water Charges	3,189.07	3,465.35
Conveyance Expenses	862.98	747.87
Travelling Expenses	3,455.95	2,961.31
Legal & Professional Charges	4,537.96	2,880.90
Consutancy Charges	10,938.11	7,575.89
Repair & Maintenance		
- Plant & Machinery	217.87	333.46
- Building	24.77	62.70
- Others	823.78	884.49
Printing & Stationery	710.14	430.00
Telephone, Postage & Courier Charges	1,617.15	2,261.98
Bad debts Written off	73,700.30	-
Less: Provision for doubtful debts written off	-	-
Rent	102.00	96.50
Rates & Taxes	31.99	993.50
Insurance Charges	202.15	240.33
Security Charges	663.65	624.02
Directors sitting fees	110.50	115.00
Loss on discard of fixed assets	-	-
Prior period expenses	150.15	617.00
Foreign Exchange Loss	-	-
Other Expenses	2,483.97	1,398.29
	103,822.49	25,688.59
SCHEDULE - R		
Selling & Distribution Expenses		
Advertisement & Publicity	2,731.01	480.92
Business Promotion & Others	1,532.18	1,689.35
Commission	2,863.80	8,398.54
	7,126.99	10,568.81
SCHEDULE - S		
Interest and other Finance Charges		
Interest on		
- Fixed Loans (Note no 3 of Schedule T)	4,496.33	278.10
- Others	2,099.81	1,529.56
Financial Charges	193.09	229.23
	6,789.23	2,036.89

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE – T

Notes on Account

1. Significant Accounting Policies

a) Accounting Convention

i) The financial statements have been prepared under the historical cost convention (except for certain fixed assets, which have been revalued) in accordance with the generally accepted accounting principles, read with what is stated herein below, as adopted consistently by the company.

ii) The company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

b) Revenue Recognition

i) Advertisements income is recognised when the related advertisement or commercial appears before the public i.e. on telecast.

ii) Time Slot and the other related income is recognised on availment of the respective time slot.

iii) Revenue in respect of Internet Services is recognised for both limited and unlimited number of usage hours proportionately within the period prescribed under the respective scheme.

iv) For other services such as Uplinking and video production, revenue is recognised when the service is rendered.

c) Fixed Assets

Fixed Assets are stated at cost, adjusted by revaluation in case of certain land and buildings.

d) Depreciation / Amortisation

i) Depreciation on Fixed Assets (including revalued assets) is provided on straight-line method at the rates and in the manner specified in schedule XIV to the Companies Act, 1956.

The value of leasehold land is amortised over the period of the lease. Intangible Assets: Specialized Programme Software (Library) is amortised over the estimated useful life of the asset i.e. 10 years.

ii) Where the recoverable amount of fixed assets is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided on revised carrying value of the asset over its remaining useful life.

e) Treatment of Expenditure during Pre-operative period

Expenditure during pre-operative period is allocated to the respective assets on completion of such erection / installation. Direct expenses as well as identifiable indirect expense, incurred on project during the period of erection / installation are capitalised along with the respective assets.

f) Borrowing Costs

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalised as a part of the cost of such asset upto the date when such asset is ready for its intended use. Other borrowing costs are charged to Profit and Loss Account.

g) Investments

Long Term Investments are stated at cost. When there is a decline in the value of any investment, which is not considered temporary, then the same is provided for by reducing the value of the investment and charging the same to the Profit & Loss Account.

h) Inventories

Inventories (Compact Disc/ Cassettes/feature films) are valued at lower of the cost and net realisable value.

i) Foreign Currency Transaction

Foreign currency transactions are recorded at the rate of exchange in force at the date of transactions. Foreign currency monetary assets and liabilities are converted at the exchange rates prevailing at the year end. The increase/decrease of liabilities arising in

respect of fixed assets acquired from country outside India is adjusted to the cost of fixed assets and in respect of others is charged to revenue account.

j) Retirement Benefits

Provisions for gratuity and leave encashment liability are provided on accrual basis as determined on actuarial valuation.

k) Provision for Tax

Provision is made for current income tax, estimated to arise on the results for the year, in accordance with the Income Tax Act, 1961.

Deferred tax Assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent periods are recognised using the tax rates and tax laws that have been enacted or substantially enacted on the balance sheet date. The deferred tax assets is recognised and carried forward only to the extent that there is a reasonable/virtual certainty that sufficient taxable profit will be available against which such deferred tax assets can be realised.

l) Miscellaneous Expenditure (incurred upto 31.03.2003)

- i) Preliminary expenses are amortised over a period of ten years.
- ii) Share issue expenses are written off over a period of five years.

m) Provision, Contingent Liability and Contingent Assets

Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and 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.

Notes on Accounts

- 2 i) Freehold land and certain buildings were revalued on 31.03.1998 by approved valuers on the basis of assessment about the Fair Market Value of the similar assets. As a result

book value of such assets was increased by Rs 39,779 thousands, which was transferred to Revaluation Reserve. Gross Block as at 31.03.2008 includes cumulative surplus of Rs. 33,800 thousands (31.03.2007: Rs. 33,800 thousands) arising on revaluation of assets.

- ii) Depreciation for the year includes Rs. 94 thousands (Previous Year: Rs.94 thousands) being depreciation on increased amount of assets due to revaluation and an equivalent amount has been transferred from revaluation reserve to profit and loss account.

- 3. i) One time settlement proposal of the company has been agreed by SASF vide its letter dated June 26, 2007 which envisage payment of Rs.211,796.93 thousands towards full and final settlement of dues to SASF as per details given below. Accordingly, effect of one time settlement was incorporated in the accounts.

- a) Rs.1,800 thousands to be paid on issue of letter of approval (Paid during the F.Y. 2007-08).
- b) Rs.10,000 thousands to be paid within one month from date of approval (Paid during the F.Y. 2007-08)
- c) Balance Rs.200,000 thousands to be paid within six month after the payment of Rs.10,000 thousands on interest free basis.
- d) Interest @ 12% p.a. on the outstanding amount for a further period of six month from the due date of amount as per (c) above.

The above one time settlement is subject to fulfillment of certain other condition of settlement as contained in the above referred letter. In the event of non compliance of any condition including any delay/default in payment of settlement amount by the company, SASF shall have the right to reverse the waiver of dues and restore the original liability as per the terms of the loan agreement entered into by the company.

However, the company could not comply with condition 'c' above and did not pay the balance amount (out of settled amount) Rs. 200,000 thousands on the due date i.e. on or before 26.01.2008. Consequently interest @ 12% p.a. on the outstanding amount of Rs. 200,000 thousand for the period from 27.01.2008 to

31.03.2008 has been provided to the credit of SASF's account and charged to the Profit & Loss A/c, the same is also yet to be paid.

ii) The company had entered into an agreement with ASGFL on 30th March, 2007. The agreement provided that the company (JSL) shall issue and allot Equity Shares amounting to Rs. 200,000 thousands (including premium) as per SEBI guidelines to ASGFL. However, these shares were not issued till the end of current financial year due to pending approval from stock exchanges.

4. i) The company has obtained in-principle approval from Bombay Stock Exchange (BSE) vide their letter dated 26.05.2008, in relation to listing of 53,00,000 Equity Shares allotted during the F.Y. 2005-06 shares. The company is in the process of complying with the conditions of the said approval letter dated 26.05.2008. In-principle approval from National Stock Exchange (NSE) and other stock exchanges with regard to the listing of the said shares is awaited.

ii) 50,00,000 warrants for a face value of Rs. 10 each at a price of Rs. 36 each (including premium) allotted by the company as per SEBI application regulations for which the company received an amount of Rs. 18,000 thousand , however the subscribers to the said warrants had to deposit the rest of the demand within stipulated period , failure of deposit of the rest of the demand by the subscribers, warrants were forfeited and cancelled and the money received was transferred to Capital Reserve Account in the F.Y. 2006-07.

5. Auditors' Remuneration

	<u>2007 – 2008</u>	<u>2006– 2007</u>
	(Rs. in thousands)	(Rs. in thousands)
a) Audit Fee (including service tax)	308.66	308.66
b) Other Services	127.80	127.80

6. There are certain disputes with regards to the amount payable to some statutory Authorities relating to Electricity, Provident Fund, ESI, Bonus, TDS, Service Tax. Management is of the opinion that it will be possible to settle all the disputes within the next year.

7. The value of current assets and loans and advances in the ordinary course of business, to the best of management knowledge and belief, will not be less than the stated value.

8. The company has not received any reply/intimation from suppliers regarding their status under 'Micro, small & Medium Enterprises Development Act'2006 and hence disclosures, if any relating to amount unpaid as at year end together with interest paid/payable as required under the said Act have not been given.

9. Segment Reporting:

a) Primary Segment Reporting (by business segment): -

In line with Accounting Standard (AS) 17 on Segment Reporting, the Company has identified business segment as given below taking into account the organisational structure as well as differential nature, risk and return.

Television

Marketing, Production & Broadcasting of TV Programme and Advertisement.

Teleport

Up linking, Video Clipping & News Feeding Charges through Digital Satellite News Gathering equipment.

Others

Feature film production & distribution

Information about business segments

		Rs in thousands			
	Particulars	Television	Teleport	Other	Total
A	REVENUE:				
1	Sales (External)	2,09,225.75 (1,91,366.49)	24,000.00 (24,000.00)	Nil (Nil)	2,33,225.75 (2,15,366.49)
	Total Sales	2,09,225.75 (1,91,366.49)	24,000.00 (24,000.00)	Nil (Nil)	2,33,225.75 (2,15,366.49)
B	RESULTS:				
1	Segment Results (PBIT)	-33,450.07 (16,683.87)	-3,252.72 (20,865.90)	Nil (Nil)	-36,702.79 (37,549.77)
2	Interest Expense				6,789.23 (2,036.89)
3	Interest Income				2,225.60 (2,072.37)
4	Unallocable expenditure net of unallocable income				-15,214.23 (-24,017.33)
5	Profit / (-) Loss Before Tax				-26,052.18 (61,602.58)
	Provision for Current Tax				Nil (6,911.81)
	Provision for Fringe Benefit tax				602.25 (591.00)
	Provision for Deferred Tax				14,616.79 (21,300.92)
	MAT Credit Entitlement				Nil (-6,911.81)
	Profit / (-) Loss After Tax				-41,271.22 (39,710.66)
C	OTHER INFORMATION				
1	Segment Assets	200,003.65 (226,417.21)	223,055.98 (226,308.71)	8,706.88 (6,532.01)	431,766.52 (459,257.93)
2	Unallocated Assets *				134,184.77 (178,044.88)
3	Deferred Tax Assets (net)				40,835.81 (55,452.60)
4	Total Assets				606,787.09 (692,755.41)
5	Segment Liabilities	54,290.26 (91,183.38)	39.51 (Nil)	6,787.53 (5795.81)	61,117.29 (96,979.19)
	Unallocated Liabilities				223,047.04 (231,788.24)
	Total Liabilities				284,164.33 (328,767.43)
6	Capital Expenditure	2,703.25 (872.64)	Nil (Nil)	Nil (Nil)	2,703.25 (872.64)
7	Depreciation	7,324.15 (7816.82)	3,252.72 (3134.10)	Nil (Nil)	10,576.87 (10,950.92)

* Includes Misc. Expenditure to the extent not written-off

Note: - (i) Figures for previous year are given in brackets.

(ii) Unallocated liabilities include Sundry Creditors of Rs. 39.51 thousands (Previous year: Rs.127.09 thousands) of ISP Division.

(iii) Teleport assets include Assets of Rs. 15,385.32 thousands of ISP division.

- b) Secondary Segment Reporting (by Geographical Segment)
Since the Company's activities/operations are mainly within India, hence there is no separate geographical segment.
- c) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

Key Management Personnel & their Relatives:
Dr J K Jain (Managing Director) – Key Management Personnel

Dr. (Mrs.) Ragini Jain (Director, Wife of Dr. J.K.Jain)

Mr. Ankur Jain (Son of Dr. J.K.Jain)

Enterprises over which Key Management Personnel and their relatives have significant influence:

Dr Jain Clinic Pvt. Ltd.

Dr. Jain Laboratories Pvt. Ltd.

Ankur Services and Growth Fund Ltd.

Dalmia Foundation for Medical Research
The Development Group

Jain Internet Ltd.

Noida Software Technology Park Ltd.

