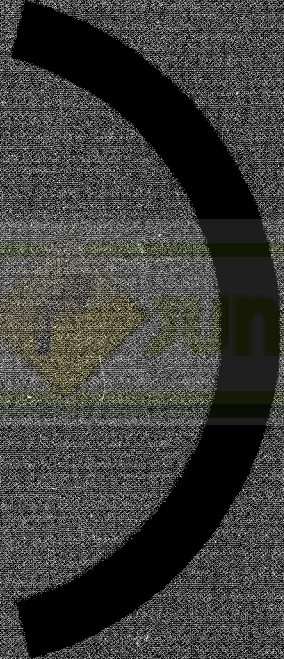
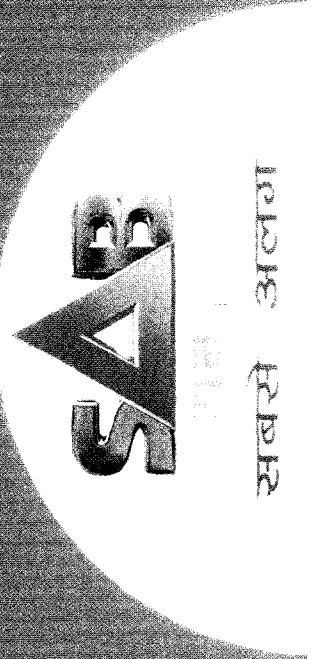


9th ANNUAL REPORT 2002-2003



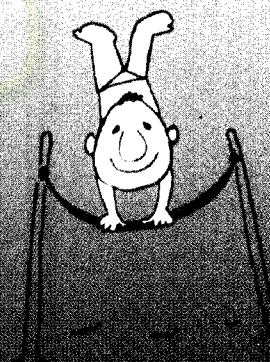
ONLY SMILES NO TEARS





सब टी

GIVES YOU
A REASON TO
SMILE





GIVES YOU
A REASON TO
SMILE

Laughter is indeed the best medicine known to make you a healthier person in all aspects. At SAB TV, we believe entertainment should be something that makes you feel lighter and merrier. This is exactly what we have been offering you by showcasing a variety of hilarious comedy programmes such as Yes Boss, Office Office & Shree Sifarishilal.

And while doing so SAB TV has set itself apart from all the other existing channels as one of its kind.



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SRI ADHIKARI BROTHERS TELEVISION NETWORK LIMITED

GENERAL INFORMATION

BOARD OF DIRECTORS

Gautam Adhikari
Chairman

Markand Adhikari
*Vice Chairman &
Managing Director*

Anand Pandit
Director

Arun Khakkar
Director

D. C. Anjaria
Additional Director

Suhas Bade
Director (upto 29th March, 2003)

T. P. Ostwal
Director (upto 31st Oct., 2002)

COMPANY SECRETARY
Kaustubh Natu

REGISTERED OFFICE

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

STUDIO

5B, 5th Floor, Adhikari Chambers,
Oberoi Complex, Mumbai - 400 053.

E.O.U.

5A, 5th Floor, Adhikari Chambers,
Oberoi Complex, Mumbai - 400 053.

BRANCH

Delhi Office
1121/1122/1123,
Ansal Towers, 38, Nehru Place,
New Delhi - 110 019.

Bangalore Office
S-203, Manipal Center,
7- Dickenson Road,
Bangalore - 560 042.

BANKERS

Punjab National Bank
Brady House, Fort, Mumbai - 1

AUDITORS

A. R. Sodha & Co.
Chartered Accountants
101, Ashiana, 11th Road, T. P. S. III,
Santacruz (East), Mumbai - 400 055.

INTERNAL AUDITORS

Sanjay & Vijay Associates
Chartered Accountants
6, Ashiana, 11th Road, T. P. S. III,
Santacruz (East), Mumbai - 400 055.

REGISTRAR & SHARE TRANSFER AGENT

Sharex (India) Private Limited.
17/B, Dena Bank Building,
2nd Floor, Horniman Circle,
Fort, Mumbai - 400 001.

ADHIKARI BROTHERS TELEVISION NETWORK LIMITED

CHAIRMAN'S STATEMENT



Dear Members,

It gives me pleasure to interact with you again through this foreword to the 9th Annual Report for the period ended 30th September, 2003.

Period in retrospect

The Annual Report cover a period of 18 months as your Company has undergone for structural changes as had been reported from time to time. The Company has taken over the broadcasting business and channel SAB TV from its Mauritius based subsidiary during the period under review. Considerable time was spent on obtaining approvals from various authorities to effect the takeover of the Channel business. Further, the Company has successfully completed a scheme of reduction under Section 78 read with Section 100 of the Companies Act, 1956 to set off permanent diminution in the value of investments in the Subsidiary Company. This has caused delay in presenting the financial reports to you. However, you should be rest assured that the Company had obtained all the necessary approvals for the same.

In order to consider the impact of the takeover scheme in the books of accounts, the Company had extended the accounting year by a period of six months and had accordingly finalised the Accounts for the period 1st April, 2002 to 30th September, 2003.

