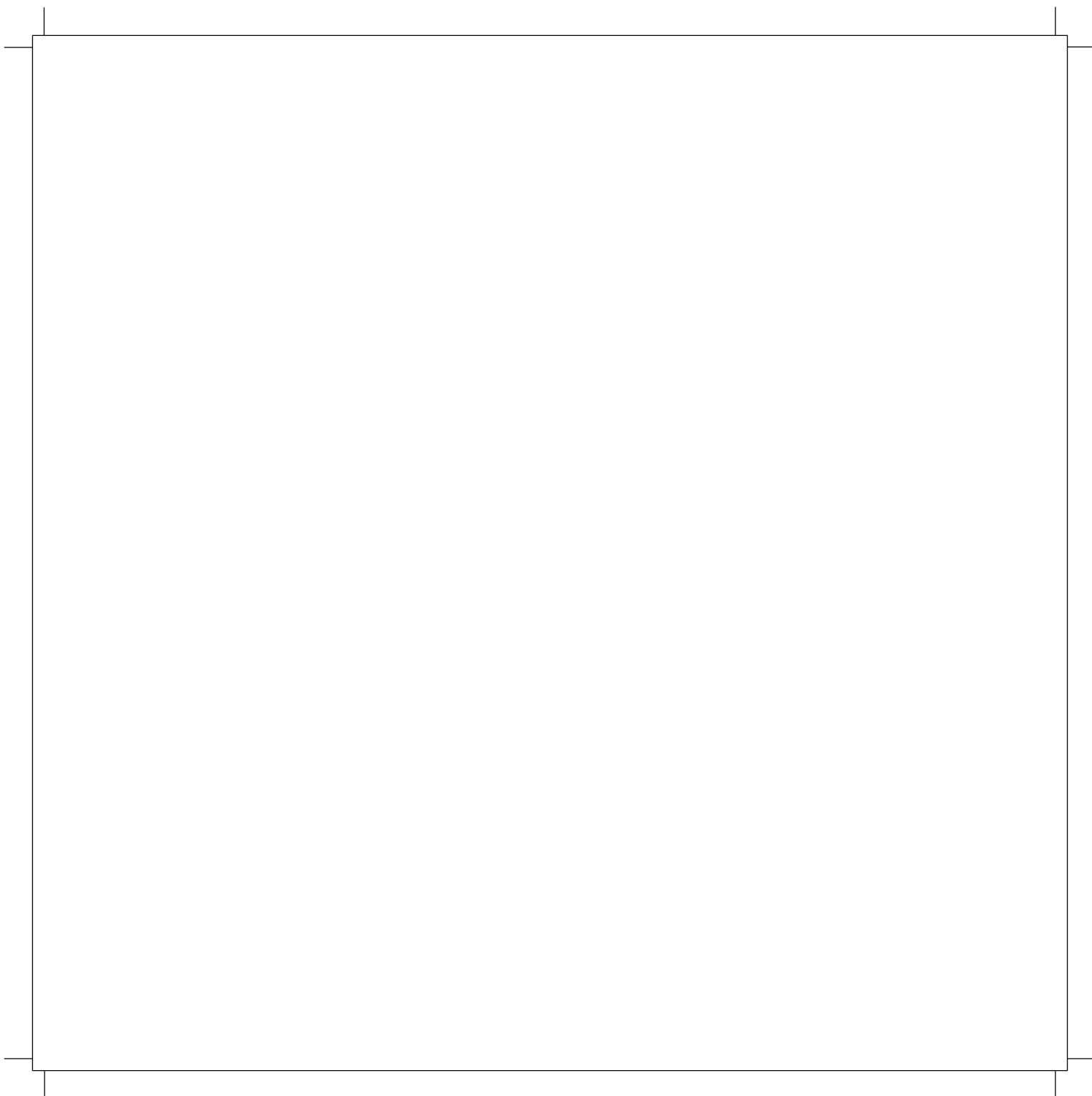


SAHARA INDIA MASS COMMUNICATION LIMITED
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BOARD OF DIRECTORS

SHRI SUBRATA ROY SAHARA

Chairman

SMT. SWAPNA ROY

Director

SHRI AMAR SINGH

Director

SMT. JAYA BACHCHAN

Director

SHRI O. P. SRIVASTAVA

Director

SHRI J. B. ROY

Director

SHRI MAHESH PRASAD

Director

SHRI V. B. CHANDRA

Whole Time Director

STATUTORY AUDITORS

M/s D. S. SHUKLA & CO.

Chartered Accountants

INTERNAL AUDITORS

M/s CHATURVEDI & CO.

Chartered Accountants

COMPANY SECRETARY

SHRI BIMAL KISHORE NANDA

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BANKERS

THE BANK OF RAJASTHAN LIMITED

REGISTERED OFFICE

Sahara India Point,
CTS 40 - 44, S. V. Road,
Goregaon (West)
Mumbai - 400 104

SHARE TRANSFER AGENT

MCS Limited
Sri Venkatesh Bhavan,
Plot No. 27, Road No. 11,
MIDC Area, Andheri (East),
Mumbai - 400 093

BRANCH / DIVISION / UNITS

Sahara India Bhawan,
1, Kapoorthala Complex,
Lucknow - 226 024

Sahara India Complex,
C-2, C-3 & C-4, Sector XI,
Noida, U.P.- 201 301

Sahara One Tower
Kamala Mill Compound
Lower Parel (West)
Mumbai - 400 064

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BOARD'S REPORT

Your Directors have pleasure in presenting the Twenty-Fourth Annual Report of the Company for the year ended 31st March 2005.

		(Rs. In Lacs)
Total Income	16853.68	14681.53
Total Expenses	15746.27	13742.40
Profit before Tax	1107.41	939.13
Provision for Taxation and Deferred Tax	673.60	214.27
Profit After Tax	650.43	662.90
Profit after Tax carried to the Balance Sheet	3351.20	2700.77

During the year under review the total income from business was Rs. 16853.68 lacs, increase by Rs. 2172.15 lacs from last year. Increase in income is mainly due to increase in the sales of Rs. 9314.48 Lacs from the last year. The Total expenses for the current year has increased by Rs. 2003.87 Lacs in comparison to the last year expenses. Profit after tax for the year was Rs. 650.43 Lacs decreased by Rs 12.47 Lacs from the last year.

With a view to conserve resources with the Company the Board of Directors have decided not to recommend any dividend for the year 2004- 2005.

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

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The Television market in India consists of revenue from the Subscription, Advertising, and Software segments. The television software segment consists of revenue earned by the producers of television content.

Overall, the Indian broadcasting industry has been growing at a fast pace. It is expected to grow @ 15% per annum in the future. The growth would be driven by both, advertisement revenues as well as by Cable and Satellite penetration.

The findings of the recent National Readership Survey (NRS) 2005 reveal that Cable and Satellite (C&S) penetration has increased by 53% to 61 million homes in 2005, up from 40 million homes in 2002. Only 56% of all TV homes in India have C&S subscription, therefore there is an immense scope for further growth.

Television now reaches 108 million homes, which means it has just crossed the 50% mark of all homes, thus reflecting a growth of 32% since 2002 in terms of television penetration and will continue to grow at the same pace, if not faster.

In 2002, there were 134 million individuals watching TV in an average week; in 2005, that number has risen to as many as 190 million individuals.

The TV sector now contributes over 60% of the entertainment industry revenues. The Indian Television Industry registered a high growth in 2004 with Rs. 1380000 lacs in revenues. This represents a growth of 13% over the previous year.

The industry is expected to grow at an average of almost 18% over the present decade to touch revenues of Rs. 3710000 lacs in 2010.

Today, channels are investing heavily in content, and in its promotion, marketing and distribution. This is because the primary differentiator across all General Entertainment Channels today is the quality of content of the programs that are aired for audiences across the entire Hindi-Speaking Markets.

The importance of good quality original programming cannot be overstated, and in keeping with its spirit of producing superlative entertainment, the Company has produced, commissioned and acquired a broad spectrum of programs across genres such as soaps, family dramas, top-notch children's shows, thrillers, star-studded events, feature films across film-based programs and of course, India's first and only Live Game show!

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- The biggest innovation in non-fiction programming across all GEOs this year.
- A serial of gripping supernatural thriller stories. Directed by the renowned Shri B.P. Singh and produced by Fireworks Productions.
- Produced by Creative Eye.
- Directed by famous director Ravi Chopra.
- Produced by the celebrated producer - director duo of Tony and Deeya Singh.
- A complete Bollywood film magazine.

REALITY SHOWS

The year also marked a turn around in the fortune of reality shows. For viewers getting an overdose of family soap operas, the reality show 'Mr & Mrs Bollywood' launched by your company, was a great success.