10. Related Party disclosures:

- a. Parties where control exists:
Subsidiary: Dr. Jain Video on wheels Ltd (w.e.f. 01.04.2005)
- b. Other Related Parties where transactions have been taken place during the year:

c) For Transactions with the related parties: Rs. in thousands

Rs. in thousands

Nature of Transactions	Subsidiary	Key Managerial Persons and their relatives	Enterprises Where KMP and their relatives' Significant Influence	Total
License fee Income			24,000.00 (24,000.00)	24,000.00 (24,000.00)
Receiving of Services	34,904.23 (56,687.89)	Nil (Nil)	8,400.00 (8,400.00)	43,304.23 (65,087.89)
Payment of Salary		3,114.00 (1,059.12)		3,114.00 (1,059.12)
Advances given	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Advances recovered/ received	Nil (Nil)	Nil (Nil)	34,213.55 (5,436.90)	34,213.55 (5,436.90)
Balance outstanding as at year end: -				
- Loans & Advances	Nil (Nil)	Nil (Nil)	21,096.22 (55,309.77)	21,096.22 (55,309.77)
- Security Deposit			15,950.00 (15,950.00)	15,950.00 (15,950.00)
-Accounts receivable			100,000.00 (100,000.00)	100,000.00 (100,000.00)
- Accounts Payable	17,983.64 (20,374.95)	290.29 (23.54)		18,273.92 (6112.75)

Note:

- i) No provision exists for doubtful debts as on 31.03.2008 and Rs. 24,000.00 thousands is written off as bad debts during the year in respect of debt due from the above parties.
- ii) Company has given interest free security deposit for rented premises.
- iii) 22,10,300 Equity Shares of Jain Studios Ltd held by Promoters are pledged for loan taken from Financial Institutions by the company (refer Schedule C).
- iv) Detail of remuneration to Key Management Personnel are given in Note No.16.
- v) Figures for previous year are given in brackets.
- vi) Refer Note No 15D herein below.
- vii) Refer Note No. 3B herein above.

11. Earning Per Share ["EPS"] computed in accordance with Accounting Standard 20:

	<u>Rs in thousands</u> <u>2007 – 2008</u>	<u>Rs in thousands</u> <u>2006– 2007</u>
a) Profit /(Loss) attributable to equity shareholders: Profit /(Loss) after tax (Rs. in thousands)	(41,269.42)	39710.66
b) Weighted average number of equity shares outstanding (face value of Rs 10/- each):		
i) Basic		
Number of Equity Shares at the beginning	1,43,85,982	1,43,85,982
Equity shares issued	-	-
	<hr/>	<hr/>
Weighted Average Number of Equity Shares	1,43,85,982	1,43,85,982
ii) Diluted		
Number of Equity Shares at the beginning	1,43,85,982	1,43,85,982
	<hr/>	<hr/>
Number of Equity Shares at the end of the year	1,43,85,982	1,43,85,982
c) i) Basic earnings per share (in Rs)	(2.87)	2.76
ii) Diluted earnings per share (in Rs.)	(2.87)	2.08

12. a) The major components of deferred tax assets and liabilities are as given below:

	<u>Rs in thousands</u> <u>As at 31.03.2008</u>	<u>Rs in thousands</u> <u>As at 31.03.2007</u>
Deferred Tax Assets		
- Unabsorbed depreciation *	3,347.44	3,347.44
- Expenses allowable on payment basis/ as per section 40a	20,371.92	33,544.19
- Provision for doubtful debts	1,044.45	1,044.45
- Business Loss*	41,646.38	43,484.83
	<hr/>	<hr/>
	66,410.19	81,420.91
Deferred tax Liabilities		
- Depreciation	25,574.38	25,968.31
	<hr/>	<hr/>
Net Deferred tax (assets)/liabilities (net)	(40,835.81)	(55,452.60)

* Deferred tax has been recognized based on the Income tax returns.

- b) The net deferred tax assets recognized in compliance with AS 22 "Accounting for Taxes on Income" upto 31.03.2007 has been updated for items giving rise to timing difference upto 31.03.2008. In view of the cost reduction measures and addition of new business and based on future projection, the Board believes that there is a virtual certainty that the future taxable income would be sufficient against which such carried forward deferred tax asset can be realized.
13. Advances recoverable in cash or in kind or value to be received include interest free Advances given to following bodies Corporates and Others (in terms of clause 32 of listing agreement):

a) Subsidiary :Nil

b) Directors Interested: -

Noida Software Technology Park Ltd. Rs. Nil thousands (Previous year: Rs. 55,309.77); maximum balance outstanding during the year Rs 56,771.45 thousands (Previous Year: Rs.60,746.67 thousands). During the year the company has entered into an agreement with NSTPL and The Development Group for the swap of the balance outstanding of Rs 21,096.22 thousands. Consequent to above the amounts recoverable from NSTPL as on 31.03.2008 amounting to Rs 21096.22 thousands appears in the balance sheet as recoverable from The Development Group.

Note: Loans/advances to employees as per company's policy are not considered.

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

- a) The company is in the business of Television, Network and Teleport, which is not subject to licence for capacity. Hence licensed capacity is not given. Further the nature of business of the company is such that the installed capacity is not quantifiable.

	<u>2007 – 2008</u> (Rs. in thousands)	<u>2006– 2007</u> (Rs in thousand)
b) C.I.F. value of Imports:	Nil	Nil
c) Expenditure in Foreign Currency (Accrual Basis):		
Transponder rent	5,196.10	5,666.70
Foreign Travelling	772.73	1,823.67
d) Earnings in Foreign Currency: Export of Video Programme	Nil	39.84

15. Contingent Liabilities:

(to the extent as ascertained by the Management)

	2007 – 2008 Rs.'000)	2006– 2007 (Rs.'000)
A) Claims against the Company not acknowledged as debts	112,495.02	112,495.02
B) Others:		
i) Customs Duty saved which may arise if obligation for exports is not fulfilled against import of certain machinery under EPCG Scheme	56,541.50	56,541.50

(EPCG licence (term expired) of custom duty saved of Rs.49,650.66 thousands where company has applied for revalidation) (EPCG licence (term expired) of custom duty saved of Rs.6,890.84 thousands where company has to apply for revalidation for a further period of 1 year) {(BG of Rs.22,313 thousands given (P. Y. Rs 22,313 thousands)}

- | | | |
|---------------------------------|---------|---------|
| ii) Outstanding Bank Guarantees | 144.65* | 144.65* |
|---------------------------------|---------|---------|

* represented by 100% Margin money in the form of fixed deposits furnished to the bank



JAIN STUDIOS LIMITED

- C) Registered Office is situated at premises which is available to the company at free of cost.
- D) Against banking facility of Rs. 7,352.00 thousands as on 31.03.2008 to Dr. Jain Video on Wheels Ltd, the subsidiary of the company, by syndicate bank, property of the company situated at Gurgaon had been mortgaged and also corporate guarantee of the company had been given. The company had been indemnified by the said body corporate against any liability that may arise in terms of said guarantee and mortgage.

The said mortgage and guarantee has been released by Syndicate Bank on 15.04.2008. Consequent to which, the company's property at Gurgaon has no charge of Syndicate Bank on account of Dr Jain Video on Wheels Ltd.

16. Remuneration to the Managing Director	<u>2007 – 2008</u>	<u>2006– 2007</u>
	(Rs. in thousands)	(Rs. in thousands)
Salary & Other Allowances	3,000.00	909.36

Excludes provision for gratuity & Leave Encashment, where the actuarial valuation is done on overall company basis.

17. MAT credit entitlement has been recognized in view of addition of new business and based on future projections, the board believes that future taxable income would be sufficient so as the tax credit for such carried forward MAT credit entitlement can be setoff as per provision of section 115JAA of the Income Tax Act, 1961.
18. Figures for the previous year have been re-grouped/ re-arranged/ recast wherever considered necessary, to conform current year's classification.
19. Schedules A to T form an integral part of the accounts and have been duly authenticated.

As per our report of even date
For GIRI & BANSAL
Chartered Accountants

For and on behalf of the Board
Jain Studios Ltd

N. P. BANSAL
Partner

Dr. J K Jain
Managing Director

Dr. (Mrs.)Ragini Jain
Director

Vishnu Bhagwan
Director

Sunil K Malhotra
Director (Finance)

Satyendu Patnaik
Company Secretary

Place: New Delhi
Date: 28th June, 2008



JAIN STUDIOS LIMITED

Cash Flow Statement for the year ended 31.03.2008 JAIN STUDIOS LIMITED

Particulars	2007-08	2006-07
A Cash Flow from Operating activities		
Net profit/(loss) before tax and exceptional items	(26,050.39)	26,191.66
Adjustments for: Bad debts written off	73,700.30	-
Provision for doubtful debts	-	-
Miscellaneous expenses written off	-	81.02
Sundry balances written off/back	(44,140.43)	(3,683.51)
Depreciation	10,576.87	10,950.92
Interest expenses	6,789.23	2,036.89
Profit/(loss) on sale/discard of fixed assets	-	(0.46)
Interest Income	(2,225.60)	(2,072.37)
Provision for doubtful debts written back	-	-
Profit/(loss) before Exceptional items	18,649.99	33,504.15
Exceptional Items	-	-
Operating Profit/(loss) before working capital changes	18,649.99	33,504.15
Adjustments for: Trade & other receivables	(9,294.06)	(45,432.90)
Inventory	(2,174.87)	(1,023.04)
Trade & other payables	5,669.61	14,898.72
Cash generated from operations	12,850.67	1,946.93
Direct taxes (paid)/Refund	1,676.26	(1,192.37)
Net cash flow from operating activities	14,526.93	754.56
B Cash Flow from Investing activities		
Interest received	2,225.60	2,141.00
Purchase of fixed assets	(2,703.25)	(872.64)
Investment in Subsidiary Company	-	-
Sale of fixed assets	-	20.80
Net cash flow from Investing activities	(477.65)	1,289.16
C Cash Flow from Financing activities		
Interest paid	(2,515.26)	(1,939.11)
Repayment of Long Term Loan	(11,800.00)	-
Short Term Loan Taken	789.69	-
Equity Share money received	-	-
Warrant money received	-	-
Net cash flow from financing activities	(13,525.57)	(1,939.11)
Net Decrease in cash & cash equivalents(A+B+C)	523.71	104.61
Opening balance of cash & cash equivalents	25,257.42	25,152.81
Closing balance of cash & cash equivalents	25,781.13	25,257.42

Note: Figures for the previous year have been re-group/re-arranged wherever considered necessary, to confirm current year's classification.

As per our report of even date
for **Giri & Bansal**
Chartered Accountants

For and on behalf of Board of Directors

N. P. BANSAL
Partner

Dr. J K Jain
Managing Director

Dr. (Mrs.) Ragini Jain
Director

Vishnu Bhagwan
Director

Sunil K Malhotra
Director (Finance)

Satyendu Patnaik
Company Secretary

Place: New Delhi
Date: 28th June, 2008



JAIN STUDIOS LIMITED

Additional Information Required under Part - IV of Schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1	Registration details:	
	CIN	L92199DL1991PLC042611
	Balance Sheet date	31 st March 2008
2	Capital raised during the year:	(Rs. in Thousands)
	Public issue	Nil
	Right issue	Nil
	Bonus issue	Nil
3	Position of mobilisation and deployment of funds:	
	Total Liabilities	741,805.34
	Total Assets	741,805.34
	Source of Funds –	
	Paid-up capital	143,859.82
	Reserves & Surplus	390,718.97
	Secured Loans	207,226.55
	Unsecured loan	-
	Application of funds –	
	Net Fixed Assets	213,060.06
	Investments	63,600.00
	Net Current Assets	212,355.23
	Miscellaneous Expenses	-
	Accumulated Losses	211,954.23
	Deferred Tax Assets (Net)	40,835.81
4	Performance of Company:	
	Total Income	283,550.14
	Total Expenditure	309,600.53
	Profit/(loss) before tax	(26,050.39)
	Profit/(loss) after tax	(41,269.42)
	Earnings per share (Rs.)	(2.87)
	Dividend rate	NIL
5	Generic Names of principal products, services of the company:	
	Item Code no.	N.A.
	Product description	Marketing, Production and Broadcasting of TV programmes Internet Service Provider & Uplinking

As per our report of even date attached
for **Giri & Bansal**
Chartered Accountants

For and on behalf of the Board

N. P. BANSAL
Partner

Dr. J K Jain
Managing Director

Dr. (Mrs.)Ragini Jain
Director

Vishnu Bhagwan
Director

Sunil K Malhotra
Director (Finance)

Satyendu Patnaik
Company Secretary

Place: New Delhi
Date: 28th June, 2008



JAIN STUDIOS LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956 RELATING TO SUBSIDIARY COMPANY

(Rs. in, 000)

Particulars	DR. JAIN VIDEO ON WHEELS LIMITED
1. The relevant financial year of the Subsidiary Company ended on	31.03.2008
2. No. of Shares in the Subsidiary company held by Jain Studios Ltd.	29,,00,000 Equity Shares of Rs.10/- Each.
3. Extent of holding of the Jain Studios Ltd. at the end of the financial period	58%
4. The net aggregate amount of subsidiary Company profit/(loss) so far it concerns the members of holding Company	
(a) Not dealt in holding Company's Account.	
I. For the financial year ended as on 31 st March 2008.	Nil
ii. For the previous financial years of the Subsidiary Company since it become holding Company Subsidiary.	Nil
(b) Dealt in holding Company's Account.	
I. For the financial year ended as on 31 st March 2008.	21.93
ii. For the previous financial years of the Subsidiary Company since it become holding Company Subsidiary.	

