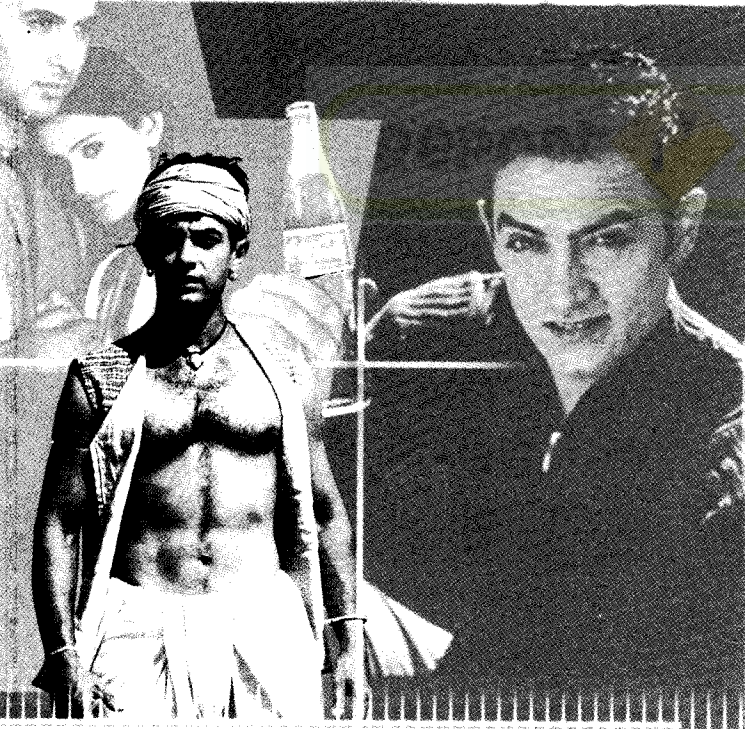
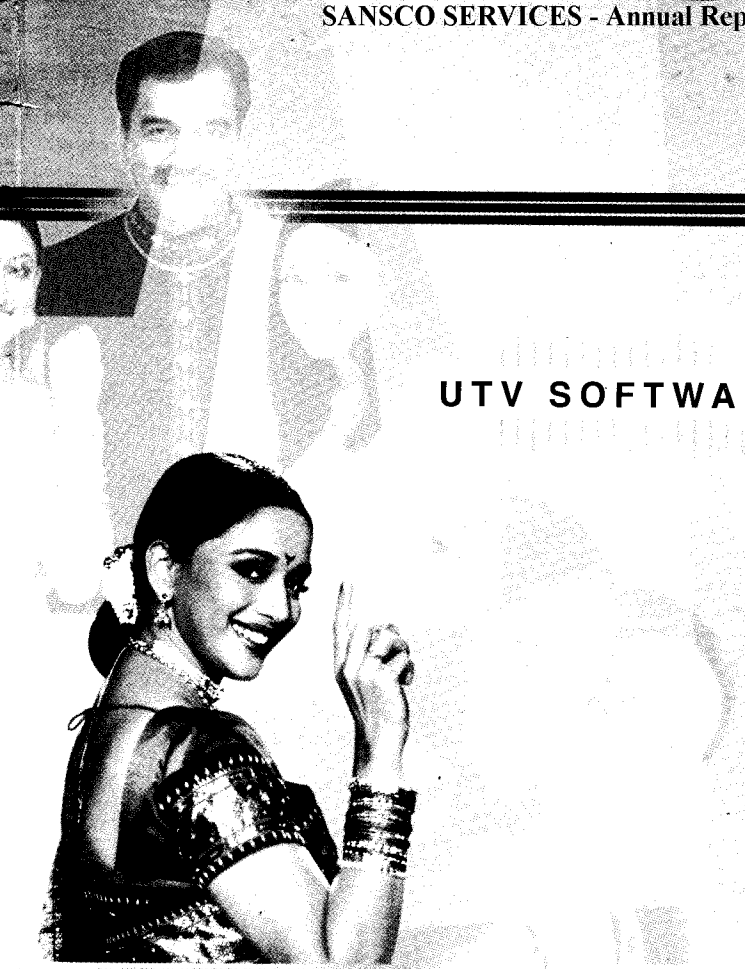


