

RADAAN
MEDIWORKS (I) LIMITED

Annual Report
2002 -2003

BOARD OF DIRECTORS

| | |
|--------------------------------|-------------------|
| Ms. R. RADIKAA | Chairperson |
| Mr. M.R. MOHAN RATHA | Managing Director |
| Mr. RAJU RADHA | Director |
| Ms. GEETHA RATHA | Director |
| Mr. B. S. RADHAKRISHNAN | CEO & Director |
| Mr. D. RAVICHANDER BABU | Director |
| Mr. P. K. RAGHU KUMAR | Director |
| Mr. HARSH DALMIA | Director |

Registered Office

10, Paul Appasamy Street, T. Nagar, Chennai - 600 017

AUDITORS

Chandran & Raman

Chartered Accountants
"Paragon"
2, Dr. Radhakrishnan Salai,
2nd Street,
Mylapore, Chennai - 600 004.

LEGAL ADVISOR

Mr. P. H. Arvinth Pandian

Advocate
New No: 12, 1st Cross Street,
Ramakrishna Nagar, Mandaveli,
Chennai - 600 028.

BANKERS

ING Vysya Bank Limited

Mount Road Branch,
Anna Salai,
Chennai - 600 002

REGISTRARS & SHARE TRANSFER AGENTS

CAMEO CORPORATE SERVICES LIMITED

'Subramanian Building', V Floor, 1, Club House Road, Chennai - 600 002.
Tel: (044) 2846 0390 (5 Lines) Fax: (044) 2846 0129 Grams: 'CAMEO'

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Notice to the Shareholders

Notice is hereby given that the Fourth Annual General Meeting of the members of M/s. Radaan Mediaworks (I) Limited, will be held at Madras Race Club, Guindy, Chennai on Monday the 29th day of September 2003, at 12.15 pm to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March 2003 and the Profit & Loss Account for the year ended 31st March 2003 together with the reports of Directors and Auditors thereon.
- 2) To appoint a Director in the place of Smt. Geetha Ratha, who retires by rotation and being eligible, offers herself for re-appointment.
- 3) To appoint a Director in the place of Sri. D. Ravichander Babu, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint M/s Chandran & Raman, Chartered Accountants, Chennai, as auditor who is eligible for re-appointment, and to fix their remuneration.

SPECIAL BUSINESS:

ORDINARY RESOLUTION

5. APPOINTMENT OF MS. R. RADIKAA AS DIRECTOR OF THE COMPANY

To pass the following resolution with or without modification as an ordinary resolution

"RESOLVED THAT Ms. R. Radikaa be and is hereby appointed as the director of the Company"

6. APPOINTMENT OF MR. RAJU RADHA AS DIRECTOR OF THE COMPANY.

To pass the following resolution with or without modification as an ordinary resolution

"RESOLVED THAT Mr. Raju Radha be and is hereby appointed as the Director of the Company"

7. APPOINTMENT OF MR. P.K. RAGHU KUMAR AS DIRECTOR OF THE COMPANY.

To pass the following resolution with or without modification as an ordinary resolution

"RESOLVED THAT Mr. P.K. Raghu Kumar be and is hereby appointed as the Director of the Company"

8. APPOINTMENT OF MR. HARSH DALMIA AS DIRECTOR OF THE COMPANY.

To pass the following resolution with or without modification as an ordinary resolution

"RESOLVED THAT Mr. Harsh Dalmia be and is hereby appointed as the Director of the Company"

9. AMENDING THE ARTICLES OF ASSOCIATION

1. To pass the following resolution with or without modification as special resolution

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 and as per the listing agreement with Stock Exchanges consent of the members of the company be and is hereby accorded to amend the clause 13, 14, 30, and 135 of the Articles of Association of the company and to insert the following clause.

CLAUSE 13

"Share/Debenture Certificates shall be issued in marketable lots and where share/debenture certificates are issued for either more or less than marketable lots, sub-division/consolidation into marketable lots shall be done free of charge"

"No fee shall be charged for issue of new share/debenture certificates in replacement of those which are old, decrepit, worn out or where the cages on the reverse for recording transfers have been fully utilized."

CLAUSE 14

"No fee shall be charged for transfer of shares/debentures or for effecting transmission or for registering any letters of probate, letters of administration and similar other documents.

CLAUSE 30

"The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause."

CLAUSE 135

UNCLAIMED DIVIDEND

No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provisions of section 205(A) of the Companies Act in respect of such dividends."

10. To pass the following resolution with or without modification as special resolution.

RESOLVED THAT consent of the members of the company be and is hereby accorded to amend existing article 85 and to include the following article:

"As per the provisions of the Companies Act 1956 the Board of Directors is empowered to pay for the Directors remuneration for their services and expenses and each director shall be received out of the funds of the company for his services in attending meetings of the Boards or a committee of the Board a fee per meeting of the Board or a committee of the Board attended by him as may be decided by the Board of Directors from time to time. All other remuneration, if any payable by the Company by each Director, whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these articles and of the Act. The Directors shall, be entitled to be paid their respective traveling and hotel and other expenses incurred in consequence of their attending Board and Committee meeting or otherwise incurred in the execution of their duties as Directors."

11. REGISTER OF MEMBERS AT THE REGISTRARS OFFICE

To pass with or without modification the following resolution as special resolution,

RESOLVED THAT pursuant to Section 163 and other applicable provisions if any of the Companies Act, 1956 consent of the members be and is hereby accorded to keep the Register of Members at the Registrar and Share Transfer Agents Office M/s. Cameo Corporate Services Ltd, Subramanian Building, No. 1, Mount Road, Chennai. 600 002

DATE: 29.8.2003
PLACE: CHENNAI

By Order of the Board
RADAAN MEDIAWORKS (I) LIMITED

Sd/-

MANAGING DIRECTOR

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and on a poll, to vote instead of himself/herself and a Proxy need not be a member of the Company. The instrument appointing the Proxy to be valid shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the Meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 01st September 2003 to 8th September 2003 (both days inclusive).
3. For shares held in Physical form, any change in address may be intimated immediately to the Company/Share Transfer Agent by quoting the Folio Number(s). For shares held in demat form, change in address may be intimated directly to the members DR.
4. Members/Proxies are requested to bring the Attendance slip sent with the Annual Report duly filled in for attending the Meeting. Members who hold shares in the dematerialized form are requested to indicate their DP ID and Client ID Numbers in the Attendance slip.
5. The Company's Equity shares are listed at Madras and National Stock Exchanges.
6. Investors may simultaneously at the time of lodging their shares for transfer. For Further details investors may write to the Company/Share Transfer Agent.
7. Members holding shares in physical form can avail of the nomination facility. For Further details, Members may write to the Company/Share Transfer Agent.
8. All documents referred to it in the accompanying Notice are available for inspection by the Members at the Registered Office of the Company on all working days, between 11.00 a.m. and 1.00 p.m. prior to the date of the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT 1956

Item No 5: Ms. R. Radikaa resigned as Director of the company on 12.08.2002 due to personal reasons. However the Board of Directors recognized her importance and rich experience in the relevant field of acting, producing and guiding the company for the better growth. Thereafter Ms. R. Radikaa was appointed as Additional Director of the Company. As per the provisions of the Companies Act 1956 she holds office of directorship upto the conclusion of this annual general meeting. The company has received an application to propose her as Director. As per the companies Act 1956, ordinary resolution has to be passed to appoint her. Hence the resolution is proposed.

Ms.R. Radikaa, Ms. Geetha Ratha, Mr. Raju Radha and Mr. M.R. Mohan Ratha are all interested in the above said resolution.

Item No 6: Sri. Raju Radha resigned as Director of the company on 06.06.2002 due to his business engagement. Considering his business knowledge, his experience as businessman the Board of Directors recognized his importance. Thereafter Mr. Raju Radha was appointed as Additional Director of the Company. As per the provisions of the Companies Act 1956 he holds office of directorship upto the conclusion of this annual general meeting. The company has received an application to propose him as Director. As per the companies Act 1956, ordinary resolution has to be passed to appoint as Director Hence the resolution is proposed.

Ms.R. Radikaa, Ms. Geetha Ratha, Mr. Raju Radha and Mr. M.R. Mohan Ratha are all interested in the above said resolution.

Item No 7: The Company in order to comply with the listing agreement and broad base the Board, appointed Shri PK. Raghu Kumar as Additional Director on 24.2.2003. As per the provisions of the Companies Act 1956 he holds office of directorship upto the conclusion of this annual general meeting. Your company has received an application to propose him as Director. As per the companies Act 1956, ordinary resolution has to be passed to appoint as Director. Hence the resolution is proposed.