**As per our report of even date
For Giri & Bansal
Chartered Accountants**

For and on behalf of the Board

N. P. BANSAL
Partner

Dr. J K Jain
Managing Director

Dr. (Mrs.)Ragini Jain
Director

Vishnu Bhagwan
Director

Sunil K Malhotra
Director (Finance)

Satyendu Patnaik
Company Secretary

Place: New Delhi
Date: 28th June, 2008

DIRECTORS' REPORT

To the Members,

Your Directors have great pleasure in presenting the 18th Annual Report of **Dr. Jain Video on Wheels Limited** together with the Audited Financial Statements and Auditors' report for the Financial Year ended 31st March 2008.

Performance

The year under review was challenging for the Company, which has resulted in decrease in turnover of the Company.

During the year under review, the total income of your Company was Rs.656.79 Lacs, as compared to Rs. 746.12 Lacs in the previous year.

The Profit before Tax (PBT) for the year under review was Rs.1.5 Lacs as compared to Rs. 49.70 Lacs in the previous year. The Profit after Tax (PAT) for the year under review was Rs.0.52 Lac as compared to Rs. 43.38 Lacs in the previous year.

Your directors are hopeful of doing better performance this year.

Dividend

In view of the brought forward losses, your Directors have been unable to recommend any dividend.

Fixed Deposits

The Company has not accepted any deposits during the financial year under review.

Directors

In terms of the provisions of Companies Act, 1956 and the Articles of Association of the Company, Smt. Shalini Dhandra and Shri Vishnu Bhagwan, Directors of the Company retires by rotation and being eligible, offers themselves for re-appointment.

Dr. J.K. Jain and Dr. (Mrs.) Ragini Jain resigned from the post of Directorship in the Company w.e.f. 15th January 2008. Board place on record sincere thanks and appreciation for their valuable contribution to the Company during their Directorship.

Smt. Bharti Jain and Mr. Subhag Jain has been

appointed as Additional Director of the Company by the Board of Directors on 15th January 2008 pursuant to Section 260 of the Companies Act, 1956. Smt. Bharti Jain and Mr. Subhag Jain shall hold office upto the date of this Annual General Meeting. The Company has received valid notices u/s 257 of the Companies Act, 1956, in writing, proposing their candidature for the office of Directors. In view of the background and valuable experience of Smt. Bharti Jain and Mr. Subhag Jain, it will be in the interest of the Company to appoint them as Directors of the Company.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm:

- i) that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2008, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements 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 the profit of the Company for the year under review;
- iii) 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; and
- (viii) that the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2008 on a 'going concern' basis.

Particulars of employees

Particulars of employees as prescribed under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended are not given, as none of the employees qualify for such disclosure.



DR. JAIN VIDEO ON WHEELS LTD.

Particulars of Energy, Technology and Foreign exchange

- A- Energy conservation – The Company makes continuous efforts to explore new technologies and techniques to make the infrastructure more energy efficient. Moreover, the operations of the Company are not energy intensive.
- B- Technology absorption – Company uses Indian technical manpower to operate Indian and imported infrastructure.
- C- Foreign Exchange earnings and out go:

Earnings in foreign exchange : Rs. NIL
Expenditure in foreign exchange : Rs. NIL

Auditors

M/s Giri & Bansal, Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting, being eligible offer themselves for re-appointment. The Company

has received a certificate from them that their re-appointment if made would be within prescribed limits under Section 224(1B) of the Companies Act, 1956

Auditors' Report

The Notes on Accounts of the Company referred to in Auditors report are self-explanatory and therefore do not call for any further explanation.

Appreciation

Your Directors greatly appreciate the dedication and commitment of employees at all levels who have contributed towards the effective functioning of the Company. We also wish to convey gratitude to company's Bankers, Financial Institutions, Government Authorities, Clients, Vendors, and Investors for their support and encouragement during the year and look forward for their continued support in the future.

For and on Behalf of the Board of Directors

Ankur Jain
(Director)

Shalini Dhanda
(Director)

Place: New Delhi
Date: 27th June 2008

AUDITORS' REPORT

TO THE MEMBERS SHAREHOLDERS OF DR. JAIN VIDEO ON WHEELS LTD.

We have audited the attached Balance Sheet of **DR. JAIN VIDEO ON WHEELS LTD.** as at 31st March 2008 and also the Profit and Loss Account of the Company for the period ended on that date annexed thereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. 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 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.

We report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit *read with our comment in para 6 below* ;
2. In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books;
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
4. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the mandatory Accounting Standards (AS) referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

5. On the basis of information and explanations given to us, we report that none of the directors are disqualified as on 31st March 2008 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

6. Attention is invited to:

In respect of non provision of service tax (amount unascertained) and our inability to comment thereon.

7. Subject to the forgoing in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2008; and
 - ii. In the case of Profit and Loss Account, of the Profit of the company for the period ended on that date.
8. As required by the Companies (Auditor's Report) Order, 2003 (The Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (The Act), the statement on matters paragraphs 4 and 5 of the said order is given hereunder to the extent applicable to the company:
 - (i) (a) Proper records showing full particulars including quantitative details and situation of all fixed assets are under process of updating / completion.
 - (b) According to the information and explanations given to us, the company has phased programme of verification of fixed

- assets in accordance of which, the Company had carried out physical verification of its fixed assets; no material discrepancies were noticed on such verification.
- (ii) (a) The company has carried on physical verification of inventory at regular intervals.
- (b) The procedure of physical verification of inventories followed by the management requires to be strengthen in relation to the size of the company and the nature of its business.
- (c) The company is maintaining records of inventory and no material discrepancies were noticed on the physical verification.
- (iii) As per the information and explanation given to us, the company has not taken/ given any loans, secured or unsecured, from/to companies, firms or other parties listed in the Register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (iii) (b) to 4 (iii) (d) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of services.
- (v) (a) According to the information and explanations given to us and based upon audit procedures performed, we are of the opinion that the transactions that needs to be entered into a register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion and according to the information's and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lakh rupees in respect of each party during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public in terms of provisions of section 58A and 58AA of the Act and the rules framed there under and the directives issued by RBI.
- (vii) The Company has an internal audit system, in our opinion the internal audit system needs to be further strengthen to commensurate with the size of the Company and nature of its business.
- (viii) We are informed that the Central Government has not prescribed maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) The company is not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, custom duty, excise duty, service tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, following undisputed amount were in arrears as at 31st March 2008 for a period of more than six month from the date they become payable:
- | | |
|-------------|--------------------|
| TDS | : Rs. 2,95,879.00 |
| PF | : Rs. 9,76,162.00 |
| SERVICE TAX | : Rs. 15,57,552.00 |
- (c) According to the records and information & explanations given to us, there are no dues in respect of sales tax, custom duty, wealth tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) Accumulated losses of the Company at the end of the financial year have exceeded 50% of its net worth. The Company has earned cash profit Rs. 8.03 lacs during the financial year ending 31st March 2008 and a cash profit of Rs. 106.90 lacs in the immediate preceding financial year.
- (xi) In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the company has no

- default as on 31st March 2008 in repayment of dues to financial institutions banks or debenture holder.
- (xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares debentures and other securities.
- (xiii) The Company is not a chit fund or nidhi / mutual benefit fund / society, therefore, the provisions of clause 4 (xiii) of the said Order are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, on the basis of information and explanations given to us, no term loans has been taken by the Company during the period.
- (xvii) On the basis of information and explanations given to us and on the overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to any parties or companies covered in the Register maintained under section 301 of the Companies Act 1956.
- (xix) The company has not issued any debentures during the period.
- (xx) The company has not raised any money through a public issue during the period.
- (xxi) Based on the audit procedure performed and on the basis of information and explanations provided by the Management, no fraud on or by the company has been noticed or reported during the course of the audit.

For **GIRI & BANSAL**
Chartered Accountants

(**N.P. Bansal**)
Partner
M.NO.: 80319

Place: New Delhi
Date: 27.06.2008



DR. JAIN VIDEO ON WHEELS LTD.

BALANCE SHEET AS ON 31ST MARCH, 2008

	SCH.	As at 31-03-08 Amount (Rs.)	As at 31-03-07 Amount (Rs.)
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	A	50,000,000.00	50,000,000
Reserves & Surplus	B	182,794,679.00	-
Secured Loans	C	8,713,984.71	8,271,251
Unsecured Loans	-	-	-
TOTAL		241,508,663.71	58,271,251
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	208,671,181.23	24,201,627
Less: Depreciation		18,018,461.84	17,293,317
Net Block		190,652,719.39	6,908,310
Current Assets, Loans & Advances			
Cash & Bank Balances	E	5,265,847.24	5,462,917
Inventories	F	3,952,100.00	-
Sundry Debtors	G	25,569,905.00	26,636,641
Other Current Assets	H	1,525,094.57	750,834
Loans & Advances	I	1,801,770.31	827,928
		38,114,717.12	33,678,320
Less: Current Liabilities & Provisions	J	26,044,499.19	26,353,308
Net Current Assets		12,070,217.93	7,325,012
Miscellaneous Expenses	K	38,785,726.39	44,037,929
TOTAL		241,508,663.71	58,271,251
Significant Accounting Policies and Notes on Accounts	L		

As per our report of even date attached
for **Giri & Bansal**
Chartered Accountants

for and on behalf of the Board of Directors
DR. JAIN VIDEO ON WHEELS LTD.

(N P Bansal)
Partner

(Ankur Jain)
Director

(Shalini Dhanda)
Director

Place : New Delhi
Date : 27.06.2008



DR. JAIN VIDEO ON WHEELS LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Sch.	Amount 31.03.2008 (Rs.)	Amount 31.03.2007 (Rs.)
INCOME			
Income from Operations	K	64,944,673.00	74,112,980
Other Income	L	734,278.00	498,784
TOTAL		65,678,951.00	74,611,764
EXPENDITUR			
Operational Expenses	M	49,728,029.43	54,629,261
Personnel Expenses	N	3,401,268.00	3,436,476
Travelling Expenses	O	946,622.00	870,455
Administrative & Other Expenses	P	9,019,979.00	8,664,218
Financial Charges	Q	1,706,834.35	1,440,277
Depreciation		725,145.02	601,492
TOTAL		65,527,877.80	69,642,179
Profit for the year before tax		151,073.20	4,969,585
Provision for T - Current year		17,116.59	548,202
- Fringe Benefit Tax		81,754.00	83,654
Profit After Tax		52,202.61	4,337,729
Add : Balance brought forward		(28,437,929.00)	(32,786,017)
Profit transferred to Balance Sheet		(28,385,726.39)	(28,448,288)
Earnings Per Share - (Basic / Diluted)		0.01	0.87

Significant Accounting Policies and Notes on Accounts L

As per our report of even date attached
for Giri & Bansal
Chartered Accountants

for and on behalf of the Board of Directors
DR. JAIN VIDEO ON WHEELS LTD.