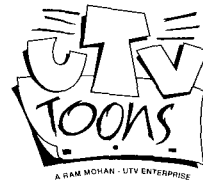


UTV SOFTWARE COMMUNICATIONS LIMITED



ANNUAL REPORT 2001 - 2002





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UTV MANAGEMENT TEAM



Anil Mishra
VP - Air Time Sales & Advs



Fazila Allana
GM - Events



Sanjay Bhattacharjee
COO - Motion Pictures



Ashwin Saksena
GM - Inflight & Dubbing



J.S. Foo
CEO - UTV Malaysia
& Singapore



Sanjay Dosi
COO - Finance
& Operation



Bharath Sundar
GM - USL Mumbai



Manish Popat
COO - TV



Zarina Mehta
Creative Director



Biren Ghose
COO - Animation



Ram Mohan
President - UTV Toons



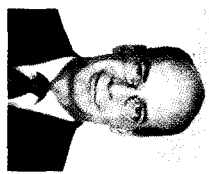
Deven Khote
Creative Director



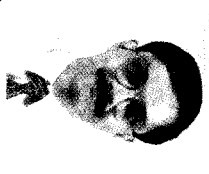
Ronnie Screwvala
CEO

20 CENTURY FOX * ABN AMRO * AIR INDIA * AIR MALDIVES * AIR MAURITIUS
 * AMBIENCE ANTHEM * ASIA1 TV, EUROPE * ASIANET, EUROPE * ASTRO RIA, MALAYSIA
 * ASTRO VAANAVIL, MALAYSIA * BAJAJ * BBC WORLD * BPL * BRITANNIA * CADBURY
 * CATHAY PACIFIC AIRWAYS * CBC TELEVISION, CANADA * CHAITRA LEO BURNETT
 * CINE GROUP, CANADA * CITIBANK * COCA COLA * COLGATE PALMOLIVE * CONTRACT
 ADVERTISING * DDI, INDIA * DD2, INDIA * DISCOVERY * EMIRATES * ENTERPRISE NEXUS
 * FCB ULKA * FINN AIR FUNBAG, CANADA * GULF AIR * HLL * HTA * ICICI * INDIAN
 AIRLINES * JOHNSON & JOHNSON * KELLOGGS * KENYA AIRWAYS * KODAK * KOREAN
 AIR * KUWAIT AIRWAYS LIBERTY * LOWE LINTAS & PARTNERS * MADISON * MAHINDRA
 & MAHINDRA * MALAYSIA AIRLINES * MBC, MAURITIUS * MCCANN ERICKSON * MTV, SRI
 LANKA * MUDRA * NAMASTE TV, EUROPE * NESTLE * NICKELODEON * NOVARTIS * NTV
 7, MALAYSIA * OGILVY & MATHER * OMAN AIR * PROCTER & GAMBLE, INDIA * RCTI,
 INDONESIA * REDIFFUSION DY&R * RELIANCE * RK SWAMY BBDO * ROYAL JORDANIAN
 AIRLINES * RTB, BRUNEI * RTM, MALAYSIA * RUPAVAHINI, SRI LANKA * SAATCHI &
 SAATCHI * SABAN/FOX, L.A. * SABENA SAUDI ARABIAN AIRLINES * SCANDINAVIAN
 AIRLINES * SINGAPORE CABLE VISION, SINGAPORE SMITHKLINE BEECHAM * SONY, ASIA
 * SOUTH AFRICA AIRWAYS * SPI INTERNATIONAL, NEW YORK * SRI LANKAN AIRWAYS
 * STAR PLUS, ASIA * STAR WORLD, ASIA * SWISSAIR * TCS 5, SINGAPORE * TELCO * TNT
 CARTOON NETWORK * GREY WORLDWIDE * TRITON ADVERTISING TV 12, SINGAPORE
 * TV ASIA, USA * TVS SUZUKI * UDV * UNICEF, ESARO * UNILEVER * VIRGIN ATLANTIC
 AIRWAYS * WALT DISNEY * WARNER BROS * ZEE TV, ASIA

UTV DIRECTORS



Alain Fontaine
CDPO



Rahul Shah
IVC Corporation Ltd.



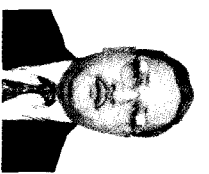
Darius C. Shroff
Crawford Bayley & Company



Ronnie Screwvala
UTV



Deven Khote
UTV



Sanjaya Kulkarni
IDEA



Ketan Dalal
RSM & Company



Suketu Shah
Mukand Ltd.



