

RADAAN
MEDIAWORKS (I) LIMITED

ANNUAL REPORT

2004 - 2005

Corporate Information

BOARD OF DIRECTORS

R.RADIKAA EXECUTIVE CHAIRPERSON & WHOLETIME DIRECTOR

RAJU RADHA DIRECTOR

GEETHA RATHA DIRECTOR

P.K.RAGHU KUMAR DIRECTOR

HARSH DALMIA DIRECTOR

R.SARATHKUMAR DIRECTOR

M.K.SINHA DIRECTOR

S.PRIYADARSHAN DIRECTOR

P.M.VENKATASUBRAMANIAN DIRECTOR

ROY JOSEPH PULIYANKUNNEL C.O.O

R.HARIHARAN G.M (FINANCE)

S.BALAKRISHNAN COMPANY SECRETARY

REGISTERED OFFICE:

No.10,
Paul Appasamy St,
T.Nagar, Chennai -600 017
Ph : +91 44-28225935
28225972/28241575
Fax: +91 44-28225934
Website:www.radaan.tv
email:info@radaan.tv

AUDITORS:

CNGSN & ASSOCIATES
Chartered Accountants
"Agastya Manor"
New No.20 Old No.13
Raja Street
T.Nagar,
Chennai-600 017

LEGAL ADVISOR

P.H.ARVINDEH PANDIAN
Advocate
New no.12 1st Cross Street
Ramakrishna Nagar, Mandaveli
Chennai -600 028

BANKERS:

INDIAN OVERSEAS BANK
Saidapet
Chennai-600 015

REGISTRARS & SHARE TRANSFER AGENT

Cameo Corporate Services Limited
Subramanian Building V Floor
No.1 Club House Road, Chennai 600 002
Ph: 044-28460390 (5 lines)
Fax: 044-28460129 Grams : "CAMEO"
E-Mail: cameo@satyam.net.in

Notice to the Shareholders

Notice is hereby given that the Sixth Annual General Meeting of the members of Radaan Mediaworks (I) Limited, will be held at Guindy Lodge, Madras Race Club, Guindy, Chennai on Tuesday, the 27th September 2005 at 12.15 P.M. to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005, Profit & Loss account for the year ended 31st March 2005 together with the Reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Mrs.Geetha Ratha, who retires by rotation and being eligible offers herself for re-appointment.
- To appoint a Director in place of Mr.P.K.Raghu Kumar, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a Director in place of Mr.Harsh Dalmia, who retires by rotation and being eligible offers himself for re-appointment.
- To re-appoint M/s. CNGSN & Associates, Chartered Accountants as Auditors of the company who shall hold office from the conclusion of this Annual General Meeting of the company till the conclusion of the next Annual General Meeting of the company on such remuneration as may be fixed in this behalf by the Board of Directors of the company.

SPECIAL BUSINESS:

- To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
RESOLVED THAT pursuant to sec. 198,269,309 and 310, read with Schedule XIII and all other applicable provisions of the Companies Act 1956 (including any amendment to or enactment thereof) and also subject to the approval of statutory authorities if any as may be required and subject to such alterations and modifications if any that may be effected by the above authorities in that behalf and which the Board of Directors is hereby authorized to accept, consent of the Company be and is hereby accorded for the appointment of Mr. Raju Radha as Director(Personnel) for a period of 3 years with effect from 1st July 2005 and for the payment of remuneration on the terms and conditions as set out in the resolution and the Board of Directors be and is hereby authorized

to alter and vary such terms and conditions in accordance with the laws in force from time to time as may be agreed to by the Board of Directors and Mr.Raju Radha.

REMUNERATION:

Salary including other allowances and perquisites: Rs.40,000/-P.M.
The perquisites and allowances payable to the Director shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof. The perquisites and allowances shall be evaluated wherever applicable as per the provisions of the Income Tax Act or any rules there under or any statutory modifications or reenactment thereof. However the company's contribution to provident fund, Superannuation or annuity Fund to the extent these singly or together are not taxable under the Income tax law shall not be included for the purpose of computation of the overall ceiling of Remuneration. Reimbursement of expenses incurred for travelling boarding and lodging in respect of the Director during business trips, provision of car to use on the company's business and telephone at residence (including for local calls and long distance official calls) shall not be treated as perquisites.

FURTHER RESOLVED THAT where in any financial year during the currency of the term of office, the company has no profits or its profits are inadequate it may pay Mr.Raju Radha remuneration by way of Salary and perquisites as specified above subject to the limits laid down in Section II part II of Schedule XIII of the Companies Act 1956 as in force from time to time.

FURTHER RESOLVED THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to take all such actions and give all such directions or do all such deeds matters and things as may be necessary in this regard and further to execute all such deeds documents, and writings as may be necessary in this regard.

- To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to Sec. 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions of the Companies Act 1956 (including any amendment to or enactment thereof) and also subject to the approval of statutory authorities

if any as may be required and subject to such alterations and modifications if any that may be effected by the above authorities in that behalf and which the Board of Directors is hereby authorized to accept, consent of the Company be and is hereby accorded for the appointment of Mrs. Geetha Ratha as Director(Programmes) for a period of 3 years with effect from 1st July 2005 and for the payment of remuneration on the terms and conditions as set out in the resolution and the Board of Directors be and is hereby authorized to alter and vary such terms and conditions in accordance with the laws in force from time to time as may be agreed to by the Board of Directors and Mrs.Geetha Ratha

REMUNERATION:

Salary including other allowances and perquisites: Rs.40, 000/- P.M.

The perquisites and allowances payable to the Director shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof. The perquisites and allowances shall be evaluated wherever applicable as per the provisions of the Income Tax Act or any rules there under or any statutory modifications or reenactment thereof. However the company's contribution to provident fund, Superannuation or annuity Fund to the extent these singly or together are not taxable under the Income tax law shall not be included for the purpose of computation of the overall ceiling of Remuneration. Reimbursement of expenses incurred for travelling boarding and lodging in respect of the Director during business trips, provision of car to use on the company's business and telephone at residence (including for local calls and long distance official calls) shall not be treated as perquisites.

FURTHER RESOLVED THAT where in any financial year during the currency of the term of office, the company has no profits or its profits are inadequate it may pay to Mrs.Geetha Ratha remuneration by way of Salary and perquisites as specified above subject to the limits laid down in Section II part II of Schedule XIII of the Companies Act 1956 as in force from time to time.

FURTHER RESOLVED THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to take all such actions and give all such directions or do all such deeds matters and things as may be necessary in this regard and further to execute all such deeds documents, and writings as may be necessary in this regard.

- 8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr.R.Sarath Kumar be and is hereby appointed as a Director of the company, liable to retire by rotation."

- 9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Dr.M.K.Sinha be and is hereby appointed as a Director of the company, liable to retire by rotation."
- 10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
RESOLVED THAT Mr.S.Priyadarshan be and is hereby appointed as a Director of the company, liable to retire by rotation."
- 11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
RESOLVED THAT Mr.P.M.Venkatasubramanian be and is hereby appointed as a Director of the company, liable to retire by rotation."

Date:30.07.2005
Place: Chennai
By order of the Board
S.Balakrishnan
Company Secretary

Registered office:

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

NOTES:

- 1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing the proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.**
- 2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business as set out in the notice is annexed hereto.
- 3. The Register of Members and the Share Transfer books of the company will remain closed from 20th September 2005 to 27th September 2005. (both days inclusive).
- 4. Members holding shares in physical form in their own interest are requested to dematerialize the shares to avail the benefits of electronic holding/ trading.
- 5. For shares held in physical form, any change in address may be immediately intimated to the company/ Share transfer agent by quoting the folio nos. For shares held in demat form change in address may be intimated directly to the members' DP.

- 6. Members/Proxies are requested to fill the Attendance slip sent with the Annual Report for attending the Meeting.
- 7. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
- 8. The company's equity shares are listed in Madras and National Stock Exchanges.
- 9. In the case of joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.
- 10. Shareholders are requested to bring their copy of Annual Report to the Meeting.
- 11. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing such representatives to attend and vote at the Annual General Meeting.
- 12. In compliance of SEBI directions to all listed companies to maintain all works relating to share registry- both physical and electronic at single point i.e. either in house or by SEBI registered "Registrar & Share Transfer Agent"(RTA) the company's Registrar and Share Transfer Agent for both physical and demat segment are M/s. Cameo Corporate Services Limited, Chennai- 600 002.

Address of Registrar and Share Transfer Agent

M/s. Cameo Corporate Services Limited
Subramanian Building, 1 Club House Road,
Chennai-600 002 Ph: 044-28460390
Fax: 044- 28460129
E-mail: cameosys@satyam.net.in

- 13. Consequent upon the introduction of Section 109A of the Companies Act, shareholders are entitled to make nomination in respect of the shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B duly filled in and signed by them, to the Registrars and Transfer Agents M/s. Cameo Corporate Services Limited, Chennai-600 002 and to the Depository Participants in case the shares are held in electronic form.
- 14. 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.
- 15. Appointment /Reappointment of Directors:
At the ensuing Annual General Meeting, Mrs.Geetha

Ratha, Mr. P.K.Raghu Kumar, and Mr.Harsh Dalmia retire by rotation and being eligible offer themselves for reappointment. Further Mr. R.Sarathkumar, Mr.M.K.Sinha, Mr.S.Priyadarshan and Mr.P.M.Venkata subramanian are being appointed as Directors of the company liable to retire by rotation. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the Report on Corporate Governance published in the Annual Report.

Annexure to Notice

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

The following explanatory statement sets out all the material facts relating to the Special Business mentioned in the accompanying notice dated 30th July 2005 and shall be taken as forming part of the notice.

Item No.6

The Board of Directors of the company at its Meeting held on 30th July 2005 has subject to the approval of the members appointed Mr. Raju Radha, as Director (Personnel) of the company for a period of 3 years with effect from 01-07-2005 on the remuneration as recommended by the Remuneration Committee at its meeting held on 29-04-2005.The broad particulars of remuneration payable to and the terms of the appointment of Mr.Raju Radha are as follows:

Duration:

3 years (1st July 2005 to 30th June 2008.)

Remuneration:

Salary including allowances and perquisites Rs. 40,000 P.M
The perquisites and allowances payable to the Director shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof. The perquisites and allowances shall be evaluated wherever applicable as per the provisions of the Income Tax Act or any rules there under or any statutory modifications or reenactment thereof. However the company's contribution to provident fund, Superannuation or Annuity Fund to the extent these singly or together are not taxable under the Income tax law shall not be included for the purpose of computation of the overall ceiling of Remuneration. Reimbursement of expenses incurred for travelling boarding and lodging in respect of the Director during business trips, provision of car to use on the company's business and telephone at residence (including for local calls and long distance official calls) shall not be treated as perquisites.