(N P Bansal)
Partner

(Ankur Jain)
Director

(Shalini Dhanda)
Director

Place : New Delhi
Date: 27.06.2008

SCHEDULE TO BALANCE SHEET

	Sch.	Amount (Rs.) As on 31.03.2008	Amount (Rs.) As on 31.03.2007
Share Capital	A		
Authorised			
50,00,000(Previous year 50,00,000) Equity Shares of Rs 10/- each		50,000,000.00	50,000,000
		<u>50,000,000.00</u>	<u>50,000,000</u>
Issued, Subscribed & paid up			
50,00,000(Previous year 50,00,000) Equity Shares of Rs 10/- each fully paid up.		50,000,000.00	50,000,000
		<u>50,000,000.00</u>	<u>50,000,000</u>
Reserve & Surplus	B		
Revaluation Reserve		182,794,679.00	-
		<u>182,794,679.00</u>	<u>-</u>
Secured Loan	C		
Car Loan with ICICI Bank Ltd. (Honda city)		554,408.00	674,775
Car Loan with ICICI Bank Ltd. (Versa)		393,789.00	-
Mahindra & Mahindra Finance Services (Mahindra Loadking Pride)		413,339.00	-
<i>(Secured by hypothecation of said vehicles in favour of the lender)</i> Bank CC A/c 9009-125-169 with Syndocate Bank		7,352,448.71	7,596,476
<i>(Secured against Video vans, Equipment , and building at Ahmedabad. owned by the company and Personal Gurantee of Directors and collateral security by way of mortgage of property at Gurgaon owned by JSL and also corporate gurantee given by JSL)</i>		<u>8,713,984.71</u>	<u>8,271,251</u>



DR. JAIN VIDEO ON WHEELS LTD.

SCHEDULE TO BALANCE SHEET

	Sch.	Amount (Rs.) As on 31.03.2008	Amount (Rs.) As on 31.03.2007
Cash and Bank Balances	E		
Balance with Scheduled Banks			
- In Deposit accounts (FD)*		4,300,000.00	3,000,000
- In Other accounts		515,937.24	348,402.30
Cash in Hand		449,910.00	2,114,515
		<u>5,265,847.24</u>	<u>5,462,917</u>
<i>*(Fixed Deposits of Rs.30 Lac is pledged with ICICI Bank and Fixed Deposit of Rs. 16 Lac is pledged with Syndicate Bank)</i>			
Inventories	F		
(At lower of cost or estimated realisable value)			
Closing Stock of Audio / Video Footage of Agri News (As taken, valued and certified by the management)		3,952,100.00	-
		<u>3,952,100.00</u>	<u>-</u>
Sundry Debtors	G		
(Unconfirmed, Unsecured, considered good by the management)			
-exceeding six months considered good		3,272,249.00	300,071
-others considered good		22,297,656.00	26,336,570
		<u>25,569,905.00</u>	<u>26,636,641</u>
Other Current Assets	H		
Security Deposit		385,000.00	85,000
Interest Receivable on FDR		86,250.00	-
Prepaid Expenses(Insurance)		33,965.57	30,382
TDS Recoverable		1,019,879.00	635,452
Total		<u>1,525,094.57</u>	<u>750,834</u>
Loans & Advances	I		
Advances to staff		1,679,773.93	104,609
Advances for Supplies / Others		121,996.38	723,319
Total		<u>1,801,770.31</u>	<u>827,928</u>
Current Liabilities & Provisions	J		
a) Current Liabilities			
Sundry Creditors		16,448,507.00	16,903,781
Advance from others(Mobile health clinic)		5,322,000.00	2,868,660
Service Tax Payable		1,661,772.00	2,140,912
TDS Payable		588,349.00	1,285,218
PF Payable		979,492.00	1,006,721
Audit Fees Payable		174,864.00	143,641
FBT Payable		8,941.00	74
Electricity charges Payable		72,540.00	72,540
Telephone exp. Payable		139,733.50	139,733
Water charges Payable		77,324.00	77,324
Rent Payable		2,894.00	2,924
Salary & Stypend Payable		434,621.10	927,452
Computer loan Payable		116,345.00	246,485
Total		<u>26,027,382.60</u>	<u>25,815,465</u>
b) Provisions			
Provision for Income Tax		17,116.59	537,843
Total		<u>17,116.59</u>	<u>537,843</u>
Total(a+b)		<u>26,044,499.19</u>	<u>26,353,308</u>
Miscellaneous Expenditure	K		
(to the extent not written off or adjusted)			
Profit & Loss A/c		28,385,726.39	28,437,929
Internet, Ecom, Ad & Publicity, Software Archives, Intellectual Property Rights, Services Rights Expenses		10,400,000.00	15,600,000
		<u>38,785,726.39</u>	<u>44,037,929</u>



DR. JAIN VIDEO ON WHEELS LTD.

SCHEDULE TO PROFIT LOSS ACCOUNT

		AS ON 31.03.2008	AS ON 31.03.2007
Income from Operations	K		
Van campaign charges		29,356,751.00	27,840,419
Production income		35,587,922.00	46,272,561
		64,944,673.00	74,112,980
Other Income	L		
Interest on FDR		304,278.00	192,804
Profit on sale of fixed assets		430,000.00	305,980
		734,278.00	498,784
Operating expences	M		
Cost of Production :			
Prodction Expense		30,170,454.43	34,500,340
Less : Increase in Stock of Audio / Video Footage of Agriculture News		3,952,100.00	-
		26,218,354.43	34,500,340
Van Campaign Charges		23,089,029.00	18,502,226
Fuel Expenses		80,091.00	959,744
Van Painting Exp.		40,256.00	37,758
Photograph Exp.		4,667.00	7,800
Repair & Maintenance - equip./car		114,505.00	509,511
Equipment Hiring Charges		158,500.00	96,350
Software Exp.		22,627.00	15,532
		49,728,029.43	54,629,261
Personnel Expenses	N		
Personnel expenses		3,295,919.00	3,325,813
Staff Welfare		105,349.00	110,663
		3,401,268.00	3,436,476
Travelling Expenses	O		
Convayance exp. -Personnel & administrative		86,755.00	246,039
Convayance exp. -Operations		310,111.00	107,129
Tours & travelling -Marketing		549,756.00	317,287
Tour & Travelling - Directors		-	200,000
		946,622.00	870,455
Administration & Other expences	P		
Director Remuneration		720,000.00	720,000
Electricity / Water		34,072.00	63,999
Rent		960,000.00	240,000
Office Maintenance		23,744.00	43,608
Books & Periodicals		7,965.00	2,970
Security Charges		18,717.00	-
Printing & Stationary		329,055.00	319,951
Repair & Maintenance		89,078.00	152,878
Insurance expenses - Van		47,559.00	49,917
Deferred Revenue Expenses / Video Rights(w/o)		5,200,000.00	5,200,000
Fees, Rates & Taxes		151,655.00	179,102
Consultancy Charges		806,349.00	1,091,306
Audit Fees		65,000.00	65,000
Telephone and Communication Expenses		417,109.00	465,416
Business Promotion Exp.		58,965.00	67,623
Lease Rent		21,681.00	-
Prior Period Expense		69,030.00	-
		9,019,979.00	8,664,218
FINANCIAL CHARGES	Q		-
Bank Interest		1,291,967.28	1,157,719
Bank Charges		414,867.07	282,558
		1,706,834.35	1,440,277



DR. JAIN VIDEO ON WHEELS LTD.

Schedule of Fixed Assets Forming part of balance sheet for the period of 01-04-07 to 31.03.08

SCHEDULE - D

Sl. NO.	PARTICULARS	O R I G I N A L - C O S T			UP TO 1.04.2007	D E P R E C I A T I O N FOR THE YEAR			UP TO 31.03.2008	NET AS ON 31.03.2008	B L O C K AS ON 31.03.2007
		AS ON 1.04.2007	ADDITIONS	SALES / ADJUSTMENT		AS ON 31.03.2008	On opening balance	Adjustment			
		A	B	C	E	F	G=A+F%	H	I	J=K+G+H	L
01	LAND	3,365,321.00	182,794,679.00	-	-	-	-	-	-	-	3,365,321.00
02	BUILDING	319,200.00	-	-	117,274.08	3.34	10,661.28	-	-	127,935.36	191,264.64
03	VIDEO VANS	12,627,391.45	535,000.00	-	12,627,391.45	11.31	-	9,615.05	-	12,637,006.50	525,384.95
04	FURNITURE/FIXTURES	335,165.00	-	-	188,943.83	6.33	20,186.31	-	-	209,130.14	126,034.86
05	PROJ. SYSTEM	2,794,226.50	80,625.00	50,000.00	1,936,642.02	7.07	197,551.81	577.83	-	1,981,239.84	690,079.84
06	PHOTOCOPY MACHINE	258,780.00	-	-	146,227.42	4.75	12,292.05	-	-	158,519.47	100,260.53
07	TELEVISION	1,597,030.00	-	50,000.00	888,666.24	7.07	112,910.02	-	-	1,001,578.26	545,451.74
08	AUDIO EQUIPMENTS	333,224.20	38,400.00	25,000.00	172,907.24	7.07	23,558.95	431.41	-	196,897.60	148,726.60
09	ELECTRICAL EQUIP.	231,086.75	6,351.00	-	126,511.88	7.07	16,337.83	417.97	-	143,267.68	94,170.07
10	REFRI & WATER COOLER	45,988.00	-	-	32,638.70	7.07	3,251.35	-	-	35,890.05	10,097.95
11	COMPUTER/CAMERA	987,682.78	577,650.00	-	776,454.75	16.21	149,257.79	33,447.94	-	959,160.48	606,172.30
12	TEMP/STRUCTURE	110,480.00	-	-	26,244.61	3.34	3,690.03	-	-	29,934.64	80,545.36
13	VEHICLE (CAR)	790,688.00	538,049.00	-	35,280.72	11.31	89,426.81	12,170.67	-	136,878.19	1,191,658.81
14	CELL PHONE	91,639.55	23,800.00	-	46,821.45	7.07	6,478.91	700.72	-	54,001.08	61,436.47
15	AIR CONDITIONER	313,724.00	-	-	171,310.43	7.07	22,160.29	-	-	193,490.72	120,233.28
	GR TOTAL CURRENT YR.	24,201,627.23	184,584,554.00	125,000.00	17,293,316.82		645,603.14	57,361.59	-	18,018,461.84	190,652,719.39
	GR TOTAL PREVIOUS YR.	23,106,627.23	1,096,000.00	-	16,691,924.91		531,631.78	69,860.13	-	17,293,316.82	6,413,802.33

Auditors Report

As per our report of even date for GIRI & BANSAL Chartered Accountants

N.P. Bansal
(Partner)

Place: New Delhi
Date: 27th June 2008

Ankur Jain
(Director)

For and on Behalf of Board Directors
Dr. JAIN VIDEO ON WHEELS LTD.

Shalini Dhanda
(Director)



DR. JAIN VIDEO ON WHEELS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2008

Particulars	2007-08 Rs.	2006-07 Rs.
A Cash Flow from Operating activities		
Net profit/(loss) before tax and exceptional items	151,073.20	4,885,931.41
<i>Adjustments for:</i>		
Bad debts written off	-	2,448.00
Miscellaneous expenses written off	5,200,000.00	5,200,000.00
Depreciation	725,145.02	601,491.91
Interest expenses	1,291,967.28	1,440,276.30
Profit/(loss) on sale/discard of fixed assets	(430,000.00)	-
Interest Income	(304,278.00)	192,804.00
Provision for doubtful debts written back	-	305,980.00
Operating Profit/(loss) before working capital changes	6,633,907.50	12,628,931.62
<i>Adjustments for:</i>		
Trade & other receivables	(210,689.88)	(19,541,566.19)
Inventory	(3,952,100.00)	-
Trade & other payables	203,050.60	13,880,084.57
Cash generated from operations	2,674,168.22	6,967,450.00
Direct taxes (paid)/Refund	(995,157.41)	(223,660.00)
Net cash flow from operating activities	1,679,010.81	6,743,790.00
B Cash Flow from Investing activities		
(Increase)/decrease in fixed assets	(1,244,875.00)	(1,096,000.00)
Interest received on Fixed Deposit	218,028.00	
Net cash flow from Investing activities	(1,026,847.00)	(1,288,804.00)
Cash Flow from Financing activities		
Interest paid	(1,291,967.28)	(1,440,276.30)
Increase in secured loan	442,733.71	696,010.36
Net cash flow from financing activities	(849,233.57)	(744,265.94)
Net Increase/(Decrease) in cash & cash equivalents(A+B+C)	(197,069.76)	4,710,720.06
Opening balance of cash & cash equivalents	5,462,917.00	752,197.24
Closing balance of cash & cash equivalents	5,265,847.24	5,462,917.30

Note: Figures for the previous year have been re-group/re-arranged wherever considered necessary, to confirm current year's classification.

As per our report of even date
for Giri & Bansal
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
DR. JAIN VIDEO ON WHEELS LTD.