Several of our shows won critical acclaim by being nominated for/winning awards. The following is a list of award-winning and award-nominated shows:

Hageegat	Best Actress- Geeta Nair	Hero Honda ITA Awards
Cinema Ghar	Best telefilm "PHIR SE"	RAPA Awards
Hageegat	Best Drama	RAPA Awards
Kadam	Best Mini Series	Hero Honda ITA Awards (Nominated)
Ruby Duby Hub Dub	Best Comedy Series	Marshall's Comedy Awards (Nominated)
Malini Iyer	Best Actress in a comic Shridevi	Marshall's Comedy Awards (Nomination)

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We plan to produce at least five very strong programs in the genre of Fiction in FY 2005-06. These shows will target viewers of every age and demographic in the Hindi Speaking Markets.

- This daily half-hour show will be the first television venture by the celebrated director of blockbuster Hindi movies, Mr Sooraj Barjatiya of Rajshri Productions. Woh Rehne Wali Mehlon Ki is the story of a beautiful and delicate girl Rani, who has been brought up in her father's affluent home, but has to cope with life at its harshest, and emerges a winner!
- This daily half-hour drama will be the story of a simple middle-class girl Shyanlee, and her gradual transformation into a woman of great strength. We expect viewers to empathize and bond with the main protagonist. This show will strategically be targeted at female audiences in the afternoon slot.
- This daily half-hour thriller is a story of two groups who have been assigned to find the original Kohinoor diamond, missing now for over 150 years. This racy, thrill-a-minute show is the search for the coveted Kohinoor!
- This daily half-hour family drama is the story of Kittu, a young girl, and her metamorphosis from a simple, unrecognizable middle class girl to a successful journalist.

Sahara India Mass Communication Limited, which has built a name for itself as an innovative production house for producing India's first Live game show, *Dial One Aur Jeeto*, is now set to build upon its reputation as a provider of cutting-edge non-fiction shows.

We plan to produce the following Non-Fiction Shows:

- Planned as a truly mega game show, to be hosted by a top superstar of Bollywood, Mission Ek Crore will send four participants into a money-spending frenzy.
- With this weekly astrological chat show, the Company will take India's latest craze of Numerology to the living rooms of our viewers. Bolein Ssitare will feature the most famous numerologist of our country, Sanjay Junani.
- Weddings are a staple obsession in Indian homes, and hence, we have planned a non-fiction show that taps this obsession to ensure viewership from a very wide audience.
- This will be the weekend special episode of our popular Live game show, Dial One Aur Jeeto.

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Another wing of Sahara India Mass Communication Limited, named Sahara One Motion Pictures, is India's biggest motion picture company, which is driven by the desire to delight audiences with quality content. Sahara One Motion Pictures not only produces quality movies, but also undertakes distribution, marketing, acquisition and promotion of content that it believes will be loved by the masses.

Sahara One Motion Pictures deals with not just established film production houses, but also with some of the most creative motion picture directors, providing them with the best and most professional, hassle-free production, marketing and distribution support.

Some of the most respected talent of Indian Cinema is associated with Sahara One Motion Pictures. These include BSK Films, Ram Gopal Varma's *Varma Corp*, K Sera Sera, Nitin Manmohan's Fourth Wall Productions, Percept Picture Company, Madhur Bhandarkar, Priyadarshan, Imtiaz Ali, Sujoy Ghosh amongst others.

Cast : Konkana Sen, Atul Kulkarni, Boman Irani and others
Director : Madhur Bhandarkar

The film received excellent popular and critical success and acclaim. It was the first official hit of Bollywood in 2005.

Cast : Sachin Khedekar as Netaji Subhash Chandra Bose
Director : Shyam Benegal

India's biggest epic spanning the life of the revolutionary nationalist Subhas Chandra Bose.

Cast : Salman Khan, Shilpa Shetty, Abhishek Bachchan and others.
Director : Revathy

The film received much critical acclaim for its sensitive portrayal of a young advertising professional who contracts HIV, and fights back to regain social equality, dignity, and justice. The film also received support and acknowledgement from UNAIDS.

Cast : Nana Patekar, Revathy, Yashpal Sharma and others.
Director : Shimit Amin

A dramatic and hard-hitting look at the world of cops battling the underworld. Premiered to critical and popular acclaim.

Cast : Tusshar Kapoor, Antara Mali, Raman Trikha and others.
Director : Prawaal Raman

A sensitively funny film about an 'Invisible' young man.

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Cast : Vivek Oberoi, Aishwarya Rai and Amitabh Bachchan.
Director : Samir Kamik

A romantic film bringing a spectacular cast together for first time on screen.

Cast : Abhishek Bachchan, Antara Mali and others.
Director : Ram Gopal Verma

A sensitive film about a wannabe choreographer and a struggling actor, which was much appreciated by critics and cinema lovers alike.

Cast : Manoj Bajpai, Isha Koppikar, Nethra Raghuraman
Director : Pankuj Parashar

A murder mystery about an author who gets involved in a murder case.

The company has a robust future business plan which includes the setting up of an international marketing division, and releasing several films in the coming year.

The International division is planned in the near future with the aim to concentrate on getting the best deals for films in the following countries: USA, UK, France, Ireland, Spain, Finland, Russia, Mexico, Singapore, Thailand, etc.

The division will also work to support future plans to exhibit and showcase films in international exhibitions and for direct distribution through established international exhibitors in the US and UK Markets.

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Sarkar	Amitabh Bachchan, Abhishek Bachchan	Ram Gopal Verma
No Entry	Salman Khan, Fardeen Khan, Anil Kapoor, Bipasha Basu, Celina Jaitley, Esha Deol, Lara Dutta.	Aneez Bazmee
My Wife's Murder	Anil Kapoor, Suchitra Krishnamurthy, Nandana Sen	Jijy Phillips
Pyaar Mein Twist	Rishi Kapoor, Dimple Kapadia, Soha Ali Khan, Sameer Dattani	Hriday Shetty
Highway	Sunny Deol	Imtiaz Ali
Milenge Milenge	Shahid Kapoor, Kareena Kapoor	Satish Kaushik
Yahaan	Jimmy Shergil, Minniisha Lamba	Shoojit Sircar
Hanuman	India's 1st indigenous Animation Film!	V. G. Samant
Home Delivery	Vivek Oberoi, Mahima Chaudhary, Ayesha Takia, Boman Irani	Sujoy Ghosh
Sacred Evil	Lynsey Pow, Fredric Andrau, Sarika, Soumitra Chatterjee	Abiyayaan Rajhans Abhigyan Jha
Malamaal Weekly	Paresh Rawal, Om Puri, Ritish Deshmukh, Rajpal Yadav, Reema Sen	Priyadarshan
Kathputli	Milind Soman, Yukta Mukhey, Mink Brar	Ajay Chandokh
Bombay to Paris	To be finalised	Robby Gerwal
James	Mohit Ahlawat, Priyanka	Rohit Jugraj
Dost	Sanjay Dutt, Aftab Shivdasani, Rimmi Sen	Veena Bakshi
Darna Zaroori Hai	Abhishek Bachchan, Aftab Shivdasani, Ritesh Deshmukh, Mallika Sherawat	Sajid Khan and 5 directors
Amar Desh- Bangla Film	Soumitra Chatterjee, Ranjit Millick, Prosenjit Chatterjee	Haronath Chakraborty
Chindra - Bangla Film	Parambarta Chatterjee, Sujan Mukherjee, Rudranil Mukherjee	Abhijit Guha, Sudershan Roy

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

Shri Vijay B Chandra has been appointed as Whole Time Director of the Company for 5 years w.e.f 1st August 2001 in the Annual General Meeting of the Company held on 25th September 2001.

Shri Om Prakash Srivastava and Shri Mahesh Prasad were re-appointed as Directors of the Company in the Annual General Meeting of the Company held on 27th September 2004 and are subject to retirement by rotation.

In accordance with the provisions of Section 255 of the Companies Act, 1956 and the Article 89 of Company's Articles of Association, Smt Swapna Roy and Smt Jaya Bachchan, Directors of the Company are retiring by rotation and are eligible for re-appointment. Board recommends their names for re-appointment as Directors of the Company.

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

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

The Auditors' Report being self-explanatory does not require any management comment.

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

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

The particulars as required under the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 are given in this annual report.

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

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

- a For the preparation of the Annual Accounts, the applicable accounting standards had been followed, and there is no material departure from following the accounting standards.
- b They have, in selection of accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgment and estimates that are reasonable and prudent, so as to give true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit or Loss of the company for that period.
- c They have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
- d They have prepared the Annual Accounts on a Going Concern basis.