Other Terms:

Mr.Raju Radha shall subject to the superintendence, control and Direction of the Board of Directors manage and conduct the business and affairs of the company. He shall not be paid any sitting fees for attending meetings of Board or committee thereof.

The office of the Director may be terminated by the company or the concerned Director by giving the other 3 months' prior notice in writing.

The terms and conditions set out for appointment and payment of remuneration herein may be altered and varied by the Board as it may from time to time deem fit.

The above may also be treated as an abstract of the terms of appointment of Mr. Raju Radha under section 302 of the Act.

None of the Directors of the company is in anyway concerned or interested in the above Resolution except Mr. Raju Radha himself and Mrs. R.Radikaa, Mrs. Geetha Ratha and Mr.R.Sarathkumar Directors being relatives of Mr. Raju Radha.

A brief resume of Mr. Raju Radha and the information or details pertaining to him to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the Report on Corporate Governance forming part of the Annual Report.

The Directors recommend the Resolution to be adopted as an ordinary Resolution by the shareholders.

Item No.7:

The Board of Directors of the company at its Meeting held on 30th July 2005 has subject to the approval of the members appointed Mrs. Geetha Ratha, as Director (Programmes) of the company for a period of 3 years with effect from 01-07-2005 on the remuneration as recommended by the Remuneration Committee at its meeting held on 29-04-2005. The broad particulars of remuneration payable to and the terms of the appointment of Mrs. Geetha Ratha are as follows:

Duration:

3 years: (1st July 2005 to 30th June 2008.)

Remuneration:

Salary including allowances and perquisites Rs. 40,000 P.M

The perquisites and allowances payable to the Director shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof. The perquisites and allowances shall be evaluated wherever applicable as per the provisions of the Income Tax Act or any rules there under or any statutory modifications or reenactment thereof. However the company's contribution to provident fund, Superannuation or annuity Fund to the extent these singly or together are not taxable under the Income tax law shall not be included for the purpose of computation of the overall ceiling of Remuneration. Reimbursement of expenses incurred for travelling boarding and lodging in respect of the Director during business trips, provision

of car to use on the company's business and telephone at residence (including for local calls and long distance official calls) shall not be treated as perquisites.

Other Terms:

Mrs. Geetha Ratha shall subject to the superintendence, control and Direction of the Board of Directors manage and conduct the business and affairs of the company. She shall not be paid any sitting fees for attending meetings of Board or committee thereof.

The office of the Director may be terminated by the company or the concerned Director by giving the other 3 months' prior notice in writing.

The terms and conditions set out for appointment and payment of remuneration herein may be altered and varied by the Board as it may from time to time deem fit.

The above may also be treated as an abstract of the terms of appointment of Mrs. Geetha Ratha under section 302 of the Act.

None of the Directors of the company is in anyway concerned or interested in the above Resolution except Mrs. Geetha Ratha herself, and Mrs. R.Radikaa, Mr.Raju Radha and Mr.R.Sarathkumar Directors being relatives of Mrs.Geetha Ratha. A brief resume of Mrs. Geetha Ratha and the information or details pertaining to her to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the Report on Corporate Governance forming part of the Annual Report.

The Directors recommend the Resolution to be adopted as an ordinary Resolution by the shareholders.

Item No.8

The Board of Directors of the Company at its Meeting held on 29th January 2005 has appointed Mr.R.Sarath Kumar as an Additional Director of the company with effect from 29th January 2005. In terms of section 260 of the Companies Act 1956 he will hold office only upto the date of this Annual General Meeting.

Notice has been received from a member of the company under Section 257 of the Companies Act, 1956, alongwith a deposit of Rs.500/- signifying his intention to propose the candidature of Mr.R.Sarath Kumar for the office of Director and to move the resolution as set out in item No.8 of this notice.

None of the Directors of the company is in any way concerned or interested in the above Resolution except Mr.R.Sarathkumar himself and Mrs.R.Radikaa Mrs.Geetha Ratha and Mr.Raju Radha, Directors, being relatives of Mr.R.Sarath Kumar.

A brief resume of Mr. R.Sarathkumar and the information or details pertaining to him to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the Report on Corporate Governance forming part of the Annual Report.

The Directors recommend the Resolution to be adopted as an ordinary resolution by the shareholders.

Item No. 9

The Board of Directors of the Company at its Meeting held on 29th January 2005 has appointed Mr.M.K.Sinha as an Additional Director of the company with effect from 29th January 2005. In terms of section 260 of the Companies Act 1956 he will hold office only upto the date of this Annual General Meeting.

Notice has been received from a member of the company under Section 257 of the Companies Act, 1956, alongwith a deposit of Rs.500/- signifying his intention to propose the candidature of Dr.M.K.Sinha for the office of Director and to move the resolution as set out in item No.9 of this notice.

Save and except Mr. M.K.Sinha none of the other Directors of the company is in any way concerned or interested in the Resolution set out in Item No. 9 of this Notice.

A brief resume of Mr.M.K.Sinha and the information or details pertaining to him to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the Report on Corporate Governance forming part of the Annual Report.

The Directors recommend the Resolution to be adopted as an ordinary resolution by the shareholders.

Item No.10

The Board of Directors of the Company at its Meeting held on 29th January 2005 has appointed Mr.S.Priyadarshan as an Additional Director of the company with effect from 29th January 2005. In terms of section 260 of the Companies Act 1956 he will hold office only upto the date of this Annual General Meeting.

Notice has been received from a member of the company under Section 257 of the Companies Act, 1956, alongwith a deposit of Rs.500/- signifying his intention to propose the candidature of Mr.S.Priyadarshan for the office of Director and to move the resolution as set out in item no.10 of this notice.

Save and except Mr.S.Priyadarshan none of the other Directors

of the company is in any way concerned or interested in the Resolution set out in Item No.10 of this Notice.

A brief resume of Mr.S.Priyadarshan and the information or details pertaining to him to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the Report on Corporate Governance forming part of the Annual Report.

The Directors recommend the Resolution to be adopted as an ordinary resolution by the shareholders.

Item No.11

The Board of Directors of the Company at its Meeting held on 30th June 2005 has appointed Mr.P.M.Venkatasubramanian as an Additional Director of the company with effect from 30th June 2005. In terms of section 260 of the Companies Act 1956 he will hold office only upto the date of this Annual General Meeting.

Notice has been received from a member of the company under Section 257 of the Companies Act, 1956, alongwith a deposit of Rs.500/- signifying his intention to propose the candidature of Mr.P.M.Venkatasubramanian for the office of Director and to move the resolution as set out in item No.11 of this notice.

Save and except Mr.P.M.Venkatasubramanian none of the other Directors of the company is in any way concerned or interested in the Resolution set out in Item No.11 of this Notice.

A brief resume of Mr.P.M.Venkatasubramanian and the information or details pertaining to him to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the Report on Corporate Governance forming part of the Annual Report.

The Directors recommend the resolution to be adopted as an ordinary resolution by the shareholders.

Date: 30.07.2005

Place: Chennai

By order of the Board
S.Balakrishnan
Company Secretary

Registered office:

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

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Sixth Annual report together with the Audited accounts of the company for the year ended 31-03-2005.

Financial Performance:

The performance of the company was satisfactory for the year ended 31. 03. 2005 as detailed below:

PARTICULARS	Rs. in Lakhs)	
	2004-2005	2003-2004
Turnover	3122.19	3096.70
Profit before Interest, finance charges and Depreciation	438.32	400.46
Interest and finance charges	70.35	76.67
Profit before depreciation	367.97	319.53
Depreciation	116.58	118.16
Profit before Tax	251.22	201.21
Provision for income tax:		
Current Tax	50.00	14.32
Deferred Tax	26.00	
Profit after Tax	175.22	186.89

Dividends:

Your company wants to conserve the resources and utilize the profits for the increased working capital requirements and accordingly it is proposed not to recommend any dividend for the year ended 31-03-2005.

Review of Performance:

Your company has recorded a marginal revenue growth during the financial year 2004-05 but Profit before Tax has shown a growth of about 25% when compared with the previous year and after making tax provisions for about Rs.76 lakhs as against Rs. 14.32 lakhs of the previous year, the PAT is slightly lower at Rs. 175.22 lakhs compared with previous year figure of Rs.186.89 lakhs.

The Company has been able to maintain Revenue and could also achieve significant Profits by its continued pursuit of cost control in the Operations without compromise on quality and monitoring of the production expenses. As before, the Company has also adopted a judicious combination of all the elements constituting the Revenue namely income from sponsored and

commissioned teleserials besides income from the Tamil Feature film "Githan". The Profit Sharing arrangements on the Sponsored Programmes have also been significantly helping the company to maintain its profits due to our proven success in translating a script into a performance and transform a concept into content in a realistically compelling manner thus retaining audience attention and the continued patronage of the people at large.

Your company has emerged as the most preferred Television content producer on all the leading channels across all regional languages in South India. The company's content is also telecast in Malaysia, Sri Lanka, Canada and UK thus enabling it to earn valuable foreign exchange to the tune of Rs.105.74 lakhs during the year.

Outlook for the year 2005-06:

Your company continues to produce content in Tamil, Telugu, Gujarathi and Sinhalese. Besides sustaining its organic expansion in Regional languages, your company intends to showcase its programmes on leading satellite television networks. Plans are on to produce serials in Malayalam, Kannada followed by Marathi and Hindi in the near future.

Your Company owes its success to a carefully structured business Model and by addressing diverse genres: family drama, sitcoms, thrillers, format game shows and feature films it has facilitated de-risking the business to a great extent.

Your Company is very optimistic as regards the outlook for the year 2005-06 in terms of Profitability and Revenues, which will continue to grow along the industry standards. Your company's objective is to be ranked as one of the most preferred quality entertainment content creators for audiences across the world and towards the attainment of this objective your company is committed to focus on Television Content Production, on quality programming, achieving higher TRPs by working with themes that are time tested and contemporary, creating characters viewers can identify with and at the same time creating a positive social "take-home" besides focusing on diversifying its channel risk. Major thrust will be in the area of revenue acceleration by getting slots in Hindi, Marathi and through production of feature

films after due diligence and careful assessment of risks involved.

Directors:

Consequent to the approval of the members at the EGM held on 26-03-2005 Mrs. R. Radikaa has taken over as Executive Chairperson and Wholetime Director of the company.

Mr.M.R.Mohan Ratha resigned as Managing Director with effect from 29-04-2005 and as Director with effect from 30-06-2005. Two other Wholetime Directors Mr.D.Ravichander Babu, Director (Finance) and Mr. B.S. Radhakrishnan Director & CEO resigned with effect from 29-01-2005 and 29-04-2005 respectively. The Directors place on record the services rendered by Mr. M.R. Mohan Ratha, Mr. B.S. Radhakrishnan and Mr.D.Ravichander Babu during their tenure.