N P Bansal
Partner

Ankur Jain
Director

Shalini Dhanda
Director

Place : New Delhi
Date: 27.06.2008

SCHEDULE – ‘L’**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A. Significant Accounting Policies**

generally accounted on accrual basis as they are earned or incurred.

a) Accounting Convention

- i) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 subject to what is stated herein below, as adopted consistently by the company.
- ii) The company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis except in the case of retirement benefits, which are recognised on cash basis.

e) Retirement Benefits

The Company has adopted the policy of accounting for gratuity and leave encashment on cash basis, i.e., at the time of actual payment and hence no provision has been made thereof.

b) Fixed Assets and Depreciation

Fixed Assets are stated at cost of acquisition less depreciation in the manner and the rate prescribed in Schedule XIV to the Companies Act, 1956.

The leasehold land is not being amortized as in the opinion of the company, the same is an appreciating asset.

f) Borrowing Costs

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such asset up to the date when such asset is ready for its intended use. Other borrowing costs are charged to profit and loss account.

c) Provision for Tax

Provision is made for current income tax, estimated to arise on the result for the year, in accordance with the Income Tax Act, 1961.

Deferred tax assets/liabilities are accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India.

g) Inventories

Inventories are valued at lower of the cost and net realizable value. Cost is determined on weighted average basis.

d) Revenue Recognition

Revenue/Income & costs/Expenditure are

f) Deferred Revenue Expenses

Rights for Internet, E com., Ad & publicity Services are amortized over a period of 10 years.

B. NOTES ON ACCOUNTS

1. Previous year figures have been regrouped / rearranged and recast wherever considered necessary to facilitate comparison with current year figures.

2. a) Depreciation on all fixed assets is charged



DR. JAIN VIDEO ON WHEELS LTD.

on straight line method and as per rates and manner specified in Schedule XIV to the Companies Act, 1956. The leasehold land is not being amortized as in the opinion of the company the same is an appreciating asset.

- b) The company's leasehold land at Greater Noida (UP) has cost price of Rs.33.65 lacs was revalued on 19th January, 2008 by approved valuer M/s R.K.Singhal & Co Pvt Ltd. on the basis of their valuation report dated 19th January, 2008, the revalued amount of leasehold land of the company as reported had been stated in annual accounts at an amount of Rs. 1,861.60 lacs as at 31.03.2008.
3. As a measure of prudence the Deferred Tax assets (Net) in terms of Accounting Standard No. 22 issued by the Institute of Chartered Accountants of India, have Not been recognized, in the absence of their being virtual certainty supported by Convincing evidence that sufficient future taxable income would be available against which such deferred tax assets could be realized.
4. During the financial year 2000-2001 the company entered into an arrangement with Jain Studios Ltd. (JSL) whereby :-
- a. Jain Studios Ltd. (JSL) agreed to permit Dr. Jain Video On Wheels Ltd. (VOW) to use JSL's TV channel for advertising and publicity and its existing and prospective software.
- b. VOW shall have the right to appoint franchisees having unlimited free internet access.
- c. VOW shall have the right to use JSL's Ecom services including payment gateway solutions, for a period of 10 years

AND, in lieu thereof

VOW paid JSL a sum of Rs. 5,20,00,000/- (Rupees Five Crore Twenty Lacs Only).

The company has treated this expenditure of Rs. 5,20,00,000/- (Rupees Five Crore Twenty Lacs Only) as deferred expenditure and has decided, to amortize it over the period of the arrangement (i.e.10 years).

Accordingly, during this fifth year, the company has charged 1/10th (One Tenth) i.e. Rs. 52,00,000/- (Rupees Fifty-two Lac Only) to the profit and loss account.

5. During the F.Y. 2005-06, Jain Studios Limited (JSL) has acquired 6,00,000 shares of the company. Consequently, the company has become subsidiary of JSL.
6. The company has obtained certain loans for procurement of fixed assets and towards working capital requirements, which are as follows:

a) Vehicle Loans

Vehicle Loans amounting to Rs. 13,61,536/- (PY Rs. 6,74,775/-) is secured by hypothecation of respective vehicles.

b) Working Capital Loans

Against banking facility with Syndicate Bank of Rs 73.52 Lacs, as on 31.03.2008, to the company, Jain Studios Ltd(JSL), the holding company of the company has mortgaged its property situated at Gurgaon and has also given corporate guarantee. The company has indemnified JSL against any liability that may arise in terms of said guarantee and mortgage.

The said mortgage and guarantee charge were settled as on 15.04.2008 when the company made payment to Syndicate Bank and obtained Term loan facility (Rs.300.00Lacs), Cash credit (Rs.150.00 Lacs) & Bank Guarantee (Rs. 150.00 Lacs) as against hypothecation of



DR. JAIN VIDEO ON WHEELS LTD.

DSNG (Digital satellite news gathering), 1st charge on its block of assets, hypothecation of book debts & counter indemnity of the company in addition to collateral security or guarantee, if any.

Service Tax	16,61,772	
	(accumulated	from
	30.04.2002)	
Provident fund	9,76,162.	
	(accumulated	from
	30.04.2002)	

7. The Company is maintaining/running a separate division namely JSL Communication for execution of production activities which includes production of Documentary Films, Media Publicity of various products, Audio Video Films.

12. Additional information as required under Schedule-VI of the Companies Act, 1956.

8. The value of current assets and loans and advances in the ordinary course of business, to the best of management knowledge and belief, will not be less than the stated value.

a) CIF value of Imports.....Nil

9. The company has not received any intimation from suppliers regarding their status under 'Micro, small & medium Enterprises Development Act 2006 and hence disclosures, if any relating to amount unpaid as at year end together with interest paid/payable as required under the said Act have not been given.

b) Expenditure in foreign currencyNil

c) Earning in foreign exchange Nil

10. The company has Fixed Deposits of Rs.30 Lac which is pledged with ICICI Bank and other Fixed Deposit of Rs.16 Lac is pledged with Syndicate Bank.

d) Contingent liabilities

Penalty and fine for delayed payment/non payment of the followings: (Amount un ascertained)

i. Provident fund

ii. TDS

iii. Service tax

11. The statutory dues payable as on 31.03.2008 which are not deposited to credit of Central Government of India and are outstanding for more than one year are as under

13. MANAGERIAL REMUNERATION

	<u>2007-08</u>	<u>2006-07</u>
Salary and allowances	7,20,000	7,20,000

TDS on contractors 15,861
(o/s from 31.01.2006)

TDS on Professionals 59,191
(o/s from 31.01.2006)

TDS on salary 2,20,827
(o/s from 31.03.2006)

The Whole Time Director has been paid monthly remuneration as per the terms of appointment, which is lower than the amount prescribed under Schedule XIII of the Companies Act, 1956. Accordingly, the computation of net profit for the purpose of Directors Remuneration under section 349 of the Companies Act, 1956 has not been enumerated.



DR. JAIN VIDEO ON WHEELS LTD.

14. AUDITORS' REMUNERATION

	<u>2007-08</u>	<u>2006-07</u>
- Audit Fees	20,000.00	20,000.00
- Tax Matters	30,000.00	30,000.00
- Secretarial Matters	5,000.00	5,000.00
- Expense Reimbursement	10,000.00	10,000.00

15. The statement of Significant Accounting Policies and Notes on Accounts numbered 1 to 14 form an integral part of the accounts for the year ended 31 March 2008.

As per our report of even date attached.

For **GIRI & BANSAL**
Chartered Accountants

For and on behalf of Board of
Dr. Jain Video on Wheels Ltd.

(**N.P. Bansal**)
Partner

[**Ankur Jain**]
Director

[**Shalini Dhanda**]
Director

Place: New Delhi
Date: 27.06.2008



DR. JAIN VIDEO ON WHEELS LTD.

Additional Information Required under Part - IV of Schedule to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1 Registration details:

CIN U92199DL1991PLC042609
Balance Sheet Date 31.03.2008

2 Capital raised during the year:
(Rs. in Thousands)

Public issue Nil
Right issue Nil
Bonus issue Nil

3 Position of mobilisation and deployment of funds:

Total Liabilities 241,508,663.71
Total Assets 241,508,663.71

Source of Funds –

Paid-up capital 50,000,000.00
Reserves & Surplus 182,794,679.00
Secured Loans 8,713,984.71
Unsecured loan -

Application of funds –

Net Fixed Assets 190,652,719.39
Investments -
Net Current Assets 12,070,217.93
Miscellaneous Expenses 38,785,726.39
Accumulated Losses -
Deferred Tax Assets (Net) -

4 Performance of Company:

Total Income 65,678,951.00
Total Expenditure 65,527,877.80
Profit/(loss) before tax 151,073.20
Profit/(loss) after tax 52,202.61
Earnings per share (Rs.) 0.01
Dividend rate NIL

5 Generic Names of principal products, services of the company:

Item Code no. N.A.
Product description Van Campaign
Production of News / Documentary Films

As per our report of even date attached
for **Giri & Bansal**
Chartered Accountants

For and on behalf of the Board of Directors
Dr. Jain Video On Wheels Ltd.

(N P Bansal)
Partner

(Ankur Jain)
Director

(Shalini Dhanda)
Director

Place : New Delhi
Date : 27th June, 2008

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF JAIN STUDIOS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JAIN STUDIOS LIMITED AND ITS SUBSIDIARY

We have audited the attached Consolidated Balance Sheet of JAIN STUDIOS LIMITED (The company) and its subsidiary (Dr. Jain Video on Wheels Limited) as at 31st March 2008, the Consolidated Profit & Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

i). *Attention is invited to:*

- a) *In respect of non-provision against shortfall in recovery (amount-unascertainable) against overdue and other debts amounting to Rs.158365.13 thousand and loans and advances amounting to Rs.21234.22 thousand; accounting of leased license fees amounting to Rs 24000 thousands as per terms of agreement which is pending necessary approvals and our inability to comment on realisability/ recoverability thereof.*
- b) *In respect of non confirmation/reconciliation and non availability of documents in support and audit trail of balances of debtors, loans and advances, sundry creditors and other current liabilities (including statutory dues), banks and secured loans and income and expenditure accounted for during the year and contingent liabilities considered as ascertained by the management, consequential impact where of presently cannot be ascertained and our inability to comment on correctness and completeness.*
- c) *In respect of transfer of Provident Fund amount payable of Rs.2414.70 thousands (net) to 'Social Security Fund A/c', and regarding write back of sundry balances/excess provision written back amounting to Rs 7352.10*

thousands based on management perception and our inability to comment thereon. Further in respect of non-payment of certain statutory dues and non filing of certain statutory returns/forms w.r.t. Employees state Insurance, Provident Fund, Tax deducted at source, Service tax, custom duty, Fringe Benefit tax and other and accounting of penalty, interest, etc.(amount unascertainable) and our inability to comment thereon.

- d) *In respect of recognition and carry over of deferred tax assts (net) to the extent as stated in said note, based on management perception (note no. 12 of schedule T)and MAT credit entitlement of amounting to Rs. 2645.30 thousands recognized and carried over based on management perception (note no. 17 of schedule T) and our inability to comment thereon.*
- e) *In respect of management perception about recoverable amount of the fixed assets (Impairment of assets:AS-28) of the company being more than carrying amount and our inability to comment thereon.*

We further report that the profit for the year, balance in profit & loss account and respective assets and liabilities are without considering the impact of items referred to in paragraphs 2(vi) (a) to (e) above or otherwise, the effect of which could not be determined.