Mr. P.K. Raghu Kumar is interested in the above said resolution

Item No 8: The Company in order to comply with the listing agreement and broad base the Board, appointed Shri Harsh Dalmia as Additional Director on 24.2.2003. As per the provisions of the Companies Act 1956 he holds office of directorship upto the conclusion of this annual general meeting. Your company has received an application to propose him as Director. As per the companies Act 1956, ordinary resolution has to be passed to appoint as Director. Hence the resolution is proposed.

Mr. Harsh Dalmia is interested in the above said resolution

Item No 9: One of the conditions for the listing of shares with Stock Exchanges is the approval of the Memorandum and Articles of Association of the company. Accordingly Madras Stock Exchange has advised the company to amend the articles of association of the company to protect the interest of the members of the company. In order to comply with the direction of the Madras Stock Exchange Ltd, it is proposed to amend the necessary clauses in the Articles of Association of the company. As per Section 31 of the Companies Act 1956 Special Resolution has to be passed. Hence the resolution is proposed.

None of the Directors are interested in the above said resolution.

Item No. 10: The company has to pay for the services, sitting fee and expenses and the existing clause provides sitting fee of Rs. 250/- only. The Board of Directors wish to follow the rules and regulations of the Companies Act 1956 and the guidelines of the Department of Company Affairs. Accordingly the resolution is proposed to comply with the Act. Hence the resolution is proposed as Special Resolution as per Section 31 of the Companies Act 1956.

None of the Directors are interested in the above said resolution.

Item No. 11: The Register of Members has to be maintained at the Registered Office of the Company. As per the recent guidelines of the Stock Exchanges the company should have a common share transfer agent for both Physical and Demat. Further, the company appointed M/s. Cameo Corporate Services Ltd as Registrar and Share Transfer Agent. Further Pursuant to Section 163, members' approval is required to keep the Register of Members at the Registrars Office. Hence the special resolution is proposed.

None of the Directors are interested in the above said resolution.

DATE: 29.8.2003
PLACE: CHENNAI

RADAAN MEDIAWORKS (I) LIMITED
Sd/-
MANAGING DIRECTOR

Directors Report

Your directors have pleasure in presenting the Fourth Annual Report together with the Audited accounts of the Company for the year ended 31st March 2003.

FINANCIAL PERFORMANCE

The performance of the Company has improved well during the year and the highlights are given below:

| PARTICULARS | Rs. in Millions | |
|---|-----------------|-----------|
| | 2002-2003 | 2001-2002 |
| Turnover | 253.22 | 209.99 |
| Profit before Interest and Finance Charges and Depreciation | 37.63 | 25.29 |
| Interest and Finance Charges | 11.03 | 6.86 |
| Profit before Depreciation | 26.60 | 18.43 |
| Depreciation | 10.27 | 9.43 |
| Profit after Depreciation before Tax | 16.33 | 9.00 |
| Preliminary Expenses | 0.00 | 0.00 |
| Excess Depreciation Written off | 0.00 | 3.32 |
| Profit before Tax | 16.33 | 12.31 |
| Provision for Income Tax | | |
| Current Tax | 1.29 | 1.54 |
| Deferred Tax | 4.52 | 0.00 |
| Profit after Tax | 10.52 | 10.77 |

DIVIDEND

The Company wants to utilize the profits for working capital. Hence it is proposed not to declare any dividend for year ending 31.03.2003.

BUSINESS PLAN

Your company has planned to achieve a target of over Rs.35 Crores business during the financial year 2003 to 2004. The company has entered into contracts with some international companies in the areas of producing television programmes for the international market and sell some of the existing television programmes in the international market. In order to achieve this objective of new international programmes it is propose to raise additional funds by way of short-term debt. With the funds available from the public issue of equity shares the company proposes to increase its business volume.

DIRECTORS

Smt. Geetha Ratha and Sri. D. Ravichander Babu who retires by rotation and being eligible offer them selves for re-appointment. During the year Mr. Raju Radha and Ms. R. Radikaa resigned on 06.06.2002 and 12.08.2002 respectively due to personal reasons. However, to have their experience and support the Board appointed them as Additional Directors on 18.10.2002. Shri Harsh Dalmia and Shri P.K. Raghu Kumar were appointed as Additional Directors of the Company on 24.02.2003 in order to broad base the Board.

They all will hold office upto the conclusion of the Annual General Meeting. The Company has received an application to appoint them as Directors. Being eligible they are recommended for Directorship. The details of the directors are given elsewhere in this annual report.

COMPANY SECRETARY

During the year Sri S. Sri Kumar, Company Secretary resigned from the Company as the Company Secretary on 01.04.2003. The Company has taken necessary steps for the appointment of a new Company Secretary.

CORPORATE GOVERNANCE

Your Company has complied with the provisions of Clause 49 of the Listing Agreement relating to Corporate Governance. A detailed report on Corporate Governance and a Certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance as required under Clause 49 of the Listing Agreement is attached to this report.

DEPOSITS

The Company has not accepted any fixed Deposits from the public. In respect of the unsecured loan accepted in the earlier years, which is covered under the provisions of the Sec. 58 A of the Companies Act 1956, the Company has sent an application for exemption u/s 58 A to Department of Company Affairs, Shastri Bhawan, New Delhi. The application is pending before the Department of Company Affairs, New Delhi.

SECTION 297 OF THE COMPANIES ACT 1956

Your company has decided to engage the services of Ms. R. Radikaa as an Artiste/Creative Director. The Board of Directors of the company has approved her engagement as an artiste/creative director in the Board Meeting held on 21.2.2003. The duration of the contract under Section 297 of the Companies Act 1956 is for 3 years. The Company has applied to Central Government u/s 297 of the Companies Act 1956 and is awaiting for the approval in connection with the payments for services.

INCREASE IN AUTHORIZED CAPITAL

The Company has increased its authorised capital to Rs. 11.15 Crores in the EGM held on 23.12.2002.

BONUS ISSUE

As a policy of ploughing back, the Board capitalised part of the general reserve so that long-term funds can be made available to fund the working capital requirements. As per the consent of the members of the company conveyed by the special resolution passed at the E.G.M. held on 28.9.2002 the Company issued Bonus Shares to the members of the Company. The Company capitalized Rs. 61,98,980 out of the Capital Reserve.

PUBLIC ISSUE

During the financial year your company has raised long term funds to meet the expansion programmes through issue of equity shares to the public at a premium of Rs. 30/- each. Your Company has offered to the public 27,12,000 equity shares of Rs. 10/- each at a premium of Rs. 30/- each. The issue was subscribed to the extent of 27,00,600 shares and the Company allotted 27,00,200 shares to the public. The members of the Company accorded their consent in the Extra Ordinary General Meeting held on the 12th day of November 2002.

The net proceeds of the issue are to be used for supplementing its requirement of working capital and also to create infrastructure for the Company's growth. Further the issue proceeds are to be used to augment the long-term resources of the company and also to augment the capital base of the company. The Company has used the funds for working capital. Regarding purchase of machinery, on receipt of unpaid allotment money further decisions will be taken.

The Company is yet to receive the balance of Rs. 20/- towards fully paid shares, for 890338 numbers of shares. (as on 30.06.2003)

AUDITORS:

M/s Chandran & Raman., Chartered Accountants, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

PERSONNEL:

None of the employees are drawing salary of more than Rs. 2,00,000/- p.m. Hence the statement giving particulars as required under Section 217 (2A) of the Companies Act, 1956 and the rules framed there under, is not attached to this report.

DETAILS OF FOREIGN EXCHANGE EARNINGS AND OUTGO

FOREIGN EXCHANGE EARNINGS: US \$ 212,577 (Equivalent to Rs. 10,298,915/-)

FOREIGN EXCHANGE OUTGO: - US \$ 9,300/- (Equivalent to Rs. 4,65,339/-)

DIRECTORS RESPONSIBILITY STATEMENT:

In Compliance with the provisions of Section 217 (2AA) of the Companies Act, 1956 (the Act) your Directors hereby confirm that

In preparing the Annual Accounts for the year ended 31st March 2003 all the applicable standards have been followed. Accounting policies were adopted and applied 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 as at 31st March 2003.

Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/detecting fraud and irregularities have been taken.

The Annual accounts have been prepared on a 'going concern' basis.

ACKNOWLEDGEMENT:

Your directors thank and acknowledge continuous co-operation and assistance extended by the Government of Tamilnadu, Banks, UTV, Vision Time, Sun TV, Gemini TV, Overseas Associates and Channels, Actors, Actresses, Technicians, our Employees, various Viewers, and the Sponsors.

