



Contents

S. No.	Particulars	Page No
01.	Board of Directors, COO, CFO, Company Secretary, Statutory Auditors and Internal Auditors	01
02.	Bankers, Registered Office, Registrar and Share Transfer Agent, Branches	02
03.	Directors' Report.....	03
04.	Certification on Financial Statement.....	09
05.	Management Discussion and Analysis Report.....	10
06.	Corporate Governance Report	15
07.	Certificate on Corporate Governance	22
08.	Declaration on Code of Conduct.....	23
09.	General Shareholders' Information.....	24
10.	Auditors' Report	25
11.	Balance Sheet.....	30
12.	Profit & Loss Account.....	31
13.	Schedules.....	32
14.	Balance Sheet Abstract.....	47
15.	Cash Flow Statement.....	48

BOARD OF DIRECTORS**SHRI SUBRATA ROY SAHARA**
ChairmanSMT. SWAPNA ROY
DirectorSHRI OM PRAKASH SRIVASTAVA
DirectorSHRI JOY BROTO ROY
DirectorSHRI RANVIR SINGH RATHORE
DirectorSHRI MAHESH PRASAD
DirectorSHRI BRIJENDRA SAHAY
DirectorSHRI RATHIKANT BASU
Director**CHIEF OPERATING OFFICER**
SHRI SANJAY CHITALE**CHIEF FINANCIAL OFFICER**
SHRI SANJAY GARG**COMPANY SECRETARY**
SHRI D. N. MISHRA**STATUTORY AUDITORS**
M/s S. R. BATLIBOI & ASSOCIATES
Chartered Accountants**INTERNAL AUDITORS**
M/s CHATURVEDI & CO.
Chartered AccountantsM/s CPS & Co.
Chartered Accountants

Sahara One Media And Entertainment Limited

ANNUAL REPORT 2007-2008

BANKERS

THE BANK OF RAJASTHAN LIMITED
HDFC BANK LIMITED
IDBI BANK LIMITED

REGISTERED OFFICE

SAHARA INDIA POINT,
CTS 40-44, S. V. ROAD,
GOREGAON (WEST), MUMBAI -400 104

REGISTRAR & SHARE TRANSFER AGENT

M/s INTIME SPECTRUM REGISTRY LIMITED,
C-13, PANNALAL SILK MILLS COMPOUND,
L.B.S. MARG, BHANDUP (WEST),
MUMBAI 400 078

BRANCH / DIVISION / UNITS

SAHARA INDIA BHAWAN,
1, KAPOORTHALA COMPLEX,
LUCKNOW -226 024

SAHARA INDIA COMPLEX,
C-2, C-3 & C-4, SECTOR XI,
NOIDA, U.P.- 201 301

DIRECTORS' REPORT

To the Members,

Your Directors have the pleasure in presenting the Twenty -Seventh Annual Report of the Company together with the Audited Statement of accounts for the year ended 31st March 2008.

FINANCIAL / OPERATIONAL RESULTS

(Rs. In Millions)

FOR THE YEAR ENDED	31st March 2008	31st March 2007
Total Income	2043.29	2002.83
Total Expenses	2010.00	1924.10
Profit Before Tax	33.29	78.73
Provision for Taxation (Current, Deferred, Earlier year Fringe Benefit Tax and others)	12.61	47.06
Prior Period Income / (Expenses)	7.56	(1.21)
Profit After Tax and Extraordinary items	28.24	30.46
Profit After Tax carried to the Balance Sheet	466.09	437.85

In the reporting period, the total income of the Company was Rs. 2043.29 million as against Rs. 2002.83 million in last year 2006-2007 witnessing an increase of about 2.02% and the total expenses stood at Rs. 2010.00 million this year as against Rs.1924.10 million in last year. The Net Profit of company slashed down to Rs. 28.24 million in the reporting year as compared to Rs. 30.46 million in last year due to increase in human resource cost, Induction of new staff for dealing with content providing business for new Firangi TV Channel, high administrative cost, upsurge in content cost, increase in financial expenses etc. witnessing a decline of about 7.31% in the net profit. The Management is of the view that content providing business for new Firangi TV Channel may give good productivity in current fiscal and other costs also will either be stable, moderate or come down and the company would be able to make up its profit.

DIVIDEND

With a view to conserve resources with the company, the Board of Directors has decided not to recommend any dividend for the financial year 2007- 2008.

CAPITAL ISSUE

Company has not made any issue of Shares during the reporting period; hence the Equity capital of the Company stands at Rs. 21,52,50,000.

Sahara One Media And Entertainment Limited

ANNUAL REPORT 2007-2008

KEY DEVELOPMENTS

The company started purchasing TV contents for newly launched Firangi Channel from Foreign sources and dubbed these in Hindi for providing contents to channel player. This channel is likely to be good source of revenue to company in long run.

The company is also in final negotiation with Mr. Boney Kapoor, the eminent film producer, for producing about 10 movies for the company.

SAHARA ONE MOTION PICTURES

This year Sahara One Motion Picture has produced and released the following movies

Movie	Cast	Director
Bas Ek Pal	Jimmy Shergill, Sanjay Suri, Juhi Chawla, Urmila Matondkar	Onir
Strangers	Jimmy Shergill, K. K. Menon, Nandana Sen, Sonali kulkarni	Aanand L. Rai
My Name is Anthony Gonsalve	Nikhil Trivedi, Amrita Rao, Anupam Kher, Mithun Chakraborty, Pawan Malhotra	Eshwar Niwas
De Taali	Ritesh Deshmukh, Aftab Shivdasani, Rimmi Sen, Ayesha Takia, Anupam Kher	Eshwar Niwas

Sahara One Motion Picture has very aggressive future plans and is in negotiation with some renowned producers for producing films and taking distribution rights. The five movies are slated for release during the fiscal viz EMI, Mumbai Cutting, Kachha Limboo, Allah ke Bande and Coffee shop.

SAHARA ONE TELEVISION

Sahara One Television aims at endowing its viewers with a wide variety of fresh and distinctive programming. This year we had strong line-up of events, fiction and non-fiction shows depicting a collage of traditional and contemporary stances that provide quality entertainment and interesting viewing. Some of our new shows which were launched and are running successfully are as follows:

Jjhoom India: A celebrity singing contest was aired on Sahara One Television on November, 2007. The participants included a trained singer with a celebrity television artist. There were 10 jodis and 3 judges. The show was hosted by Sucheta Khanna and Rahul Vaidhya. The final winners of the show were Sachin Tyagi and Madhushree and the runner up jodi was Varun Badola and Akruhi Kakkar. The prize money was Rs.25,00,000/- Some of the prominent jodis on the show were Sudesh Bhosale & Mrinal Kulkarni, Vinod Rathod & Roshni Chopra, etc. The judges were Shabhana Azmi, Mahesh Bhatt & Anandji. The show went off air on 16th January, 2008.