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

For and on behalf of the Board

Place: Lucknow
Date: 29th June 2005

Mahesh Prasad
Director

O. P. Srivastava
Director

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Conservation of Energy and Technology Absorption N. A.

Earnings	13,871,473
Outgo	1,456,626

Employed throughout the year: NIL
Employed for part of the year: NIL

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Indian Entertainment Industry is one of the fastest growing sectors of the Indian economy riding on the economic growth and rising income levels that India has been experiencing in the past few years. The Indian Entertainment industry stands at over Rs. 20,000 Crores (USD 4.5 billion) today. Overall it is expected to grow at 18% per annum compounded annually over the next five years, to reach over Rs. 45,000 Crores (USD 10 billion) by 2009. The largest contributor to this will be the television segment followed closely by the film segment.

India is the third largest television market in the world today, estimated to be about Rs. 12,900 crore. As per the FICCI report of March 2005, there are over 119 million television households in India, which comprise only about 65% of the total households in the country. Of these about 50 million households receive cable television services, leading to a penetration of just over 42% to total TV households and about 25% to total households in India.

The television market in India primarily consist of revenue from the Subscription, Advertising and Software segments. Subscription continues to have the largest share estimated at about 58% of the total revenue. Advertising revenues are picking up and are currently estimated at 37%. The balance share belongs to the Television Software Segment.

The Television Advertising Industry is projected to grow at 14% primarily due to growth in number of cable and satellite households and improved realizations. High growth is also expected in the television software segment at a compound rate of 16% over the next five years

The year 2004 was a good year for the Indian Entertainment Industry which was marked by consolidation, realignment and growth in most segments of the industry. Film and Television segments experienced growth along with the emergence of Animation & Gaming Industry. Key changes witnessed in the television industry are:

- Appointment of Telecom Regulatory Authority of India (TRAI) as the regulator for Broadcasting and Cable Services in India.
- Launch of various new channels including kids channels, regional channels, business channels etc.
- A turnaround in the fortunes of reality shows

The Indian Film industry is still the largest in the world in terms of number of films produced and the number of tickets sold annually. The number of films certified for release in 2004 touched a record high of 934 films, more by over 50 films from the previous years. Admissions during the year reached a record 3,100 million the highest in the world. Having grown over 3% since the past year, India continues to outperform the United States by over 5% in terms of number of admissions. Hindi films continued to dominate 245 films followed closely by the South -Indian languages of Telugu and Tamil at 208 and 130 respectively. The earlier trend of confinement of viewership of regional films in the local areas is changing. These films now have International viewership catering to the demands of regional base of Indians across the globe. The Industry has witnessed growing trend of convergence with film production and film exhibition companies venturing into films distribution and vice versa. Though the segment has primarily been in the hands of the unorganised sector till late, several developments in terms of corporatisation and other initiatives have changed the face of the film industry.

As the television set moves from the drawing room into the bedroom and individual viewership (versus family viewership) increases, niche channels catering to individual interests like gardening or extreme sports will multiply. The growth in the number of multiplexes, digital cinemas and the home video market rentals and purchases of DVDs/VCDs and other future formats will drive the Indian film industry in

the next five years. The home video market is also expected to add to the overall pie of the Indian Film Industry, as films now generate maximum box office business within the first four to six weeks of release. Film producers are expected to garner larger shares from sale of satellite rights considering the growth in the number of television channels in the country and shorter release windows. The growth of the Indian Diaspora will continue to drive the increasing overseas collections for the Indian film producers, not just by way of theatrical rights but also by way of home video rights. The advent of digital delivery system of films will be the answer to piracy in the country, though its growth will be modest. Better revenue tracking systems will also work as an effective step towards the eradication of piracy in this segment.

The Indian Entertainment Industry is expected to significantly benefit from the fast economic growth since this cyclically sensitive industry grows faster when the economy is expanding. When incomes rise, spends on leisure and entertainment grow proportionately. Technology will drive the Entertainment Industry into the next decade. In the new converged paradigm, its boundaries will be merged with those of the Telecommunications & Information Technology segments. This will give rise to a host of value added features for the consumers and the new revenue streams for the players in each segment. Mobile entertainment with its ability to transcend the boundaries of time and space will be the biggest growth driver.

Finally, content is and will continue to be the king of entertainment in future. Securing rights over content will decide the strength of the players across all segments. The challenge will then be of having a regulatory regime working towards adapting to these advancements.

Revenue of the Company during the Financial Year 2004-2005 was from the local sales of television software, which mainly consists of Daily Soaps, Films, Mega Series and Event coverage software.

Company has adopted adequate Internal Control procedures commensurate with the size of the company and the nature of its business for the purchase of goods, TV programmes, films / programme rights, equipment and other asset, and for the sale of goods. Management also keep close watch on the Internal Control system and consistently take necessary corrective steps to further strengthen the Internal Control system of the Company.

The Company strongly believes in manpower being superior to money power and therefore, recognizes and respects the individual capacities and capabilities of its employees.

The Company's HR processes ensure building a competent team of motivated employees. It is the Company's first priority to enrich its employees by promoting learning and enhancing their knowledge with special emphasis on internal and external training. The proper synchronization between the goals of the individual and that of the organization is a critical aspect and is delicately managed by the HR department.

The Company has stressed strongly on performance management linked to compensation. To recognize and reward good performance, the Company has been successfully practising the concept of performance-based variable compensation. The reward and recognition system is duly followed through a performance appraisal system on an annual basis.

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CORPORATE GOVERNANCE REPORT

In the current era of rigorous corporate regulations mandated by the Company Law, Corporate Governance is the manifestation of personal benefits and values which configures the organizational values, benefits and actions of employees of the company. Good transparent corporate governance ensures that the company is managed and monitored in a responsible manner geared towards value creation. Accountability and transparency are the fundamental principles to good corporate governance. Corporate Governance is about commitment to values and about ethical business control. This includes organization's corporate and other structures, its cultures, its policies and the manner in which it deals with various stakeholders. Company is committed to being as open and transparent as possible with respect to our internal financial reporting, our control systems and our decision making processes. We believe that by taking this approach we are respecting the guidelines laid down in the Code and ensuring that our stakeholders benefit from a clearer understanding of how our business is managed. Company feels that this open approach is the best in the interests of our investors, consumers, employees and partners and that they will be assured that our business is run professionally, ethically and with consistent regard for best practice in corporate governance.

The Board of the Company is broad-based consisting of eight Directors out of which three are independent Directors, which is in line with the requirements of the Code of Corporate Governance.

The Board of Directors of the Company comprise of the following

Chairman, Promoter Non - Executive Director

Promoter Non - Executive Director

Independent Non - Executive Director

Independent Non - Executive Director

Promoter Non - Executive Director

Promoter Non - Executive Director

Independent Non - Executive Director

Whole Time Director

During the year 2004-2005, seven meetings of the Board of Directors of the Company were held one each on 21.04.2004, 30.06.2004, 31.07.2004, 30.09.2004, 30.10.2004, 27.12.2004 and 31.01.2005.

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Details of the Attendance of the Directors at the Board meetings are as given below:

Shri Subrata Roy Sahara	5	Shri O. P. Srivastava	5
Smt. Swapna Roy	5	Shri J. B. Roy	7
Smt. Jaya Bachchan	-	Shri Mahesh Prasad	4
Shri Amar Singh	-	Shri V. B. Chandra	5

Detail of Directorship including membership of Committee(s) in other Companies are as given below:

Shri Subrata Roy Sahara	14	3	-
Smt. Swapna Roy	10	5	-
Smt. Jaya Bachchan	1	1	-
Shri Amar Singh	3	2	1
Shri O. P. Srivastava	14	9	-
Shri J. B. Roy	14	11	-
Shri Mahesh Prasad	1	-	-
Shri V. B. Chandra	3	2	-

The Directorships shown above are the directorships of the Public Limited Companies and do not include the Directorship on the Board of the Private Limited Companies or Section 25 Companies. Membership of committee in other companies are of Audit Committee, Shareholders/ Investor Grievance Committee and Remuneration Committee.

Last Annual General Meeting of the company was held on 27th September 2004 and following directors were present in the meeting:

- Shri O. P. Srivastava
- Shri Mahesh Prasad
- Shri V. B. Chandra.

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Board of Directors of the Company has constituted Audit Committee on 30th January 2001 and reconstituted in their meeting held on 29th June 2002. The Audit Committee was formed to perform all the functions as are required to be performed under the provisions of the Companies Act, 1956 and Listing Agreement with the Stock Exchanges.