During the period under review, Government of India has notified the introduction of conditional access system in phased manner in the country. The introduction of CAS would have been really beneficial to your Company in terms of improved visibility which in turn would have improved the performance and revenues. However, it is unfortunate that the strong political will could not prevail and the CAS has been put off for the time being. Your Company is hopeful that CAS will be ultimately be launched in coming year.

The Management Analysis attached to the report deals with financial performance. I would like to state that the scenario would have been different had CAS been implemented.

Way forward

The Country is witnessing a growing economy after a long time. Feel good factor and shining India factor as has been the statement of the year has some truth in it. Indian economy is expected to grow @ 8% to 8.5%. The growth in GDP will propel the total ad-spends as generally speaking ad-spends grow with the growth of the industry and economy. Further, during past one year, your Company has witnessed new set of advertisers in the form of Mutual funds, Insurance Corporate, SME industries, credit cards and retail assets lending. These sectors are expected to grow at much faster rate than the existing sectors. This will also add to the advertising pie. Your Company has already secured advertising from such new set of advertisers. Your Company expects to improve the revenues from the channel during the current year.

The Company is also exploring exports opportunities to leverage the value of expensed out content.

With warm regards,

Gautam Adhikari
Chairman

Date : 28th February, 2004
Place: Mumbai

SRI ADHIKARI BROTHERS TELEVISION NETWORK LIMITED

DIRECTORS' REPORT



Dear Members,

Your Directors have pleasure in presenting the 9th Annual Report together with the Audited Accounts of the Company for the financial period ended on 30th September, 2003.

Your Company has changed its Accounting Year ending to 30th September effective from the Accounting year 2002 - 2003 after obtaining the necessary approval from the Registrar of Companies, Maharashtra and accordingly, the Accounts under review are prepared for 18 Months starting from 1st April, 2002 to 30th September, 2003.

As you are aware that the Company has filed a scheme of reconstruction under Section 78 read with Section 100 of the Companies, Act 1956 with the Hon'ble High Court of Bombay, after obtaining necessary approval of the Members at the Extra - Ordinary General Meeting held on 11th December, 2003.

The Hon'ble High Court of Bombay has sanctioned the scheme on 22nd January, 2004 and the Company has impacted the changes in the Annual Accounts for the year 2002 - 2003 and completed the Audit of the Accounts for the period under consideration.

The Company has obtained approval of the Registrar of Companies, Maharashtra for extension in time for holding Annual General Meeting upto 31st March, 2004.

Financial Highlights

(Rupees in lacs)

| Particulars | For the period ended 30.09.2003 (18 months) | For the year ended 31.03.2002 (12 months) |
|--|---|---|
| Total Revenue from business | 8727.96 | 7605.82 |
| Earnings before finance charge, depreciation & tax (EBIDTA) | 356.48 | 1320.55 |
| Less : Finance charge | 186.76 | 118.86 |
| Earnings before depreciation & tax (EBDTA) | 169.72 | 1201.68 |
| Less : Depreciation | 1105.30 | 269.88 |
| Earnings/(Loss) before Tax (EBTA) | (935.58) | 931.81 |
| Taxation: current tax | - | 61.71 |
| : deferred tax (assets) | (333.49) | 296.21 |
| Profit / (Loss) After Tax (PAT) | (602.08) | 573.89 |
| Prior period adjustments | 78.97 | 52.75 |
| Profit / (Loss) after prior period | (681.05) | 521.14 |
| Profit b/f from previous year | 585.32 | 556.70 |
| Surplus/(Deficit) available for appropriation | (95.73) | 1077.83 |
| Less : Proposed Dividend | - | 92.51 |
| Less : Transfer to General Reserve | - | 400.00 |
| Balance carried to Balance Sheet | (95.73) | 585.33 |



The financials for the period ended 30th September, 2003 and the financials for the year ended 31st March, 2002 are not on like for like basis and therefore are not comparable.

The comments of the Board of Directors on the financial performance have been provided under the title Management discussion and analysis as an attachment to this report.

Global initiative

During the month of September 2003, SAB TV was launched in United Kingdom on satellite platform. SAB TV is distributed on Direct to Home (DTH) platform of BskyB throughout UK and has reach of over 4,00,000 homes through DTH network. SAB TV is also distributed by cable network in non DTH homes.

Warrant conversion

The Company has issued 26,20,000 convertible warrants during the period under review and upto 30th September, 2003 warrants holder have exercised their option for conversion of 2,61,000 warrants into even number of Equity Shares at a premium of Rs.153/- per share.

After the closure of Accounting year the warrant holders have exercised their option for conversion of 6,12,500 warrants into even number of Equity shares at a premium of Rs.153/- per share and the warrant holders have not exercised any option for 17,46,500 warrants.

Dividend

Due to the losses suffered by the Company, your Directors are unable to recommend any dividend.

Awards

During the period under review, SAB TV continued to win coveted awards including the Asian awards for the best Current affairs programme, a RAPA award, four awards at the Indian Telly Awards and four awards at the Hero Honda ITA Awards. Our Flagship programme 'Office Office' continues its winning spree by raking in 25 awards in various categories in the last 4 years.