Subject to the foregoing, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with Notes thereon, give the information required by the Act 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 Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2008;*
- ii) *In the case of the Consolidated Profit & Loss Account, of the Profit for the year ended on that date; and*
- iii) *In the case of Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.*

For GIRI & BANSAL
Chartered Accountants

(N. P. BANSAL)
Partner

New Delhi
Date: 28.06.2008

Membership No.: - 80319



JAIN STUDIOS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31.03.2008

(Rs. in '000)

	SCHEDULE	As on 31.03.2008	As on 31.03.2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	143,859.82	143,859.82
Reserves & Surplus	B	573,513.65	390,812.97
Advance Against Share Application Money Pending Allotment (Note No. 3 of Schedule U)			
			-
Warrants [Note No. 4(ii) of Schedule U]			
		-	-
Minority Interest		9,073.65	9,051.72
Loan Funds			
Secured Loans	C	215,940.54	222,234.15
	TOTAL	942,387.66	765,958.66
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	501,440.64	314,267.82
Less: Depreciation		113,113.15	101,717.14
Net Block		388,327.49	212,550.68
Assets held for Disposal			
		15,385.32	15,385.32
Investments			
	E	40,000.00	40,000.00
Goodwill on Consolidation			
	F	1,983.84	2,975.76
Deferred Tax Assets (Net)			
		40,835.81	55,452.60
Current Assets, Loans and Advances			
Inventory	G	12,658.98	6,532.01
Sundry Debtors	H	216,345.51	232,860.32
Cash & Bank Balances	I	31,046.98	30,720.33
Loans & Advances	J	49,370.81	95,865.83
		309,422.28	365,978.49
Less: Current Liabilities and Provisions			
Current liabilities	K	82,212.09	109,557.04
Provisions		2,786.55	11,236.21
		84,998.64	120,793.25
Net Current Assets			
		224,423.64	245,185.24
Miscellaneous Expenditure (To the Extent not Written Off)			
	L	10,400.00	15,600.00
Profit & Loss Account			
		221,031.56	178,809.06
	TOTAL	942,387.65	765,958.66
Notes on Accounts			
	U		

As per our report of even date

For and on behalf of the Board

for **Giri & Bansal**
Chartered Accountants

N. P. BANSAL
Partner

Dr. J K Jain
Managing Director

Dr. (Mrs.)Ragini Jain
Director

Vishnu Bhagwan
Director

Sunil K Malhotra
Director (Finance)

Satyendu Patnaik
Company Secretary

Place: New Delhi
Date: 28th June, 2008



JAIN STUDIOS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008

(Rs. in '000)

	SCHEDULE	for the year ended 31-03-2008	for the year ended 31-03-2007
INCOME			
Income from Operations	M	263,266.19	232,791.58
Other Income	N	48,883.79	6,716.74
Increase/(decrease) in Stock	O	6,126.97	1,023.04
		318,276.95	240,531.36
EXPENDITURE			
Production Expenses	P	186,595.40	137,436.59
Personnel Expenses	Q	17,586.75	11,818.47
Administrative & Other Expenses	R	107,870.89	29,235.65
Selling & Distribution Expenses	S	7,126.98	10,568.81
Interest & Other Financial Charges	T	8,496.06	3,477.17
Miscellaneous Expenses Written Off		5,200.00	5,281.02
Bad Debts written off		-	-
Depreciation/Amortisation		11,396.01	11,646.41
Less :Transfer from Revaluation Reserve		94.00	94.00
Goodwill on Consolidation written off		991.92	991.92
		345,170.01	210,362.04
Profit/(Loss) before exceptional items		(26,893.06)	30,169.32
Exceptional Items (Note no 3 of Schedule U)		-	35,410.92
Profit/(Loss) before extra ordinary items		(26,893.06)	65,580.24
Extraordinary Items (Note no 3 of Schedule U)		-	-
Profit/(Loss) before tax		(26,893.06)	65,580.24
Less: Provision For Taxation			
- Current Tax		17.12	7,460.01
- Fringe Benefit Tax		684.00	674.65
- Deferred tax (Note no.12 of Schedule U)		14,616.79	21,300.92
- MAT Credit Entitlement			(6,911.81)
Profit/(Loss) after tax		(42,210.97)	43,056.47
Minority Interest		21.93	1,821.85
Profit/(Loss) after tax and Minority Interest		(42,232.90)	41,234.62
Add : Balance Brought Forward		(178,798.70)	(220,043.68)
Profit/(loss) Available For Appropriation		(221,031.60)	(178,809.06)
Balance Carried to Balance Sheet		(221,031.60)	(178,809.06)
Earning per share (Note no 11 of Schedule U)			
Before exceptional item and Deferred Tax		(1.92)	1.29
Cash		(0.77)	5.16
Basic		(2.94)	2.87
Diluted		(2.94)	2.17
Notes on Accounts	U		

As per our report of even date
for **Giri & Bansal**
Chartered Accountants

For and on behalf of the Board

(N P Bansal)
Partner

Dr. J K Jain
Managing Director

Dr. (Mrs.) Ragini Jain
Director

Vishnu Bhagwan
Director

Place : New Delhi
Date: 28th June,2008

Sunil K Malhotra
Director (Finance)

Satyendu Patnaik
Company Secretary



JAIN STUDIOS LIMITED

CONSOLIDATED SCHEDULE TO THE BALANCE SHEET

(Rs. in '000)

	As on 31-03-2008	As on 31-03-2007
SCHEDULE - A		
Share Capital		
Authorised		
2,05,00,000 Equity Shares of Rs. 10/- each	-	205,000.00
3,05,00,000 Equity Shares of Rs. 10/- each	305,000.00	-
10,00,000 Preference Shares of Rs. 100/- each	-	100,000.00
50,00,000 equity shares of Rs 10/- each	50,000.00	50,000.00
	355,000.00	355,000.00
Issued, Subscribed and Paid-up		
14,385,982 Equity Shares of Rs 10/- each fully paid up	143,859.82	143,859.82
	143,859.82	143,859.82
Note		
a) 4,73,283 Equity shares of Rs10/- each issued to Unit Trust of India India ,at a price of Rs 211.29 per share on preferential basis , pursuant to conversion of Optionally Convertible Cumulative Preference Shares (OCCPs).		
b) 1,11,599 Equity shares of Rs. 10/- each issued on conversion of cummulative dividend @ 15.5% due on the outstanding OCCPs (refer note a above) upto the date of allotment of aforesaid equity shares without payment being received in cash		
SCHEDULE - B		
Reserves and Surplus		
Capital Reserve		
As per Last Balance Sheet		-
Additions during the year (Refer Note 4(ii) of Schedule T)	18,000.00	18,000.00
	18,000.00	18,000.00
Revaluation Reserve		
As per last Balance Sheet	32,950.16	33,044.16
Add - Addition during the year	182,794.68	
Less : Transferred to Profit & Loss Account	94.00	94.00
	215,650.84	32,950.16
Share Premium Account		
As per Last Balance Sheet	339,862.81	339,862.81
Additions during the year	-	-
	339,862.81	339,862.81
	573,513.65	390,812.97
SCHEDULE - C		
Secured Loans		
Long Term		
Loan from SASF (Stressed Assets Stabilisation Fund) (Refer Note 3 of Schedule T)	199,996.93	211,796.93
(Secured by hypothecation of movable properties, book debts and mortgage of immovable properties of the company both present & future ranking pari passu with the charges /mortgage created/to be created on the said assets in favour of the Company's bankers		
Interest Accrued and due	4,273.97	-
Car Loan from ICICI Bank(Honda City)	554.41	674.78
Car Loan from ICICI Bank(Versa)	393.79	
Car Loan from Mahindra & Mahindra Finance Services(Mahindra Loadking Pride)	413.34	
Car Loan from ICICI Bank (Scorpio) (Loan secured by hypothecation of vehicles)	710.90	-
Working Capital Loan from Syndicate Bank (Secured against Video vans, Equipment and building at Ahmedabad, owned by VOW and personal guarantee of Directors and collateral security by way of mortgage of property at Gurgaon owned by JSL	7,352.45	7,596.48



JAIN STUDIOS LIMITED

CONSOLIDATED SCHEDULE TO THE BALANCE SHEET

(Rs. in '000)

	As on 31-03-2008	As on 31-03-2007
and also corporate guarantee given by JSL)	213,695.79	220,068.19
Demand Loan from Syndicate Bank (loan secured against pledge of FDRs)	2,000.00	2,000.00
Interest Accrued and due	244.75	165.96
	2,244.75	2,165.96
	215,940.54	222,234.15
SCHEDULE - E : Investments (At Cost)		
Long Term-other than trade		
Unquoted-Fully Paid Up In Body Corporates		
40,00,000 Equity Shares of Rs. 10/- each of Noida Software Technology Park Ltd	40,000.00	40,000.00
In Subsidiary		
29,00,000 Equity Shares of Rs. 10/- each of Dr Jain Video on Wheels Ltd (w.e.f. 01.04.2005)	-	-
	40,000.00	40,000.00
SCHEDULE - F : Goodwill		
Carrying Cost Of Investment	-	-
Less: JSL's Shares in Net Worth on Acquisition	-	-
Amount brought forward (To the extent not written off)	2,975.76	3,967.68
	2,975.76	3,967.68
Less: Written off During the Year	991.92	991.92
	1,983.84	2,975.76
SCHEDULE - G		
Inventory		
(valued at net realisable value or cost whichever is lower)		
Work in Progress (Feature film)	12,658.98	6,532.01
	12,658.98	6,532.01
SCHEDULE - H		
Sundry Debtors		
(Unconfirmed, Unsecured)		
- exceeding six months considered good	180,788.34	177,816.16
considered doubtful	3,072.82	3,072.82
- others considered good	35,557.17	55,044.16
considered doubtful	-	-
	219,418.33	235,933.14
Less : Provision for doubtful debts	3,072.82	3,072.82
	216,345.51	232,860.32
SCHEDULE - I		
Cash and Bank Balances		
Cash in hand	491.86	2,176.78
Balances with scheduled banks	-	-
in Current account	839.49	714.41
in Fixed Deposits	29,715.63	27,829.14
[Pledged with bank]	-	-
	31,046.98	30,720.33
SCHEDULE - J		
Loans and Advances		
(Unconfirmed, Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	24,138.31	65,046.69
Deposit with Government Authorities & others	18,159.68	18,004.68
Interest receivable	225.67	454.23



JAIN STUDIOS LIMITED

CONSOLIDATED SCHEDULE TO THE BALANCE SHEET

(Rs. in '000)

	As on 31-03-2008	As on 31-03-2007
Prepaid Expenses	240.28	195.02
MAT Credit Entitlement	2,645.30	6,911.81
TDS Recoverable	3,961.57	5,253.40
	49,370.81	95,865.83
SCHEDULE - K		
Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors - due to small scale undertakings*	-	-
- others	34,862.09	34,544.59
Advance from Customers	6,595.98	-
Other liabilities	40,753.19	74,547.09
Book Overdraft	0.83	465.36
	82,212.09	109,557.04
Provisions		
Provision for Tax	17.12	8,738.54
Fringe Benefit Tax (Net)	1,721.61	1,110.50
For retirement benefits	1,047.82	1,387.17
	2,786.55	11,236.21
	84,998.64	120,793.25

* to the extent information available

Note: Sundry Creditors includes creditors for capital goods Rs. Nil Thousand (Previous Year Rs 772 Thousand)

SCHEDULE - L

Miscellaneous Expenditure

(to the extent not written off or adjusted)

Preliminary Expenses	-	81.02
Less: written off during the year	-	81.02
	-	-
Internet, Ecom, Ad & publicity, Software Archives, Intellectual property rights, Services Rights Expenses	15,600.00	20,800.00
Less: written off during the year	5,200.00	5,200.00
	10,400.00	15,600.00
	10,400.00	15,600.00

CONSOLIDATED SCHEDULE TO THE BALANCE SHEET—FIXED ASSETS

SCHEDULE - D : Fixed Assets

PARTICULARS	GROSS BOOK VALUE				DEPRECIATION				NET BOOK VALUE	
	As on 01.04.07	Additions	Sales/ Adjustment	As on 31.03.08	upto 31.03.07	During the year	Sales/ Adjustment	upto 31.03.08	As on 31.03.08	As on 31.03.07
Land										
-Leasehold	55,494.51	182,794.68	-	238,289.19	4,100.94	585.72	-	4,686.66	233,602.53	51,393.57
-Freehold	29,679.63	-	-	29,679.63	-	-	-	-	29,679.63	29,679.63
Building	31,914.92	-	-	31,914.92	6,441.71	495.37	-	6,937.08	24,977.84	25,473.21
Plant & Machinery	146,705.91	855.63	100.00	147,461.54	51,456.01	7,933.16	-	59,389.17	88,072.37	95,249.90
Furniture & Fixtures	2,848.70	623.50	-	3,472.20	1,431.72	181.71	-	1,613.43	1,858.77	1,416.98
Office Equipments	21,687.04	1,570.83	25.00	23,232.87	16,926.33	845.68	-	17,772.01	5,460.86	4,760.71
Vehicles	18,056.86	1,453.18	-	19,510.04	15,844.25	564.19	-	16,408.44	3,101.60	2,212.61
Intangible Assets										
Programme Software Library	7,880.25	-	-	7,880.25	5,516.18	790.18	-	6,306.36	1,573.89	2,364.07
Total	314,267.82	187,297.82	125.00	501,440.64	101,717.14	11,396.01	-	113,113.15	388,327.49	212,550.68
Previous Year	312,320.17	1,968.64	20.99	314,267.82	90,071.38	11,646.41	0.65	101,717.14	212,550.68	



JAIN STUDIOS LIMITED

CONSOLIDATED SCHEDULE TO PROFIT AND LOSS ACCOUNT

(Rs. in '000)