Shri Mahesh Prasad, Chairman,	Independent Non Executive Director
Shri Amar Singh	Independent Non Executive Director
Shri O. P. Srivastava	Promoter Non-Executive Director
Shri J. B. Roy	Promoter Non-Executive Director
Shri Bimal Kishore Nanda	Company Secretary

During the year 2004-2005 five Audit Committee Meeting were held one each on 21.04.2004, 30.06.2004, 31.07.2004, 29.10.2004 and 31.01.2005. Details of the attendance of the members of the Audit Committee in the Audit Committee meetings are as given below:

Shri Mahesh Prasad	3
Shri Amar Singh	-
Shri O. P. Srivastava	3
Shri J. B. Roy	5

1. Approving and implementing the audit procedure and techniques
2. Reviewing financial reporting systems, internal control systems and control procedures
3. Reviewing audit reports of both internal auditor and statutory auditors with auditors and management.
4. Ensuring compliance with regulatory guidelines and accounting standards.
5. Reviewing the quarterly results of the Company.

The Company is in profit therefore constitution of Remuneration Committee is not applicable on the Company.

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Company had constituted the Shareholders / Investors Grievances Committee in its Board of Directors Meeting held on 3rd April 2001 and reconstituted on 29th June 2002. Following are the members of the Committee

Shri V. B. Chandra, Chairman

Shri Mahesh Prasad

Shri A. N. Mukharjee

Shri Bimal Kishore Nanda

Shri Bimal Kishore Nanda, Company Secretary is also acting as Secretary / convener of the Committee.

During the period under review the Company has received zero complaints from the shareholders. Further there is no shareholder's complaint pending against the Company as on date.

The Shareholders/ Investor Grievances Committee meet at-least once in 10 days to approve the Share Transfer, Consolidation, Split, Dematerialization and Rematerialization etc. During the year 2004-2005, Shareholders / Investors Grievance Committees had met 32 times.

The details of date, time & venue of the last three Annual General Meetings of the Company are as given below:-

21st AGM	27th September 2002 at 11:30 A.M.	Sahara India Point, CTS 40-44, S. V. Road, Goregaon (West), Mumbai 400 104.	One
22nd AGM	25th September 2003 at 11:30 A.M.	Sahara India Point, CTS 40- 44, S. V. Road, Goregaon (West), Mumbai 400 104.	Zero
23rd AGM	27th September 2004 at 02:30 A.M.	Sahara India Point, CTS 40- 44, S. V. Road, Goregaon (West), Mumbai 400 104.	Zero
Extra Ordinary General Meeting	31st January 2005 at 10:30 A.M.	Sahara India Point, CTS 40- 44, S. V. Road, Goregaon (West), Mumbai 400 104.	One

Presently, the Company does not have any proposal for postal ballot.

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The Company is making adequate disclosure to the shareholders through the Annual Report. Further there is no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

There is no non-compliance by the Company, penalties imposed on the Company by Stock Exchange or Securities and Exchange Board of India or any other statutory authority, on any matter related to capital markets, during the last three years.

Disclosure of the financial performance is at core of good governance. This includes consistent, comparable relevant and reliable information on financial performance of the Company. Towards this end the Company is providing Annual Report on the working of the Company to each of its shareholder. Further the Quarterly/ Half Yearly Financial Results of the Company are forwarded to Mumbai, Delhi and Calcutta Stock Exchanges where the Shares of the Company are listed and published in vast circulated newspapers.

SEBI vide its circular No's SMD/POLICY/CIR-13/02 dated 20th June 2002 and SMD/POLICY/CIR-17/02 dated 3rd July 2002, instructed Stock Exchanges to include new Clause 51 in Listing Agreement regarding on line filing of certain documents/ statements by the Listed Companies in the EDIFAR web site.

New Clause 51 of Listing Agreements states that Companies (who's list is separately given by SEBI) need to file full version of Annual Report including the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report, Cash Flow Statement, Half Yearly Financial Statements, Quarterly Financial Statement, Corporate Governance Report, Shareholding Pattern statement, Statement of action taken against the Company by any regulatory agency, etc. on the Electronic Data Information Filing and Retrieval (EDIFAR) website.

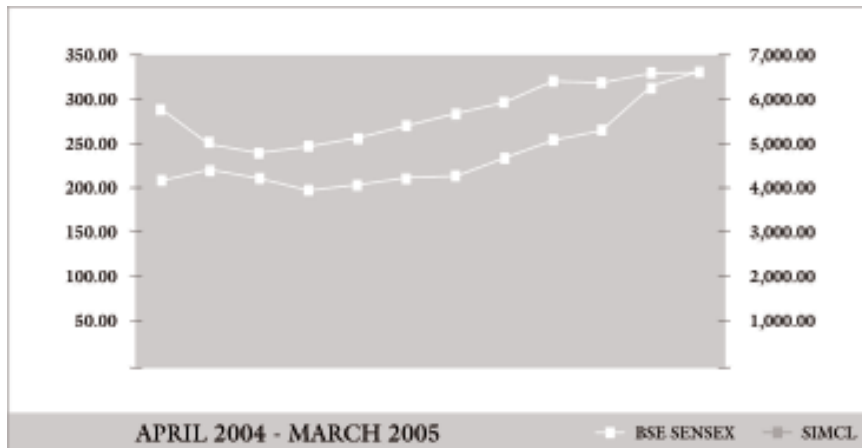
Sahara India Mass Communication Limited is also in the list of the Companies who need to comply with Clause 51 of Listing Agreement. In compliance to the Clause 51 of the Listing Agreement Company had entered the data / information as required. The Company has sent the Limited Review result for the Half-Year ended September 2004 to its shareholders.

Management Discussion and Analysis report forms part of this Annual Report.

SAHARA INDIA MASS COMMUNICATION LIMITED
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Movement in Company's Share Price during the year 2004-2005 on BSE and Sensex movement of BSE for the same period is as under

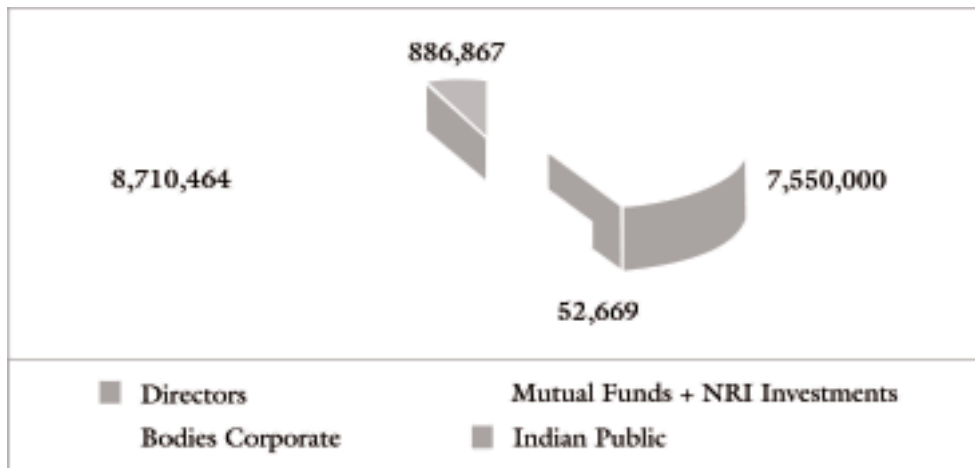
MONTH	SIMCL SHARE PRICE			
	HIGH (Rs)	LOW (Rs)		
April-04	218.00	200.00	5979.25	5599.12
May-04	226.00	215.00	5772.64	4227.50
Jun-04	229.90	193.00	5012.52	4613.94
Jul-04	218.00	177.00	5200.85	4723.04
Aug-04	220.00	185.05	5269.22	5022.29
Sep-04	229.00	191.00	5638.79	5178.57
Oct-04	245.00	185.10	5803.82	5558.14
Nov-04	272.80	197.00	6248.43	5649.03
Dec-04	290.00	221.10	6617.15	6176.09
Jan-05	298.50	232.15	6696.31	6069.33
Feb-05	385.00	250.00	6721.08	6508.33
Mar-05	380.00	285.00	6954.86	6321.31



SAHARA INDIA MASS COMMUNICATION LIMITED
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As on 31/03/2005 the shareholding pattern of the Company is as detailed below: -

Directors	75,50,000
Mutual Funds + NRI (52,664+5)	52,669
Bodies Corporate	87,10,464
Indian Public	8,86,867
Total	1,72,00,000



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AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE
CONDITION OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF
THE LISTING AGREEMENT (S)

1. We have examined the compliance of the conditions of Corporate Governance by the Sahara India Mass Communication Limited for the year ended March 31, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the above-mentioned Listing Agreement.
4. We state that in respect of investor grievances received during the year ended March 31, 2005, no investor grievances are pending against the company as on June, 29th 2005, as per the records maintained by the Company and presented to the Shareholders/ Investors grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Lucknow
Date: June 29, 2005

For D. S. Shukla & Co.
Chartered Accountants

(A. K. Dwivedi)
Partner

SAHARA INDIA MASS COMMUNICATION LIMITED

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GENERAL SHAREHOLDER INFORMATION

Details of Annual
General Meeting: -

Date 21st September 2005, Wednesday

Time 01:30 P.M.