Mr.R.Sarathkumar Member of Parliament and a leading Actor in Tamil films has joined our company as Additional Director on 29-01-2005 and further the Board has been broad based by inducting as Additional Directors Mr. S. Priyadarshan and Mr. M.K.Sinha on 29-01-2005 and Mr. P.M.Venkatasubramanian on 30-06-2005. They all will hold office till the ensuing Annual General Meeting. The company has received notices from members proposing the appointments of Mr. R.Sarathkumar, Mr.S.Priyadarshan, Mr.M.K.Sinha and Mr.P.M.Venkatasubramanian as Directors of the company.

Mrs.Greetha Ratha, Mr.P.K.Raghukumar and Mr.Harsh Dalmia retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

A brief resume of the above Directors, nature of their expertise in specific functional areas and the names of companies in which they hold the Directorships and the membership /Chairmanship of committees of the Board as stipulated under clause 49 of the Listing agreement with the Stock exchanges are given in the section on corporate Governance elsewhere in the Annual Report.

Fixed Deposits:

The company has not accepted any fixed deposit during the year.

Compliance of Section 217 of the Companies Act 1956:

The provisions of Section 217(1)(e) of the companies Act 1956 read together with Companies (Disclosure of particulars in the report of the Board of Directors) rules 1988 regarding conservation of energy and technology absorption are not applicable to the company being in the Media and Entertainment industry. However in Studios, Post production facilities etc adequate measures are being taken to conserve energy, absorb and adapt to the latest Technology as far as possible.

None of the employees is in receipt of remuneration as specified under Section 217(2A) of the companies Act 1956.

Details of Foreign Exchange Earnings and Outgo during the year:

Foreign Exchange Earnings US \$ 2,38,602 (equivalent to Rs.1,05,74,266)

Foreign Exchange outgo US \$ 38,336 (equivalent to Rs.17, 44,157)

Corporate Governance:

Pursuant to clause 49 of the Listing agreement with the Stock exchanges, the following have been made a part of the Annual Report and are attached to this report.

- Management discussion and analysis
- Corporate Governance Report
- Certificate from the Auditors regarding compliance of conditions of Corporate Governance.

Auditors :

M/s CNGSN & Associates, Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. The company has received a letter from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act. The Board recommends the reappointment of M/s CNGSN & Associates as Statutory Auditors.

Directors' Responsibility Statement:

In compliance of 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 2005, all the applicable accounting standards have been followed.

Accounting policies were adopted and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2005

Proper and sufficient care was taken 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 and detecting fraud and other irregularities

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

Social responsibility

During the year the Company as a mark of Social responsibility, reciprocity and gratitude to its viewers, has made a small contribution towards Tsunami Relief fund and also for the Spastics Society Of Tamilnadu.

Acknowledgement:

Your Directors thank and acknowledge the continued cooperation extended by the Government of Tamilnadu, Indian Overseas Bank, Sun TV, Udaya TV, Gemini TV, Surya TV, Doordarshan, Sirasa TV, Century communications Ltd, Vision Time, Astro Vanavil, Dheepam TV, Shakti TV, The Maharaja Organisation Ltd., Other Overseas Associates and channels, Actors, Actresses, Technicians, employees, Sponsors and the millions of viewers.

Chennai
30-07-2005

For RADAAN MEDIAWORKS (I) LIMITED
(Sd)
Executive Chairperson and Wholtime Director

MANAGEMENT DISCUSSION AND ANALYSIS:

Industry Structure and Developments:

The Entertainment industry has always been successful in drawing masses from the days of Roman Gladiators to Shakespeare to present day movies. Given the inevitable convergence between entertainment and telecommunication, the potential of the industry is unlimited. From the capital market to the corridors of power there is a buzz about entertainment. Entertainment has perhaps come to be regarded as the fourth basic need of mankind after food, clothing and shelter. The entertainment industry as a whole including films music, broadcasting and television, and live events is estimated to be worth about Rs. 20,000 crores of which the Television Industry is by far the largest being worth about Rs. 13,000 Crores. Further the industry is estimated to provide employment to almost Six Million people and has a tremendous growth potential.

A population of more than a billion makes India the second biggest entertainment market in the world and perhaps the most competitive too. India with more than 30 languages and 8000 television production houses, more than 500 daily and 200 weekly television programmes offers tremendous scope for the industry to thrive and prosper. However in spite of such phenomenal figures, Indian television Programmes have been notching a success ratio by way of audience attention of only around 5-10 percent based on average TRP Ratings and a majority of such successful programmes are produced by a handful of television production houses in India. Radaan is one such production house.

Company Overview

Your company continues to be one of the most successful Media entertainment companies in India.

It is the most preferred television content provider on all the leading channels across all regional languages in South India.

Your company is engaged in the business of producing world class television software, digital graphics, imaging special effects, and organizing live events resulting in an integrated business model.

Your company is a leading television content provider in South India with a strong presence in television channels across a number of languages in the region.

Marketing:

Radaan Mediaworks' content is primarily sponsored marketed to advertisers through alliances with Century Communications Limited and Vision Time and these agencies have helped attract the crème de la crème of Indian advertisers enhancing in turn the company's brand equity.

Infrastructure:

Your company's sprawling studio facilities comprise 12 postproduction suites to service its projects. These suites comprise four edit suites, six voice studios, and one exclusive Ad posting and AB roll studio. Its hardware and software have been sourced from reputed international vendors like Sony, JVC, Steinberg, and Nuendo among others. The company's state of the art non linear editing suites from Matrix and discreet Logic run on powerful SCI and IBM workstations connected by a sophisticated Broadband network.

Operations:

Your company's revenue from Teleserials during the year was Rs.29.25 crores as against 28.11 crores in the previous year. The company's another element to its revenue mix namely production and marketing of Feature film contributed Rs.1.99 crores. Tele-serials and feature films are taken as separate segments and while Teleserials have resulted in a profit of Rs.241.22 lakhs the Feature film resulted in a profit of just Rs. 10.00 lakhs.

Financials at a Glance:

The paid up equity share capital of the company as on 31-03-2005 was 10.83 crores comprising of 5,41,61,540 shares of Rs.2 each.

During the year under review, Reserves & surplus amounted to Rs.12.41 crores as against 10.19 crores in the previous year.

Secured loans have come down from Rs. 5.15 crores to Rs.4.80 crores, which was mainly due to partial repayment of term loan and HP loans. Profit before Interest, Finance charges and Depreciation for the year was 4.38 crores as against Rs.4.00 crores in the previous

year. Interest & finance charges have come down to Rs.70.35 lakhs as against Rs.76.67 lakhs in the previous year. Profit after Tax is Rs.1.25 crores as against Rs.1.87 crores in the previous year. Thus the company has shown satisfactory performance in terms of revenues, lesser interest & finance charges when compared with the previous year.

Strengths:

Good Creative Team

The Company has in its fold a high profile creative team headed by Ms.R.Radikaa, the Chairperson who has an impressive background of more than 25 years relevant industrial experience. The Company has created a second level team to assist her for all the Projects for the immediate and future requirements.

Good HR

The company is manned by seasoned Professionals/Highly skilled technicians across all areas of operations -Preproduction/Creatives Management and post-production. All these HR are well trained and experienced in their respective departments.

Professionally Managed

Your company being in Media industry is one of the pioneers in ushering in corporatisation of the operations and implementing MIS into this industry.

Successful Track Record:

The company has a successful track record and has proved time and again its capability to produce in different genre' of Programs as is evident from high TRP ratings for its programmes.

Brand Equity:

Radaan is one of the premier content providers in the country and has a well-established brand equity in the current market and has carved a niche for itself in the present industry.

Fully integrated operations:

Radaan has fully integrated operations and the resources to address any kind of situation vis-a-vis the conception, production and marketing of Television programmes and equipped to provide holistic solutions to the Entertainment Media Industry.

WEAKNESSES:

The company's programmes are currently addressing mainly regional programs

There is no fixed formula to achieve ratings as audience views keep changing.

Government policies relating to broadcast license especially to regulate Cable TV /Pay TV

The lack of a governing body for Television censorship.

OPPORTUNITIES:

ABUNDANT AND INCREASING BUSINESS

The Television Software Sector commands a business about Rs.3000 crores, and is bound to grow at an average rate of 15-20% per annum. There are about 65 channels and are growing at the rate of 4-5 Channels every year.

INCREASING VIEWERSHIP AND EMERGENCE OF NEW CHANNELS

The spread of Cable & Satellite (C&S) homes has been at a very fast pace. Presently there are about 70 million TV homes. Of this, 25% are C & S homes - in the country and this is expected to grow at a very fast pace every year.

MARKETS EXIST BOTH IN INDIA AND ABROAD:

There is huge market for a Producer to address both in India as well as abroad. In addition to this a Producer has abundant scope to sell the international rights in Indian languages to Indians living abroad. The experience of Indian Producers in countries like Malaysia, Singapore, Thailand, Indonesia, Middle East, South Africa, UK, Europe, Canada and the USA has been very encouraging and the business prospects and potential promise to be lucrative.

THREATS

- ❖ NON-AVALIABILITY OF SKILLED TECHNICIANS
- ❖ NO ENTRY BARRIERS FOR NEW ENTRANTS, THEREBY COMPETITION CAN BE STIFF
- ❖ HIGHLY CAPITAL INTENSIVE
- ❖ LOW RETENTION OF TALENT
- ❖ CHANGING TASTES OF THE VIEWERS / AUDIENCE
- ❖ PIRACY PROBLEMS
- ❖ CHANGE IN GOVERNMENT POLICIES INCLUDING SERVICE TAX MADE APPLICABLE FOR INDEPENDENT TV PRODUCERS.

RISKS AND CONCERNS:

The company's programs are mainly running on Sun Network and hence the dependency on one network can affect future business model and profitability of the company adversely.

The company is currently addressing mainly regional programs and yet to enter the national market.

The company is aware of this risk and is in the process of reducing

the dependency by launching new programs in the national channels. Recently your company has entered into an agreement with Doordarshan for telecast of one of its teleserials and is also chalking out plans to enter national as well as international markets.

Outlook:

Contrary to popular industry opinion Radaan's business model revolves around sponsored revenues. The company purchases time slots from channels and markets content to advertisers through marketing partners. The sponsored model permits Radaan to retain the already expensed content rights for subsequent marketing to the vast Indian diaspora in the high margin Asian markets translating into attractive export income.

Over the years, the company progressively plans to derisk the business through the production of Marathi and Hindi content either through the commissioned business, commissioned plus minimum guarantee or profit sharing models. Gradually the company has evolved to a hybrid revenue model (commission and profit sharing) for the international market, sharing the IPRs and maximizing revenues.

Internal Controls and Their Adequacy

The Company has customized accounting packages, which has built in security, which prohibits deletions, and overwriting once accounting entry is passed. The company has introduced checks at various levels to check and control expenses. The company has appointed a Chartered Accountant firm as Internal Auditors.