DATE: 29.8.2003
PLACE: CHENNAI

For RADAAN MEDIAWORKS (I) LIMITED
Sd/-
CHAIR PERSON

Report on Corporate Governance (Pursuant to Clause 49 of the Listing Agreement)

INTRODUCTION

The Company has been complying with the mandatory requirements of the Code of Corporate Governance (Code) introduced by the Securities and Exchange Board of India (SEBI) and incorporated in Clause 49 of the Listing Agreement in all material aspects. Further, the Company wishes to inform the Shareholders that the details given in this report pertain only from February 21, 2003 to March 31, 2003 as the Company was listed on the exchanges only on/after February 21, 2003.

a) Company's Philosophy on Corporate Governance

The Company is of the policy that Good Corporate Governance requires good business practices. The Company considers Corporate Governance in its widest sense. The Corporate Governance measures the delivery of Company's objects with a view to translate the ability, opportunity into reality and results. Corporate Governance is the process of building positive relationship and making a wider impact to intensify the company's interests and appreciation of its members with commitment and trust.

b) Composition of the Board

The Company has complied with the corporate governance norm in terms of constitution of the board, headed by its Chairperson, Ms. R. Radikaa. The Board comprising of 8 Directors has 3 whole time directors, representing the optimum mix of professionalism, knowledge and experience. Details are given in Table 1.

c) Number of Board Meetings.

Radaan Mediaworks (I) Limited held 6 Board Meetings during February and March 2003. These were on February 21, 2003, February 24, 2003, March 06, 2003, March 24, 2003, March 29, 2003 and March 31, 2003.

D) Directors' attendance record and directorship held

See Table 1 for details

Table 1: Details about Radaan Mediaworks (I) Limited Board of Directors

| Name | Designation | Board Meetings Held during Feb - Mar - 2003 | Board Meetings Attended during Feb - Mar - 2003 | Whether attended Last AGM | Other Directorships |
|-----------------------|-------------------|---|---|---------------------------|---|
| Ms.R.Radikaa | Chairperson | 6 | 6 | Yes | Nil |
| Mr.M.R. Mohan Ratha | Managing Director | 6 | 6 | Yes | Nil |
| Mr. Raju Radha | Director | 6 | 2 | Yes | Promoter Director in 1. Marine Express Lines Pvt. Limited, 2. HRC Indisri (UK) Limited, |
| Ms. Geetha Ratha | Director | 6 | 6 | Yes | Director in: 1. HRC Agencies Lanka Pvt. Limited. 2. Vauxhall Shipping Pvt. Limited., |
| Mr. B.S.Radhakrishnan | Director & CEO | 6 | 6 | Yes | Nil |

| | | | | | |
|-------------------------|------------------|---|---|-----|---|
| Mr. D. Ravichander Babu | Director Finance | 6 | 6 | Yes | Director in M/s. i Power Solutions India Limited. |
| Mr. Harsh Dalmia | Director | 6 | 1 | No | Director in Watermark Financial Consultants Ltd. Director in Database Software Technology Pvt. Ltd. Director in Venkatesh Securities Ltd. |
| Mr. P. K. Raghu Kumar | Director | 6 | 4 | No | Director Money Shoppe Network Limited Director Crescent Air Cargo Services Pvt. Ltd Director Subuthi Finance Ltd. |

Independent Director means a Director who, apart from receiving a Director's remuneration does not have any other material pecuniary relationship or transactions with the Company, its promoters, its management, or its subsidiaries, which in the judgment of the Board may affect the independence of judgment of the Director.

None of the Directors is a member of more than 10 Board-level committees, or a Chairman of more than five such committees, as required under Clause 49 of the listing agreement.

e) Information supplied to the Board.

Among others, this includes:

- review of annual operating plans of businesses.
- minutes of meeting of audit committee and other committees,
- materially important show cause, demand, prosecution and penalty notices,
- fatal or serious accidents or dangerous occurrences,
- any materially relevant default in financial obligations to and by the company.
- any issue which involves possible public claims of substantial nature,
- transactions that involve substantial payment towards goodwill, brand equity or intellectual property,
- sale of material nature, of investments, assets, which is not in the normal course of business,
- non-compliance of any regulatory or statutory provision or listing requirements as well as share holder services such as non-payment of dividend and delays in share transfer.

The Board of Radaan Mediaworks (I) Limited is routinely presented with information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings.

f) Committees of the Board

Audit Committee

A qualified and an Independent Audit Committee of the Board of the Company is functioning. It monitors and supervises the Managements financial reporting process with a view to ensure accurate and proper disclosure and

transparency and quality of financial reporting. The Committee reviews the financial and risk management policies and also the adequacy of internal control systems and meets the Internal Auditors and Statutory Auditors periodically. This is enhancing the credibility of the financial disclosures of the Company and also promotes transparency.

The Company continued to derive immense benefit from the deliberation of the Audit Committee comprising three Directors- Mr. Raju Radha, Chairman, Mr. P.K. Raghu Kumar and Mr. Harsh Dalmia who are eminent professionals knowledge in project finance, accounts and company law. Minutes of each audit committee meeting are placed before, and discussed in, the full Board.

The audit committee met 1 time during the period of February to March 2003

Table 4: Attendance record of audit committee members

| Name of Director | No. of Meetings | Meetings attended |
|---------------------|-----------------|-------------------|
| Raju Radha | 1 | 0 |
| D. Ravichander Babu | 1 | 1 |
| Harsh Dalmia | 1 | 1 |
| P.K. Raghu Kumar | 1 | 1 |

In addition to the areas noted above, Radaan's audit committee looks into controls and security of the Company's critical IT applications, the internal and control assurance audit reports of all major divisions and profit centres and deviations from the code of business principles, if any.

Shareholders/Investors Grievances Committee

The Shareholders/Investors Grievances Committee specifically looks into redressing of shareholders' and investors' complaints such as transfer of shares, non-receipt of shares, non-receipt of declared dividends and to ensure expeditious share transfer process. This committee comprising of Mr. P.K. Raghu Kumar, Chairman, Mr. B.S. Radhakrishnan and Mr. Raju Radha, members met 1 time during the year.

Table 5: Attendance record of investor grievances committee members

| Name of Director | No. of Meetings | Meetings attended |
|--------------------|-----------------|-------------------|
| P.K. Raghu Kumar | 1 | 1 |
| B.S. Radhakrishnan | 1 | 1 |
| Raju Radha | 1 | 0 |

MANAGEMENT

Disclosures by management to the Board

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board, and interested Directors neither participate in the discussion, nor do they vote on such matters.

SHAREHOLDERS

a) Disclosure regarding appointment or re-appointment of Directors

According to the Articles of Association of Radaan's, not less than 2/3rd of the total number of Directors of the Company shall be person whose period of office is liable to determination by retirement of Directors by rotation. All the Directors are eligible and are offering themselves for re-election as and when required.

b) Communication to shareholders

Radaan has its own web - site and all vital information relating to the Company and its performance including quarterly results, official press releases and presentation to analysts are posted on the web - site. The Company's web-site address is www.radaan.tv

c) Remuneration Committee

Radaan's remuneration policy is based on three tenets: pay for responsibility, pay for performance and potential, and pay for growth. The Company's remuneration committee is vested with all the necessary powers and authority to ensure appropriate disclosure on the remuneration of the Whole-Time Directors and to deal with all elements of remuneration package of all such directors. This includes details of fixed components and performance-linked incentives. Since the appointment of the whole-time directors are by virtue of their employment with the company as management employees, their service contracts, notice period and severance fee, if any, is governed by the management remuneration policy of the company.

As for the Non-Whole Time directors, their appointment is for the benefit of their professional expertise in their individual capacity as Independent Business executives. Accordingly, the service contract, notice period and severance fees, if any of the Company are not applicable to such Non-whole time directors.