Woh Rehne Wali Mehlon Ki: The flagship show of Sahara One Television has taken a leap, with a new face. Keep watching "Woh Rehne Wali Mehlon Ki" at 09.00 p.m. Monday to Friday to watch Pari's daughter Rani who grows up into a studious, smart city girl and the new journey of her life.

Main Aisi Kyun Hoon: It was launched on 8th October, 2007 and is the story of Sanjana Pushpa Patil, who is born with

Sahara One Media And Entertainment Limited

ANNUAL REPORT 2007-2008

an extremely hyper imaginative mind and a witty sense of humor. Despite her upbringing in a traditional middle class Maharashtrian joint family, Sanjana is a strong headed girl with modern outlook towards life. She is nearing her 30's and thus her family is pressurizing her to get married. Caught between traditional values and her own modern sensibilities, Sanjana the eternal romantic at heart still chooses to live in her past and refuses to move on in life. Will Sanjana ever find the love of her life since she doesn't have age on her side... will she be able to live life on her own terms?

Ghar Ek Sapna: Kakul and Samman are finally being called back home by Uttara, who earlier in the story had refused to accept Kakul as the bahu of Amarnath's family. Slowly and steadily Devika is getting fond of Sujit and is trying her level best to get as close as possible to him. Uttara understands the emotions and the feelings Devika is going through in her life and makes a ploy to get Devika married to Sujit with the help of Kakul without even her knowing about it. Sharad and Neha have finally decided to be together despite an objection from Amarnath's family and Neha's mother Kaushalya. Will Kakul understand the motive behind Uttara's kindness for bringing her back to her sasural? Will Uttara succeed in parting Neha and Sharad. Will she succeed in getting Devika married to Sujit?

Doli Saja Ke: It is the story of Anupama, who gets married to Daksh not knowing what her husband is like.... Anupama comes to her sasural.... expecting her husband's love.... However to her shock Daksh does not love her.... Daksh married Anupama because of property. As per grand father's will Daksh will get all the property in his name once he is married & the marriage remains for a year. Bhaiya bhabhi tries to behave nicely with her but slowly Anupama realizes that something is wrong in this house. Anupama's sister-in-law Meera's intention are to get all the property from Daksh. As Anu will sign the papers in Daksh's name or they will kill Daksh. Anupama faces hurdles every second in her new life. She is the one to find out Narayani is not mad. She has been given wrong medicines so that she can never reveal truth to Daksh. Soon Anu comes to know the truth about bhaiya bhabhi. She tries hard but can't convince Daksh to see the darker side of bhaiya bhabhi. Meera and Dhananjay realizes that now Anu knows the truth. They also start portraying Anu bad in front of Daksh. Narayani tells Anu that you have to fight with them very smartly otherwise they will make her also like Narayani. Here Anu starts playing her game... one up man ship starts between Meera and Anu. Slowly Daksh also starts falling in love with Anu. When Meera realizes that now Daksh has a soft corner for Anu, she gets alarmed. She tries to prove to Daksh that Anu wants to kill him for property... Daksh is not ready to believe this but Meera plays all her mohra like this. It seems that Anu is going to loose everything Anu ke hath ek bahut bada raaz aa jata hai. She reveals in front of Daksh. Will Daksh trust Anupama?

Mata Ki Chowki: Our new socio-mytho fiction show had a good opening and a great response from our viewers. "Mata Ki Chowki" narrates the story of a normal girl Vaishnavi, firm believer & follower of Mata Vaishnav Devi whose journey of life has been destined by spiritual and divine powers to bring in sense of moral relief and spread bliss in this 'nowhere' going era of Kalyug.

The New Talent Awards: This was the first-of-its-kind show in the history of Television Awards instituted to recognize and reward the Talent and Actors of the New Generation who will usher in a new era in Television. The 3 hour non-stop entertainer presented by two popular star hosts, 17 set of presenters and 7 enthralling performances by popular television stars aired on Sahara One Television on 6th July 2008 at 8:30PM.

Mera Sasural: This was aired on Sahara One Television on 10th March, 2008. Mera Sasural is a story of two sasurals based in Jammu. It revolves around a Punjabi family comprising of two real brothers Yashpal Khajuria and Bhushan Khajuria residing in the same house. It is also the journey of two young girls Heer and Goldie in their respective sasurals where one sasural crosses all barriers and defies all limits to ensure the happiness of their bahu. It proves to the world that relationships nurtured in sasural are not of one lifetime but lasts for saat janam. On the contrary the other sasural believes in the fact that Beti kabhi buri nahi hoti aur bahu kabhi bhi acchi nahi ho sakti.

Sahara One Media And Entertainment Limited

ANNUAL REPORT 2007-2008

Saas v/s Bahu: our upcoming dance based non-fiction show where characters from the most popular soaps on Indian Television come team up to prove the most debatable question that exist in every household – Is Saas Better Than the Bahu or Vice-versa. It's a cut-throat dance competition between the team of Saas v/s Bahu's.

Some tentative names:

Rita Baduri / Juhi Parmar (Kum Kum)

Shoma Anand / Rucha Gujarati (from Bhabhi)

Neelam Mehra / Reena Kapoor (from WRWWMK)

Himani Shivpuri / Lata Sabarwal (Ghar Ek Sapna)

Komalika Guha / Shilpa Saklani (KSBKBT)

Priya Arya / Amita Chandekar (Kasturi) etc;

FILMY

Financial year 2007-2008 was a very eventful year for FILMY. The year saw FILMY reach new heights, with the channel GRP's increasing from 29 to 61, in a period of 2 months. This was due to a mix of some good new acquisitions in films and some Entertaining Programmes. The Highlights on the new Films front were:

- World TV Premieres of acclaimed film like Guru, Umrao Jaan And Nishabd.
- Acquisitions of 35- Film lot from Eros International. Some of the Movies so acquired from the lot were really big titles like Devdas, Rangeela, Hum Dil De Chuke Sanam, Chachi 420, Khoobsurat, Hum Tumhare Hai Sanam and Ram Aur Shyam amongst others.
- Limited Telecast Barter deal with Star with the help of which we telecasted some big blockbusters like Rang De Basanti, Swades, Khakee, Bluffmaster, Zinda, Ashoka, Paheli, Bheja Fry etc.

On the Programming front, the Highlights were:

- Bathroom Singer, FILMY'S foray into reality Programming was a search for India's first bathroom singer. The Concept was widely appreciated by the public as well as the Media.
- Through Bollywood Ka Boss, FILMY launched a hunt for the one Indian who is the most knowledgeable about Bollywood. Hosted by one of the Bollywood's most talented star - Boman Irani, this 31 episode show ends with its Grand Finale on 3rd August 2008.
- The year 2008 also saw the return of lovable Champu on FILMY, this time through another spoof: Kya Aap Paachwi Fail Champu Hain? The second edition of Champu has been an even bigger hit than the first season, with record breaking TRP's throughout the series of Kya Aap Paachwi Fail Champu Hain? In the same year FILMY also telecasted the hilarious comedy show - Jiger Maa Badi Aag Hai.
- In addition to above, FILMY launched FILMY cocktails, a weekly show about the latest happenings in Bollywood with a view to come close to the Hindi Film Industry.