The Internal Auditors periodically review the transactions and also review the efficiency of existing controls.

Human Resources:

HR is a very important asset in a Media Company. Over the years the company has built up a strong human resource structure, which has enabled the company to progress rapidly. The Company has a strong qualified and experienced team of professionals in creatives, Production, Marketing, Finance, HR & administration etc. As on 31st March 2005, the company had 88 employees on its rolls.

Forward-looking Statements:

Members and Investors are cautioned that the Management discussion and analysis report presented herein above contains the Company's objectives, projections, estimations and expectations, which may be forward looking statements within the meaning of applicable Securities Laws and regulations. Forward-looking statements are based on certain assumptions and expectation of future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The important factors, which could have an impact on the company's operations, include economic conditions, changes in Government Regulations and other incidental factors. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE:

(Pursuant to Clause 49 of the Listing agreement)

INTRODUCTION

Corporate Governance is the mechanism by which the principles, values, philosophy and practices of a company manifest in the real world. The Company has been complying with the mandatory requirements of the Code of Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) and incorporated in Clause 49 of the Listing Agreement in all material aspects.

The Company is committed to strong Corporate Governance and believes in its indispensability in investor protection. Good transparent Corporate Governance ensures that the company is managed and monitored in a responsible manner geared to value creation. A good Corporate Governance system envisages application of best Corporate Practices, adherence to ethical standards for effective management, establishment of higher standard of disclosure transparency and performance and enhancement of wealth of all stakeholders. The company is in the continued pursuit of strengthening its governance practices and the company's compliance with the code is given below:

I. Company's Philosophy on Corporate Governance

The Company truly believes in transparency, professionalism and accountability, which are the basic principles of Corporate Governance and will constantly endeavor to improve on these aspects. The company's philosophy on Corporate Governance envisages the attainment of a high degree of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees and the lenders. The company is committed to achieving the high standards of Corporate Governance and believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

Board of Directors:

The Board of Directors at present consists of 9 Directors, out of which 6 are non-executive Directors and Independent directors are 3 in number. The composition of the Board and the category of Directors are as follows:

Category	Name of the Directors
Promoter/Executive Chairperson	R.Radikaa Wholetime Director
Promoter/Executive Director	M.R. Mohan Ratha * Managing Director
Promoter/ Non-Executive Directors ****	Raju Radha Geetha Ratha
Non-Promoter/Executive Directors	B.S. Radhakrishnan** Director & CEO D.Ravichander Babu *** Director (Finance)
Non-Promoter/Non-Executive Independent Directors	R. Sarathkumar § P.K.Raghukumar Harsh Dalmia M.K.Sinha § Priyadarshan § P.M.Venkatasubramanian§

* Mr.M.R.Mohan Ratha resigned as Managing Director with effect from 29-04-2005 and as Director with effect from 30-06-2005.

** Mr. B.S. Radhakrishnan Director & CEO resigned with effect from 29-04-2005

*** Mr.D.Ravichander Babu, Director (Finance) resigned with effect from 29-01-2005.

**** Mr. Raju Radha and Mrs. Geetha Ratha are being made Executive from 01-07-05.

§ Mr. R. Sarathkumar, Mr. M.K.Sinha, Mr. Priyadarshan Inducted as Additional directors on 29-01-05 & Mr.P.M.Venkatasubramanian inducted as Additional Director w.e.f 30-06-2005.

Brief resume of the Directors being appointed or reappointed, nature of their expertise in specific functional areas and names of companies in which they hold Directorships and the membership of committees of the Board are furnished hereunder:

Mr.Raju Radha, Director of the company since October 2002, aged 41 years, completed Diploma in Commerce and Economics in London. He started his career in the Financial services activity and focused on funding to the film industry. He is also engaged in Shipping business running successfully in Sri Lanka. He is also a Director of Sar Shipping Company (I) Pvt. Ltd, Marine Express Lines (P) Limited and HRC Indisi (UK) limited. As Director of the company he oversees the operations of the company and in particular the Personnel and HR affairs of the company. He is a member of the Audit Committee, Shareholders /Investors' Grievance Committee and also the Remuneration Committee of the company.

Mrs. Geetha Ratha, Director since July 2000 aged 65 years, completed her higher secondary and started her career as Classical Dancer and represented the Cultural Relations Group, Govt. of Sri Lanka to India. After her marriage she assisted her husband in the Film Industry. She was appointed as Director on the Board of the Kiyadi village and cottage industries, during 1989-90 by the Govt. of Tamilnadu. She has produced two successful films and distributed number of films in Tamil. She is a Director in Sar Shipping Company (I) Pvt. Ltd, HRC Agencies Lanka (P) Limited and Vauxhall Shipping (P) Limited, Sri Lanka. As Director of the company, she oversees at present the various programmes of the company.

Mr.P.K.Raghu Kumar, AICWA, ACS, CAIB, aged 52 years, Director of the Company since Feb.2003 has almost three decades of Experience in various aspects in Banking and Finance. He has more than 15 years of Experience in Merchant Banking, Investment Banking, Project financing & other diverse financial advisory services. He holds Directorship in Money Shoppe Network Ltd and Subuthi Finance Ltd. He is the Chairman of the Audit Committee, and Member of the Shareholders' /Investors' Grievance Committee and the Remuneration Committee of the company.

Mr. Harsh Dalmia, Director of the company since February 2003 aged 27 years has completed Bachelor of Arts in Communication studies from Babson College, Boston, Massachusetts. He is a founder member of young entrepreneur society in Mumbai. He is also a Director in Watermark Financial consultants Limited, Database Software Technology (P) Limited Venkatesh Securities Limited and Surya pharmaceuticals Limited. He started his career in Marketing division after which he focused Management trainings and is also involved in identifying the financial, operational and strategic opportunities prevailing for his company's corporate clients. He is the member of the Audit Committee of our company.

Mr. R. Sarath Kumar B.Sc (Maths), aged 51 years, inducted as Additional Director since January 2005 is a Hon'ble Member of Parliament. He is a very popular and leading Cine Actor having acted close to 100 films in both Tamil & Telugu Languages. He has won several awards, notable among them being Tamilnadu State Government Award for Best Actor in 1995 for "Naatama" & in 1998 for "Suryavamsam", M.G.R. Award in 1997, Film Fare Awards,

Cinema Express Awards, Kalaimamani Award in 1993, Chevalier de Siva], Ganesan Award in 2000-2001, Film Fare Trophy etc.

Mr. Sarath Kumar has also successfully hosted a very popular Program "Kodeeswaran" in Tamil Language similar to "Kaun Banega Crorepati". He is also the General Secretary of South Indian Artist Association and a keen Sportsman & Philanthropist.

Mr. Sarathkumar is the Chairman of Shareholders /Investors' Grievance Committee of the Company.

Dr. M.K.Sinha, 70 years, inducted as Additional Director since January 2005, brings with him four decades of rich experiences in Banking Industry in senior positions including as Chairman-cum-Managing Director of State Bank of India (now retired). He has held a variety of operational, organizational and administrative assignments in seven Associate Banks of SBI as DMD. He is a MA & PhD in Mathematics and has also served as a Consultant in Banking with the World Bank. Dr.M.K.Sinha is a Director in Pasupathi Fabrics Limited, Amines and Plasticizers Ltd, K. Sera Sera Ltd, Prag Bosomi Synthetics Ltd, SKS. Shipping Ltd, Shaun Consultancy and Services Pvt Ltd, and Entertainment World developers Pvt Ltd, and member of Audit Committee in Pasupathi Fabrics Ltd, and Amines and Plasticizers Ltd.

Dr.M.K.Sinha is the Chairman of Remuneration committee of our company.

Mr.S.Priyadarshan, aged 48 years inducted as Additional Director since January 2005 is one of the Best Directors in Malayalam Film Industry. He is a B.A. Philosophy & has directed more than 30 Malayalam films, notable among them being Boeing Boeing, Cheppu, Thalavattam, Aryan, Kadathanadan Ambadi, Chitram, Kilukku, Adwaitam, Thenmavin Kombathu, Kalapani, and Chandralekha. Out of this Chitram, Kilukku, Thenmavin Kombathu, were run away hits. Chitram ran for 365 days all over Kerala.

Mr.S.Priyadarshan has won several awards as Best Director in Malayalam films, from Film Fare Association, Cinema Express, Screen Awards etc. His film Kalapani has bagged 7 Kerala State Awards & 5 National Awards. His "Virasat" was classified as one of the Best Hindi films qualified with 7 Screen Awards & 2 Film Fare Awards.

Mr. S. Priyadarshan is a member of Remuneration Committee of the company.

Mr. P.M. Venkatasubramanian, B.com (Hons) 66 years, inducted as Additional Director since June 2005 is a Fellow from Insurance Institute of India, Mumbai and he possesses rich experience in General Insurance Industry for more than four decades in senior positions including as Managing Director in General Insurance Corporation of India, Mumbai. He was a member of Tariff Advisory Committee and had also been a Faculty in National Insurance Academy, Pune & Insurance Institute of India, Mumbai.

He is also at present included in the panel of Arbitrators in National Stock Exchange of India.

Mr.P.M.Venkatasubramanian is a Director in Royal Sundaram Insurance Co. Ltd, IP Rings Ltd, Thana electric supply Co. Ltd and Trustee and chairman of GIC Mutual Fund. He is also Chairman of Audit Committees in Royal Sundaram Insurance Co. Ltd and IP Rings Limited, Member of Audit committee in GIC Mutual fund and Chairman of Investment committee in Royal Sundaram Insurance Co. Limited and member of Executive committee and Disciplinary Action Committee of National Stock exchange Limited. Mr.P.M.Venkatasubramanian is a member of the Audit committee and also the Shareholders' /Investment Grievance Committee of our company.

Board Meetings, Committee Meetings and Procedures:

- a) The company held six meetings during the year by giving appropriate notice to each of the Directors. These were on 29-04-2004, 01-6-2004, 18-6-2004, 29-7-2004, 29-10-2004 and 29-1-2005. Out of these Six, four were Meetings held at the end of each quarter as required under Clause 41 of the Listing Agreement and the remaining two Meetings were convened to address the specific needs of the company. The Company has held atleast one Meeting in every three months and the time gap between any two Meetings was not more than three months.
- b) The Meetings are held at the Company's Registered office at No.10, Paul Appasamy Street, T.Nagar, Chennai-600 017
- c) All divisions/departments in the company are encouraged to plan their functions well in advance particularly with regard to matters

requiring discussion/approval/decision in the Board /Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for Board Meetings.

d) The Board is periodically appraised with regard to the Finance, Sales and Marketing and the major business segments and operations of the company, before taking on record the results of the company for the preceding financial quarter. The Board's annual agenda includes review of performance of the company for the year and whether to conserve funds for working capital in the light of the performance of the company or to recommend dividend; determining directors who shall retire by rotation and recommending appointment of Directors/Auditors, authentication of annual accounts and approving Directors' Report, formulation and approval of strategic business plan for the company and the principal issues that the company expects to face in the future. Board Meetings also note and review functions of Committees.