	For the year ended 31-03-2008	For the year ended 31-03-2007
SCHEDULE - M		
Income from Operations		
Advertisement / Slot Sale	13,979.56	11,510.51
Sale of Video Programme & Software	-	-
Production & Other Incomes	170,614.04	203,367.52
Licence fee for Infrastructure	-	-
Event Management Services	-	-
Registration & Audition fees	-	-
Enrollment Fees	78,672.59	17,913.55
News Feed Income	-	-
One time Fees	-	-
	263,266.19	232,791.58
SCHEDULE - N		
Other Income		
Interest Income on FDR's (Gross)	2,529.88	2,265.17
[Tax deducted at source Rs.500.84 thousands, (previous year Rs. 439.21)]	-	-
Profit on sale of fixed assets	430.00	0.46
Foreign Exchange Fluctuation (Gain)	1,606.85	310.40
Sundry Balances/Excess provisions written back including liabilities no longer required Rs.7691.44 thousand (PY Rs. 2628.21 thousand)	44,140.42	3,989.49
Miscellaneous Income	176.64	151.22
	48,883.79	6,716.74
SCHEDULE - O : Increase/(decrease) in Stock		
Closing Stock		
- Work in progress	12,658.98	6,532.01
Opening Stock	-	-
- Work in progress	6,532.01	5,508.97
	6,126.97	1,023.04
SCHEDULE - P : Production Expenses		
Production Expenses		
- Production & Shooting Expenses	58,658.10	37,208.84
- News Gathering Expenses	110,454.35	61,249.83
- Operational expenses	295.64	20,181.01
- Taxi hire Charges	660.70	1,067.03
- Other Expenses	1,672.07	2,341.22
Uplinking Charges	8,400.01	8,400.00
Telecasting Charges	6,454.53	6,988.66
	186,595.40	137,436.59
SCHEDULE - Q : Personnel Expenses		
Salary, Wages and Allowances	16,166.73	10,965.24
Contribution to Provident Fund	206.82	219.99
Staff Welfare Expenses	1,213.20	633.24
	17,586.75	11,818.47
SCHEDULE - R		
Administrative & Other Expenses		
Electricity & Water Charges	3,223.14	3,529.35
Conveyance Expenses	1,259.85	1,101.04
Travelling Expenses	4,005.71	3,478.60
Legal & Professional Charges	4,689.61	2,945.90
Consultancy Charges	11,744.47	8,667.20
Repair & Maintenance	-	-
- Plant & Machinery	217.87	333.46
- Building	24.77	62.70
- Others	912.86	1,080.97
Printing & Stationery	1,039.19	749.95
Telephone, Postage & Courier Charges	2,034.26	2,727.40
Bad debts Written off	73,700.30	810.91
Less: Provision for doubtful debts written off	-	808.46
	73,700.30	2.45



JAIN STUDIOS LIMITED

CONSOLIDATED SCHEDULE TO PROFIT AND LOSS ACCOUNT

	For the year ended 31-03-2008	(Rs. in '000) For the year ended 31-03-2007
Rent	1,062.00	336.50
Rates & Taxes	96.98	1,172.60
Insurance Charges	249.71	290.25
Security Charges	682.37	624.02
Directors sitting fees	110.50	115.00
Loss on discard of fixed assets	-	-
Prior period expenses	219.18	617.00
Foreign Exchange Loss	-	-
Other Expenses	2,598.12	1,401.26
	107,870.89	29,235.65
SCHEDULE - S		
Selling & Distribution Expenses		
Advertisement & Publicity	2,731.01	480.92
Business Promotion & Others	1,532.17	1,689.35
Commission	2,863.80	8,398.54
	7,126.98	10,568.81
SCHEDULE - T		
Interest and other Finance Charges		
Interest on		
- Fixed Loans (Note no 3 of Schedule T)	4,571.10	278.10
- Others	3,317.00	1,529.56
Financial Charges	607.96	1,669.51
	8,496.06	3,477.17

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE – U

Notes on Account

1. Principles of Consolidations

- a) Jain Studios Ltd. (JSL) (the company) has prepared consolidated financial statements by consolidating its financial statements with those of its subsidiary Dr. Jain Video on Wheels Ltd. (VOW) as on 31st March 2008 in accordance with Accounting Standard - 21 (Consolidated Financial Statements) issued by the Institute of Chartered Accountants of India.

Name of the company Incorporation	Country of ownership interest	Proportion of	Status
Dr. Jain Video on Wheels Ltd. (VOW)	India	58%	Audited

- b) The consolidated financial statements have been prepared using uniform accounting policies, in accordance with the generally accepted accounting policies.
- c) The financial statements of the parent company and its subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenditure, after eliminating intra group balances, intra group transactions and minority interest.
- d) The difference between the costs to the holding company of its investment in the subsidiary company over the holding company's portion of equity of the subsidiary amounting to Rs. 4959.60 thousands has been recognized in the financial statements as Goodwill and is being amortised over a period of 5 years.
- e) VOW has become subsidiary of JSL w.e.f. 1st April 2005.
- f) Accounting Policies and other notes on accounts of the financial statements of the JSL and its subsidiary are set out in their respective financial statements.
2. i) Freehold land and certain buildings of JSL were revalued on 31.03.1998 by approved valuers on the basis of assessment about the Fair Market Value of the similar assets. As a result book value of such assets was increased by Rs 39,779 thousands, which was transferred to Revaluation Reserve. Gross Block as at 31.03.2008 includes cumulative surplus of Rs. 33,800 thousands (P Y Rs. 33,800 thousands) arising on revaluation of assets.
- ii) Leasehold land of the subsidiary company (VOW) at Greater Noida (UP) costing Rs.33.65 lacs was revalued on 19th January, 2008 by approved valuer. On the basis of their valuation report dated 19th January, 2008, the revalued amount of leasehold land of the company as reported is stated in annual accounts at an amount of Rs. 1,861.60 lacs as at 31.03.2008.
- iii) Depreciation for the year includes Rs 94 thousands (P Y Rs. 94 thousands) being depreciation on increased amount of assets due to revaluation and an equivalent amount has been transferred from revaluation reserve to profit and loss account.
3. A) One time settlement proposal of JSL has been agreed by SASF vide its letter dated June 26, 2007 which envisage payment of Rs.211,796.93 thousands towards full and final settlement of dues to SASF as per details given below. Accordingly, effect of one time settlement had been incorporated in these accounts.
- a) Rs.1,800 thousands to be paid on issue of letter of approval (since paid).
- b) Rs.10,000 thousands to be paid within one month from date of approval (Paid during the F.Y.2007-08)
- c) Balance Rs.200,000 thousands to be paid within six month after the payment of Rs.10,000

thousands on interest free basis.

- d) Interest @ 12% p.a. on the outstanding amount for a further period of six month from the due date of amount as per (c) above.

The above one time settlement is subject to fulfillment of certain other condition of settlement as contained in the above referred letter. In the event of non compliance of any condition including any delay/default in payment of settlement amount by the company, SASF shall have the right to reverse the waiver of dues and restore the original liability as per the terms of the loan agreement entered into by the company.

However, the company could not comply with condition 'c' above and did not pay the balance amount (out of settled amount) Rs. 200,000 thousands on the due date i.e. on or before 26.01.2008. Consequently interest @ 12% p.a. on the outstanding amount of Rs. 200,000 thousand for the period from 27.01.2008 to 31.03.2008 has been provided to the credit of SASF's account and charged to the Profit & Loss A/c, the same is also yet to be paid.

- B) JSL entered into an agreement with ASGFL on 30th March, 2007. The agreement provided that the company shall issue and allot Equity Shares amounting to Rs. 200,000 thousands (including premium) as per SEBI guidelines to ASGFL. However, these shares were not issued till the end of current financial year due to pending approval from stock exchanges.
4. i) The company has obtained in-principle approval from Bombay Stock Exchange (BSE) vide their letter dated 26.05.2008, in relation to listing of 53,00,000 Equity Shares allotted during the F.Y. 2005-06 shares. In-principle approval from National Stock Exchange (NSE) and other stock exchanges with regard to the listing of the said shares is awaited.
- ii) 50,00,000 warrants for a face value of Rs. 10 each at a price of Rs. 36 each (including premium) allotted by JSL as per SEBI application regulations for which the company received an amount of Rs. 18000 thousand , however the subscribers to the said warrants had to deposit the rest of the demand within stipulated period , failure of deposit of the rest of the demand by the subscribers, warrants were forfeited and cancelled and the money received was transferred to Capital Reserve Account in F.Y. 2006.07..
5. There are certain disputes with regards to the amount payable to some statutory Authorities relating to Electricity, Provident Fund, ESI, Bonus, TDS, Service Tax. Management believes that this is will be possible to settle all the disputes within the next year.
6. The value of the current assets and loans & advances in the ordinary course of business, to the best of management's knowledge and belief, will not be less than the stated value.
7. The company has not received any reply/intimation from suppliers regarding their status under 'Micro, small & Medium Enterprises Development Act'2006 and hence disclosures, if any relating to amount unpaid as at year end together with interest paid/payable as required under the said Act have not been given.
8. Segment Reporting:
- a) Primary Segment Reporting (by business segment): -
- In line with Accounting Standard (AS) 17 on Segment Reporting, the Company has identified business segment as given below taking into account the organisational structure as well as differential nature, risk and return.

Television:

Marketing, Production & Broadcasting of TV Programme and Advertisement.

Teleport :

Up linking, Video Clipping & News Feeding Charges through Digital Satellite News Gathering equipment.

Media :

Media Publicity and Production of Documentary Films.

Others :

Feature film production & distribution



JAIN STUDIOS LIMITED

Information about business segments

Rs. in thousands

Particulars	Television	Teleport	Other	Media	Total
REVENUE:					
Sales (External)	209,225.75 (191,366.49)	24,000.00 (24,000)	Nil (Nil)	27,040.44 (17,425.09)	263,266.19 (232,791.58)
Inter Segment Sales				34,904.23 (56,687.89)	
Total Sales	209,225.75 (191,366.49)	24,000.00 (24,000.00)	Nil (Nil)	64,944.67 (74,112.98)	
RESULTS:					
Segment Results (PBIT)	-33,450.07 (16,683.87)	-3,252.72 (20,865.90)	Nil (Nil)	1,857.91 (6,217.06)	-34,844.88 (43,766.83)
Interest Expense					8,496.07 (3,477.17)
Interest Income					2,225.60 (2,265.17)
Unallocable expenditure net of unallocable income					-14,222.31 (-23,025.41)
Profit / (-) Loss Before Tax					-26,893.03 (65,580.24)
Provision for Current Tax					NIL (7,460.01)
Provision for Fringe Benefit tax					602.25 (674.65)
Provision for Deferred Tax					14,616.79 (21,300.92)
MAT Credit Entitlement					NIL (-6,911.81)
Profit / (-) Loss After Tax					-42,112.07 (43,056.47)
OTHER INFORMATION					
Segment Assets	200,003.65 (226,417.21)	223,055.98 (226,308.71)	8,706.88 (6,532.01)	221,183.80 (35,811.68)	652,950.32 (495,069.61)
Inter Segment Assets				17,983.64 (20,374.95)	
Unallocated Assets *					112,568.61 (157,420.64)
Deferred Tax Assets (net)					40,835.81 (55,452.60)
Total Assets					806,354.73 (707,942.85)
Segment Liabilities	54,290.26 (70,808.43)	39.51 (NIL)	6,787.53 (5,795.81)	16,774.85 (34,634.93)	77,892.14 (111,239.17)

Inter Segment Liabilities		17,983.64		(20,374.95)	232,120.68 (231,788.23)
Unallocated Liabilities					310,012.83 (343,027.40)
Total Liabilities					9,073.65 (9,051.72)
Minority Interest					
Capital Expenditure	2,703.25 (882.64)	Nil (Nil)	Nil (Nil)	1,925.00 (1,096.00)	4,628.12 (1,968.64)
Depreciation	7,324.15 (7,816.82)	3,252.72 (3,134.10)	Nil (Nil)	725.00 (601.49)	4,628.12 (11,552.41)
Misc. Expenditure written off				5,200.00 (5200.00)	5,200.00 (5200.00)
Non Cash Expenses other than Depreciation/Amortisation:					
- Bad Debts Written Off	49,700.30 (Nil)	24,000.00 (Nil)	Nil (Nil)	NIL (2.45)	73,700.30 (2.45)

* Includes Misc. Expenditure to the extent not written-off

Note:

- (i) Figures for previous year are given in brackets.
- (ii) Unallocated liabilities include Sundry Creditors of Rs. 39.51 thousands (P Y 127.09 thousands) of ISP Division.
- (iii) Teleport assets include Assets of Rs. 15,385.32 thousands of ISP division.