Venue Sahara India Point, CTS 40 - 44, S.V. Road, Goregaon (West), Mumbai 400 104.

Date of Book closure 14th September 2005 to 21st September 2005 (both days inclusive)

Last date for receipt of
proxy forms 19th September 2005 by 01:30 P.M.

Financial Calendar 1st April 2004 to 31st March 2005

Un-Audited Results for the first quarter ended 30th June 2004 were considered on 31st July 2004

Un-Audited Results for the second quarter ended 30th September 2004 were considered on 30th October 2004

Un-Audited Results for the third quarter ended 31st December 2004 were considered on 31st January 2005

Audited Results for the year ended 31st March 2005 were considered on 29th June 2005

General Meeting

Last Annual General
Meeting 27th September 2004

Last Extra Ordinary
General Meeting 31st January 2005

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Registrar and Transfer Agents	M/s MCS Limited, Sri Venkatesh Bhavan, Plot No. 27, Road No. 11, MIDC Area, Andheri (East), Mumbai 400 093
Share Transfer System	<p>Shares received for physical transfer or dematerialization or rematerialization requests are generally registered and returned within a period of 21 days from the date of receipt of complete and validly executed documents.</p> <p>The Shareholders/ Investor Grievances Committee meet at least once in 10 days to approve the Share Transfer and dematerialization requests.</p>
Dematerialization of shares and liquidity	<p>Equity Shares of the Company can be traded in dematerialized form.</p> <p>To facilitate the trading in dematerialized form the Company has entered into agreement with both the depositories viz National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL)</p> <p>As of date approximately 13% of the Equity Shares of the Company are in dematerialized form.</p>
Listing on Stock Exchanges	<p>The Stock Exchange, Mumbai, (BSE)</p> <p>The Calcutta Stock Exchange Association Limited, (CSE)</p> <p>The Delhi Stock Exchange Association Limited (DSE)</p>
BSE Stock Code	503691
CSE Stock Code	29990
DSE Stock Code	019639
ISIN NO	INE479B01016
Address for correspondence	Sahara India Point, CTS 40 - 44, S.V. Road, Goregaon (West), Mumbai 400 104

SAHARA INDIA MASS COMMUNICATION LIMITED

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AUDITORS' REPORT

1. We have audited the attached Balance Sheet of Sahara India Mass Communication Limited (the company) , as at March 31, 2005 and relative Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, all of which we have signed under reference to this report. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Amended Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order. .
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting Standards referred to in sub- section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the Directors as on March 31, 2005, and taken on record by the Board of Directors of the Company, we report that none of the Directors is disqualified as on March 31, 2005 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of The Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account, together with the Notes thereon and annexed thereto, give in the prescribed manner, the information required by the Act, and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

Place: Lucknow

Date: June 29, 2005

For D. S. Shukla & Co.

Chartered Accountants

(A. K. Dwivedi)

Partner

SAHARA INDIA MASS COMMUNICATION LIMITED

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In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief we state that

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the Management during the year and the same is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The company has not disposed off any part of fixed assets during the year. Therefore, the provisions of clause 4 (i) (c) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (ii) (a) As explained to us, inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information & explanations given to us the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted any loan secured or unsecured to company, firm or parties to be listed in register maintained under Section 301 of the Companies Act.
- (b) The Company has not taken any loan secured or unsecured from the company, firm or parties to be listed in register maintained under Section 301 of the Companies Act.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices, which are reasonable having regard to prevailing market prices at relevant time.

SAHARA INDIA MASS COMMUNICATION LIMITED

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- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public. Therefore, the provisions of clause 4(vi) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the company.
- (ix) (a) According to the records of the company, undisputed statutory dues including provident fund, Investor Education And Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, except the cases given below, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2005 for a period of more than six months from the date they became payable.

Maharashtra Government	Professional Tax	Rs. 2260/-	Opening Balance	15th of Next Month	Not yet paid.
West Bengal Government	Professional Tax	Rs. 7980/-	Opening Balance	15th of Next Month	Not yet paid
Karnataka Government	Professional Tax	Rs. 474/-	Opening Balance	15th of Next Month	Not yet paid
Sahara India Employees contributory P.F. Trust	Employees contribution to P.F	Rs. 3845/-	Opening Balance	15th of Next Month	Not yet paid

SAHARA INDIA MASS COMMUNICATION LIMITED

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- (b) According to the information and explanations given to us, except the cases given below there are no dues of sales tax, income tax, custom duty, service tax, wealth tax, excise duty and Cess which have not been deposited on account of any dispute.

Income Tax Department	Assessment Demand	Rs. 7721763/-	1999-2000	ITAT, Mumbai
Income Tax Department	Assessment Demand	Rs. 14025366/-	2000-2001	ITAT, Mumbai
Income Tax Department	Assessment Demand	Rs. 4177280/-	2001-2002	CIT Appeals, Mumbai

- (x) The company has no accumulated losses and has not incurred any cash loss during the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not issued any debentures and has not taken any loans from a financial institution or bank. Therefore, the provisions of clause 4 (xi) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4 (xii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (xiii) In our opinion and as explained to us, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4 (xv) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (xvi) In our opinion and according to the information and explanations given to us, the company has not taken any term loan during the year. Therefore, the provisions of clause 4 (xvi) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (xvii) According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that the company has not raised any short-term or long-term funds during the year. Therefore, the provisions of clause 4 (xvi) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.

SAHARA INDIA MASS COMMUNICATION LIMITED

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- (viii) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (xviii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (ix) According to the information and explanations given to us, the company has not issued any debentures. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (xx) The company has not made any public issue during the year. Accordingly, the provisions of clause 4 (xx) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (xi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **D.S.Shukla & Co.**
Chartered Accountant

Place: Lucknow
Date: 29th June, 2005

(A.K.Dwivedi)
Partner

SAHARA INDIA MASS COMMUNICATION LIMITED

ANNUAL REPORT 2004- 2005

BALANCE SHEET AS AT MARCH 31, 2005

	SCHEDULE	MARCH 31, 2005 Rs.	MARCH 31, 2004 Rs.
SHARE HOLDERS' FUNDS			
Capital	1	172,000,000	172,000,000
Reserves and Surplus	2	885,120,177	820,076,694
		1,057,120,177	992,076,694
TOTAL		1,057,120,177	992,076,694
FIXED ASSETS			
Gross Block	3	51,953,952	5,806,983
Less : Depreciation		2,028,623	1,249,252
Net Block		49,925,329	4,557,731
INVESTMENTS	4	142,940,501	112,532,681
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	5	511,736,433	974,388,312
Sundry Debtors	6	11,571,158	184,561,506
Cash and Bank Balances	7	13,760,173	103,679,160
Other Current Assets	8	2,549,004	21,042,120
Loans and Advances	9	1,118,902,911	648,566,477
		1,658,519,679	1,932,237,575
LESS : CURRENT LIABILITIES AND PROVISIONS	10	793,787,074	1,057,889,612
NET CURRENT ASSETS		864,732,605	874,347,963
MISCELLANEOUS EXPENDITURE	11	852,292	1,135,415
DEFERRED TAX LIABILITY (NET)		(1,330,550)	(497,096)
NOTES TO ACCOUNTS	16		
TOTAL		1,057,120,177	992,076,694

Schedules 1 to 16 form an integral part of the Accounts.

This is the Balance Sheet referred to in our report of even date.