- e) The Company Secretary records the Minutes of the proceedings of each Board and Committee Meetings. Draft Minutes are circulated to all the members of the Board for their comments. The Minutes of the proceedings of a Meeting are entered in the Minutes Book within 30 days from the conclusion of the Meeting.
- f) The Company secretary while preparing the Agenda notes on Agenda, minutes etc of the Meeting(s), is responsible for ensuring adherence to the applicable provisions of law including the Companies Act 1956 and compliance with the provisions of the Listing Agreement.

Directors' Attendance Particulars and Directorships held:

Name of Director	Attendance Particulars		Directorships in other public limited Companies incorporated in India	Committee Memberships	Committee Chairmanships
	Board Meetings (6)	Last AGM			
Ms. R. Radikaa	6	Present	-	1	-
Mr. M.R.Mohan Ratha **	6	Present	-	-	-
Mr. Raju Radha	6	Present	-	3	-
Ms. Geetha Ratha	6	Present	-	-	-
Mr. B. S. Radhakrishnan **	6	Present	-	1	-
Mr. D. Kavichander Babu **	5	Present	1	-	-
Mr. P. K. Raghu Kumar	6	Present	2	2	1
Mr. Harsh Dalmia	5	Present	3	1	-
Mr.R.Sarathkumar \$	NA	NA	-	-	1
Dr.M.K.Sinha \$	NA	NA	5	2	1
Mr. S.Priyadarshan \$	NA	NA	-	1	-
Mr. P.M.Venkatasubramanian \$	NA	NA	3	4	3

\$ Mr. R. Sarathkumar, Mr. Priyadarshan, Mr. M.K.Sinha inducted as Additional directors on 29-01-05 & Mr. P.M.Venkatasubramanian inducted as Additional Director w.e.f. 30-06-2005.

** These Directors since resigned.

None of the Directors was a member of more than 10 Committees nor was the Chairman of more than five Committees across all companies in which he was a Director.

a) 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
- Material 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 involves possible public claims of substantial nature,
- Transactions that involve substantial payments 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 provisions or listing requirements as well as Shareholder services.

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 course of the Board meetings.

B) 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 Management's financial reporting process with a view to ensure accurate and proper disclosure and transparency and quality of financial reporting. The committee recommends the appointment and removal of external auditors, internal auditors, their audit fees etc. The committee reviews the financial and risk management policies and also 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.

This is also constituted as per Section 292A of the Companies Act 1956.

The company continued to derive immense benefits from the deliberations of the Audit Committee comprising four Directors – Mr. P.K. Raghu Kumar, Chairman, Mr. Raju Radha, Mr. Harsh Dalmia and Mr. P.M.Venkatasubramanian who has been inducted into the committee with effect from 30-06-2005 who are eminent professionals and equipped with sound knowledge in project finance, accounts and company law. Minutes of each Audit Committee meeting are placed before, and discussed in, the full Board.

During the year the Audit Committee has met 5 times on 24-04-04, 18-06-04, 29-07-04, 28-10-04, and 29-01-05 as against the minimum requirement of 3 Meetings. The Internal Auditors and the Statutory Auditors are invited to be present at the Audit committee Meetings.

Table 4: Attendance record of Audit committee members

Name of Director	No. of Meetings	Meeting attended
Mr.P.K.Raghu Kumar, Chairman	5	5
Mr.Raju Radha	5	5
Mr.Harsh Dalmia	5	4
Mr.P.M. Venkatasubramanian* (Inducted on 30-06-05)	NA	NA

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

SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE

The Shareholders/Investors Grievance Committee specifically looks into redressing of Shareholders and investors' complaints such as transfer of shares and to ensure expeditious share transfer process. The committee also looks into redressal of shareholders' complaints like transfer of shares, non-receipt of Balance sheet etc. The Committee also oversees the performance of the Registrars and Transfer agents and recommends measures for overall improvement in the quality of investor services.

This committee (since reconstituted) comprising of Mr. P.K. Raghu Kumar, Chairman, Mr. Raju Radha, Mr.B.S. Radhakrishnan members met 7 times during the year. The present Committee consists of Mr.R.Sarathkumar (Chairman), Mr.Raju Radha, Mr.P.K.Raghu Kumar and Mr.P.M.Venkatasubramanian. To expedite the process of share

transfers the Company ensures physical shares are processed by the Registrars and Share Transfer agents-Cameo Corporate services Limited and approved by Shareholders/Investors' Grievance Committee /Board and the certificates are despatched to the transferees within a maximum period of one month from the date of receipt of the transfer documents by Cameo Corporate Services Limited provided the share documents are valid in all respects.

Table 5: Attendance record of Investor Grievance Committee Members

Name of Director	No. of Meetings	Meetings attended
Mr. P.K. Raghu Kumar	7	7
Mr. Raju Radha	7	5
Mr. B.S. Radhakrishnan*	7	4
Mr.R.Sarathkumar(Chairman) (inducted 29-04-05)	NA	NA
Mr.P.M.Venkatasubramanian (inducted 30-06-05)	NA	NA

*Since resigned

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.

Your Company has adopted model Code for prevention of Insider trading as per the SEBI directions in this regard.

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 Directors of the company shall be persons 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 website and all vital information relating to the company and its performance including quarterly results, official press releases and presentation to analysts are posted promptly on the website. The company's website 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 remunerations committee is vested with all the necessary powers and authority to ensure appropriate disclosure on the above 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 Director is 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. The details of remuneration paid to whole-time Directors are given in Notes on accounts and as follows:

The aggregate value of salary and perquisites paid to Managing Director Mr. M.R.Mohan Ratha: Rs.18,00,000**

The aggregate value of salary and perquisites paid to Mr.B.S.Radhakrishnan Rs. 12,00,000**

The aggregate value of salary paid to Mr.D.Ravichander Babu Rs. 6,75,000**

(** since resigned).

The Executive Chairperson & Wholetime Director Mrs.R.Radikaa is entitled to payment of Managerial remuneration from 29-01-2005 @ Rs.1.25 lakhs/month besides perquisites as approved by the members at the EGM held on 26-03-2005 in addition to Artiste Fees as specified therein. Meanwhile the Board by virtue of the powers conferred on it by the members to make such modifications, amendments, corrections etc with regard to the above Resolution, has in the Meeting held on 30-06-2005 resolved that her salary be kept pending for the present and be considered in due course.

The other non-executive Directors are only entitled to be paid only Sitting fees for Board/committee meetings attended by them at the rate of Rs.9000 for Board Meetings and Rs.1000 per Committee Meetings attended by them.The sitting fees paid to the Directors are: Mr. P.K.Raghukumar Rs.67,000, Mr. Harsh Dalmia Rs.50,000 and Mr. Raju Radha Rs.64,000.

As for the Non-Whole time directors, their appointment is for the benefit of their professional expertise in their individual capacity as independence 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 consists of three Directors -Mr. P.K.Raghukumar, Chairman, Mr. Harsh Dalmia and Ms. R.Radikaa and met once on 29-10-2004 and the committee has since been reconstituted with Dr.M.K.Sinha (Chairman), Mr.Raju Radha, Mr.P.K.Raghu Kumar and Mr. S.Priyadarshan

c) Investor's grievance

As mentioned earlier in this chapter, the company has constituted Shareholder/Investors' grievance committee for redressing Shareholders' and investors' complaints. The status on complaints is reported to the Board of Directors regularly.

Sri.S.Balakrishnan, Company Secretary is the compliance officer for complying with the requirements of listing agreement with the Stock exchanges.

The total number of complaints received and resolved to the satisfaction of the shareholders during the year under review was: 2 Outstanding complaints as on 31st March 2005 were: NIL.

Share Transfer

M/s. Cameo Corporate Services Limited Registrar, who is registered with SEBI as a category - I Registrar, handles all share transfer. Share Transfers, demat requests and all other investor related activities are attended to and processed at the office of our Registrar and Share Transfer Agent.

Shareholders' correspondence should be addressed to:

M/S Cameo Corporate services Limited

"Subramanian Building", V Floor
1, Club House Road, Chennai-600 002
Ph: (044) 2846039/016 lines Fax: (044) 28460129
E-mail: cameoosys@satyam.net.in

Details of last three Annual General Meeting are given below:

Financial year ended	Date	Time	Venue
31.03.2002	30.09.2002	10.00A.M	#10, Pall Appasamy St, T. Nagar, Chennai -600 017.
31-03-2003	29-09-2003	12.15 P.M	Madras Race Club, Guindy, Chennai
31.03.2004	31.09.2004	12.15P.M	Guindy Lodge Madras Race Club Guindy, Chennai.

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. Mr. B.S. Radhakrishnan **	Whole-Time Director
c. Mr. D. Ravichander Babu **	Director-Finance

(** Since resigned)

Sl.No.	Nature of Transactions	Amounts
1.	Artist cum Creative Direction payment -R.Radikaa	43,86,000
2.	Directors' Remuneration	36,75,000

The company has complied with the requirements of the Stock Exchanges, SEBI and other statutory Authorities on all matters related to 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.

GENERAL SHAREHOLDERS INFORMATION

AGM	
Date	27 th September 2005
Time	12.15 P.M
Venue	Guindy lodge, Madras Race club, Guindy Chennai
Date of Book Closure	20 th to 27 th September 2005
Listing on Stock Exchanges	The Madras Stock Exchange Ltd. National Stock Exchange of India Ltd.

ISIN Number for NSDL & Central Depository Services Limited	INE874F01027
Registrar and share Transfer Agent	M/s. Cameo Corporate Services Ltd., Subramanian Building #1 Club House Road, Chennai -600 002 Ph: 044-28460390 Fax: 044-28460129 E-Mail:cameosys@satyam.net.in

Financial Calendar (tentative)

Adoption of the Quarterly Results for the Quarter ending:	
30 th June, 2005	Last week of July 2005
30 th September 2005	Last week of October 2005
31 st December 2005	Last week of January 2006
31 st March 2006	Last week of April 2006

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.