The coming year will see a host of Blockbuster on FILMY, taking it to greater heights.

MANAGEMENT

Shri Sanjay Chitale has been appointed as Chief Operative Officer (COO) of the Company since the month of April 2008 in place of Shri Shantonu Aditya who resigned last year from the company.

DIRECTORS

Shri Subrata Roy Sahara had been appointed as Director of the Company in the Annual General Meeting held on 31st August 2000 and his office shall not be liable to retire by rotation and Shri Rathikant Basu, being the Nominee Director, is also not liable to retire by rotation.

Smt. Swapna Roy and Shri Mahesh Prasad were re-appointed as Directors of the Company liable to retire by rotation in the Annual General Meeting of Company held on 27th September 2007.

Sahara One Media And Entertainment Limited

ANNUAL REPORT 2007-2008

In accordance with the provisions of Section 255 of the Companies Act, 1956 and Article 89 of Company's Articles of Association, Shri Brijendra Sahay and Shri R. S. Rathore, Directors of the Company are retiring by rotation and are eligible for re-appointment. The Board recommends their names for re-appointment as Directors of the Company in the ensuing Annual General Meeting. Shri Harindra Singh, Director of the Company, resigned from the company which was accepted by the Board in their meeting held on 27th September, 2007 and the Board records its appreciation for the contributions made by Shri Harindra Singh during his tenure as Director of the Company.

AUDIT COMMITTEE

The Board of Directors of the Company constituted a committee of Directors known as Audit Committee in its Meeting held on 30th January 2001 and the Board further re-constituted the same on 29th June 2002, 29th July 2006 and 29th April 2008. Shri R. S. Rathore has been appointed as the Chairman of the Audit Committee. Presently the Company has five Directors as members of Audit Committee and Company Secretary acts as Secretary to the Audit Committee. Out of 5 committee members, 3 are Independent Directors and 2 are Promoter Directors. The Chairman of the Audit Committee is Independent Director which, is in compliance with Clause 49 of the Listing Agreement.

AUDITORS

M/s S. R. Batliboi & Associates, Chartered Accountants, Mumbai, Statutory Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Company has received a letter from M/s S. R. Batliboi & Associates of their willingness to continue as Statutory Auditor of the Company along with a certificate to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956. Board recommends their name for re-appointment as Statutory Auditors of the Company in the ensuing Annual General Meeting.

AUDITORS' REPORT

M/s S. R. Batliboi & Associates, Statutory Auditor's, submitted their Audit report for the Financial Year 2007-08 which was self explanatory and contained following major observations,

- 1) **Interest payment on loan to IDBI** - It was delayed due to some internal issues with Bank and it was paid in next month April-08 just after settlement of issues.
- 2) **Corporate Guarantee** - Company has not charged any guarantee commission on corporate guarantee of Rs.300 Crore given to M/s Sahara Hospitality Limited, the group company because the company does not foresee any risk as the financials of M/s Sahara Hospitality Limited is sound.
- 3) **Delay in payment of Government Dues** - Delay in payment of Government dues have been taken to note by the management for compliance.

PUBLIC DEPOSITS

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

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

Information required to be provided under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 in relation to Conservation of Energy and Technology absorption are currently not applicable to the Company. Particulars of foreign currency earnings and outgo during the year are given as hereunder.

Foreign Currency Earning (Accrual Basis)	-	Rs. 51,74,466
Foreign Currency Expenditure (Accrual Basis)	-	Rs. 2,60,68,001

Sahara One Media And Entertainment Limited

ANNUAL REPORT 2007-2008

PERSONNEL

Information relating to employees pursuant to the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is required to be annexed to this report. However pursuant to the provisions of section 219(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to the shareholders of the company excluding the statement of particulars under section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the company.

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ACKNOWLEDGEMENTS

The Directors wish to place on record their deep sense of appreciation to the Government Authorities, Body Corporates, Business Enterprises, Associates for their continued co-operation and support to the Company and to entire workforce of the Company at all levels for their sustained efforts and co-operation all around.

For and on behalf of the Board

O. P. Srivastava
(Director)

Brijendra Sahay
(Director)

Place: Mumbai

Date: July 31, 2008

CERTIFICATION ON FINANCIAL STATEMENT OF THE COMPANY

We, O. P. Srivastava, Director and Sanjay Garg, CFO of Sahara One Media And Entertainment Limited, certify that:

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended on 31st March 2008 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining Internal Controls and that we have evaluated the effectiveness of the Internal Control Systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee
 - (i) Significant changes in Internal Control during the year;
 - (ii) Significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the Financial Statements; and
 - (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's Internal Control System.

O. P. Srivastava
Director

Sanjay Garg
CFO

Place: Mumbai
Date: July 24, 2008

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

The Entertainment and Media Industry is comprised of various constituents like Filmed Entertainment, Print Media, Radio, Music Industry, Animation; Gaming and VFX, Television Distribution, Television contents and Television Advertising Industries (functioning through the mediums of Print; Online; Radio; Television, Out of Home-OOH etc) which cumulatively drive the growth of E & M Industry.

The entertainment and media industry recorded a growth of 17% over the previous year higher than the forecasted growth of 15% projected in the previous year. The Industry reached an estimated size of Rs. 513 billion in 2007 in comparison to Rs. 438 billion in 2006 and witnessed a cumulative growth of 19% on overall basis. As per the data released by IRS 2007, the media audience has increased by 86 Million bearing a growth of 18.4%. High growth in Television - Cable and satellite subscribers and FM Radio listeners is driving the growth in media audiences. The rural inhabitants who are now becoming like urban inhabitants in terms of their lifestyle, literacy, women taking jobs etc. is likely to cause sharp increase in media content demands.

a) TELEVISION

The Television industry recorded a growth higher than the overall growth of the E&M industry in 2007 having recorded a growth of 18% over the previous year and is estimated at Rs. 226 billion in 2007 compared to Rs. 191 billion in 2006. The Television Advertising and Television Content Segment have contributed the growth rate of 19% and 18% respectively in the overall growth of 21% achieved by the Television Industry during last 4 years however the Television distribution industry contributed 60% of the television industry's revenues and has also achieved the highest growth rate of 22% in the last 4 years. The Economic growth of nation is encouraging the corporate houses to increase their ad-spends.

The Television Industry saw launching of some new channels during the year and various other channels are under approval process of MIB. Implementation of CAS (Conditional Access) has been effected in several metros of India viz. Delhi, Mumbai and Kolkata and Chennai was the only other metro city which already had CAS. As on 31-12-2007, total 503233 set-top-boxes (STBs) had been installed in the aforesaid metros which witnessed a marginal growth over 466000 STBs in last year however the adoption rate of CAS was highest in Mumbai being 40% compared to 30% in other metros.