The Committee consisting of three Directors - Mr. P. K. Raghu Kumar, Chairman, Mr. Harsh Dalmia and Ms. R. Radikaa will meet at appropriate time during year.

d) Investor grievances

As mentioned earlier in this chapter, the company has constituted a shareholder/investors' grievances Committee for redressing shareholders' and investors' complaints. The status on complaints is reported to the Board of Directors as an agenda item.

e) Share transfer

M/s Cameo Corporate Services Limited Registrar, who is registered with SEBI as a category - 2 Registrar, handles all share transfers.

f) General Body Meetings

Details of last three Annual General Meetings are given in Table 7.

| Financial Year ended | Date | Time | Venue |
|----------------------|------------|----------|--|
| 31.03.2000 | 25.09.2000 | 10.30 am | # 10 Paul Appasamy Street, T. Nagar, Chennai 600 017 |
| 31.03.2001 | 29.09.2001 | 10.00 am | # 10 Paul Appasamy Street, T. Nagar, Chennai 600 017 |
| 31.03.2002 | 30.09.2002 | 10.00 am | # 10 Paul Appasamy Street, T. Nagar, Chennai 600 017 |

Disclosures:

(i) Related Party Transactions

The Company related parties and transactions are listed below

a. Parties where control exists

Ms. R. Radikaa Chairperson Holder of more than 50% Shares

b. Other related parties/key management personnel with whom transaction have taken place during the year.

| Name of the Person | Nature of Relationship |
|-------------------------|------------------------|
| a. Mr. M.R. Mohan Ratha | Managing Director |
| b. Ms. Geetha Ratha | Director |
| c. Mr. M.R. Raju Radha | Director |

d. Mr. B. S. Radhakrishnan Whole time Director
e. Mr. D. Ravichander Babu Director-Finance

| Sl. No. | Nature of Transactions | Amounts |
|---------|------------------------|-------------|
| 1. | *Artiste payment | 14,19,500/- |
| 2. | Rent | 18,00,000/- |
| 3 | Directors Remuneration | 30,40,000/- |

(ii) Compliance by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related top capital markets as and when applicable. The Stock Exchanges or SEBI or any other Statutory Authority has imposed no penalties or strictures on the Company.

*The company has submitted the application under Section 297 of the Companies Act, 1956 to Department of Company Affairs for approval for payments to Ms. R. Radikaa, Chairperson.

GENERAL SHAREHOLDERS INFORMATION

AGM

| | |
|------------------------------------|--|
| Date | 29 th September 2003 |
| Time | 12.15 PM |
| Venue | MADRAS RACE CLUB GUINDY CHENNAI |
| Date of Book Closure | 01.09.2003 to 08.09.2003 |
| Listing on Stock Exchanges | The Madras Stock Exchange Ltd. National Stock Exchange of India Ltd. |
| ISIN Number for NSDL & CDSL | INE874F01019 |
| Registrar and Share Transfer Agent | M/s Cameo Corporate Services Limited, Subramanian Building No. 1, Club House Road, Chennai 600 002, Ph: 044-28460390 Fax: 044- 28460129 E-mail: cameosys@satyam.net.in |

Financial Calendar:

Adoption of the Quarterly Results for the quarter ending

| | |
|----------------------------------|--|
| 30 th June, 2003 | 3 rd /4 th week of July, 2003 |
| 30 th September, 2003 | 3 rd /4 th week of October, 2003 |
| 31 st December, 2003 | 3 rd /4 th week of January, 2004 |
| 31 st March, 2004 | 3 rd /4 th week of May, 2004 |

SHARE TRANSFER SYSTEM

The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Shares in physical mode which are lodged for transfer either with the Company or with the Share Transfer agent are processed and subject to exercise of option under compulsory transfer cum-demat procedure, share certificates are either dematted or returned within the time prescribed by the authorities.

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2003

| Share holdings | Share holder | | Share Amount | |
|------------------|--------------|------------|---------------------|------------|
| | Number | % to total | In Rs. | % to total |
| Upto 5000 | 705 | 83.43 | 14,32,320 | 1.32 |
| 5001-10000 | 83 | 9.82 | 7,54,090 | 0.70 |
| 10001-20000 | 11 | 1.30 | 1,61,110 | 0.15 |
| 20001-30000 | 10 | 1.18 | 2,48,050 | 0.23 |
| 30001-40000 | 1 | 0.12 | 40,000 | 0.04 |
| 40001-50000 | 3 | 0.36 | 1,50,000 | 0.14 |
| 50001-100000 | 4 | 0.47 | 3,99,390 | 0.37 |
| 100001 and above | 28 | 3.32 | 10,51,55,120 | 97.05 |
| TOTAL | 845 | 100 | 10,83,40,080 | 100 |

SHAREHOLDING PATTERN AS ON 31.03.2003

| | Category | No. of Shares held | % of Shareholding |
|----------|--|--------------------|-------------------|
| A | PROMOTER'S HOLDING | | |
| 1 | Promoters | | |
| | - Indian Promoters | 7906808 | 72.98 |
| | - Foreign Promoters | NIL | NIL |
| 2 | Persons Acting in Concert | 227000 | 2.10 |
| | Sub-Total | 8133808 | 75.08 |
| B | NON-PROMOTERS HOLDING | | |
| 3 | Institutional Investors | | |
| A | Mutual Funds and UTI | NIL | NIL |
| B | Banks, Financial Institutions, Insurance Companies (Central/State/Govt. Institutions/ Non-Government Institutions) | NIL | NIL |
| C | FIs | NIL | NIL |
| | Sub-Total | NIL | NIL |
| 4 | Others | | |
| A | Private Corporate Bodies | 1200000 | 11.07 |
| B | Indian Public | 1440200 | 13.29 |
| C | NRIs/OCBs | 30000 | 0.28 |
| D | Any other (Please Specify) | | |
| | TRUST | 30000 | 0.28 |
| | Sub-Total | 2700200 | 24.92 |
| | GRAND TOTAL | 10834008 | 100 |

NON MANDATORY REQUIREMENTS

- Chairperson of the Board: Whether the Chairperson of the Board is entitled to maintain a Chairperson's Office at the Company's expense and also allowed reimbursement of expenses incurred in the performance of her duties: No
- Shareholders Right: The half-yearly declaration of financial performance including a summary of the significant events in last six months should be sent to the household of each shareholder:
The Company's audited and un-audited results are widely published in English and Tamil Newspapers. Members are requested to view the web site for information at www.radaan.tv
- Postal Ballot:
The company has not yet made use of postal ballot.

Auditors' Certificate on Corporate Governance

We have examined the compliance of conditions of Corporate Governance by Radaan Mediaworks (I) Limited, for the year ended 31st March, 2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. 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, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders / Investor's Grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Chennai
Date: 29-08-2003

For **CHANDRAN & RAMAN**
CHARTERED ACCOUNTANTS
Sd/-
(S.G. KALYANARAMAN)
Partner

Auditors' Report to the Members of Radaan Mediaworks (I) Limited

1. We have examined the attached Balance Sheet of M/S Radaan Mediaworks (I) Limited as at 31st March, 2003 and the Profit and Loss Account for the year ended on that date annexed thereto, both of which we have signed under reference to this report. These financial Statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 statement. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditors Report) Order 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement of the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 1 above. We report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the Audit.
 - b) 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 those books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in Section 211 (3c) of the Companies Act, 1956.
 - e) On the Basis of the information and explanations given to us, none of the directors of the company is, prima-facie, as at 31st March 2003 disqualified from being appointed as a Director of the Company under Section 274 (1) (g) of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with the Notes thereon and subject to the approval by the Central Government for the payments to Ms. R.Radhaa for services rendered by her as explained in Note No. 7 (A) gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March 2003; and
 - (ii) In the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.
 - (iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Place: Chennai
Date: 29.06.03

For **CHANDRAN & RAMAN**
CHARTERED ACCOUNTANTS
Sd/-
(S.G. KALYANARAMAN)
Partner

Annexure to the Auditors' Report of even date

RE: RADAAN MEDIAWORKS INDIA LIMITED

Referred to in Paragraph 1 of our Report of even date.

- A. 1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The Company has a Programme of annual verification of all the Fixed Assets which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such annual verification of fixed assets.
2. None of the Fixed Assets have been revalued during the year.
3. The Stock of cassettes forming part of work-in-progress have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The Procedures of Physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies noticed on verification between the physical stock and the book records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding years.
7. The Company has not taken any loans from parties listed in the register maintained under section 301 of the Companies Act, 1956.
8. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or to the companies under the same management.
9. The Company has granted interest free loans to technicians and staff, who are repaying the principal as stipulated.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of stores including components, plant and machinery, equipment and other assets.
11. In our opinion and according to the information and explanations given to us no transactions of purchase of goods and materials and sale of goods, materials and services have been made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The company has not accepted any deposits from the Public attracting the Provisions of the section 58 A of the Companies Act, 1956 and the companies (Acceptance of Deposits) Rules, 1975.
14. In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.
15. In our opinion and according to the information and explanations given to us, accumulation and disposal of scraps does not arise and the Company does not have any by-product.
16. The Company has been regular in remitting Provident fund dues and Employees State Insurance dues during the year with the appropriate authorities.
17. The Central Government has not prescribed the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956.
18. According to the information and explanations given to us, there is no undisputed amount payable in respect of income-tax, wealth-tax, sales tax, customs duty and excise duty which were outstanding as at 31st March 2003 for a period of more than six months from the date they become payable.

19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company which the meaning of clause (o) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provisions Act), 1985.
21. Clause (xv) of the order is not applicable to the company.