Market Price Data:

The Monthly high and low quotations of shares traded on National Stock Exchange of India Limited during each month in last financial year are as follows:

Month	National Stock Exchange of India Ltd	
	High	Low
April 2004	19.30	11.15
May 2004	13.90	8.00
June 2004	9.35	4.95
July 2004	7.95	5.15
August 2004	12.00	6.50
September 2004	10.00	7.30
October 2004	8.75	6.95
November 2004	11.15	6.50
December 2004	12.55	8.00
January 2005	13.20	9.75
February 2005	12.60	8.90
March 2005	10.75	7.20

Distribution of Shareholding as on 31.03.2005

Share holdings	Share holders		Share Amount	
	Number	% of total	In Rs	% of Total
Upto 5000	3246	86.44	4531712	4.18
5001-10000	274	7.29	2110434	1.95
10001-20000	127	3.38	1927778	1.78
20001-30000	29	0.77	721538	0.67
30001-40000	15	0.40	552232	0.51
40001-50000	12	0.32	534266	0.49
50001-100000	20	0.53	1478540	1.37
100001 and above	32	0.85	96466580	89.05
Total	3755	100.00	10,83,23,080	100.00

SHAREHOLDING PATTERN AS ON 31-03-2005

	Category	No. of Shares held	% of Shareholding
A	PROMOTERS HOLDING		
1	Promoters		
	-Indian Promoters	16982040	68.28
	-Foreign Promoters	NIL	NIL
2	Persons Acting in Concert	65000	0.12
	Sub-Total	37047040	68.40
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	4212552	7.78
	Sub-Total-	4212552	7.78
4	Others		
A	Private Corporate Bodies	6236519	11.52
B	Indian Public	6610029	12.20
C	NRIs/OCBs	55400	0.10
D	Any other (Please Specify)	NIL	NIL
	Sub-Total	12901648	23.82
	GRAND TOTAL	54161540	100.00

Non-Mandatory requirements:

REMUNERATION COMMITTEE:

As already declared elsewhere in the Report, the company has a Remuneration Committee.

a) **Means of communication:** The half-yearly declaration of financial performance including a summary of the significant events in last six months should be sent to the Shareholder.

The company does not send its half yearly report to each shareholder.

The company's audited and un-audited results are widely published in English and Tamil Newspapers. Members are requested to view the Website for information at www.radaan.tv

b. **Postal Ballot:**

The company has not yet made use of postal Ballot as none of the subjects as specified therein has come up for consideration so far.

Auditors' Certificate on CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by M/s.Radaan Mediaworks [I] Limited for the year ended 31st March, 2005 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 abovementioned 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 exceeding 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.

For CNGSN & ASSOCIATES
Chartered Accountants
(sd)
C.N GANGADARAN
Partner
Memb.No.11205

Place : Chennai
Date : 30-07-2005

AUDITORS' REPORT TO THE MEMBERS OF RADAAN MEDIAWORKS (I) LTD.

We have audited the attached Balance Sheet of RADAAN MEDIAWORKS (I) Ltd. as at 31st MARCH 2005 and also the Profit and Loss Account of the Company for the year ended on that date. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. These 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Department of Company Affairs on 12th June 2003 in terms of sub-section 4(A) 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 to the extent applicable to the company.

Further to our comments in the Annexure referred to above, we report that:

- We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- 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;
- The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- In our opinion, the Balance Sheet and Profit and Loss Account

dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act,1956.

- On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of Clause (g) of Subsection (1) of Section 274 of the Companies Act, 1956.
- The company has not provided for Cess as required under Section 441A of the Companies Act, 1956 as the same has not been notified.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon, give 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.
- In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2005, and
- In the case of Profit and Loss Account, of the Profit for the year ended on that date.
- In the case of cash flow statement, of the cash flows for the year ended on that date.

For CNGSN & ASSOCIATES
Chartered Accountants

Place: Chennai
Date: 30-06-2005

(sd)

C.N. GANGADARAN
Partner
Memb.No.11205

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of the report of even date of the Auditors to the members of RADAAN MEDIAWORKS (I) LIMITED on the accounts for the year ended 31st March 2005.

- 1) (a) The Company is maintaining proper records, showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a phased programme of physical verification of all fixed assets which in our opinion is reasonable having regard to the size of the Company and the nature of its business. In accordance with this program, the fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
- (c) No substantial part of the fixed assets have been disposed off during the year and the going concern status of the company is not affected.
- 2) In our opinion, clause 4 (iii) is not applicable to the company since its nature of business is not as such.
- 3) The Company has neither taken nor given loans, secured or unsecured from /to companies, firm or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- 4) In our opinion, and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regards to purchase of fixed assets and for the sale of teleserial.
- 5) In respect of transactions covered under section 301 of the Companies Act, 1956
 - (a) In our opinion, and according to the information and explanations given to us, the transaction in pursuance of contracts that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion, and according to the information and explanations given to us, the transactions made in

pursuance of contracts entered in the register under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- 6) The Company has not accepted any Fixed Deposits from the public during the year and therefore, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed there under does not arise.
- 7) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
- 8) Maintenance of cost records under section 209(1) (d) of the Companies act, 1956 is not applicable to the company.
- 9) (a) According to the records of the company, undisputed statutory dues including Provident fund, employees state insurance fund, income-tax, wealth tax, service tax, sales tax, customs duty, excise duty and other statutory dues have been deposited regularly during the year with the appropriate authorities.
- (b) The disputed statutory dues aggregating to Rs. 6,13,528 that have not been deposited on account of matters pending before the appropriate authorities are as under:

S. No	Name of the statute	Forum where dispute is pending	Amount
1	Income tax act, 1961	Dy. Commissioner of Income tax, Media Circle II, Chennai A.Y:2001-2002	Rs.6,13,528

10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. On the basis of examination of books of accounts carried out by us and according to information and explanations given to us, the company has not defaulted in repayment of dues to Banks during the year.
12. No loans or advances have been granted by the company against pledge of securities.
13. In our opinion the company is not a chit fund or a nidhi, mutual benefit fund / society. Therefore clause 4(xiii) of the companies (auditor's report) order, 2003 is not applicable to the company.
14. Clause 4(xiv) of companies (auditor's report) order 2003 is not applicable to the company as it is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanation given to us, the company has not given any corporate guarantee during the year.
16. During the year, the company has not raised loan.
17. According to the information and explanations give to us by the management, the funds raised on short term basis have not been used for long term investment.
18. During the year the company has not made any preferential allotment to parties and companies covered in the register maintained under section 301 of the companies act, 1956.
19. The company has not issued any debentures during the year and therefore the question of creation of securities does not arise.
20. During the year, the company has not raised any money by way of public issue and the question of disclosing the end use of money by the management does not arise.
21. According to the information and explanations give to us, no fraud on/by the company was noticed/reported during the year that causes the financial statements to be materially misstated.

Place: Chennai
Date: 30-06-2005

For CNGSN & ASSOCIATES
Chartered Accountants
(td)

C.N. GANGADARAN
Partner

Memb.No.11205

Financial Section

BALANCE SHEET AS AT 31.03.2005

PARTICULARS	SCH.	31.03.2005	31.03.2004
SOURCES OF FUNDS:			
I. SHAREHOLDERS FUNDS:			
Share Capital	A	108,323,080	106,477,330
Reserves & Surplus	B	124,037,965	101,937,531
II. LOAN FUNDS:			
Secured Loans	C	48,021,270	51,498,310
Unsecured Loans	D	-	1,900,000
		280,402,315	261,813,171
II. APPLICATION OF FUNDS:			
Fixed Assets	E		
Gross Block		133,909,657	90,203,977
Less: Depreciation		39,188,776	30,044,331
Net Block		94,720,881	60,159,645
Non-Compete Rights		7,500,000	
Less: Amortisation		7,500,000	
Net Block			1,495,890
Brand Equity		7,500,000	
Less: Amortisation		3,752,055	
Net Block		3,747,945	4,497,945
Investments	F	6,000	6,000
Cash Balance On Hand	G	175,259	724,551
Funds In Transit		4,731,326	-
Balances with Current Account with Schedule Banks		6,799,928	3,489,065
Sundry Debtors		116,990,409	87,032,944
Work In Progress		10,693,320	25,601,092
Teleserials Rights & Picture Productions		43,180,219	41,621,747
Loans & Advances		36,649,301	86,186,667
Prepaid Taxes (Net of Provisions)		7,024,956	5,717,206
		226,244,718	250,373,273
Less: Current Liabilities & Provisions	H		
Current Liabilities		44,317,230	54,719,582
Net Current Assets	I	181,927,488	195,653,690
Miscellaneous Expenditure & Losses to the extent not written-off or adjusted		-	-
		280,402,315	261,813,171

Place : Chennai
Date : 30.06.2005

(Sd)
Executive Chairperson &
Whole time Director
(Sd)
G.M Finance

(Sd)
Directors

(Sd)
Company Secretary

As per our Report attached
for CNGSN & ASSOCIATES
Chartered Accountants

(Sd)
(C.N. Gangadaram)
Partner

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2005

PARTICULARS	SCH.	31.03.2005	31.03.2004
Income			
Revenue from Teleserials / Telefilms	J	289,906,048	279,287,017
Revenue from Feature Film		199,12,555	288,83,000
Revenue from Ad. Telefilm		24,00,000	15,00,000
Other Income	K	203,628	325,531
Increase/Decrease in Work in Progress	L	(14,907,772)	11,394,354
		297,514,459	321,389,902
Expenditure:			
Expenses on Teleserials -Own Production	M	228,027,698	254,447,721
Employees Cost	N	5,844,443	3,882,430
Administrative Expenses	O	16,555,106	14,560,011
Selling & Marketing Expenses	P	3,255,123	3,575,645
		253,682,370	276,465,807
Profit Before Interest, Finance Charges, Bad Debts and Depreciation		43,832,089	44,924,095
Provision for Bad & Doubtful debts		-	4,877,500
Interest & Finance Charges	Q	7,035,382	7,667,315
Profit Before Depreciation		36,796,707	31,952,871
Depreciation	E	11,657,835	11,815,894
Profit after Depreciation before Tax		25,138,872	20,136,977
Preliminary Expenses Written off	I	-	15,648
Prior Period Expenses		16,711	426,409
Profit before Tax		25,122,161	20,121,329
Provision For Tax			
-Current Tax (net of Deferred Tax Asset)		5,000,000	1,432,563
-Deferred Tax		2,599,777	
Profit After Tax		17,522,384	18,688,766
Balance brought forward from last year		32,109,146	13,420,380
Opening deferred tax liability on Software Library		939,199	
Balance transferred to Balance Sheet		48,692,331	32,109,146
Earnings per share		0.32	1.73
Significant Accounting Policies & Notes on Accounts	R		