Public Deposits

The total public deposits outstanding as on 30th September, 2003 amounted to Rs. 84,56,000/-. The Company has launched a new scheme for acceptance of deposits from shareholders and public. The Company has successfully mobilized Rs. 82,21,000/- till 30th September, 2003 since launch of the scheme.

Board of Directors

Your Company has co-opted Mr. D.C. Anjaria as an Additional Director on the Board effective from 29th March, 2003. Pursuant to provisions of Section 260 of the Companies Act, 1956, he holds the office till the forthcoming Annual General Meeting of the Company. Your Company has received a notice under Section 257 of the Companies Act, 1956 from a member of the Company, proposing the candidature of Mr. D.C. Anjaria as a Director on the Board.

During the period under review, Mr. Suhas Bade has resigned from the Directorship of the Company effective from 29th March, 2003. Your Directors place on record their sincere thanks for the valuable services rendered by him during his tenure as a Director of the Company.

Mr. Arun Khakar, Director of the Company is retiring by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Compliance of Section 217 of the Companies Act, 1956.

The provisions of Section 217 (1) (e) of the Companies Act, 1956 read together with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, regarding conservation of energy and technology absorption are not applicable to the Company.

The particulars of foreign exchange earnings and outgo for the year under review are annexed to this report.

The particulars of employees, as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of the employees) Rules 1975, forming part of the report of Directors, for the period under review, is annexed to this report.

Media software

The Company has around 6500 hours of television content in library as on date of this report.

Auditors

M/s A. R. Sodha & Co., Chartered Accountants, Mumbai are the statutory Auditors of the Company. The Auditors hold the office till the conclusion of forthcoming 9th Annual General Meeting. The Company has received a letter from them to the effect that they are willing to continue as Auditors if re-appointed and that their re-appointment would be within the limit prescribed under Section 224 (1B) of the Companies Act, 1956. The Board recommend the re-appointment of M/s. A. R. Sodha & Co., Chartered Accountants as Statutory Auditors.

Responsibility statement

Pursuant to the provisions contained in Section 217 (2AA) of the Companies Act, 1956 the Directors of your Company confirm :

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same.
- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th September, 2003 and of the profit / (loss) of the Company for that period.
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities.
- d) that they have prepared the annual accounts on a going concern basis.

Corporate governance

Pursuant to Clause 49 of the Listing Agreement with the stock exchange(s), the following have been made a part of the annual report and are attached to this report:

- Management Discussion and Analysis.
- Corporate Governance Report.
- Auditors certificate regarding compliance of conditions of Corporate Governance.

Subsidiary Companies

As required by Section 212 of the Companies Act, 1956, the audited Statements of Accounts for the year ended 31st March, 2003 of Westwind Realtors Private Limited and SABe TV Limited, together with the reports of the Directors' and Auditors' and Compliance Certificate issued by a Practicing Company Secretary in respect of Westwind Realtors Private Limited are annexed.

Appreciation

The Directors place on record their appreciation for the valuable support and cooperation extended to the Company by advertisers, producers and artistes, Company's bankers, shareholders and creditors and employees of the Company and various government agencies.

For & On Behalf of the Board of Directors

Place : Mumbai
Date : 28.02.2004

Gautam Adhikari
Chairman

Markand Adhikari
Vice Chairman & Managing Director



ANNEXURE TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A) Foreign Exchange Earning and Outgo:

| | 18 Months ended 30.09.2003 (Rs in Lacs) | Year ended 31.03.2002 (Rs in Lacs) |
|-------------------------|---|--|
| Foreign Exchange earned | 19.53 | 2861.40 |
| Foreign exchange used | 156.19 | 307.10 |

B) Statement of particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 30th September, 2003.

| Name | Age | Designation | Remuneration | Qualification | Experience (Years) | Commencement of Employment | Previous Employment |
|----------------------|-----|-----------------------------------|----------------------------------|----------------|--------------------|----------------------------|---------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Mr. Markand Adhikari | 45 | Vice Chairman & Managing Director | 21,00,000 (w.e.f. 01.04.2003) | B.A. | 22 | 20-12-1994 | N.A |
| Ms. Kanta Advani* | 44 | President (Sales) | 15,50,000 | B.A., DMM, DMS | 22 | 03-04-2003 | Zee Telefilms Ltd. |

*Employed for part of the year

NOTES

- Gross remuneration includes salary, salary arrears, special allowance, house rent allowance or the actual rent paid by the Company or the Municipal rateable value in the case of free unfurnished quarters of the Company, transport allowance, employers contribution to provident fund, reimbursement of medical expenses, leave travel assistance, leave encashment, perquisites in respect of free use of the Company's vehicle etc. as applicable.
- The employees are also entitled to gratuity, in addition to the above remuneration.
- Experience includes number of years in service both within the Company and elsewhere, whenever applicable.
- Mr. Markand Adhikari is relative of Mr. Gautam Adhikari, Chairman of the Company.

For & On Behalf of the Board of Directors

Place : Mumbai
Date : 28.02.2004

Gautam Adhikari
Chairman

Markand Adhikari
Vice Chairman & Managing Director