Place: Chennai
Date: 29.06.03

For **CHANDRAN & RAMAN**
CHARTERED ACCOUNTANTS
Sd/-
(S.G. KALYANARAMAN)
Partner

Balance Sheet as at 31.03.2003

| PARTICULARS | SCH. | AS AT 31.03.2003 | AS AT 31.03.2002 (Amount in Rs.) |
|--|------|---------------------|--|
| SOURCES OF FUNDS: | | | |
| I. SHAREHOLDERS FUNDS: | | | |
| Share Capital | A | 98,550,630 | 75,139,100 |
| Reserves & Surplus | B | 65,058,030 | 13,590,856 |
| II. LOAN FUNDS: | | | |
| Secured Loans | C | 42,058,606 | 27,658,953 |
| Unsecured Loans | D | 1,930,700 | 8,747,955 |
| III. Deferred Tax Liability | | 9,009,354 | - |
| | | 216,607,320 | 125,136,864 |
| II. APPLICATION OF FUNDS: | | | |
| Fixed Assets | | | |
| Gross Block | E | 97,574,643 | 94,390,246 |
| Less: Depreciation | | 27,645,755 | 17,580,827 |
| Net Block | | 69,928,888 | 76,809,419 |
| Investments | F | 6,000 | 6,000 |
| Current Assets, Loans & Advances | | | |
| Cash Balance On Hand | | 2,402,618 | 639,031 |
| Balances with Current Account with Schedule Banks | | 2,202,779 | 6,141,988 |
| Sundry Debtors | | 61,092,599 | 34,678,406 |
| Work In Progress | | 14,206,738 | 11,178,204 |
| Teleserials Rights & Picture Productions | | 35,838,681 | 9,682,084 |
| Loans & Advances | | 49,668,829 | 26,066,247 |
| Prepaid Taxes (Net of Provisions.) | | 4,085,209 | 2,009,944 |
| | | 169,497,453 | 90,395,904 |
| Less: Current Liabilities & Provisions | | | |
| Current Liabilities | H | 28,430,035 | 42,092,715 |
| Provisions | | - | - |
| | | 28,430,035 | 42,092,715 |
| Net Current Assets | | 141,067,418 | 48,303,189 |
| Miscellaneous Expenditure & Losses to the extent not written-off or adjusted | I | 5,605,014 | 18,256 |
| | | 216,607,320 | 125,136,864 |

Date: 29.06.2003
Place: CHENNAI

Sd/-
Chairperson

Sd/-
Managing Director

Sd/-
Directors

As per our Report attached
for Chandran & Raman
Chartered Accountants
Sd/-
(S.G.Kalyanaraman)
PARTNER

Profit & Loss Account for the year Ended 31.03.2003

| PARTICULARS | SCH. | YEAR ENDED 31.03.2003 | YEAR ENDED 31.03.2002 (Amount in Rs.) |
|---|------|-------------------------------|---|
| INCOME: | | | |
| Revenue from Teleserials / Telefilms | J | 253,222,019 | 209,880,572 |
| Other Income | K | 72,654 | 113,655 |
| Increase/Decrease in Work in Progress | L | 3,028,534 | (4,430,754) |
| | | 256,323,207 | 205,563,473 |
| EXPENDITURE: | | | |
| Expenses on Teleserials -Own Production | M | 198,707,440 | 165,919,442 |
| Employees Cost | N | 3,109,878 | 2,680,465 |
| Administrative Expenses | O | 11,296,875 | 10,785,813 |
| Selling & Marketing Expenses | P | 2,103,595 | 961,353 |
| | | 215,217,788 | 179,647,073 |
| Profit Before Interest, Finance Charges, Bad Debts and Depreciation | | 41,105,419 | 25,916,400 |
| Provision for Bad & Doubtful debts | | 3,256,000 | 625,810 |
| Prior Period Expenses | | 223,572 | - |
| Interest & Finance Charges | Q | 11,025,561 | 6,860,792 |
| Profit Before Depreciation | | 26,600,286 | 18,429,798 |
| Depreciation | E | 10,269,820 | 9,429,394 |
| Profit after Depreciation before Tax | | 16,330,466 | 9,000,404 |
| Preliminary Expenses Written off | I | 2,608 | 2,609 |
| Excess Depreciation Written off | | - | 3,316,813 |
| Profit before Tax | | 16,327,858 | 12,314,608 |
| Provision For Tax | | - | - |
| | | -Current Tax -Deferred Tax | 1,290,000 4,517,791 |
| Profit After Tax | | 10,520,067 | 10,772,208 |
| Balance brought forward from last year | | 13,590,856 | 2,818,648 |
| Amount utilised for issue of Fully Paid Bonus Shares | | 6,198,980 | - |
| Balance transferred to Balance Sheet | | 17,911,943 | 13,590,856 |
| Earnings per share of Rs. 10/- each (Basic / Diluted) | | 1.25 | 1.32 |
| Significant Accounting Policies & Notes on Accounts | R | | |

Place: Chennai
Date: 29.06.03

Sd/-
Chairperson

Sd/-
Managing Director

Sd/-
Directors

As per our Report attached
for Chandran & Raman
Chartered Accountants
Sd/-
(S.G.Kalyanaraman)
PARTNER

Schedules to Balance Sheet

| PARTICULARS | FIGURES AS ON | FIGURES AS ON |
|---|-------------------|-------------------|
| | 31.03.2003 | 31.03.2002 |
| A. SHARE CAPITAL: | | |
| Authorised Capital: | | |
| 11,150,000 Equity Shares of Rs.10/- each | 111,500,000 | 100,000,000 |
| Issued Capital | | |
| 10,845,808 Equity Shares of Rs.10/- each | 108,458,080 | 75,139,100 |
| Subscribed & Paid-up Capital | | |
| 10,834,008 Equity Shares of Rs. 10/- each | 108,340,080 | |
| Less: Allotment Money remaining unpaid | 9,789,450 | |
| | 98,550,630 | 75,139,100 |
| Of the Above: | | |
| 1. 5,873,890 Shares allotted for consideration other than cash as fully Paid-up | | |
| 2. 619,898 equity shares allotted as fully Paid-up Bonus Shares by way of Capitalisation of Profits. | | |
| 3. 1,957,890 equity shares allotted as Partly Paid-up | | |
| | 98,550,630 | 75,139,100 |
| B. RESERVES & SURPLUS: | | |
| Share Premium - on Equity Shares | 51,637,650 | - |
| Profit & Loss Account | 17,911,943 | 13,590,856 |
| Less: Deferred Tax Liability as on 01.04.2002 | (4,491,563) | |
| | 65,058,030 | 13,590,856 |
| C. SECURED LOANS: | | |
| Vysya Bank Ltd: | | |
| Cash Credit Account | 19,928,489 | |
| Bill Discounted Account | 12,488,910 | |
| Term Loan Account | 814,034 | |
| | 33,231,433 | - |
| (All the above loans are secured by way of first charge on the movable properties of the company including Book Debts and Stock in trade and additionally secured by mortgage of immovable properties of directors & Pledge of Shares held by the directors in the company and also guaranteed by the managing director & two Other directors of the Company) | | |
| Others | 4,740,788 | - |
| (Secured by the Hypothecation of Receivables) | | |
| Canara Bank | | |
| Bills Discounted Account | | 23,658,250 |
| (Secured against Hypothecation of Book Debts) | | |
| Hire Purchase Loans | 4,086,385 | 4,000,703 |
| (Secured by the Hypothecation of movable assets Covered under the respective Hypothecation Agreements) | | |
| | 42,058,606 | 27,658,953 |