Place : Chennai
Date : 30.06.2005

(Sd)
Executive Chairperson &
Whole time Director
(Sd)
G.M Finance

(Sd)
Directors
(Sd)
Company Secretary

As per our Report attached
For CNGSN & ASSOCIATES
Chartered Accountants

(Sd)
(C.N Gangadara)
Partner

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH

PARTICULARS		31.03.2005	31.03.2004
A. SHARE CAPITAL:			
Authorized Capital:			
5,57,50,000 Equity Shares of Rs.2/- each (Previous year 11,150,000 Equity shares of Rs.10/- each)		111,500,000	111,500,000
ISSUED CAPITAL			
5,42,29,040 Equity Shares of Rs.2/- each (Previous year 10,845,808 Equity shares of Rs.10/- each)		108,458,080	108,458,080
SUBSCRIBED & PAID-UP CAPITAL			
5,41,61,540 Equity Shares of Rs. 2/- each		108,323,080	106,477,330
Of the Above:			
1. 5,873,890 Shares of Rs.10 each (Since subdivided) allotted for consideration other than cash as fully Paid-up			
2. 619,898 equity shares of Rs.10 each (Since Subdivided) allotted as fully Paid-up Bonus Shares by way of Capitalisation of Profits and 1700 equity shares of Rs.10 each (Since subdivided) forfeited.			
		108,323,080	106,477,330
B. RESERVES & SURPLUS:			
Security Premium - on Equity Shares		75,365,634	69,828,385
Profit & Loss Account		48,692,331	32,109,146
		124,057,965	101,937,531
C. SECURED LOANS:			
Indian Overseas Bank Cash Credit Account	41,120,463	41,120,463	42,873,699
<i>(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)</i>			
Term Loan - Indian Overseas Bank (Secured against first charge of assets acquired under this Term Loan)		2,773,370	3,568,709
Hire Purchase Loans (Secured by the Hypothecation of movable assets Covered under the respective Hypothecation Agreements)		4,127,437	5,055,901
		48,021,270	51,498,309
D. UNSECURED LOANS:			
From Others		-	1,900,000
			1,900,000

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH

E. FIXED ASSETS SCHEDULE UNDER THE COMPANIES ACT, 1956

Particulars	Rate %	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As on 01.04.2004	Additions	Deletions	As on 31.03.2005	As on 01.04.2004	For the Period	Deletions	As on 31.03.2005	As on 31.03.2005	As on 01.04.2004
Software Library	10	41,720,000	40,000,000	-	81,720,000	17,490,978	4,372,000	-	21,871,978	61,848,022	35,220,022
Intencid Rights & Improvements		4,776,187	1,357,011	-	6,133,198	465,221	308,543	-	913,764	5,419,434	4,170,366
Furniture	6.33	1,102,334	998,958	-	2,101,293	156,382	166,845	-	322,427	1,578,865	745,852
Vehicles	9.50	6,121,891	1,152,052	1,007,610	8,266,333	862,064	824,978	267,500	3,419,542	6,846,791	7,239,827
Office Equipments	4.75	1,440,900	44,129	-	1,205,029	447,151	74,423	-	321,574	1,103,455	1,213,749
Studio Equipments	7.07	20,261,043	277,066	-	20,538,109	4,175,106	1,448,535	-	5,821,641	14,736,468	13,307,957
Airconditioner	4.75	92,642	458,605	-	551,247	3,462	34,865	-	28,327	522,920	89,180
Generator	4.75	5,415	-	-	5,415	1,791	447	-	2,208	7,177	7,624
Stabilizer & UPS	4.75	816,246	-	-	816,246	153,714	36,718	-	190,432	625,814	462,532
Computer	25	8,480,794	223,470	-	8,704,264	5,741,462	2,105,291	-	7,896,653	809,415	1,739,336
Capital Work-in-Progress		1,142,521	-	-	1,142,521	-	-	-	-	1,142,521	1,142,521
GRAND TOTAL		90,203,977	44,713,290	1,007,610	133,995,657	30,044,331	9,411,941	267,500	39,088,776	94,728,881	60,159,646

F. INVESTMENTS:

Non Trade Quoted 600 Equity Shares of Rs.10/- in Andhra Bank Limited at cost

	31.03.2005	31.03.2004
	6,000	6,000
	6,000	6,000

G. CURRENT ASSETS, LOANS & ADVANCES.

	31.03.2005	31.03.2004
Cash On Hand	175,259	724,351
Funds in Transit	4,731,326	-
Balances in Current Account with Schedule Banks	6,799,928	3,489,065
Sundry Debtors	116,990,409	87,032,944
Work in Progress	10,693,320	25,601,092
Teleserials Rights & Picture Productions	43,180,219	41,621,747
Loans & Advances	36,649,300	86,186,667
Prepaid Taxes (Net of Provisions)	7,024,956	5,717,206
	226,244,717	250,373,272

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH

PARTICULARS	31.03.2005	31.03.2004
H. CURRENT LIABILITIES:		
A. Current Liabilities		
Sundry Creditors for Trade & Expenses	29,136,230	39,607,343
Sundry Creditors - Others	2,348,443	5,766,058
Due to Directors	351,664	404,264
B. Provisions		
Deferred Tax Liability	12,480,893	8,941,917
	44,317,230	54,719,582

I. MISC. EXPENDITURE & LOSSES

(Preliminary Exp. to the extent not w/off)
Less: Written off
Share Issue Expenses
Less: Written off

	31.03.2005	31.03.2004
	-	15,648
	-	(15,648)
	-	5,589,366
	-	5,589,366
	-	-

For the year ended 31st March

	31.03.2005	31.03.2004
J. TELESERIAL REVENUE:		
Revenue from Teleserials/ Telefilms	289,906,048	279,287,017
Revenue from Feature Film	199,12,555	288,83,000
Revenue from Ad. Telefilm	24,00,000	15,00,000

K. OTHER INCOME

Miscellaneous Income
Interest Received
Dividend Received

	31.03.2005	31.03.2004
	151,860	126,472
	50,928	196,779
	840	2,280
	203,628	325,531

L. INCREASE/DECREASE IN WIP

Opening Work in Progress
Closing Work in Progress

	31.03.2005	31.03.2004
	25,601,092	14,206,738
	10,693,320	25,601,092
	(14,907,772)	11,394,354

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH

PARTICULARS	31.03.2005	31.03.2004
M. DIRECT EXPENSES:		
A. Teleserial - Own Production		
Payments to Artists	25,677,826	27,512,574
Payments to Dubbing Artists	3,472,940	3,235,214
Payments to Productions Managers & Assts.	5,094,704	5,220,370
Telecast Charges	90,431,919	98,826,990
Equipment/Material Hire & Expenses	1,553,590	1,353,872
Payments to Technicians	28,857,141	27,003,141
Story & Dialogue Writers Payments	-	4,500,694
Production Expenses	10,367,801	5,941,299
Studio Rent & Hire Charges	1,374,400	1,508,990
Titling & Effect Charges	530,450	377,220
Wages & Batta	6,106,176	4,654,655
Costumes & Makeup	1,847,867	1,734,958
Lighting & Generator Hire Charges	4,485,517	4,797,035
Camera Hire & Maintenance Charges	1,500,528	1,440,707
Music Composing & Recording Exp	2,102,740	1,910,918
Travelling & Conveyance	5,948,426	11,848,034
Vehicles Maintenance & Hire Charges	4,110,143	3,919,026
Cassettes & Negatives	4,565,543	3,997,719
Location & Auditorium Rent	6,032,975	5,474,584
Amorisation of Tele Serial rights	21,331,912	16,285,026
TOTAL (A)	225,592,597	231,543,026
B. Teleserial - Contract Production		
Uyyale - Production Cost	-	1,872,000
Kanku Pagla - Production Cost	13,566,000	425,600
Hogli Bidi Saar - Production Cost	-	7,554,000
Sindura -Production Cost	-	1,872,000
TOTAL (B)	13,566,000	11,723,600
C. Cost of Teleserial Acquired		
Cost of Teleserial	-	1,230,060
TOTAL (C)		1,230,060

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH

PARTICULARS	31.03.2005	31.03.2004
D. Feature Film Expenses		
Feature film exp	11,759,485	-
TOTAL (D)	11,759,485	1,230,060
TOTAL (A+B+C+D)	250,918,082	244,496,686
Less: Amortisation of Teleserial Expenses	22,890,384	19,775,857
	228,027,698	224,720,829
N. EMPLOYEES COST:		
Salaries	4,573,854	3,059,709
Contribution to PF & ESF	377,826	410,664
Staff Welfare	892,763	412,057
	5,844,443	3,882,430
O. ADMINISTRATIVE EXPENSES		
Subscription, Books & Periodicals	33,701	30,960
Directors Remuneration	3,675,000	3,585,000
Donation	208,151	165,853
Hire Charges	51,388	276,270
Insurance Charges	534,646	819,308
Loss on exchange variation	236,020	961,918
Loss on Sale of Fixed Assets	340,110	213,298
Other Administrative Charges	673,341	208,496
Pooja Expenses	320,467	75,693
Postage, Telephone charges	2,421,235	2,789,855
Printing & Stationery	3,072,836	1,040,807
Professional & Consultancy Charges	1,010,206	820,100
Remuneration to Auditor's	591,286	734,000
Rent, Rates & Taxes	1,477,878	926,092
Repairs & Maintenance	773,698	1,260,370
Service Charges	551,959	214,012
Vehicle Maintenance	583,186	437,980
	16,555,106	14,560,012
P. SELLING & MARKETING EXP		
Agency Commission	-	2,168,751
Business Promotion Charges	952,400	541,680
Tele Serial Marketing Expenses	73,192	94,210
Brokerage Expenses	41,375	-
Advertisement Expenses	2,188,157	771,004
	3,255,123	3,575,645
Q. INTEREST & FINANCE CHARGES		
Interest & Finance Charges	6,939,999	7,376,211
Bank Charges	95,383	291,104
	7,035,382	7,667,315

SCHEDULES FORMING PART OF THE ACCOUNTS

R. SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Cont.)

NOTES ON ACCOUNTS ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2005 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE:

I. Significant Accounting Policies:

a. Basis of Accounting and Preparation of Financial Statements:

The Financial Statements have been prepared on historical cost convention and in accordance with the normally accepted accounting principles.

b. Fixed Assets:

Fixed Assets are stated at cost less depreciation.

c. Depreciation / Amortization:

• Depreciation on Fixed Assets, other than Computer, Software Library, Brand Equity and Goodwill are provided on Straight Line Method at the rates laid down in Schedule XIV of the Companies Act, 1956. In respect of Computers, Depreciation is provided on Straight Line Method at 25%.

• Software Library, Non-Compete Rights and Brand Equity are depreciated over a period of their effective life as determined by the management not exceeding ten years from the date of acquisition.

• Improvements effected on premises taken on lease are amortized over period of lease.

• Cost of Tele-Serials / Tele-Films not having any repeat telecast value and other future exploitation benefits are written off in full in the year of telecast.

• Cost of Tele-Serials / Tele-Films having repeat telecast value and other future exploitation benefits and in respect of which the company holds right of exploitation – 80% of the cost is written off in the year of telecast and balance 20% is written off equally over the next two years.

d. Inventories:

Stock of empty cassettes and work-in-progress are valued at cost.

e. Revenue Recognition:

• Income from Tele-Serials / Tele-Films is recognized on accrual basis as per the terms of the Agreement entered into for telecasting / exploitation.

• In case of Domestic Sales, Revenue is recognized on the telecast of the concerned Tele-serial.

