

SAHARA INDIA

MEDIA COMMUNICATION LIMITED



22nd ANNUAL REPORT
2002-2003

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Sahara India Media Communication Limited

BOARD OF DIRECTORS

SHRI SUBRATA ROY SAHARA

Chairman

SMT. SWAPNA ROY

SHRI AMAR SINGH

SMT. JAYA BACHCHAN

SHRI O. P. SRIVASTAVA

SHRI J. B. ROY

SHRI V. B. CHANDRA
(Whole Time Director)

SHRI MAHESH PRASAD

STATUTORY AUDITORS

M/S D. S. SHUKLA & CO.
Chartered Accountants

INTERNAL AUDITORS

M/S CHATURVEDI & CO.
Chartered Accountants

COMPANY SECRETARY

SHRI BIMAL KISHORE NANDA

Sahara India Media Communication Limited

BANKERS

THE BANK OF RAJASTHAN LIMITED

REGISTERED OFFICE

SAHARA INDIA POINT,
CTS 40 - 44, S. V. ROAD,
GOREGAON (WEST)
MUMBAI -400 104

SHARE TRANSFER AGENT

MCS LIMITED
SRI VENKATESH BHAVAN,
PLOT NO. 27, ROAD NO. 11,
MIDC AREA, ANDHERI (EAST),
MUMBAI-400 093

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BRANCH / DIVISION / UNITS

SAHARA INDIA BHAWAN,
1, KAPOORTHALA COMPLEX,
LUCKNOW -226 024

SAHARA INDIA COMPLEX,
C-2, C-3 & C-4, SECTOR XI,
NOIDA, U.P.- 201 301

Sahara India Media Communication Limited**BOARD'S REPORT****TO THE MEMBERS**

Your Directors have pleasure in presenting the Twenty-second Annual Report of the Company for the year ended 31st March 2003.

FINANCIAL / OPERATIONAL RESULTS

(Rs. In Lacs)

For the year ended	31st March 2003	31st March 2002
Total Income	12736.51	6784.29
Total Expenses	13020.93	6133.07
Profit before Tax	-284.42	651.22
Provision for Taxation written back	-450.00	-
Provision for Taxation and Deferred Tax	4.02	478.52
Profit After Tax	210.13	172.70
Profit after Tax carried to the Balance Sheet	2037.87	1827.74

During the year under review the total income from business has increased by Rs. 5952.22 lacs (from Rs 6784.29 lacs to Rs. 12736.51 lacs). The increase in income was due to increase in advertisement commission income and accretion to inventories. During the year total expenses have increased by Rs. 6887.86 lacs (from Rs. 6133.07 lacs to Rs. 13020.93 lacs), which is due to increase in purchase cost and increase in administrative and other expenses. Company has written back Rs. 450 Lacs, the excess provisions of tax made in last year. Total profit after taxation has increased by Rs. 37.43 lacs.

Company has entered into Programme License Agreement with M/s Sahara India Commercial Corporation Limited from 1st October 2002 for the sales of Programmes. Company has discontinued the export of software to Sahara TV Limited-Mauritius

On 23rd January 2003 fire broke out at the Registered Office of the Company at CTS 40-44, Sahara India Point, Goregaon (West), Mumbai – 400 104, in which some records related to statutory and accounts were destroyed.

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DIVIDEND

With a view to conserve resources with the Company the Directors have decided not to recommend any dividend for the year 2002- 2003.

CAPITAL ISSUE

During the year under review the Company has not allotted any fresh shares.

PROGRAMMING

Content being the single largest driver of viewership, the competitive advantage of a channel depends heavily on the content providers' ability to provide quality products on a sustained basis.

With the changing economic scenario and related consumer preferences, it has become increasingly important for content houses to understand consumer tastes and preferences, and provide innovative programming. Content providers have now become a critical link in the value chain.

Children based programmes have gained in popularity. As a result, children's based programming will be playing an important role in content providing industry.

While mass entertainment continues to be the biggest driver of consumer mind-share, the time bands have deepened considerably. With 24 hours programming now being the norm, prime time viewing has now extended from 8.00 p.m. to 11.30 p.m., while other time bands like afternoon (targeted towards housewives) have gained prominence. With the extended prime band time slots the need of quality software has increased. With the emergence of new time slot i.e. afternoon time bands the need of women based programme has also increased.

In the competitive market conditions and growing number of channels, content is a key factor for the success of any channel. Your Company believes in creating and producing highly distinctive programmes of extraordinarily good content and quality. The Company is producing entertainment software with keeping in mind the current market demand and mindset of the consumer which is a mix of women's based serials, comedy serials, political drama, thriller series and mass-interest series. In the year 2002-2003 Company acquired the rights of several mega movies some of which were Karz, Pukar, Company, Aankhein etc.

A sumptuous number of fresh programmes were produced by the company and company engaged well-known production houses such as Balaji Telefilms, Shristi Entertainment, Clapstem Production, Sharp Focus, Suchitra Entertainment, Akruti, B.A.G. Films, Creative Eye, Cinevista, among others.