Fixed Assets Schedule under the Companies Act, 1956

| Sl. No. | Particulars | Rate | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|---------|--------------------------|--------|-------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | As on 01.04.2002 | Additions | Deletions | As on 31.03.2003 | As on 01.04.2002 | For the year | Deletions | As on 31.03.2003 | As on 01.04.2002 |
| 1. | Goodwill | 20% | 7,500,000 | - | - | 7,500,000 | 3,000,000 | - | 4,500,000 | 3,000,000 | 4,500,000 |
| 2. | Brand Equity | 10% | 7,500,000 | - | - | 7,500,000 | 1,500,000 | - | 6,000,000 | 5,950,000 | 6,000,000 |
| 3. | Software Library | 10% | 43,790,000 | - | - | 43,790,000 | 8,744,000 | - | 35,046,000 | 30,604,000 | 34,976,000 |
| 4. | Leasehold Rights | - | 3,323,975 | - | - | 3,323,975 | 953,586 | 179,674 | 2,343,885 | 2,897,715 | 3,070,389 |
| 5. | Furniture | 6.33% | 619,880 | 80,988 | - | 700,868 | 221,383 | 89,955 | 420,913 | 389,630 | 397,897 |
| 6. | Vehicles | 9.50% | 4,316,969 | 3,854,925 | 2,039,550 | 6,130,944 | 330,564 | 465,832 | 5,995,672 | 5,539,440 | 3,985,705 |
| 7. | Office Equipments | 4.75% | 1,165,066 | 210,566 | - | 1,375,632 | 199,878 | 109,313 | 1,266,319 | 1,066,441 | 965,188 |
| 8. | Studio Equipments | 4.75% | 17,910,865 | 418,600 | - | 18,329,465 | 1,460,985 | 869,184 | 17,459,280 | 15,999,996 | 16,450,580 |
| 9. | Generator | 4.75% | 9,415 | - | - | 9,415 | 896 | 447 | 8,968 | 8,072 | 8,519 |
| 10. | Stabilizer & UPS | 4.75% | 712,916 | 30,000 | - | 742,916 | 89,443 | 34,723 | 703,493 | 625,750 | 630,473 |
| 11. | Computer | 25.00% | 7,612,460 | 67,600 | - | 7,680,060 | 1,787,792 | 1,906,392 | 5,892,268 | 3,985,876 | 5,824,668 |
| 12. | Capital Work-In-Progress | - | - | 561,968 | - | 561,968 | - | - | 561,968 | - | - |
| | GRAND TOTAL | | 94,390,946 | 5,923,947 | 2,039,550 | 97,574,643 | 17,580,827 | 10,269,820 | 27,645,755 | 69,928,888 | 76,809,419 |

Schedules to Balance Sheet

| PARTICULARS | FIGURES AS ON | FIGURES AS ON |
|--|--------------------|-------------------|
| | 31.03.2003 | 31.03.2002 |
| | | (Amount in Rs.) |
| D. UNSECURED LOANS: | | |
| From Directors | - | 876,958 |
| From Others | 1,930,700 | 7,870,997 |
| | 1,930,700 | 8,747,955 |
| F. INVESTMENTS: | | |
| Non Trade Quoted 600 Equity Shares of Rs.10/- in Andhra Bank Limited at cost | 6,000 | 6,000 |
| G. CURRENT ASSETS, LOANS & ADVANCES. | | |
| Cash On Hand | 2,402,618 | 639,031 |
| Balances in Current Account with Schedule Banks | 2,202,779 | 6,141,988 |
| Sundry Debtors | 61,092,599 | 34,678,406 |
| Work in Progress | 14,206,738 | 11,178,204 |
| Teleserials Rights & Film Production | 35,838,681 | 9,682,084 |
| Loans & Advances | 49,668,829 | 26,066,247 |
| Prepaid Taxes (Net of Provisions) | 4,085,209 | 2,009,944 |
| | 169,497,452 | 90,395,904 |
| H. CURRENT LIABILITIES: | | |
| A. Current Liabilities | | |
| Sundry Creditors for Trade & Expenses | 23,208,636 | 30,167,070 |
| Sundry Creditors - Others | 4,867,656 | 11,774,205 |
| Due to Directors | 353,742 | 151,440 |
| B. Provisions | Nil | Nil |
| | 28,430,035 | 42,092,715 |
| I. MISC. EXPENDITURE & LOSSES | | |
| (Preliminary Exp. to the extent not w/off) | 18,256 | |
| Less: Written off | 2,608 | 15,648 |
| Share Issue Expenses | | 5,589,366 |
| | 5,605,014 | 18,256 |

Schedules to Balance Sheet as at 31.03.2003

| G. CURRENT ASSETS, LOANS & ADVANCES. | FIGURES AS ON | FIGURES AS ON |
|---|-------------------|-------------------|
| | 31.03.2003 | 31.03.2002 |
| | | (Amount in Rs.) |
| a. Cash Balance on hand: | | |
| Cash on Hand (at administrative office and Imprest Balance with Executives) | 2,222,358 | 639,031 |
| Cheques on Hand | 180,260 | - |
| | 2,402,618 | 639,031 |
| b. Balances in Current Account with Schedule Banks | | |
| ABN Amro Bank | 1,314,373 | - |
| ABN Amro Bank - Hyderabad | 9,109 | - |
| Andhra Bank - T. Nagar | 4,298 | - |
| Bank of Ceylon - Radaen Marine | 4,925 | 4,925 |
| Federal Bank | - | 17,684 |
| Canara Bank | 29,547 | 30,000 |
| Centurion Bank | - | 37,012 |
| Margin Money with Canara Bank | - | 5,994,250 |
| Margin Money with Federal Bank | - | 6,900 |
| Nedungodi Bank Ltd | - | 4,925 |
| Global Trust Bank | - | 25,850 |
| Indian Bank | - | 1,231 |
| Indian Overseas Bank | - | 5,000 |
| Karur Vysya Bank | - | 9,211 |
| Vysya Bank Ltd. - CA | 20,392 | 5,000 |
| Vysya Bank Ltd. - Chithi A/c | 817,135 | - |
| Vysya Bank Ltd. - Public Issue (Appin Money A/c) | 3,000 | - |
| | 2,202,779 | 6,141,988 |
| c. Sundry Debtors | | |
| (Unsecured and considered good) | | |
| Debts outstanding for a period of exceeding six months | 16,591,644 | |
| Less-Provision for Bad & Doubtful Debts | 3,256,000 | |
| Other Debts | | |
| | 13,335,644 | 6,757,728 |
| | 47,756,955 | 27,920,678 |
| | 61,092,599 | 34,678,406 |
| d. Work In Progress | | |
| (Represents Episodes of TeleSerial & Telefilms completed and pending Telecast - valued at cost) | 14,173,066 | 11,095,464 |
| Stock of Empty Cassettes - Valued at Cost | 33,672 | 82,740 |
| | 14,206,738 | 11,178,204 |

e. Teleserial Rights & Picture Productions**a. Teleserial Rights****Balance as on 01.04.2002**

Add: Additions during the year

Less: Amortisation of Teleserial Rights

Sub-Total (a)**b. Feature Film Production Account**

Advance - BlueSky Entertainment - Telugu Film - DHUM

Sub-Total (b)**TOTAL (a + b)****f. Loans & Advances**

(Advances recoverable in Cash or Kind for value to be received)

(Unsecured & Considered Good)

i. Advances to Artists, Technicians & Staffs

ii. Advances & Deposits

iii. Others Advances & Deposits

iv. Global Film & Broadcasting Ltd.,

v. Pacific Corporate Service Limited

g. Prepaid Taxes (net of provisions)

Income Tax Refund Due - 2000-01

Income Tax Refund Due - 2002-03

Tax Deducted at Source A.Y. -2003-04

Less: Provision for the year

**FIGURES AS ON
31.03.2003****FIGURES AS ON
31.03.2002**
(Amount in Rs.)

| | |
|--------------------------|-------------------------|
| 9,682,084 | - |
| <u>22,887,968</u> | <u>9,682,084</u> |
| <u>32,570,052</u> | <u>9,682,084</u> |
| <u>4,841,042</u> | <u>-</u> |
| <u>27,729,010</u> | <u>9,682,084</u> |
| | |
| <u>8,109,671</u> | <u>-</u> |
| <u>8,109,671</u> | <u>-</u> |
| <u>35,838,681</u> | <u>9,682,084</u> |

| | |
|--------------------------|--------------------------|
| 1,996,974 | 2,354,330 |
| 15,642,930 | 14,901,963 |
| 11,228,924 | 8,809,954 |
| 10,800,000 | - |
| 10,000,000 | - |
| <u>49,668,829</u> | <u>26,066,247</u> |

| | |
|-------------------------|-------------------------|
| 16,666 | 16,666 |
| 2,305,211 | - |
| 3,053,332 | 4,335,678 |
| | |
| <u>5,375,209</u> | <u>4,352,344</u> |
| <u>1,290,000</u> | <u>2,342,400</u> |
| <u>4,085,209</u> | <u>2,009,944</u> |

Schedules to Profit & Loss Account**PARTICULARS****YEAR ENDED****YEAR ENDED****31.03.2003****31.03.2002**

(Amount in Rs.)

J. TELESERIAL REVENUE:

Income from Teleserials / Telefilms / Event Shows

K. OTHER INCOME

Miscellaneous Income

Interest Received

Dividend Received

Profit on Exchange fluctuation

253,222,019

909,880,572

46,031

28,448

25,871

-

752

-

-

85,207

72,654**113,655****L. INCREASE/DECREASE IN WIP**

Opening Work in Progress

Closing Work in Progress

11,178,204

15,608,958

14,206,738

11,178,204

3,028,534**(4,430,754)****M. DIRECT EXPENSES:****A. TELESERIAL - OWN PRODUCTION**

Payments to Artists

Payments to Dubbing Artists

Payments to Productions Managers & Assts.