- b) Secondary Segment Reporting (by Geographical Segment) Since the Company's activities/ operations are mainly within India, hence there is no separate geographical segment.
- c) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

9. Related Party disclosures: (JSL)

- a) Related Parties where transactions have been taken place during the year:

Key Management Personnel & their Relatives:

Dr J K Jain (Managing Director) – Key Management Personnel
 Dr. (Mrs.) Ragini Jain (Director, Wife of Dr. J.K.Jain)
 Mr. Ankur Jain (Son of Dr. J.K.Jain)

Enterprises over which Key Management Personnel and their relatives have significant influence:

Dr Jain Clinic Pvt. Ltd.
 Dr. Jain Laboratories Pvt. Ltd.
 Ankur Services and Growth Fund Ltd.
 Dalmia Foundation for Medical Research
 The Development Group
 Jain Internet Ltd.
 Noida Software Technology Park Ltd.

b) For Transactions with the related parties:

Rs. in thousands

Nature of Transactions	Key Managerial Persons and their relatives	Enterprises Where KMP and their relatives' Significant Influence	Total
License fee Income		24,000.00 (24,000.00)	24,000.00 (24,000.00)
Receiving of Services	Nil (Nil)	8,400.00 (8,400.00)	8,400.00 (8,400.00)
Payment of Salary	3,114.00 (1,059.12)		3,114.00 (1,059.12)
Advances given	Nil (Nil)	Nil (Nil)	Nil (Nil)
Advances recovered/ received	Nil (Nil)	34,213.55 (5,436.90)	34,213.55 (5,436.90)
Balance outstanding as at year end: -			
- Loans & Advances	Nil (Nil)	21,096.22 (55,309.77)	21,096.22 (55,309.77)
- Security Deposit		15,950.00 (15,950.00)	15,950.00 (15,950.00)
- Accounts Receivable		100,000.00	100,000.00
- Accounts Payable		(100,000.00)	(100,000.00)
	290.29 (23.54)		290.29 (23.54)

Note:

- i) No provision exists for doubtful debts as on 31.03.2006 and Rs. 24,000.00 thousands is written off as bad debts during the year in respect of debt due from the above parties.
- ii) Company has given interest free security deposit for rented premises.
- iii) 22,10,300 Equity Shares of Jain Studios Ltd held by Promoters are pledged for loan taken from Financial Institutions by the company (refer Schedule C).
- iv) Figures of previous year are given in bracket.
- v) Refer Note No. 3B hereinabove.

10. Earning Per Share ["EPS"] computed in accordance with Accounting Standard 20:

	Rs in thousands <u>2007 – 2008</u>	Rs in thousands <u>2006– 2007</u>
a) Profit /(Loss) attributable to equity shareholders:		
Profit /(Loss) after tax (Rs. in thousands)	42,232.90	41,234.62
b) Weighted average number of equity shares outstanding (face value of Rs 10/- each):		
i) Basic		
Number of Equity Shares at the beginning	1,43,85,982	1,43,85,982
Equity shares issued on 25.08.05		
38,00,000 shares for 219 days	-	-
Equity Shares issued on 25.02.06		
15,00,000 shares for 35 days	-	-
Weighted Average Number of Equity Shares	1,43,85,982	1,43,85,982
ii) Diluted		
Number of Equity Shares at the beginning	1,43,85,982	1,43,85,982
Add: Warrants issued on 07.09.2005	-	46,43,836
(note no 4(ii)) 50,00,000 shares for 339 days (P Y 206 days)		
Number of Equity Shares at the end of the year	1,43,85,982	1,90,29,818
c) i) Basic earnings per share (in Rs)	-2.94	2.87
ii) Diluted earnings per share (in Rs.)	-2.94	2.17

11. a) The major components of deferred tax assets and liabilities are as given below:

	Rs in thousands As at 31.03.2008	Rs in thousands As at 31.03.2007
Deferred Tax Assets		
- Unabsorbed depreciation *	3,347.44	3,347.44
- Expenses allowable on payment basis/ as per section 40a	20,371.92	33,544.19
- Provision for doubtful debts	1,044.45	1,044.45
- Business Loss*	41,646.38	43,484.83
	66,410.19	81,420.91
Deferred tax Liabilities		
- Depreciation	25,574.38	25,968.31
Net Deferred tax (assets)/liabilities (net)	(40,835.81)	(55,452.60)

* Deferred tax has been recognized based on the Income tax returns.

b) The net deferred tax assets recognized in compliance with AS 22 "Accounting for Taxes on Income" upto 31.03.2007 has been updated for items giving rise to timing difference upto 31.03.2008. In view of the cost reduction measures and addition of new business and based on future projection, Board of JSL believes that there is a virtual certainty that the future taxable income would be sufficient against which such carried forward deferred tax asset can be realized.

c) As a measure of prudence the Deferred Tax Assets (Net) in terms of Accounting Standards-22 issued by the Institute of Chartered Accountants of India, have been recognised by VOW, in the absence of their being virtual certainty supported by Convincing evidence that sufficient future taxable income would be available against which such deferred tax assets could be realized.

12. Contingent Liabilities: (to the extent as ascertained by the Management)	<u>2007 – 2008</u> Rs.'000)	<u>2006– 2007</u> (Rs.'000)
A) Claims against the Company not acknowledged as debts	112,495.02	112,495.02
B) Others:		
i) Customs Duty saved which may arise if obligation for exports is not fulfilled against import of certain machinery under EPCG Scheme (EPCG licence (term expired) of custom duty saved of Rs.49,650.66 thousands where company has applied for revalidation) (EPCG licence (term expired) of custom duty saved of Rs.6,890.84 thousands where company has to apply for revalidation for a further period of 1 year) {(BG of Rs.22,313 thousands given (P. Y. Rs 22,313 thousands)}	56,541.50	57,466.71
ii) Outstanding Bank Guarantees * represented by 100% Margin money in the form of fixed deposits furnished to the bank	144.65	144.65*
iii) Penalty and fine for delayed payments/non payments by VOW of the following: (Amount unascertained): I. Provident Fund, II. TDS, III. Service Tax.		
C) Registered Office of the company is situated at premises which is available to the JSL at free of cost.		
D) Against banking facility of Rs. 7,352.00 thousands as on 31.03.2008 to Dr. Jain Video on Wheels Ltd, the subsidiary of the company, by syndicate bank, property of the company situated at Gurgaon had been mortgaged and also corporate guarantee of the company had been given. The company had been indemnified by the said body corporate against any liability that may arise in terms of said guarantee and mortgage. The said mortgage and guarantee has been released by Syndicate Bank on 15.04.2008. Consequent to which, the company's property at Gurgaon has no charge of Syndicate Bank on account of Dr Jain Video on Wheels Ltd.		
13. Most of the accounting policies of the reporting company and those of its subsidiary are similar except in case of leasehold land amounting to Rs. 3365.32 thousands of subsidiary company, for which no amortisation is provided by VOW and in case of retirement benefits accounted for on cash basis by VOW (amount unascertained).		
14. MAT credit entitlement has been recognized in view of addition of new business and based on future projections, the board believes that future taxable income would be sufficient so as the tax credit for such carried forward MAT credit entitlement can be setoff as per provision of section 115JAA of the Income Tax Act, 1961.		
15. VOW is maintaining/running a separate division namely JSL Communication for execution of production activities which includes production of Documentary Films, Media Publicity of various products, Audio Video Films.		
16. Figures for the previous year have been re-grouped/ re-arranged/ recast wherever considered necessary, to conform current year's classification.		
17. Schedules A to T form an integral part of the consolidated financial statements and have been duly authenticated.		

As per our report of even date
For GIRI & BANSAL
Chartered Accountants

For and on behalf of the Board
Jain Studios Ltd

N. P. BANSAL
Partner

Dr. J K Jain
Managing Director

Dr. (Mrs.)Ragini Jain
Director

Vishnu Bhagwan
Director

Place: New Delhi
Date: 28th June, 2008

Sunil K Malhotra
Director (Finance)

Satyendu Patnaik
Company Secretary

Consolidated Cash Flow Statement for the year ended 31.03.2008

Particulars	2007-08	Rs. In '000 2006-07
A Cash Flow from Operating activities		
Net profit/(loss) before tax and exceptional items	(26,893.06)	30,169.32
<i>Adjustments for:</i>		
Bad debts written off	73,700.30	2.45
Miscellaneous expenses written off	5,200.00	5,281.02
Sundry balances written off/back	(44,140.43)	(3,989.49)
Depreciation	11,302.02	11,552.41
Goodwill	991.92	991.92
Interest expenses	8,081.20	3,477.17
Profit/(loss) on sale/discard of fixed assets	(430.00)	(0.46)
Interest Income	(2,529.88)	(2,265.17)
Operating Profit/(loss) before working capital changes	25,282.07	45,219.17
<i>Adjustments for:</i>		
Trade & other receivables	(9,504.75)	(49,734.08)
Inventory	(6,126.97)	(1,023.04)
Trade & other payables	5,874.49	14,226.23
Cash generated from operations	15,524.84	8,688.28
Direct taxes (paid)/Refund	681.10	(1,575.55)
Net cash flow from operating activities	16,205.94	7,112.73
B Cash Flow from Investing activities		
Interest received	2,443.63	2,333.80
Investment in Subsidiary Company	(2,703.25)	-
Purchase of fixed assets	(1,674.88)	(1,968.64)
Sale of fixed assets	430.00	20.80
Net cash flow from Investing activities	(1,504.49)	385.96
C Cash Flow from Financing activities		
Interest paid	(3,807.23)	(3,379.39)
Short Term Loan Taken	1,232.42	696.02
Repayment of Long loan	(11,800.00)	-
Equity Share money received	-	-
Warrant money received	-	-
Net cash flow from financing activities	(14,374.81)	(2,683.37)
Net Decrease in cash & cash equivalents(A+B+C)	326.64	4,815.32
Opening balance of cash & cash equivalents	30,720.33	25,905.01
Closing balance of cash & cash equivalents	31,046.98	30,720.33

Note: Figures for the previous year have been re-group/re-arranged wherever considered necessary, to confirm current year's classification.

As per our report of even date
for **GIRI & BANSAL**
Chartered Accountants

For and on behalf of the Board

N. P. BANSAL
Partner

Dr. J K Jain
Managing Director

Dr. (Mrs.) Ragini Jain
Director

Vishnu Bhagwan
Director

Place: New Delhi
Date: 28th June, 2008

Sunil K Malhotra
Director (Finance)

Satyendu Patnaik
Company Secretary

JAIN STUDIOS LTD.

Regd. Office : Scindia Villa, Sarojini Nagar, Ring Road, New Delhi – 110 023.

PROXY FORM

Client ID:

Folio No.

DP ID:

No. of Shares held:

I / we _____ of in the District of _____ being a member / members of the above named Company hereby appoint _____ of _____ in the District of _____ as my proxy to vote for me/us on my/our behalf at the **18th Annual General of the Company to be held on Monday, 29th day of September 2008 at 11.00 A.M.** and at any adjournment thereof.

Signed this _____ day of _____ 2008

Signature _____

Affix
Revenue
Stamp

Note : This form in order to be effective should be duly stamped, completed and signed must be deposited with the Company's Registered Office not less than 48 hours before the time for holding the aforesaid Meeting.

JAIN STUDIOS LTD.

Regd. Office : Scindia Villa, Sarojini Nagar, Ring Road, New Delhi – 110 023.

ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall

I hereby record my presence at the **18TH ANNUAL GENERAL MEETING OF JAIN STUDIOS LTD. at Sharma Farms (Near Batra Farm), Green Meadows, Village Satbari, Mehrauli, New Delhi 110030 at 11.00 A.M. on Monday, 29th day of September 2008.**

Client ID:

Folio No.

DP ID:

No. of Shares held:

Name of the Shareholder
(Block Letters)

Signature

Name of the Proxy*
(Block Letters)

Signature

* To be filled if Proxy attends instead of member

NOTES

1. Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signature registered with the Company. The admission will, however, be subject to verification of signatures and such other checks, as may be necessary. Under no circumstances will any duplicate slip be issued at the entrance to the meeting hall.
2. **No Gifts/Coupons will be distributed at the meeting.**

BOOK-POST

If undelivered please return to:

JAIN STUDIOS LIMITED

Scindia Villa, Sarojini Nagar,
Ring Road, New Delhi-110023.