On behalf of the Board of Directors

For
Chartered Accountants

Director

Director

Partner
Membership No: 078297

Executive Director (Finance)

Whole-time Director

Company Secretary

Assistant Chief Manager

Lucknow, June 29 , 2005

SAHARA INDIA MASS COMMUNICATION LIMITED

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

	SCHEDULE	2004 - 2005 Rs.	2003 - 2004 Rs.
Sales		2,109,321,757	1,177,873,891
Commission		-	693,568
Other Income	12	38,698,902	26,304,061
Accretion / (Decretion) to Inventories	13	(462,651,879)	263,281,260
TOTAL		1,685,368,780	1,468,152,780
Purchases		1,430,397,364	1,265,383,329
Administrative and Other Expenses	14	143,450,813	108,424,818
Depreciation		779,371	431,959
TOTAL		1,574,627,548	1,374,240,106
PROFIT BEFORE TAX		110,741,232	93,912,674
Provision for Taxation :			
Current Tax		45,100,000	21,700,000
Deferred Tax (written back)		833,454	(273,190)
(Refer Note 12 on Schedule 16)			
Prior Period (Income) / Expenses	15	(235,705)	6,195,850
PROFIT AFTER TAXATION		65,043,483	66,290,014
Profit and Loss Account Balance Brought Forward		270,076,694	203,786,680
NET PROFIT AVAILABLE FOR APPROPRIATION		335,120,177	270,076,694
Profit and Loss Account Balance carried to Balance Sheet		335,120,177	270,076,694
Earnings Per Share (Basic and Diluted)		3.78	3.85
(Refer Note 13 on Schedule 16)			
NOTES TO ACCOUNTS	16		

Schedules 1 to 16 form an integral part of the Accounts.

This is the Profit and Loss Account referred to in our report of even date.

On behalf of the Board of Directors

Chartered Accountants

Director

Director

Partner
Membership No: 078297

Executive Director (Finance)

Whole-time Director

Company Secretary

Assistant Chief Manager

Lucknow, June 29 , 2005

SAHARA INDIA MASS COMMUNICATION LIMITED
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	MARCH 31, 2005 Rs.	MARCH 31, 2004 Rs.
SCHEDULE 1		
35,000,000 Equity Shares of Rs.10 each	350,000,000	350,000,000
17,200,000 Equity Shares of Rs.10 each, fully paid-up	172,000,000	172,000,000
	172,000,000	172,000,000
SCHEDULE 2		
Securities Premium Account	550,000,000	550,000,000
Profit and Loss Account	335,120,177	270,076,694
	885,120,177	820,076,694

SAHARA INDIA MASS COMMUNICATION LIMITED
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SCHEDULE 3

Refer Note 1 (b) on Schedule 16

(Amount in Rs.)

	COST				Upto March 31, 2004	For the period	On Deduction	Upto March 31, 2005	As at March 31, 2005	As at March 31, 2004
	As at March 31, 2004	Additions during the year	Deduction during the year	As at March 31, 2005						
Residential Building	2,087,780	-	-	2,087,780	27,522	34,031	-	61,553	2,026,227	2,060,258
Shooting Equipment	630,500	-	-	630,500	56,056	44,576	-	100,632	529,868	574,444
Furniture & Fixture	12,290	-	-	12,290	1,683	778	-	2,461	9,829	10,607
Computers	995,880	2,152,681	-	3,148,561	635,115	163,704	-	798,819	2,349,742	360,765
Temporary Structures	-	140,000	-	140,000	-	140,000	-	140,000	-	-
Vehicle	2,080,533	2,474,221	-	4,554,754	528,876	396,282	-	925,158	3,629,596	1,551,657
Capital work in progress	-	41,380,067	-	41,380,067	-	-	-	-	41,380,067	-
Total	5,806,983	46,146,969	-	51,953,952	1,249,252	779,371	-	2,028,623	49,925,329	4,557,731
Previous Year	4,573,953	1,233,030	-	5,806,983	817,293	431,959	-	1,249,252	4,557,731	3,756,660

SAHARA INDIA MASS COMMUNICATION LIMITED

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	MARCH 31, 2005 Rs.	MARCH 31, 2004 Rs.
SCHEDULE 4		
(Refer Note 1 (d) on Schedule 16)		
11 (March 31, 2004: 11) 10.50% Reliance Telecom Limited Debentures of Rs. 500,000 each	1,584,001	3,432,001
NIL (March 31, 2004: 6) 10.25% Reliance Telecom Limited Debentures of Rs. 500,000 each	-	864,180
	1,584,001	4,296,181
750,000 (March 31, 2004: 750,000) Equity shares of Sahara India Life Insurance Company Limited, (Formerly known as Sahara Life Insurance Corporation Limited) of Rs. 10 each, fully paid up	7,500,000	7,500,000
5,000,000 (March 31, 2004: NIL) 5% Non cumulative Preference shares of Sahara India Financial Corporation Limited of Rs. 10 each, fully paid up	50,000,000	-
NIL (March 31, 2004: 5,000,000) 4.5% Non cumulative Preference shares of Sahara India Financial Corporation Limited of Rs. 10 each, fully paid up	-	50,000,000
15,000 (March 31, 2004: 15,000) Equity shares of Sahara India Commercial Corporation (Overseas) Limited, Mauritius of USD 1 each, fully paid up.	699,000	699,000
3,750 (March 31, 2004 : 3,750) Equity shares of Sahara Care Ltd. of Rs. 10 each, fully paid up	37,500	37,500
24,500 (March 31, 2004 : NIL) Equity Shares of Sahara India Entertainment Management Company Limited Rs. 10/- each, fully paid up	2,45,000	-
Shares Application Money paid to K Sera Sera Production Limited	-	50,000,000
	58,481,500	108,236,500
1,500,000 (March 31, 2004 : NIL) Equity Shares of K Sera Sera Productions Limited (Market Value as on March 31, 2005: Rs 135,075,000)	82,875,000	-
	82,875,000	-
	142,940,501	112,532,681
SCHEDULE 5		
Refer Note 1 (e) on Schedule 16		
- Films	228,238,445	25,885,087
- Other Television Software	105,604,991	236,277,975
- Other Television Software	177,892,997	112,225,250
	-	600,000,000
	511,736,433	974,388,312
SCHEDULE 6		
(Unsecured, Considered Good)		
Debts Outstanding for a Period exceeding Six months	11,571,158	184,561,506
Other Debts	-	-
	11,571,158	184,561,506

SAHARA INDIA MASS COMMUNICATION LIMITED
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	MARCH 31, 2005 Rs.	MARCH 31, 2004 Rs.
SCHEDULE 7		
Cash on hand	255,368	360,408
Balance with Scheduled Banks in		
- Current Account	12,243,706	47,199,446
- Deposit Accounts	1,202,190	56,060,881
- Exchange Earners' Foreign Currency (EEFC) Account	58,909	58,425
(US \$ 1,346.50 (March 31, 2004 : US\$ 1,346.50))		
	13,760,173	103,679,160
SCHEDULE 8		
	2,500,000	2,250,000
Interest Accrued on Investments and Deposits	49,004	18,792,120
	2,549,004	21,042,120
SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances Recoverable in Cash or in Kind or	1,089,207,411	644,900,977
for Value to be Received		
Sundry Deposits	29,695,500	3,665,500
	1,118,902,911	648,566,477
SCHEDULE 10		
Sundry Creditors (Other than Small Scale Industrial undertakings)	747,875,770	1,048,899,294
(Refer Note 14 on Schedule 16)		
Other Liabilities	5,705,441	7,825,872
	753,581,211	1,056,725,166
Retirement Benefits - Leave Encashment (Refer Note 1 (f) on Schedule 16)		
	294,165	351,234
Taxation (Net)	39,911,698	813,212
	40,205,863	1,164,446
	793,787,074	1,057,889,612
SCHEDULE 11		
(to the extent not written off or adjusted)		
Refer Note 1(i) on Schedule 16		
Share Issue Expenses	572,092	715,115
Preliminary Expenses	280,200	420,300
	852,292	1,135,415

SAHARA INDIA MASS COMMUNICATION LIMITED
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	MARCH 31, 2005 Rs.	MARCH 31, 2004 Rs.
SCHEDULE 12		
Dividend From Non Trade Investment	2,500,000	2,250,000
Interest on Fixed Deposits (Tax Deducted at Source Rs. 76,464 ; 2003-2004 : Rs. 183,450)	114,126	469,427
Interest on Non-Trade Investments (Tax Deducted at Source Rs. 93,045 ; 2003-2004 : Rs. 120,594)	375,683	588,262
Interest on Others	22,036,831	20,443,387
Exchange Gain (Net)	5,262,196	-
Gain on Sale/ Redemption of Investments (Net)	112,820	118,790
Income from Rent	6,160,000	-
Miscellaneous Receipts	2,100,846	422,514
Credit balances written back	36,400	2,011,681
	38,698,902	26,304,061
SCHEDULE 13		
Closing Stock		
Original Rights - Films	228,238,445	25,885,087
Original Rights - Other Television Software	105,604,991	236,277,975
Exploited Rights - Other Television Software	177,892,997	112,225,250
Unexploited Actor Rights	-	600,000,000
	511,736,433	974,388,312
Less :		
Opening Stock		
Original Rights - Films	25,885,087	6,050,000
Original Rights - Other Television Software	236,277,975	43,713,643
Unexploited Actor Rights	600,000,000	600,000,000
Exploited Rights - Other Television Software	112,225,250	61,343,409
	974,388,312	711,107,052
	(462,651,879)	263,281,260