• In case of Overseas Sales, Revenue is recognized at the point, when the tapes are delivered.

f. Foreign Currency Transactions:

Transactions pertaining to income and expenditure are

accounted at the rate prevailing on the date of transaction. Outstanding balances of Current Assets and Current Liabilities relating to Foreign Currency transactions are restated in rupees by adopting the rate of exchange prevailing on the date of Balance Sheet and the resultant exchange gains / loss is recognized / written off in the Profit & Loss Account.

g. Retirement Benefits:

Employee Retirement Benefits will be accounted for in the year in which such liabilities accrue.

h. Earnings per Share:

The Company reports Basic and Diluted Earnings per Share (EPS) in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India. The Basic / Diluted EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity share (including Bonus Shares) during the accounting period.

i. Accounting for Taxes on Income:

Current tax is determined on the basis of the amount of tax payable on taxable income for the year. In accordance with the Accounting Standard-22 issued by the Institute of Chartered Accountants of India, Deferred Tax is calculated at current statutory income tax rates and is recognized on timing differences between taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods.

j. Impairment of Assets

The Company has a policy of comparing the recoverable value with the carrying cost and charging impairment when required.

II. Notes on Accounts:

1. The Company has entered into leasehold agreements with Directors for acquiring leasehold rights for a period of 20 years in respect of properties at 3 & 4, Paul Appasamy Street, Chennai 600017.

The consideration for lease deposit was Rs. 1.40 Crores out of which a sum of Rs. 75 Lakhs was discharged by way of allotment of 7,50,000 equity shares of Rs. 10/- each as fully paid and balance by way of cash. The registration formalities in respect of lease agreements are yet to be completed.

2. The cost of Episodes of Tele-Serials / Tele-Films / Feature 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.

3. There are no outstanding dues to small-scale industries.

4. Particulars of Directors Remuneration:

Sl. No	Name	Designation	2004-05	2003-04
1	M.R. Mohan Ratha	Managing Director	18,00,000/-	18,00,000/-
2	B.S. Radhakrishnan	Wholtime Director	12,00,000/-	12,00,000/-
3	D. Ravichander Babu	Director - Finance	6,75,000/-	5,85,000/-

Managerial Remuneration:

Computation of net profit in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956.

PARTICULARS	Rs in lacs	
	2004-05	2003-04
Profit before Taxation	251.22	201.21
Add: Depreciation as per Companies Act	116.58	110.84
Loss on Sale of Fixed Assets	3.40	2.13
Managerial Remuneration	36.75	35.85
Less: Depreciation as per section 350 of Companies Act, 1956	116.58	103.68
Net Profit for the year	291.37	246.35

- The overall Managerial Remuneration is Rs. 36,75,000/-, which is within maximum ceiling limit laid down in Schedule XIII of the Companies Act, 1956.

5. Segment Reporting:

The Company operates in two Business Segments

- Production of Tele-serial and.
- Production of Feature Films

Sl.No.	Particulars	Rs in lacs	
		Year Ended 31.03.2005	Year Ended 31.03.2004
1	Segment Revenue		
	a) Tele Serials	2,925.09	2,925.07
	b) Feature Films	199.13	288.83
	Total	3,124.22	3,213.90
	Less: Inter segment revenue	-	-
	Net Sales/ Income from Operations	3,124.22	3,213.90
2	Segment Results		
	Profit/(Loss) (Before tax from each segment)		
	a) Tele Serials	241.22	197.84
	b) Feature Films	10.00	3.37
	Total Profit before Tax	251.22	201.21
3	Capital Employed (Segment Assets - Segment Liabilities)		
	a) Teleserials	2,294.13	2,084.15
	b) Feature Films	19.52	6.58
	c) un-allocable Assets-Liabilities	-	-
	TOTAL	2,313.65	2,090.73

6. 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. Radikka Chairperson Holder of more than 50% of paid-up Capital

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

Sl. No	Name of the Person	Nature of Relationship	Amount	Particulars
1	R.Radikka	Chairperson	43,86,000	Artist cum Creative Direction Payment in the professional capacity
2	M.R. Mohan Ratha	Managing Director	18,00,000	Directors Remuneration
3	Geetha Ratha	Director	Nil	
4	Raju Radha	Director	Nil	
5	B.S. Radhakrishnan	Whole time Director	12,00,000	Directors Remuneration
6	D. Ravichander Babu	Director - Finance	6,75,000	Directors Remuneration
7	R. Sarathkumar	Director	Nil	

7. Earnings per Equity Share

Sl. No	Particulars	2004-05	2003-04
1	Profit of the year (Rs.)	1,75,22,384	1,86,88,765
2	Weighted Average No. of equity shares (including bonus) for Basic/Diluted Earnings per share	5,41,61,540	1,08,34,008
3	Earnings per share	.32	1.73

8. The Net Deferred Tax Liability comprise of the following:

Sl. No.	Particulars	31.03.2005
1	Depreciation on Fixed Assets (DTL)	1,30,05,475
2	Amortization of Tele-Serial Cost (DTA)	5,24,582
3	Sub - Total (1-2)	1,24,80,893
4	Less: Deferred Tax Liability as on 01.04.2004	98,81,116
5	Net Deferred Tax Liability	25,99,116

Sl.No.	Particulars	31.03.2004
1	Depreciation on Fixed Assets	13,50,318
2	Amortization of Tele-Serial Cost	12,82,880
3	Sub - Total (1 + 2)	67,437
4	Less: DTA on Provision for Doubtful Debts	90,09,354
5	Net Deferred Tax Liability	89,41,917

9. Contingent Liabilities not provided for:

Sl.No.	Particulars	31.03.2005	31.03.2004
1	Estimated amount of contracts remaining to be executed on Capital Accounts	Nil	11,00,000
2	a. Claims against the company not acknowledged as debts	Nil	42,81,769

10. Auditor's Remuneration: (including Service Tax)

Sl.No.	Particulars	31.03.2005	31.03.2004
1	Audit Fee	3,50,000	4,75,000
2	Tax Audit	-	16,000

11. Licensed and Installed capacity - Not Applicable
12. Earnings in Foreign Currency - US \$ 238,602 US \$ 533,012
Equivalent to Rs.1,05,74,266 Equivalent to Rs. 2,37,91,458
13. Expenditure in Foreign Currency - US \$ 38,336 US \$ 28,940
Equivalent to Rs.17,44,157 Equivalent to Rs. 13,62,120
14. The Confirmation of Balances of Debtors & Creditors is yet to be received in some case.
15. Figures of Previous year have been re-grouped and re-classified, wherever necessary to conform to those of the current year.
16. Figures have been rounded off to the nearest rupee.

Place : Chennai
Date : 30.06.2005

for CNGSN & ASSOCIATES
Chartered Accountants
(sd)
(C.N. GANGADARAN)
Partner

(sd)
Chairperson

(sd)
Directors

(sd)
Company Secretary

(sd)
GM-Finance

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2005

Pursuant to Clause 32 of the Listing Agreement

	AMOUNT IN RUPEES	
	2004-2005	2003-2004
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before Tax	25,122,161	20,121,329
Add: Finance Charges	7,035,382	7,667,315
Depreciation	11,637,835	11,815,894
Loss on Sale of Fixed Assets	340,110	213,298
Preliminary Exps Written Off		15,648
	19,033,327	19,712,155
	44,155,488	39,833,484
Less: Interest Received	50,928	196,779
Dividend Received	840	2,280
	51,768	199,059
Operating Profit before Working Capital Changes	44,103,720	39,634,425
(Increase) / Decrease in Work In Progress	14,907,772	(11,394,354)
(Increase) / Decrease in Sundry Debtors	(30,128,568)	(28,321,043)
(Increase) / Decrease in Loans & Advances	41,842,248	(43,040,103)
Increase / (Decrease) in Current Liabilities	(13,941,328)	10,477,355
	12,680,125	(72,278,145)
Cash Generated from Operating Activities (A)	56,783,845	(32,643,720)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Cash Outflow		
Purchase of Fixed Assets	44,713,290	8,933,785
Cash Inflow		
Sales of Fixed Assets	400,000	680,000
Interest Received	50,928	196,779
Dividend Received	840	2,280
Net Cash from Investing Activities (B)	(44,261,522)	(8,054,726)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (Decrease) in Share Capital	7,382,999	31,706,800
Increase / (Decrease) in Bank Borrowings	(2,548,575)	9,642,266
Increase / (Decrease) in Other Secured Loans	1928,464	6,655,614
Increase / (Decrease) in Unsecured Loans	(1,900,000)	(30,700)
Finance Charges	(7,035,382)	(7,667,315)
NET CASH FROM FINANCING ACTIVITIES (C)	(5,029,422)	40,306,665
Net Increase in Cash & Cash Equivalents (A+B-C)	7,492,900	(391,781)
Cash & Cash Equivalents at the beginning of the year	4,213,616	4,605,397
Cash & Cash Equivalents at the end of the year	11,706,513	4,213,616
Net Increase / (Decrease) in Cash & Cash equivalents	7,492,900	(391,781)

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

As per our Report attached
For CNGSN & ASSOCIATES
Chartered Accountants

(Sd)
(C.N. Gangadaram) - Partner

(Sd)
Directors
(Sd)
Company Secretary

Place - Chennai
Date : 30.06.2005
(Sd)
Executive Chairperson &
Whole time Director
(Sd)
G.M Finance

BALANCE SHEET ABSTRACT
and company's Business profile

I. Registration Details
Registration No. 4 3 1 6 3
Balance Sheet Date 3 1 0 3 2 0 0 5
State Code 0 1 8

II. Capital Raised during the year (Amount in thousand of Rupees)
Public Issue N I L
Bonus Issue N I L
Right Issue N I L
Private Placement N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Thousand of Rupees)
Total Liabilities * 4 4 3 1 7 . 2 3
Total Assets 2 2 6 . 2 4 4 . 7 2
Sources of Funds
Paid-up Capital 1 0 8 3 2 3 . 0 8
Reserves & Surplus 1 2 4 0 5 7 . 9 7
Secured Loans * 4 8 0 2 1 . 2 7
Un Secured Loans * * * N I L * * *
Application Funds
Net Fixed Assets * 9 4 7 2 0 . 8 8
Investments * * * * * 6 * 0 0
Net current Assets 1 8 1 9 2 7 . 4 9
Misc. Expenditure * * * N I L * * *
Accumulated Losses * * * N I L * * *

IV. Performance of Company (Amount in Thousand of Rupees)
Turnover 3 1 2 4 2 2 . 2 3
Total Expenditure 2 7 2 3 9 2 . 3 0
Profit/(Loss) before tax * 2 5 1 2 2 . 1 6
Profit/(Loss) after Tax 1 7 5 2 2 . 3 8
Earning per share in Rs * * * * * 3 2
Dividend * * * N I L * * *

V. Generic Names of Principal Products of Company
Items Code No. Not Applicable
Product Description Media & Entertainment