The Television segment saw the maximum number of investments and alliances both from financial standpoint as well as strategic point. The Digitalization of delivery platforms is also setting in the Indian Television distribution network and during 2007, it witnessed an increasing penetration of DTH with average 3.5 million subscribers and additionally the launch of IPTV by Government for telcos and cable operators, launching of Mobile TV Pilot, PLUS application, Mobile TV application by corporate houses is likely to cause a revolutionary change in the facet of television all around.

The Animation, Gaming and VFX (which has recently been added in Industry matrix due to its increasing contribution to the E&M industry) has played a noteworthy role in the era of television as about 15 such animations are currently in various stages of production. The biggest animation release in 2007 was the mythological sequel Hanuman Returns and in 2008 the Ghatothkach.

The year 2007 witnessed an emergence of Media Conglomerates and about 8 significant alliances and investments took place aggregating to about Rs. 643.75 million USD. The Foreign Investments in the E&M sector reached a record high of Rs. 211 Million.

b) SAHARA ONE PICTURES**Filmed Entertainment**

India has got a credit of producing highest number of films and has the largest number of admissions as well in the world. The Indian film industry has witnessed a remarkable improvements in its all key functional areas like upgraded technology, Quality Production, International appealing concepts, digital switchover, attractive showcasings, systematic focus on marketing, transparent distribution system, finance and business values. The entry of big corporate houses, Mergers/Acquisitions/Consolidation etc which took place in the film industry in recent past will have far reaching impact translating into a big surge of revenue, sustained and balanced growth of film industry.

The Indian Film industry has been performing exceedingly well in the past four years having grown by 17% in the period 2004-2007. The Domestic box office collection continues to be the largest contributor to the revenues of the industry by way of contributing 74% in the overall pie, though this share has reduced in the last four years by 4%. Domestic box office collections are estimated at Rs. 72 Billion in 2007 up from Rs. 64 billion in 2006, translating into the growth of 12% from the previous year. Overseas collections is steadily becoming an important component and continues to be the second largest contributor in the revenues of the industry at 9% with an incremental change in last four years. In 2007 the overseas collections are estimated at Rs. 8.50 Billion as compared to Rs. 7.00 Billion in 2006 translating into a growth of 21% from the previous year. Ancillary revenues too are playing a vital role and are becoming increasingly important in the overall pie of the film industry. These comprise of revenues from sale of television rights, internet download rights, mobile rights, re-make rights, in-film placements, on-screen advertisement and brand placements etc. The Ancillary revenues are estimated to have grown by 19% over the last four years.

There are several growth drivers for the film industry segment comprising of increased marketing and selling efforts internationally, growing popularity of Indian films overseas beyond the Indian Diaspora, increased number of prints and a significantly more organised distribution plans.

The Film Industry has got various avenues beyond traditional box office to enhance its revenues which has caused de-risking of film making and also making it attractive for Indian Corporates and Hollywood studios. The avenues interse are comprised of Home Video Rights, Television Rights, Re-Make Rights, Movie Merchandise, Internet Right and Digital Cinema operations etc. The sharp growth in number of superior multiplexes/retail malls with quality sound system and technology have led to growing consumerism in this sector.

The Home Video rights has potency of garnering a sizeable chunk of revenue for film producers with the rise in disposable incomes, increased affordability of DVD players, home theatre systems and shorter release windows. Further Television rights as being sold to TV Broadcasters, Film Re-Make rights, Movie Merchandise (such as accessories, apparel, stationery, toys, books, crockery etc), Internet Rights for full movie download and digitalization of cinema have emerged as a significant revenue source for film producers and would support the industry in long run.

FUTURE OUTLOOK

The E & M Industry is expected to outgrow the India economy in coming years. An impressive cumulative annual growth rate (CAGR) of 18% is forecasted for the industry over the five years period till 2012. This growth rate is due to several positive measures taken by the Government. It has also been boosted by technological advancements, entry of large corporate players who have announced major expansion plans in all segments, an increase in disposable income amongst Indian consumers and several other factors.

Sahara One Media And Entertainment Limited

ANNUAL REPORT 2007-2008

TELEVISION INDUSTRY

The Indian Television Industry is projected to grow by 22% over the next five years, and is estimated to reach Rs. 600 billion in 2012 from the present estimate of Rs. 226 billion in 2007. Television distribution is projected to garner a share of 63% in 2012, up from 60% in 2007 (expected to reach upto Rs. 380 Billion as compared to Rs. 136 billion in 2007 translating a cumulative growth of 23% over the next 5 years). On the other hand the television advertising industry is projected to command a share of 33% in 2012 as compared to 35% in 2007 (expected to reach upto Rs. 200 Billion in 2012 as compared to Rs. 136 billion in 2007 translating a cumulative growth of 20% over the next 5 years). The relative share of the television content industry is expected to remain the same at 3-4%, though in respect to quantum growth, the television content industry is expected to grow by 16% over the next five years and is expected to reach Rs. 20 billion as compared to Rs. 9.4 billion in 2007 fuelled largely by the exponential increase in the number of television channels in the country.

The growth in the television distribution industry is expected to be contributed by both subscription spending by pay TV Subscribers as well as growth in the pay TV homes. The pay TV homes are projected to increase from 74 million in 2007 to 90 million by 2012. Currently, Cable TV homes command a penetration of 95% of the Pay TV homes in 2007. This is projected to come down to 78% by 2012 largely in favour of the emerging DTH Homes. Cable Homes are thus projected to increase from 70 million in 2007 to 90 million in 2012 and this growth is projected to be largely from semi-urban and rural areas. DTH Homes are projected to increase from 4 millions in 2007 to 25 million by 2012 thus increasing their penetration from a low 3% of the television homes in 2007 to 19% in 2012. Television homes are projected to increase from 115 million in 2007 to 132 million by 2012 at a growth rate of 3% over the next five years.

FILM ENTERTAINMENT INDUSTRY

The Indian Film Industry is projected to grow by 13% over the next five years reaching to Rs. 176 Billion in 2012 from the present Rs. 96 Billion in 2007, nearly double the present size.

The relative shares of the film industry are expected to shift marginally from the traditional revenues to the new emerging revenues. The share of the domestic box office is projected to reduce to 70% in 2012, primarily in favour of overseas and ancillary revenues. The domestic box office segment is expected to grow at 11% cumulatively over the next five years to reach an estimated Rs. 123 billion in 2012 from the present size of Rs. 72 billion and increase in average ticket price from existing Rs. 22 to Rs. 35 will be the primary contributor to this growth. The number of admissions is projected to rise marginally from the current high base of 3.25 billion tickets sold in 2007 to an estimated 3.50 billion ticket in 2012.

The penetration of home video subscribers is expected to increase from 10% of the pay-TV homes in 2007 to 25% in 2012. This translates into an addition of 41 million subscribers over the next five year period. 75% of these subscribers are estimated to be from the sell-through segment. The ancillary revenue is estimated to grow by 16% on an overall basis and over the next five years, it is likely to reach an estimated Rs. 18.00 Billion in 2012 from Rs. 8.50 Billion in 2007.