SAHARA INDIA MASS COMMUNICATION LIMITED

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	MARCH 31, 2005 Rs.	MARCH 31, 2004 Rs.
SCHEDULE 14		
Employee Costs		
- Salary, Wages and Bonus	31,036,152	34,238,240
- Contribution to Provident Fund and Other Funds	1,512,184	3,429,900
- Staff Welfare	156,758	218,480
Repairs and Maintenance - Others	203,190	104,304
Rent	20,238,064	2,990,712
Rates and Taxes	637,304	87,250
Electricity	1,755,874	1,083,491
Professional and Consultancy Charges	40,124,688	11,137,109
Travelling and Conveyance	1,169,465	877,354
Freight	223,063	175,381
Bank Charges	257,096	432,368
Advertisement	35,522,621	2,790,649
Communication	1,848,615	2,344,573
Exchange Loss (Net)	-	26,180,968
Printing and Stationery	313,588	172,467
Membership and Subscription	10,795	5,380
Amortisation of Share Issue & Preliminary Expenses	283,123	283,123
Advance written off	46,300	225,059
Reimbursement of Expenses	4,932,507	-
Miscellaneous	3,179,426	21,648,010
	143,450,813	108,424,818
SCHEDULE 15		
Dividend	-	400,000
Reversal of Programme Production Cost	1,750,000	-
Sale of Distribution rights	75,000	-
Commission	-	79,173
Interest on Investment	93,650	-
Interest in Fixed Deposit	117,357	-
Reversal of Purchase	126,913	-
Miscellaneous receipt	-	760
	2,162,920	479,933
Less:		
Business Promotion	8,141	-
Lease Tax	151,961	5,187,598
Reversal of Sale	1,341,145	-
Film Purchase	-	300,000
Consultancy Charges	-	113,200
Staff Costs	8,303	-
Programme Production Cost	20,000	900,000
Printing & Stationery	9,052	127,004
Communication	160,200	-
Legal Expenses	31,338	-
Travelling & Conveyance	77,303	12,193
Reimbursement of Expenses	119,772	35,788
	1,927,215	6,675,783
	(235,705)	6,195,850

SAHARA INDIA MASS COMMUNICATION LIMITED

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SCHEDULE 16

The Accounts have been prepared under historical cost convention on accrual basis.

Fixed assets are stated at cost of acquisition less accumulated depreciation. Depreciation is provided on the Straight Line Method at the rates prescribed under Schedule XIV to The Act.

An asset is treated as impaired when carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired. Any impairment loss recognised in prior accounting periods is revised if there has been a change in the estimate of recoverable amounts.

Long Term Investments are valued at cost or market value, whichever is lower.

Inventories are valued at lower of cost and net realisable value. Costs are determined as under: -

i) Original Perpetual Rights	: At purchase cost/ cost as ascertained.
ii) Other Original Rights	: At purchase cost, cost is amortised over the period of the rights.
iii) On First Satellite Exploitation	:
- News	Nil
- Perpetual Rights of Films	At 10% of Purchase cost/cost as ascertained, which is to be amortised over three financial years @ 3.33% p.a. subsequent to the year in which the first exploitation is made.
- Limited Rights of Films	Nil
- Other Television Software	At 10% of Purchase cost/cost as ascertained, which is to be amortised over three financial years @ 3.33% p.a. subsequent to the year in which the first exploitation is made.
iv) Perpetual Theatre Rights of Films	: Nil on first theatre release

SAHARA INDIA MASS COMMUNICATION LIMITED
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SCHEDULE 16 (CONTINUED)

- i) The Company contributes and deposits employee related statutory dues, i.e., Provident Fund, Staff Pension Fund and Gratuity Fund, to Various Schemes of retirement duly recognised by Income-tax Authorities. Company's contributions are charged against revenue every year.
- ii) Provision for Leave Encashment, which is a defined benefit, is made on an actuarial valuation carried out by an independent actuary.

Revenue transactions in foreign currency are accounted at the exchange rate prevailing on the transaction date. Exchange gains and losses arising on settlement are recognised in the Profit and Loss account. Sundry debtors denominated in foreign currencies are translated into Rupees at the year-end exchange rates, and the resultant exchange difference is recognised in the Profit and Loss Account.

Income in respect of export and local sale of Motion Picture Films, News and Television Software is recognised when the buyer telecasts these for the first time. Revenue from theatre release of films is recognised on receipt basis.

- i) Share Issue Expenses are amortised equally over a period of ten years.
- ii) ROC fees paid for increasing Authorised Share Capital are amortised over a period of five years.

The Company provides for taxes on income, on the tax payable method.

Deferred Tax arising from timing differences between book and tax profits is accounted for under liability method, at the applicable rate of tax, to the extent that the timing differences are expected to crystallise/capable of reversal as deferred tax charge/benefit in Profit & Loss Account and as deferred tax liability/ asset in the Balance Sheet.

SAHARA INDIA MASS COMMUNICATION LIMITED
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SCHEDULE 16 (CONTINUED)

	As at March 31, 2005 Rs.	As at March 31, 2004 Rs.
Uncalled liabilities on 1,500,000 equity shares of K Sera Sera Production Limited of face value of Rs. 10 at a premium of Rs. 45.25 pending allotment.	-	32,875,000
Liability in terms of Corporate Guarantee provided against loan sanctioned in favour of M/s Sahara Hospitality Ltd. Loan availed till 31-03-2005 amounts to Rs. 660,000,000.	3,000,000,000	-
Appeal filed in respect of disputed demands of Income Tax.	25,924,409	21,747,129
Particulars	As at March 31, 2005 Rs.	As at March 31, 2004 Rs.
i) Salary, Fees and Allowances	11,47,694	2,207,894
ii) Contribution to Provident Fund and Other Funds	20,000	31,500
iii) Allowances and Perquisites	1,76,019	162,073
Total	13,43,713	2,401,467
	As at March 31, 2005 Rs.	As at March 31, 2004 Rs.
As Auditor	400,000	400,000
For Other Matters	-	-
Out-of-Pocket Expenses	20,990	-
Total	420,990	400,000

SAHARA INDIA MASS COMMUNICATION LIMITED

ANNUAL REPORT 2004- 2005

SCHEDULE 16 (CONTINUED)

- a) The Company is in the business of producing television software, which is not subject to any license. Hence licensed capacity is not disclosed. Further, the nature of business of the Company is such that the installed capacity is not quantifiable.
- b) Quantitative Details: -

(A)	Opening Stock	Nos	Rupees	Nos	Rupees
	Television Software				
	- Original	599	236,277,975	372	43,713,643
	-Exploited	18,544	112,225,250	13,754	61,343,409
	Motion Pictures Films	58	25,885,087	14	6,050,000
	Actor Rights	1	600,000,000	1	600,000,000
		19,202	974,388,312	14,141	711,107,052
(B)	Purchases				
	Original Television Software	3,086	1,032,228,989	3,817	1,008,798,442
	Motion Picture Films	42	400,085,765	183	256,584,887
		3,128	1,432,314,754	4,000	1,265,383,329
(C)	Sales				
	Television Software				
	-Original	3,159	1,051,301,120	3,749	816,312,454
	Motion Picture Films	58	303,684,407	138	236,749,800
	Actor Rights	1	600,000,000	-	-
		3,218	1,954,985,527	3,887	1,053,062,254
(D)	Closing Stock				
	Television Software				
	-Original	299	105,604,991	600	836,277,975
	-Exploited	19,905	177,892,997	18,544	112,225,250
	Motion Picture Films	54	228,238,445	58	25,885,087
	Actor Rights	-	-	-	-
		20,258	511,736,433	19,202	974,388,312

SAHARA INDIA MASS COMMUNICATION LIMITED
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SCHEDULE 16 (CONTINUED)

(Amount in Rs.)

F.O.B Value of Exports	13,871,473	-
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(Amount in Rs.)

Travelling Expenses	579,886	-
Others	876,740	4,839,099
Total	1,456,626	48,39,099

In accordance with Accounting Standard 17 - "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as Television Software. Since 95% of the Company's business is from Television Software, there is no other primary reportable segment. Thus the segment revenue, segment liabilities, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for depreciation and amortisation during the year are all as reflected in the Financial Statements as of and for the year ended March 31, 2005.

(Amount in Rs.)