Telecast Charges

Equipment/Material Hire & Expenses

Payments to Technicians

Story & Dialogue Writers Payments

Production Expenses

Studio Rent & Hire Charges

Titling & Effect Charges

Wages & Batta

Costumes & Makeup

Lighting & Generator Hire Charges

Camera Hire & Maintenance Charges

Music Composing & Recording Exp

Travelling & Conveyance

Vehicles Maintenance & Hire Charges

Cassettes & Negatives

Location & Auditorium Rent

Amorisation of Tele-Serial rights

23,844,701

20,381,718

2,672,649

1,799,476

4,664,962

7,962,110

101,562,914

66,446,340

805,919

1,928,281

11,611,722

14,315,437

2,508,128

1,197,482

7,746,479

13,641,306

1,088,962

1,017,542

338,875

187,763

4,677,185

4,245,325

1,471,617

2,218,557

4,234,580

4,988,276

1,292,652

2,725,067

1,692,621

2,433,938

6,307,009

8,419,874

3,777,384

3,879,333

3,165,391

2,928,843

4,928,806

5,272,774

4,841,042

-

193,233,598165,919,442**TOTAL (A)****193,233,598****165,919,442**

Schedules to Profit & Loss Account

| | YEAR ENDED 31.03.2003 | YEAR ENDED 31.03.2002 |
|--|--------------------------|--------------------------|
| (Amount in Rs.) | | |
| B. TELESERIAL - CONTRACT PRODUCTION | | |
| Uyyale - Production Cost | | 4,416,000 |
| TOTAL (B) | 4,416,000 | - |
| C. COST OF TELESERIAL ACQUIRED | | |
| Cost of Teleserial | 1,057,842 | - |
| TOTAL (C) | 1,057,842 | - |
| TOTAL (A+B+C) | 198,707,440 | 165,919,442 |
| N. EMPLOYEES COST: | | |
| Salaries | 2,254,866 | 2,232,947 |
| Contribution to PF & ESI | 161,590 | 174,337 |
| Staff Welfare | 293,422 | 273,181 |
| | 3,109,878 | 2,680,465 |
| O. ADMINISTRATIVE EXPENSES | | |
| Audit Fees | 200,000 | 200,000 |
| Subscription, Books & Periodicals | 15,336 | 22,535 |
| Directors Remuneration | 3,040,000 | 1,680,000 |
| Donation | 83,863 | 36,964 |
| Hire Charges | 249,199 | 279,375 |
| Insurance Charges | 359,691 | 107,410 |
| Loss on exchange variation | 151,594 | - |
| Loss on Sale of Fixed Assets | 369,658 | 79,617 |
| Other Administrative Charges | 369,062 | 1,975,531 |
| Pooja Expenses | 31,766 | 17,717 |
| Postage, Telephone charges | 2,112,537 | 2,950,081 |
| Printing & Stationery | 313,149 | 255,304 |
| Professional & Consultancy Charges | 2,182,725 | 872,975 |
| Rebates & Discount | 92,509 | - |
| Rent, Rates & Taxes | 845,189 | 1,011,266 |
| Repairs & Maintenance | 390,791 | 695,945 |
| Service Charges | 157,429 | 120,111 |
| Vehicle Maintenance | 332,377 | 480,982 |
| | 11,296,875 | 10,785,813 |
| P. SELLING & MARKETING EXP | | |
| Agency Commission | 1,066,151 | - |
| Business Promotion Charges | 367,364 | 205,433 |
| Tele Serial Marketing Expenses | 620,000 | - |
| Advertisement Expenses | 50,080 | 55,920 |
| | 2,103,595 | 261,353 |
| Q. INTEREST & FINANCE CHARGES | | |
| Interest & Finance Charges | 10,277,959 | 6,427,292 |
| Bank Charges | 747,602 | 433,500 |
| | 11,025,561 | 6,860,792 |

Notes on Accounts

Notes on Accounts:

- (a) The Company has entered into lease hold agreements with directors for acquiring leasehold rights for a period of 20 years in respect of properties at 8 & 10, Paul Appasamy Street, TNagar, Chennai - 600 017.
(b) The registration formalities in respect of lease agreements are yet to be completed. The consideration for lease deposit was Rs. 1,40,00,000/- out of which a sum of Rs. 75,00,000/- was discharged by way of allotment of 7,50,000 equity shares of Rs. 10/- each as fully paid.
- The cost of Episodes of Tele Serials / Tele films completed and pending Telecast as on the date of Balance sheet has been considered as work-in-progress and the same has been valued at cost.
- In terms of the agreement entered into by the Company with Smt. R. Radikaa, a director of the company, she has agreed to provide her acting talents / other talents and skill exclusively for the Tele serials / Tele films to be produced / reproduced by the company. The consideration of Rs. 75,00,000/- for the same has been discharged by way of allotment of 7,50,000 equity shares of Rs. 10/- each as fully paid. The said rights has been reckoned as goodwill and is accordingly grouped under Fixed Assets.
- During the year the company offered 27,12,000 Equity shares of Rs. 10/- each to the public at a premium of Rs. 30/- per share. Out of the above, the company received applications for 27,00,600 shares & allotment for 27,00,200 were made. The company realized application & allotment money in full along with premium for 7,42,310 shares as on the date of balance sheet. The amount shown in security premium represents amount actually realized as premium viz. 7,42,310 shares at the rate of Rs. 30/- per share & 19,57,890 shares at the rate of Rs. 15/- per share.
- It is proposed to write-off the expenses incurred on public issue against Share Premium, after receiving the money payable on allotment together with premium. Pending the write-off, the said amount shown under Miscellaneous Expenditure & Losses.
- There are no outstanding dues to small scale industries.

| Directors Remunerations: | | 2002-03 | 2001-02 |
|--------------------------|-------------------|--------------------|--------------------|
| Name | Designation | Salary | |
| M.R. Mohan Ratha | Managing Director | 13,20,000/- | 1,80,000/- |
| B.S. Radhakrishnan | Wholtime Director | 12,00,000/- | 10,80,000/- |
| D. Ravichander Babu | Director-Finance | 5,20,000/- | 4,20,000/- |
| | | 30,40,000/- | 16,80,000/- |

- 7(A) Payment to Ms. R. Radikaa the Chairperson of the Company towards services rendered by her after 1st February, 2003 is subject to the approval of Central Government as prescribed under provisio u/s 297 (1) of the Companies Act, 1956. The arrangement earlier entered into by the Company with her for the utilisation of her services expired on 30.11.2002. The arrangement has been renewed by the company and the approval of the Central Government has been sought by the company for the said renewal.

B. Segment Reporting:

The Company operates only in One Business Segment - Production of Tele-Serials and also its operations are mainly confined within India. The Company does not have material earnings outside India. As such there are no reportable Primary and Geographical Segments.

9. Related Parties Disclosure:

As per the Accounting Standard 18 issued by the Institute of Chartered Accountants of India, The Company's related parties and transactions are listed below:

a. Parties where control exists:

Ms. R. Radhika Chairperson Holder of more than 50%

b. Other related parties / key management personnel with whom transactions have taken place during the year:

| Name of the Person | Nature of Relationship |
|----------------------------|------------------------|
| a. Mr. M.R. Mohan Ratha | Managing Director |
| b. Ms. Geetha Ratha | Director |
| c. Mr. M.R. Raju Radha | Director |
| d. Mr. B.S. Radhakrishnan | Whole time Director |
| e. Mr. D. Ravichandra Babu | Director - Finance |

| Sl. No. | Nature of Transactions | Amount |
|---------|------------------------|-------------|
| 1. | Artiste Payment | 14,19,500/- |
| 2. | Rent | 18,00,000/- |
| 3. | Directors Remuneration | 30,40,000/- |

10. Earnings per Equity Share:

| | 2002-03 | 2001-02 |
|--|---------------|---------------|
| Profit of the year (Rs.) | 1,05,20,068/- | 1,07,72,208/- |
| Weighted Average No. of Equity shares (including Bonus) For Basic / Diluted Earnings per Share | 84,22,323 | 81,33,808 |
| Earnings per Share | 1.25 | 1.32 |

11. Accounting for Taxes on Income:

In accordance with the Accounting Standard-22 - Accounting for Taxes on Income, Accumulated Deferred Tax Liability arising from the timing differences of the earlier years amounting to Rs. 44,91,563 as at 31.3.2002 has been adjusted against the balance standing to the credit of Profit & Loss Account as on 01.04.2002. Further the impact of Deferred Tax liability relating to the year amounting to Rs. 45,17,791 has been debited in the Profit & Loss Account.