OPPORTUNITIES, THREATS, RISK AND CONCERNS

MEDIA CONSUMPTION

The consumption of media is based on three hardware platforms- the television set, wireless mobile devices and the computer each of which now has multiple wide users. The use of the television set is being done for multiple purpose like watching TV programmes, Movies, Video Games, Watching of contents on demand which is downloaded from the internet. Such an easy access of T.V., Film and media contents to mass of people for multifarious uses will enhance the number of viewers drastically and in turn the demand for T.V. contents, Movies and other media contents will boost up enormously. Contents consumed on these convergent platforms-which consist of home video, TV networks, TV Distribution, digital music downloads, mobile music, internet, advertising and online gaming, will represent a significant component of the future Entertainment and Media (E&M) market. The increasing trend in number of multiplexes will also play a vital role in growth of media content demands and allied businesses.

CONTENT - FRAGMENTATION

Web Sites featuring user-generated content (UGC) is expected to become more popular and will cause fragmentation of market. UGC sites will begin to attract more advertising and hence they will compete with traditional television advertising and in some cases the network operators will partner with web sites to provide content and share advertising causing the television sector to suffer substantial loss of revenue.

GROWING ABILITY AND EAGERNESS OF INDIVIDUALS TO CREATE THEIR OWN CONTENTS

The upcoming generation having keen interest in internet, computers, animation have potency to create their own content for entertainment like amateur digital videos, podcasta, mobile phone photography, wikis and social-media blogs etc. which may cause to reduce the demand for TV contents and/or Film viewings.

ADAPTATION AND DEVELOPMENT OF NEW BUSINESS AND MONETIZATION MODELS

The content providers will have to adapt and develop new business and monetization models in order to keep revenue streams flowing. The key to success will be identifying new forms of content that can complement their traditional strengths.

PIRACY, DIGITAL MIGRATION AND DISTRIBUTION

The media industry is changing rapidly with the advent of technology, digitization and connectivity which has driven piracy being exercised by peoples. This needs to be cautiously taken up and addressed by television content providers and film producers to avoid revenue loss.

The migration to digital platform is accelerating globally and a result of which the digital and mobile spending streams will compete with physical home video sell-through and rental, physical recorded music sales and additionally, traditional TV and other media components will compete with internet advertising.

Digital Distribution will further enable to copy the contents for very low cost or on negligible cost and the result would be that consumers can more readily acquire quality product without paying for it. Such illegal copying will affect virtually all segments of entertainment and media, music, filmed entertainment, and TV distribution very adversely.

(Source-FICCI-Frames-2008)

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place adequate Internal Control systems & procedures commensurate with the size and the nature of its business for the purchase and sale of goods, TV programmes/contents, films/programme rights, equipment and other assets. The Management also keeps close watch on the Internal Control system and consistently takes necessary corrective steps, wherever necessary, to further strengthen the Internal Control systems & procedures of the Company.

HUMAN RESOURCES

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

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

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

Sahara One Media And Entertainment Limited

ANNUAL REPORT 2007-2008

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Revenue of the Company during the Financial Year 2007 - 2008 was from the local and international sales of television softwares, which mainly consists of Daily Soaps, Films, Mega Series and Event coverage software and revenues from the exploitation of movies through theatrical, home video etc. Details of segment wise performance:

(Rs. in million)

	Year ended 31-03-2008	Year ended 31-03-2007
1. Segment Revenue		
a. Television	1872.63	1541.93
b. Motion Pictures	99.91	373.51
c. Unallocated	70.74	87.39
Total	2043.28	2002.83
Less : Inter segment revenue	—	—
Net sales/income from operations	2043.28	2002.83
2. Segment Results Profit(+)/Loss(-) Before Tax and Interest		
a. Television	209.36	140.01
b. Motion Pictures	(118.80)	9.73
c. Unallocated	(43.84)	(65.04)
Total	46.70	84.70
Less: i Interest	13.44	5.97
ii Other un-allocable expenditure net of un-allocable income	—	—
Total Profit Before Tax	33.28	78.73
3. Segment Assets		
a. Segment - A	1445.87	2117.46
b. Segment - B	625.96	482.48
c. Unallocated	1306.86	551.69
Total	3378.69	3151.63
4. Segment Liabilities		
a. Segment – A	(335.54)	(279.33)
b. Segment – B	(204.68)	(46.49)
c. Unallocated	(83.74)	(95.33)
Total	(623.96)	(421.15)

CORPORATE GOVERNANCE REPORT

COMPANYS PHILOSOPHY ON CODE OF GOVERNANCE

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

BOARD OF DIRECTORS

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

Category of Directors	No of Directors
Promoter Directors	4
Independent Directors	3
Nominee / Independent Director	1
Total	8

The Board of Directors of the Company comprise of the following: -

Shri Subrata Roy Sahara	Chairman, Promoter Non-Executive Director
Smt. Swapna Roy	Promoter Non-Executive Director
Shri O. P. Srivastava	Promoter Non-Executive Director
Shri J. B. Roy	Promoter Non-Executive Director
Shri Mahesh Prasad	Independent Non-Executive Director Former Secretary, Ministry of Law and Ministry of Information and Broadcasting

Sahara One Media And Entertainment Limited

ANNUAL REPORT 2007-2008

Shri Brijendra Sahay	Independent Non-Executive Director Former Chief Secretary to the Government of U.P.
Shri R. S. Rathore	Independent Non-Executive Director Ex-Chairman, Central Board of Direct Taxes & Special Secretary, Ministry of Finance and Ex-Chairman of Bank of Rajasthan Ltd.
Shri Rathikant Basu	Nominee Director, Siva Ventures Limited Former Additional Secretary in the Ministry of Information and Broadcasting & Director General, Doordarshan, Secretary to Government of India for the Department of Electronics.

(Shri. Subrata Roy Sahara is husband of Smt. Swapna Roy and both are Promoter, Non-Executive Director of the Company further Shri. J. B. Roy is a real younger brother of Shri. Subrata Roy Sahara who is also Promoter, Non-Executive Director of the Company and all other remaining Directors of the Company have no internal relationship).

BOARD MEETINGS & ANNUAL GENERAL MEETING

During the year 2007 - 2008, nine meetings of the Board of Directors of the Company were held one each on 30.06.2007, 31.07.2007, 27.09.2007, 15.10.2007, 30.10.2007, 29.11.2007, 29.01.2008, 29.04.2008 and 30.06.2008. The gaps between the Board meetings were well within the maximum time gap of 4 months prescribed in Clause 49 of the Listing Agreement.