Revenue from external customers	2,088,101,949	15,719,808	2,103,821,757
Carrying amount of Segment Assets	1,729,181,296	-	1,729,181,296
Addition to Fixed Assets during the year	58,946,969	-	58,946,969

SAHARA INDIA MASS COMMUNICATION LIMITED

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SCHEDULE 16 (CONTINUED)

(a)	Control Major shareholders having control over the company	Shri Subrata Roy Sahara Smt. Swapna Roy Sahara India Financial Corporation Ltd. Sahara India Corporation Ltd.
(b)	Associates	Sahara India Commercial Corporation (Overseas) Limited, Mauritius Sahara Care Limited
(c)	Key Management Personnel Director Principal Officer	Shri V. B. Chandra Shri Sudhir Kumar
(d)	Enterprises with whom transactions have taken place during the year and in which individuals mentioned in (a) above exercise significant influence.	Sahara Airlines Limited Sahara India Commercial Corporation Ltd Sahara India International Corporation Ltd. Sahara TV Limited, Mauritius Sahara India Life Insurance Company Ltd. Sahara Care Ltd. Sahara Sanchar Ltd. Sahara India Entertainment Management Company Limited

Shri. V. B. Chandra	Whole-time Director	Remuneration	3,86,100
Shri. Sudhir Kumar	Principal Officer	Remuneration	9,57,613
			Total 13,43,713

SAHARA INDIA MASS COMMUNICATION LIMITED
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SCHEDULE 16 (CONTINUED)

Purchase of News and Television Software	-	-	-	-	-	-
Expenses Reimbursed	-	10,640,161	10,640,161	-	35,275,463	35,275,463
Interest Expenses	-	-	-	-	-	-
Rent	-	2,080,859	2,080,859	-	2,631,000	2,631,000
Sale of Television Software (including News and Motion Picture Films)	-	2,109,321,757	2,109,321,757	-	1,134,946,311	1,134,946,311
Commission Received	-	-	-	-	82,391	82,391
Loan Taken	-	-	-	-	-	-
Loan Repayment	-	-	-	-	68,471,596	68,471,596
Advances	-	128,373,000	128,373,000	-	1,082,285,000	1,082,285,000
Purchase of Investments	-	245,000	245,000	-	-	-
Sale of Investments	-	-	-	-	-	-
Dividend	-	2,500,000	2,500,000	-	2,250,000	2,250,000
		As At 31-3-2005			As At 31-3-2004	
Loans	-	NIL	NIL	-	NIL	NIL
Investment	736,500	57,745,000	58,481,500	736,500	57,500,000	58,236,500
Receivables (Net of Payables)	-	94,025,243	94,025,243	-	94,025,243	94,025,243
Payable (Net of Receivable)	-	886,772,186	886,772,186	-	86,772,186	886,772,186

SAHARA INDIA MASS COMMUNICATION LIMITED
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SCHEDULE 16 (CONTINUED)

(Amount in Rs.)

	Due within Next One year	Due later than one year not later than five year	Due after five year	Amount recognised during the year
Premises	38,994,416	95,042,109	-	20,270,712

The minimum future lease rentals are for the non-cancellable period of the lease.

Deferred Tax Liability

Fixed Assets in excess of net block as per books over written down value as per the provisions of the Income Tax Act, 1961	370,131	366,753	736,884
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Miscellaneous Expenditure in excess of deduction in respect of Section 35D	(52,336)	256,548	204,212
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	317,795	623,301	941,096
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Deferred Tax Asset

Provision for Leave encashment	18,363	(126,005)	(107,642)
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	18,363	(126,005)	(107,642)
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Net Deferred Tax Liability	336,158	497,296	833,454
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SAHARA INDIA MASS COMMUNICATION LIMITED
ANNUAL REPORT 2004- 2005

SCHEDULE 16 (CONTINUED)

Net Profit/(Loss) Attributable (Rs.)	65,043,434	66,290,014
Weighted Average number of Equity Shares	17,200,000	17,200,000
Earnings per Share (Rs.)	3.78	3.85

On behalf of the Board of Directors

Chartered Accountants

Director

Director

Partner
Membership No: 078297

Executive Director (Finance)

Whole-time Director

Lucknow, June 29 , 2005

Company Secretary

Assistant Chief Manager

SAHARA INDIA MASS COMMUNICATION LIMITED

ANNUAL REPORT 2004- 2005

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2005 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005.

Registration No.	2 4 9 4 7	State Code	1 1
Balance Sheet Date	3 1 0 3	2 0 0 5	
	Date Month Year		
Public Issue	N I L	Right Issue	N I L
Bonus Issue	N I L	Private Placement	N I L
Total Liabilities (including Shareholders' Funds)	1 8 5 2 2 3 8	Total Assets	1 8 5 2 2 3 8
Paid up Capital	1 7 2 0 0 0	Reserves and Surplus	8 8 5 1 2 0
Secured Loans	N I L	Unsecured Loans	N I L
Net Fixed Assets	4 9 9 2 5	Investments	1 4 2 9 4 1
(Please tick appropriate box + for Positive, - for Negative)		Miscellaneous Expenditure	8 5 2
+ - Net Current Assets	8 6 4 7 3 3		
✓			
Accumulated Losses	N I L		
Income	1 6 8 5 3 6 9	Total Expenditure	1 5 7 4 6 2 8
(Please tick appropriate box + for Positive, - for Negative)			
+ - Profit / Loss Before Tax	1 1 0 7 4 1	✓	Profit / Loss After Tax
✓		✓	6 5 0 4 3
+ - Earnings per Share in Rs.	3 . 7 8	✓	Dividend Rate %
✓		✓	N I L
(as per monetary terms)			
Item Code No. (ITC Code)	8 5 . 2 4		
Production Description	Television Software (including News and Motion Picture Films)		

SAHARA INDIA MASS COMMUNICATION LIMITED

ANNUAL REPORT 2004- 2005

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

(Pursuant to the listing agreement with Stock Exchanges)

	110,976,937	87,716,824
Adjustment for :		
Depreciation	779,371	431,959
Interest Expense	-	-
Interest Income	(22,526,640)	(21,501,076)
Dividend Income	(2,500,000)	(2,250,000)
(Profit)/Loss on Fixed Assets lost in fire	-	-
Foreign Exchange (Gain) / Loss	(5,262,196)	26,180,968
Loss/ (Gain) on Sale/ Redemption of Investments (net)	(112,820)	(118,790)
Share Issue Expenses	283,123	283,123
Prior Period Expenses/(Income) (Net)	(235,705)	6,195,850
	(29,574,867)	9,222,034
	81,402,070	96,938,858
Adjustment for :		
Inventories	462,651,879	(263,281,260)
Trade and Other Receivables	178,252,544	433,146,001
Loans and Advances	(446,468,424)	262,353,691
Trade Payables	(327,069,034)	(369,512,060)
	(132,633,035)	62,706,372
CASH GENERATED FROM/ (USED FOR)		
OPERATIONS	(51,230,965)	159,645,230
Direct Taxes paid	(6,001,514)	(23,535,980)
Prior Period (Expenses)/Income	(235,705)	(6,195,850)
NET CASH FROM/ (USED IN) OPERATING		
ACTIVITIES	(56,996,774)	129,913,400
Purchase of Investments	(50,245,000)	(50,000,000)
Sale of Investments	19,950,000	2,975,000
Purchase of Fixed Assets	(46,146,969)	(1,233,030)
Interest Received	41,269,756	5,325,027
Dividend Received	2,250,000	-
NET CASH FROM/ (USED IN) INVESTING		
ACTIVITIES	(32,922,213)	(42,933,003)

SAHARA INDIA MASS COMMUNICATION LIMITED
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Unsecured loan	-	-
Interest Paid	-	(68,471,596)
Repayment of Unsecured loan	-	-
ROC Fees	-	-
Issue of Share Capital	-	-
Share Premium	-	-
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES	-	(68,471,596)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(89,918,987)	18,508,801
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	103,679,160	85,170,359
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	13,760,173	103,679,160

- 1 The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
- 2 Previous years' figures have been regrouped/ rearranged to conform with current year's classification.

For and on behalf of the Board

Director

Director

Executive Director (Finance)

Whole-time Director

Lucknow, June 29 , 2005

Company Secretary

Assistant Chief Manager

SAHARA INDIA MASS COMMUNICATION LIMITED

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The above cash flow statement has been compiled from and is based on the audited accounts of Sahara India Mass Communication Limited, for the year ended March 31, 2005 reported upon by us on June 29, 2005. According to the information and explanations given, together with the Notes thereon, the aforesaid Cash Flow Statement has been prepared pursuant to Clause 32 of the Listing Agreement of Stock Exchanges and the reallocations required for the purpose are as made by the Company.

For
Chartered Accountants

Partner
Membership No. 078297

Lucknow, June 29 , 2005

SAHARA INDIA MASS COMMUNICATION LIMITED
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