Manoj Thakur
CDPO



Zarina Mehta
UTV

Dear Shareholders,

The Directors have pleasure in presenting the 12th Annual Report of the Company, on the business and operations as well as the Audited Statements of Accounts for the year ended 31st March 2002.

► STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2002

Financial results in '000's

	31st March 2002	31st March 2001
REVENUES	911,612	1,097,800
PRODUCTION EXPENSES	(554,903)	(654,110)
Gross Profit	356,709	443,690
OPERATING EXPENSES	(208,559)	(200,150)
EBITD	148,150	243,540
INTEREST EXPENSE	(63,903)	(50,267)
DEPRECIATION	(73,656)	(55,204)
EXTRAORDINARY INCOME	15,681	-
OTHER INCOME	2,894	4,209
Profit before tax	29,166	142,278
Provision for Income Tax	(6,687)	(14,100)
Net Profit for the year	22,479	128,178

► RESULTS OF OPERATIONS

For the financial year ended 31st March, 2002 the revenues were at Rs. 911.61 million, down by approximately 17% over last year. The key reasons for this deviation were (a) a sharp drop in our post production business due to the slow down in the Advertising Industry coupled with issues of collection of debtors that compelled your Company to stop business with 3 key customers and a few others that otherwise contributed 35% of 31/3/01 year's revenues to Post-production business. (b) our Motion Picture Division had no release of its own Production as compared to almost 20% revenues coming from this division last year. The other divisions recorded healthy growth.

The overall profitability of the company was down for several reasons : (a) The drop in our Post Production revenues goes straight to the bottom line as it erodes the capacity utilization while the basic fixed costs remain intact (b) Our Motion Picture Division last year accounted for 24% of EBITDA. (C) Depreciation (though a non cash item) was higher by Rs. 18 million as part of our on-going conservative accounting policy. It would be fair

to point out that our Depreciation Policy is substantially more conservative than Industry Standards and amounted to Rs. 73 million. (d) Interest provision rose by over Rs. 13 million due to our using debt to continue with our expansion plans - in lieu of a delayed IPO. (e) The company made a provision for doubtful debts of Rs.20 million in line with present industry status where collections and timely payments is an issue. The company will however continue its efforts on recovery.

Furthermore your Company wrote down its investment in some of its subsidiaries as well as in inventory (as more clearly stated in point 8 below)

► BUSINESS FOCUS AND GROWTH AREAS

Our areas of focused growth continue to be:

- a. **TV Content** - *all genres and in multiple languages.*
- b. **Motion Pictures** - *Production.*
- c. **Animation** - *for the Global market place.*

However, we believe our strength lies in our multiple revenue stream model. In that context we have developed core strength and leadership positions in each of our segments of business that include (i) Advertisement Film Production (ii) Air Time Sales of Content (iii) Dubbing (iv) Post Production.

► INVESTMENT IN SUBSIDIARIES

Your Company has subsidiaries (a) UTV International Singapore Pte Ltd. - where we have written down the carrying value of the Investment (Read Point 8). However the Company is starting to restructure its operations and cost there, after the Asian crisis and the slow down in the overall South East Asian Economies - and we hope to build on our learnings of the past and restart our operations accordingly. (b) UTV International Holdings Ltd; BVI - represent our interest in our Malaysia subsidiary where the overall situation is similar to Singapore as stated above (c) Vijay Television Ltd. - This is our joint venture with Star TV in content and marketing in the South Indian language space. We believe that both shareholders (UTV & Star) are building long term value and this would represent a good investment for your company.

UTV International (Singapore) Pte. Ltd. and Sharkstream.com Pte Ltd are in the process of making an application to the concerned Statutory authorities in Singapore for the change of the Accounting year of the Companies from April 2001- March 2002 to April 2001 - September 2002. Due to this, the Company has not received the Annual results of the aforesaid Companies in respect of the year ended 31st March 2002.

In view of this the financial results of UTV International (Singapore) Pte. Ltd. and Sharkstream.com Pte. Ltd. are not annexed herewith.

► GEOGRAPHICAL LOCATIONS

Your company conducts its activities from the following multiple locations :

- a. Its Worli corporate, creative and marketing HQ.

- b. Its Andheri Shooting Studios and Animation hub.
- c. Its Post Production set up at Worli.
- d. Its office in Delhi for Post Production and Marketing.
- e. Its office in Chennai for catering to the South Indian market in TV content and Air Time Sales.
- f. Vijay TV office in Chennai.
- g. Its Studios and creative office in Kuala Lumpur.