Details of the Attendance of the Directors at the Board meetings and Annual General Meeting and also details of Directorship and membership of Committee (s) in other Companies as on 31.03.2008 are as under:

Name of the Director	Attendance (Total 9 Board Meetings)	Attendance (26 th AGM held on 27.09. 2007)	Directorship in Other Companies	No. of Membership in other Companies Committee(s)	No. of Chairmanship in other Companies Committee(s)
Shri Subrata Roy Sahara	–	–	12	–	–
Smt. Swapna Roy	1	–	10	1	2
Shri O. P. Srivastava	9	Yes	11	7	1
Shri J. B. Roy	6	Yes	10	4	–
Shri Mahesh Prasad	8	Yes	3	–	–
Shri Brijendra Sahay	7	Yes	3	3	–
Shri R. S. Rathore	9	Yes	–	–	–
Shri Rathikant Basu	4	–	2	–	–
Shri Harindra Singh#	–	–	–	–	–
Shri T. L. Guruvijendran##	1	–	–	–	–

Shri Harindra Singh had Resigned from the Directorship of the Company w.e.f. 10.08.2007.

Shri T. L. Guruvijendran was appointed as Alternate Director of the Company for the period from 31st July 2007 to 31st August 2007 in place of Shri Rathikant Basu, the Nominee Director.

Sahara One Media And Entertainment Limited

ANNUAL REPORT 2007-2008

Note:

The Directorships shown above are the directorships of the Public Limited Companies and do not include the Directorship on the Board of the Private Limited Companies or Section 25 Companies and Memberships of committee in other Companies are of Audit Committee and Shareholders / Investors Grievance Committee only as required under Listing agreement provisions.

All the Board meetings were called with advance notice to the Directors and wherever required notices were sent to Stock Exchanges where the Company is listed. Agenda papers and all back up papers prepared by Company Secretary were circulated to the Board members well in advance. Chief Financial Officer, Group Head (Finance) and Group Head (Statutory) are normally invited to attend the Board Meetings.

The Board of Directors have adopted a Code of Conduct for members of the Board of Directors and Senior Management of the Company. The Code has been posted on the Company's website www.sahara-one.com.

AUDIT COMMITTEE

The Board of Directors of the Company constituted a committee of Directors known as Audit Committee in its Meeting held on 30th January 2001 and the Board further reconstituted the audit committee on 29th June 2002, 29th July 2006 and 29th April 2008. Presently Company has five directors as members of Audit Committee and Company Secretary acts as Secretary to the Committee. Shri R. S. Rathore, Independent Director is a Chairman of Audit Committee. At present, the following members constitute the Audit Committee:

Name	Category	Attendance (Total 7 Meetings)
Shri R. S. Rathore, Chairman	Independent Non-Executive Director	7
Shri O. P. Srivastava	Promoter Non-Executive Director	7
Shri J. B. Roy	Promoter Non-Executive Director	5
Shri Brijendra Sahay	Independent Non-Executive Director	5
Shri Mahesh Prasad	Independent Non-Executive Director	6
Shri D. N. Mishra	Company Secretary	

The role, function and power of the Audit Committee are as per Section 292 A of the Companies Act, 1956 and as prescribed in the Clause 49 of the Listing Agreement. Audit Committee meetings are held periodically. Statutory Auditors, Internal Auditors, Chief Financial Officer, Group Head (Finance) and Group Head (Statutory) are normally invited to attend the Audit Committee meetings based on nature of businesses to be dealt their in the audit committee meeting.

Sahara One Media And Entertainment Limited

ANNUAL REPORT 2007-2008

INVESTMENT AND LOAN COMMITTEE

The Board dissolved the Investment and Loan committee of company w.e.f. 30th June 2008 which it had constituted on 17th April, 2000, henceforth all the matters relating to loan and investment of company shall be directly dealt by the Board.

SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE

The Company had constituted the Shareholders/Investors Grievances committee in its Board Meeting held on 3rd April, 2001 and was further re-constituted on 29th June, 2002 and on 29th July, 2006. Following are the members of the committee.

1. Shri Mahesh Prasad
2. Shri J. B. Roy
3. Shri Brijendra Sahay

Shri D. N. Mishra, Company Secretary acts as Secretary/Convener of the committee.

During the period under review the Company has received zero complaints from the Shareholders/Investors. Further there is no shareholders complaint pending against the Company as on date.

The Shareholders/Investor Grievance Committee meetings are held whenever required.

GENERAL BODY MEETINGS

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

AGM	Date & Time	Venue	Special Resolution
24 th AGM	21 st September 2005 at 02:30 P.M.	Sahara India Point, CTS 40-44, S. V. Road, Goregaon (West), Mumbai 400 104	Zero
25 th AGM	27th September 2006 at 01:30 P.M.	Sahara India Point, CTS 40-44, S. V. Road, Goregaon (West), Mumbai 400 104	Zero
26 th AGM	27 th September 2007 at 12:30 P.M.	Sahara India Point, CTS 40-44, S. V. Road, Goregaon (West), Mumbai 400 104	Zero

Presently, the Company has proposal for giving Corporate Guarantee of Rs. 6.67 Crore to M/s Sahara Hospitality Limited subject to approval of members by way of special resolution U/s 372 A of Companies Act, 1956 and postal ballots have been sent to members for according their consent/dissent towards the proposal and if resolution is through, it will form part of notice of AGM.

DISCLOSURES

The Company is making adequate disclosure to the shareholders through the Annual Report. Further, there is no materially significant viz. the transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large. However the related party transactions which took place during the year are stated in schedule 18(10) of the Balance Sheet of company for F.Y. 2007-2008.

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

MEANS OF COMMUNICATION

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

As per Clause 51 of Listing Agreements Companies specified by the SEBI need to file full version of Annual Report including the Balance Sheet , Profit and Loss Account, Directors' Report and Auditors' Report, Cash Flow Statement, Half Yearly Financial Statements, Quarterly Financial Statement, Corporate Governance Report, Shareholding Pattern statement, Statement of action taken against the Company by any regulatory agency, etc. on the Electronic Data Information Filing and Retrieval (EDIFAR) website. In compliance to the Clause 51 of the Listing Agreement, Company had entered the data / information as required. Management Discussion and Analysis report forms part of this Annual Report. The relevant information's are also available at Companies website www.sahara-one.com. Investors can also lodge their complaints with the Company at investors@sahara-one.com.