12. Contingent Liabilities not provided for:

| Estimated amount of contracts remaining to be executed on | Capital Accounts - Rs. 5 Lakhs |
|--|--------------------------------|
| a. Claims against the company not acknowledged as debts | - Rs. 2,47,971/- |
| b. Other monies for which the company is contingent liable | - Nil |

13. Auditor's Remuneration:

| | |
|--------------------------|------------------|
| a. Audit fee | - Rs. 1,50,000/- |
| b. Tax Audit | - Rs. 25,000/- |
| c. Certification matters | - Rs. 25,000/- |

14. Licensed and Installed capacity - Not Applicable

2002 - 2003 2001 - 2002

| | | |
|---|------------------------------|------------------------------|
| 15. Earnings in Foreign Currency | - US \$ 212577 | US \$ 88,684/- |
| 16. Expenditure in Foreign Currency (in the nature of travel) | - US \$ 9,300/- | US \$ 12,310/- |
| | Equivalent to Rs. 4,65,339/- | Equivalent to Rs. 5,87,777/- |

17. Figures of Previous year have been re-grouped wherever necessary to conform to those of the current year.

18. Figures have been rounded off to the nearest rupee.

Signatories to Schedules "A" to "R"

Place: Chennai
Date: 29.06.03

Sd/-
Chairperson

Sd/-
Managing Director

Sd/-
Directors

As per our Report attached
for Chandran & Raman
Chartered Accountants
Sd/-
(S.G.Kalyanaraman)
PARTNER

Cash Flow Statement for the year Ended 31st March, 2003

Pursuant to Clause 32 of the Listing Agreement
Rupees
2002-2003
Rupees
2001-2002

A. CASH FLOW FROM OPERATING ACTIVITIES:

| | | | | |
|--|------------------------------|---|--|--------------------|
| Profit before Tax | | 16,327,858 | | 12,314,608 |
| Add: | Finance Charges | 11,025,561 | 6,860,792 | |
| | Depreciation | 10,269,890 | 6,112,581 | |
| | Loss on Sale of Fixed Assets | 369,658 | 79,617 | |
| | Preliminary Exps Written Off | 2,608 | 2,608 | |
| | | <u>21,667,647</u> | | <u>13,055,598</u> |
| | | 37,995,505 | | 25,370,206 |
| Less: | Interest Received | 25,871 | | |
| | Dividend Received | 752 | | |
| | | <u>96,623</u> | | |
| | | 37,968,882 | | 25,370,206 |
| Operating Profit before Working Capital Changes (Increase) / Decrease in Work In Progress (Increase) / Decrease in Sundry Debtors (Increase) / Decrease in Loans & Advances Increase / (Decrease) in Current Liabilities | | (3,028,534) (26,414,193) (53,124,444) (13,662,680) | 4,430,754 (5,184,496) (5,638,305) 1,977,542 | |
| Cash Generated from Operating Activities (A) | | <u>(58,229,851)</u> | | <u>(4,414,505)</u> |
| | | (58,260,969) | | 20,955,701 |

B. CASH FLOW FROM INVESTING ACTIVITIES

| | | | | |
|---|-----------|--------------------|------------|---------------------|
| Cash Outflow | | | | |
| Purchase of Fixed Assets | 5,223,947 | | 11,934,783 | |
| Cash Inflow | | | | |
| Sales of Fixed Assets | 1,465,000 | | 950,000 | |
| Interest Received | 25,871 | | | |
| Dividend Received | 752 | | | |
| Net Cash from Investing Activities (B) | | <u>(3,732,324)</u> | | <u>(10,984,783)</u> |

C. CASH FLOW FROM FINANCING ACTIVITIES

| | | | | |
|---|--------------|--------------------|--------------|--------------------|
| Increase / (Decrease) in Share Capital | 68,850,200 | | | |
| Increase / (Decrease) in Bank Borrowings | 9,573,183 | | 23,658,250 | |
| Increase / (Decrease) in Other Secured Loans | 4,826,470 | | (683,028) | |
| Increase / (Decrease) in Unsecured Loans | (6,817,255) | | (22,899,082) | |
| Finance Charges | (11,025,561) | | (6,860,792) | |
| Issue Expenses | (5,589,366) | | | |
| Net Cash from Financing Activities (C) | | <u>59,817,671</u> | | <u>(6,714,652)</u> |
| Net Increase in Cash & Cash Equivalents (A+B+C) | | <u>(2,175,622)</u> | | <u>3,256,266</u> |
| Cash & Cash Equivalents at the beginning of the year | | 6,781,019 | | 3,524,753 |
| Cash & Cash Equivalents at the end of the year | | 4,605,397 | | 6,781,019 |
| Net Increase / (Decrease) in Cash & Cash equivalents | | <u>(2,175,622)</u> | | <u>3,256,266</u> |

Note: 1. The above cash flow statement has been prepared under the indirect method as set out the Accounting Standard 3 issued by the Institute of Chartered Accountants of India on Cash Flow Statements.

Place: Chennai
Date: 29.06.03

Sd/-
Chairperson

Sd/-
Managing Director

Sd/-
Directors

As per our Report attached
for Chandran & Raman
Chartered Accountants
Sd/-
(S.G.Kalyanaraman)
PARTNER

Balance sheet Abstract

Balance Sheet Abstract and Company's General Profile

I. Registration Details

Registration No. * * * 4 3 1 6 7 State Code No. 0 1 8
Balance Sheet Date 3 1 0 3 2 0 0 3

II. Capital Raised during the year (Amount in thousands of Rupees)

| | | | |
|--------------|-------------------|-------------------|-------|
| Public Issue | * 2 7 0 0 2 . 0 0 | Right Issue | N I L |
| Bonus Issue | * . 6 1 9 8 . 9 8 | Private Placement | N I L |

III. Position of Mobilisation and Deployment of Funds (Amounts in thousands of Rupees)

| | | | |
|------------------------|-------------------|---------------------------|---------------------|
| Total Liabilities | * 2 8 4 3 0 . 0 4 | Total Assets | 1 6 9 4 9 7 . 4 5 |
| Sources of Funds | | Reserves & Surplus | * 6 5 0 5 8 . 0 3 |
| Paid-up Capital | * 9 8 5 5 0 . 6 3 | Unsecured Loans | * . 1 9 3 0 . 7 0 |
| Secured Loans | * 4 2 0 5 8 . 6 1 | Investments | * 6 . 0 0 |
| Deferred Tax Liability | * . 9 0 0 9 . 3 5 | Miscellaneous Expenditure | * . . 5 6 0 5 . 0 1 |
| Application of funds | | | |
| Net Fixed Assets | * 6 9 9 2 8 . 8 9 | | |
| Net Current Assets | 1 4 1 0 6 7 . 4 2 | | |
| Accumulated Losses | N I L | | |

IV. Performance of Company (Amounts in thousands of Rupees)

| | | | |
|----------------------------|-------------------|---------------------------|-------------------|
| Turnover | 2 5 6 3 2 3 . 2 1 | Total Expenditure | 2 3 9 9 9 5 . 3 5 |
| Profit / (Loss) before tax | * 1 6 3 2 7 . 8 6 | Profit / (Loss) after tax | * 1 0 5 2 0 . 0 7 |
| Earnings per share in Rs. | * 1 . 2 5 | Dividend | N I L |

V. Generic Name of Principal Products / Services of Company

Item Code No. Not Applicable
Product / Service Description Media & Entertainment

Attendance Slip

Please bring this Attendance Slip and hand it over at the Entrance of the Madras Race Club, Guindy, Chennai
NAME & ADDRESS OF THE SHAREHOLDER

FOLIO No.

DP ID

CLIENT ID*

Applicable to investors holding shares in electronic form

I hereby record my presence at the Fourth Annual General Meeting at Madras Race Club, Guindy, Chennai

| SIGNATURE OF THE MEMBER OR PROXY | SHARES HELD |
|----------------------------------|-------------|
| | |
| | |

Proxy

We _____ of
_____ in district of _____ being a member(s) of the above named
Company hereby appoint Mr./Ms. _____ of
_____ in the district of _____
or failing him Mr./Ms. _____ of
_____ in district of _____ as my/our Proxy and to vote for me/us on
my/our behalf at the 04th Annual General Meeting of the Company to be held on Monday the 29th Day of September,
2003 at 12.15 pm and at any adjournment thereof.

Signed this _____ day of _____ 2003.

FOLIO NO: _____

DP ID: _____ CLIENT ID: _____

- Notes: 1. The Proxy to be valid should be deposited at the Registered Office of the Company not later than Forty-Eight hours before the time fixed for holding the Meeting.
2. The Proxy should be executed on Re. 1 Revenue Stamp.