► LIBRARY

Your company continues to build a library in TV programmes, Animation, TV Footage, Events and Motion Pictures.

Since we adopt a 100% write off policy on our programming, the inventory value reflected in the financials do not represent the intrinsic and real value of this intangible but valuable asset of the company.

Year on year the company continues to earn revenues from Library exploitation.

► DIVIDEND

The Board of Directors do not recommend any dividend for the year under review. This is to conserve the Company's resources for investing into growth project for the future.

► SCHEME OF ARRANGEMENT & AMALGAMATION OF UTV NET SOLUTIONS LIMITED WITH THE COMPANY

The High Court of Mumbai, vide its Order dated 8th March 2002 have sanctioned the Scheme of Arrangement & Amalgamation of UTV Net Solutions Limited with the Company with effect from 1st October 2001.

The Hon'ble High Court has allowed the Company to utilize the balance lying in the Share Premium Account of the Company as under :

• To write down the value of the following investments to the extent specified hereunder :	259.59 mn.
UTV International (Singapore) Pte. Ltd.	10.27 mn.
UTV International Holdings Ltd. BVI - Equity	12.81 mn.
UTV International Holdings Ltd. BVI - Preference	12.00 mn.
United Teleshopping and Marketing Co. Ltd.	62.50 mn.
• To write off Inventory amounting to	
• To write off balance in Miscellaneous Expenditure Account to the extent	7.89 mn.
not written off	

Further, of the balance share premium, after making the adjustments referred above, a sum not exceeding Rs. 300 million shall be earmarked and set aside for future contributions by UTV upto September 2002 as investments or otherwise, to UTVI - Singapore, UTV International Holdings and Antah - UTV Malaysia.

► THE BOARD OF DIRECTORS

The Company is extremely privileged to have a diverse group of professionals on the Board. With a ten member board, we have seven external members and three from Management.

During the year, there have been some changes on the Board. Mr Rajesh Khanna, representing Warburg Pincus resigned upon their ceasing to be Shareholders of the company. Mr. Ronald D'mello and Mr. Jayesh Merchant who represented management, resigned upon them leaving the organization. Mr. Ramesh Vangal resigns from the board due to his preoccupations in other activities. The Board and Shareholders express their deepest gratitude to all of them for their contributions during their tenure.

Mr. Alain Fontaine and Mr. Manoj Thakur representing CDPQ Media Holdings join the Board. Mr. Sanjaya Kulkarni representing IDEA (Century Direct Fund) also joins the Board. Mr. Rahul Shah was appointed in place of Mr. Hetal Gandhi representing IVC Corporation Ltd. We welcome all of them to the Board and look forward to their valuable contributions in the years ahead.

We are pleased also to have continuing on the Board Mr. Ketan Dalal (Partner RSM & Co), Mr. Darius C. Shroff (Partner of Crawford Bayley & Company), Mr. Suketu Shah (President Mukand Ltd.) and Mrs. Zarina Mehta and Mr. Deven Khote both active management members in UTV.

Mr. Suketu Shah and Mr. Deven Khote shall retire by rotation at the Annual General Meeting and being eligible, they offer themselves for reappointment.

The Directors recommend reappointment of these Directors as by their continuance, would benefit the Company immensely, given the rich and varied experience that these gentlemen possess.

► NEW STRATEGIC INVESTOR

After the accounting year, the Company has issued and allotted 4.6 Million Equity shares of Rs. 5/- each at a premium of Rs. 95/- per share to CDP Media Holdings India Limited (CDP), a wholly owned subsidiary of Capital Communications CDPQ Inc., which is incorporated in the Quebec province of Canada. This Equity Investment lead to a fresh injection of Rs. 46 Crores to the company and contributed Rs. 43.70 Crores to the Share Premium account.

This Investment by CDP is their first Investment in India. Your Directors feel that the Company would be immensely benefited by having a strategic investor in CDP.

► COMMITTEE CONSTITUTED BY THE BOARD

The following committees have been constituted by the Board and remain active to ensure highest level of Corporate Governance for the company. They are (1) AUDIT COMMITTEE represented by Mr. Ketan Dalal - Chairman, Mr. Suketu Shah, Mr. Manoj Thakur and Mr. Rahul Shah. The Chairman of the Audit Committee has given a separate report of the Audit Committee which is enclosed. (2) COMPENSATION COMMITTEE FOR ESOP represented by Mr. Ronnie Screwvala and Mr. Ketan Dalal (3) SHARE TRANSFER COMMITTEE represented