NAME, DESIGNATION AND ADDRESS OF COMPLIANCE OFFICER:

Shri D. N. Mishra

Company Secretary

Sahara One Media And Entertainment Limited

Sahara India Point,

CTS 40-44, S. V. Road,

Goregaon (West), Mumbai 400 104

Sahara One Media And Entertainment Limited

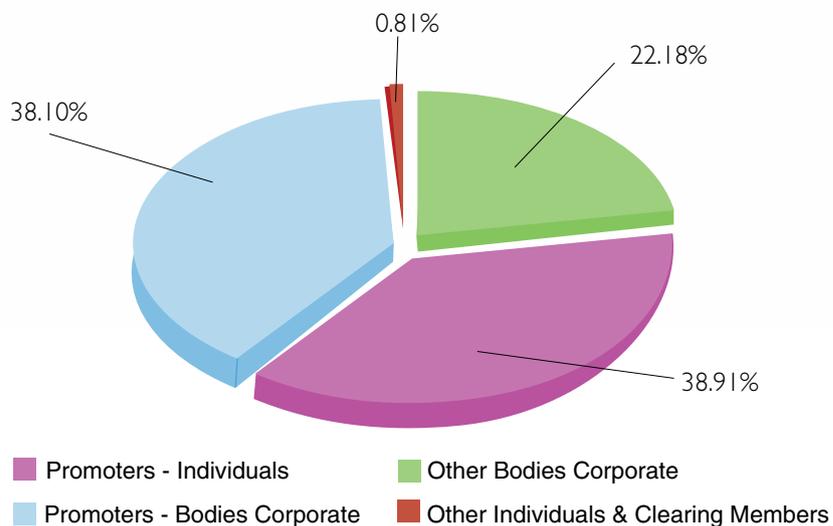
ANNUAL REPORT 2007-2008

DISTRIBUTION OF SHAREHOLDING

As on 31/03/2008 the shareholding pattern of the Company is as detailed below: -

No of Equity Shares	Shareholders		Shares	
	Number	% of Holders	Numbers	% of Shares
1-5000	2,140	95.40	1,21,556	0.57
5001-10000	39	1.73	29,595	0.14
10001-20000	19	0.85	28,108	0.13
20001-30000	6	0.27	13,905	0.07
30001-40000	6	0.27	20,174	0.09
40001-50000	4	0.18	17,849	0.08
50000-100000	8	0.36	54,649	0.25
100001 and above	21	0.94	2,12,39,164	98.67
	2243	100.00	2,15,25,000	100.00

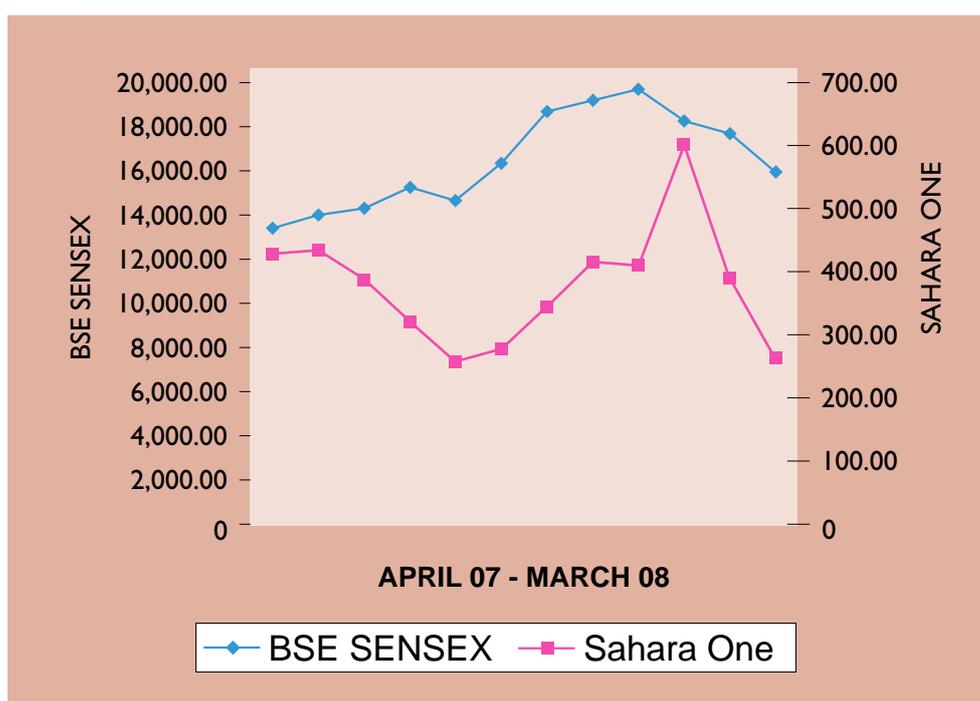
Category	No of Shares
Promoters - Individuals	83,75,000
Promoters - Bodies Corporate	82,02,030
Other Bodies Corporate	47,73,883
Other Individuals & Clearing Members	1,74,087
Total	2,15,25,000



SHARE PRICE MOVEMENT OF COMPANY AND SENSEX MOVEMENT OF BSE

Movement in Company's Share Price during the year 2007-2008 on BSE and Sensex movement of BSE for the same period is as under:-

MONTH	SAHARA ONE SHARE PRICE			BSE SENSEX		
	HIGH (Rs.)	LOW (Rs.)	AVERAGE (Rs.)	HIGH (Rs.)	LOW (Rs.)	AVERAGE (Rs.)
Apr-07	402.00	455.00	428.50	14,383.72	12,425.52	13,404.62
May-07	395.50	473.85	434.68	14,576.37	13,554.34	14,065.36
Jun-07	430.00	345.25	387.63	14,683.36	13,946.99	14,315.18
Jul-07	364.90	277.00	320.95	15,868.85	14,638.88	15,253.87
Aug-07	297.40	220.10	258.75	15,542.40	13,779.88	14,661.14
Sep-07	299.95	260.00	279.96	17,361.47	15,323.05	16,342.26
Oct-07	430.00	259.00	344.50	20,238.16	17,144.58	18,691.37
Nov-07	500.55	331.00	415.78	20,204.21	18,182.83	19,193.52
Dec-07	458.00	360.05	409.03	20,498.11	18,886.40	19,692.26
Jan-08	820.00	380.20	600.10	21,206.77	15,332.42	18,269.60
Feb-08	465.00	313.00	389.00	18,895.34	16,457.74	17,676.54
Mar-08	325.00	201.10	263.05	17,227.56	14,677.24	15,952.20



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

1. We have examined the compliance of the conditions of Corporate Governance by the Sahara One Media And Entertainment Limited for the year ended March 31, 2008, as stipulated in Clause 49 of the Listing Agreement entered into by the said Company with the Stock Exchange(s).
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statement of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the Listing Agreement.
4. We state that in respect of investor grievances received during the year ended March 31, 2008 no investor grievances are pending against the Company as on June 30, 2008 as per the records maintained by the Company and presented to the Shareholders/Investors Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **V. V. Shah & Associates**

Sd/-

(V. V. Shah)

Proprietor, CP No. 621

Place: Mumbai

Date: July 21, 2008

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its each Director and Senior Management of the Company. The Code of Conduct is available on the Company's website www.sahara-one.com.

I confirm that the Company has in respect of the financial year ended March 31, 2008 received from the Senior Managers of the Company and the members of the Board of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Managers meaning Senior Management team comprising of members of the category of General Manager and above, including all functional heads.