Some prominent programmes produced by the company were as follows:

Dil Ki Bateen- Know your favourite stars inside out, includes more than 27 stars like Shahrukh Khan, Sunney Deol, Aishwarya Rai, Kareena Kapoor, etc., **Mission Fateh**, first tele-serial based on real life stories of **Kargil Martyrs**, **Kahi To Milenge**, Daily Soap, **Shubh Mangal Savdhan**,

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a sitcom, **Kagaz Ki Kashti**, the daily soap, **Virasat**, **Parchhaiyan** have been rising on the popularity charts and also been well appreciated by the audience.

There are special attraction programmes for children's like **Just Kids**, featuring world-class animation serials dubbed in Hindi, has been extremely popular with children. The children have liked **Simba: The King Loin**, **Great Book of Nature**, **Denver**, **The Last Dinosaur**, **The Legend of Zoro** and **Christopher Columbus**.

News and Current Affairs programmes have always been a major draw among viewers. To keep edge and even improve on our performance, constant up-gradation of content and packaging has been an ongoing process for your Company.

Your Company discontinued the production / assignment of News from September 2002 and Current Affair programmes from January 2003.

COMPANY'S FUTURE PLANS

Content continues to be of critical importance and there is a need across various sectors of the industry to focus on making content more appealing to the customers while striking the right balance with commercial potential. The success or failure of an entertainment product depends on the efficient management of content and talent.

Film and film-based entertainment together have a significant impact on the Indian consumers' mind-share. Sahara India Media Communication Limited has stepped into this ventures and has started the following Films/Mega series:

Name of the Films / Mega Series	Assigned Producer
Karishma - Miracle of Destiny	Cinetek Telefilms Pvt. Ltd.
Summer Holiday	Dumroo Entertainment
Dil Sacha Chehra Jhootha	V. N. V. Productions Pvt. Ltd.
Nirdosh	Suryoday Production
Hum Tum Aur Woh	S. I. & D. Films Pvt. Ltd.
Hanan	M. D. Production
TDS (Thakaan)	Garnet Paper Mills Ltd.
Vaasta	Vishesh Ent. Ltd.
Duvidha	Reel Life Entertainment (India) Pvt. Ltd.
Short Cut	V. N. V. Productions Pvt. Ltd.
Jagga (Ma Retire ho Gayi)	Ramesh Talwar Production
Murder in Mauritius	Maaza Films
Titlee	Reel Life Entertainment (India) Pvt. Ltd.

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Fairy Circle	Rahul Productions
Aastha	Mr. Basu Chatterjee
Kuan	Krishna Images
Janasheen	F. K. Films Pvt. Ltd.
Netaji	Shyam Benegal Sahyadri Films
Sheen	Samay Creations

DIRECTORS

Shri Subrata Roy Sahara had been appointed as Director of the Company in the Annual General Meeting held on 31st August 2000 and his office shall not liable to determination by retirement by rotation.

Shri Vijay B Chandra has been appointed as Whole Time Director of the Company w.e.f 1st August 2001 in the Annual General Meeting of the Company held on 25th September 2001.

Smt. Swapna Roy and Smt. Jaya Bachchan was appointed as Director of the Company in the Annual General Meeting of the Company held on 27th September 2002 and is subject to retirement by rotation.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Joy Broto Roy and Shri Amar Singh, Directors of the Company are retiring by rotation and are eligible for re-appointment. Board recommends their names for re-appointment as Directors of the Company.

AUDIT COMMITTEE

The Board of Directors of the Company constituted a committee of Directors known as Audit Committee in its Board of Directors Meeting held on 30th January 2001 and re-constituted on 29th June 2002. The Audit Committee has four members.

AUDITORS

M/s D. S. Shukla & Co., Chartered Accountants, Lucknow, Statutory Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting. Company has received a certificate from M/s D. S. Shukla & Co., Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limit under Section 224 (1-B) of the Companies Act, 1956. Board recommends their name for appointment as Statutory Auditors of the Company.

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AUDITORS' REPORT

Management's reply on the observations made by the Statutory Auditors in the Auditors' Report is as under.

1. The Auditors' Report is self explanatory and do not require any management comment.
2. Sundry Debtor balance is fully recoverable from Sahara TV Limited-Mauritius.

PUBLIC DEPOSITS

The Company has not accepted any public deposit during the year under review.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988

Information pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to the Conservation of Energy, Technology absorption and Foreign Exchange Earning and Outgo is annexed herewith.

PERSONNEL

The particulars as required under the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 are annexed herewith.

CORPORATE GOVERNANCE

Corporate Governance Guidelines as specified in the Listing Agreement with Stock Exchanges is applicable to the Company from the Financial Year 2001-2002. Company has complied with the Guidelines of Corporate Governance and a separate report on the Corporate Governance is forming part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representation received from the Operating Management, confirm that

- a. For the preparation of the Annual Accounts, the applicable accounting standards had been followed, and there is no material departure from following the accounting standards

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- b. They have, in selection of accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgment and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit or Loss of the company for that period.
- c. They have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
- d. They have prepared the Annual Accounts on a Going Concern basis.

ACKNOWLEDGEMENTS

The Directors wish to place on record their deep sense of appreciation to the Government Authorities, associates for their continued co-operation and support to the Company and entire workforce of the Company at all levels for their co-operation.



For and on behalf of the Board

Place: Lucknow
Date: 30th June 2003

(Subrata Roy Sahara)
Chairman