Place: Mumbai

Date: July 21, 2008

O. P. Srivastava

Director

GENERAL SHAREHOLDERS INFORMATION

Details of Annual General Meeting

Date	26 th September 2008
Time	11:00 A.M.
Venue	Sahara India Point, CTS 40-44, S. V. Road, Goregaon (West), Mumbai 400 104
Date of Book closure	20 th September 2008 to 26 th September 2008 (both days inclusive)
Last date for receipt of proxy forms	24 th September 2008 by 1:00 P.M.
Financial Calendar.	1 st April 2007 to 31 st March 2008
General Meeting Last Annual General Meeting	27th September 2007
Registrar and Share Transfer Agents	M/s. Intime Spectrum Registry Limited. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078
Share Transfer System	Share received for physical transfer on dematerialization or rematerialization requests are generally registered and returned within a period of 21 days from the date of receipt of complete and validity executed documents. The Shareholders / Investor Grievances Committee meet at adequate interval to approve the Share Transfer and dematerialization requests
Dematerialization of shares and liquidity	Equity Shares of the Company can be traded in dematerialization forms. To facilitate the trading in dematerialization form the Company has entered into agreement with both the depositories viz National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As of date approximately 89.36% of the Equity Shares of the Company are in dematerialized form.
Listing on Stock Exchanges	The Stock Exchange, Bombay, (BSE) The Calcutta Stock Exchange Association Limited, (CSE) The Delhi Stock Exchange Association Limited (DSE)
BSE Stock Code	503691
CSE Stock Code	29990
DSE Stock Code	019639
ISIN NO	INE479B01016
Addresses for correspondence	Sahara India Point, CTS 40-44, S. V. Road, Goregaon (West), Mumbai 400 104.

AUDITORS' REPORT

To

The Members of Sahara One Media and Entertainment Limited

1. We have audited the attached Balance Sheet of Sahara One Media And Entertainment Limited as at March 31, 2008 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial 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.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the Directors, as on March 31 2008, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

Sahara One Media And Entertainment Limited

ANNUAL REPORT 2007-2008

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the Accounting Principles generally accepted in India;
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31 2008;
 - b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & ASSOCIATES

Chartered Accountants

per Govind Ahuja

Partner

Membership No.: 48966

Mumbai

Date: June 30, 2008

Annexure referred to in paragraph [3] of our report of even date**Re: Sahara One Media And Entertainment Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at year end which we believe is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act'). Accordingly, paragraph 4 (iii) (b) to (d) are not applicable.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, paragraph 4 (iii) (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.

Sahara One Media And Entertainment Limited

ANNUAL REPORT 2007-2008

- (ix) (a) *Undisputed statutory dues including income-tax, sales-tax, service tax, cess have not been regularly deposited with the appropriate authorities and there have been serious delays in a large number of cases. Except for the above, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, wealth-tax, customs duty and other material statutory dues applicable to it. The provisions of excise duty are not applicable to the Company.*
- (b) *According to the information and explanations given to us, no undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable.*
- (c) *According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, and cess on account of any dispute, are as follows:*

Name of the the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income-tax Act, 1961	Corporate tax	6,959,655	1999-00	Income Tax Appellate Tribunal
	Corporate tax	14,025,366	2000-01	Income Tax Appellate Tribunal
	Corporate tax	3,385,818	2001-02	Income Tax Appellate Tribunal
	Corporate tax	227,047	2003-04	Commissioner of Income-tax (Appeals)
	Corporate tax	22,399,163	2004-05	Commissioner of Income-tax (Appeals)

- (x) *The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.*
- (xi) *Based on our audit procedures and as per the information and explanations given by the management, the Company has delayed the payment of interest of Rs. 2.1 million due in March 2008 to a financial institution, which was paid in April 2008.*
- (xii) *According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.*

Sahara One Media And Entertainment Limited

ANNUAL REPORT 2007-2008

- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) *The Company has given a guarantee to banks in respect of loans amounting to Rs 3000 million taken by Sahara Hospitality Limited from these banks and financial institutions in respect of which it has not charged any commission and there is no benefit to the Company for giving such guarantee. Except for this guarantee, there are no other guarantees given by the Company for loans taken by others from bank or financial institutions.*
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any Preferential Allotment of Shares to parties or Companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money from public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. BATLIBOI & ASSOCIATES

Chartered Accountants

per Govind Ahuja

a Partner

Membership No.: 48966

Mumbai

Date: June 30, 2008

BALANCE SHEET AS AT MARCH 31, 2008

	SCHEDULE	MARCH 31, 2008 Rs.	MARCH 31, 2007 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	215,250,000	215,250,000
Reserves and Surplus	2	2,550,935,868	2,522,700,312
		<u>2,766,185,868</u>	<u>2,737,950,312</u>
LOAN FUNDS			
Secured Loan	3	192,151,164	—
TOTAL		<u>2,958,337,032</u>	<u>2,737,950,312</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	72,437,500	70,664,585
Less : Accumulated Depreciation		(45,466,331)	(32,175,143)
Net Block		<u>26,971,169</u>	<u>38,489,442</u>
INVESTMENTS	5	<u>55,836,211</u>	<u>56,023,889</u>
DEFERRED TAX ASSETS (Refer Note 12 on Schedule 18)		11,324,874	7,187,873
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	6	480,434,797	553,862,972
Sundry Debtors	7	556,583,447	956,585,183
Cash and Bank Balances	8	971,204,422	197,113,814
Other Current Assets	9	2,612,759	2,500,000
Loans and Advances	10	1,295,099,621	1,347,049,711
		<u>3,305,935,046</u>	<u>3,057,111,680</u>
LESS : CURRENT LIABILITIES AND PROVISIONS	11	439,676,947	410,590,747
Current Liabilities		2,196,342	10,557,870
Provisions		<u>441,873,289</u>	<u>421,148,617</u>
NET CURRENT ASSETS		2,864,061,757	2,635,963,063
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	12	143,021	286,045
NOTES TO FINANCIAL STATEMENTS	18		
TOTAL		<u>2,958,337,032</u>	<u>2,737,950,312</u>

The Schedules 1 to 18 form an integral part of the Balance Sheet.

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

As per our report of even date.

On behalf of the Board of Directors

For S.R. Batliboi & Associates
Chartered Accountants

O. P. Srivastava
Director

Brijendra Sahay
Director

Per Govind Ahuja
a Partner
Membership No.48966
Mumbai: June 30, 2008

R. S. Dubey
Group Head (Finance)

Sanjay Garg
Chief Financial Officer

D. N. Mishra
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	SCHEDULE	2007-2008 Rs.	2006-2007 Rs.
INCOME			
Sales		1,972,544,443	1,915,441,030
Other Income	13	70,742,460	87,385,457
TOTAL		<u>2,043,286,903</u>	<u>2,002,826,487</u>
EXPENDITURE			
Content Costs		1,614,682,574	1,488,940,194
Decrease / (Increase) in Inventories	14	73,428,175	147,417,807
Administrative and Other Expenses	15	295,165,952	262,259,815
Financial Expenses	16	13,437,726	6,168,381
Depreciation	4	13,291,188	19,312,455
TOTAL		<u>2,010,005,615</u>	<u>1,924,098,652</u>
PROFIT BEFORE TAX AND PRIOR PERIOD ITEMS		33,281,288	78,727,835
Provision for Taxation:			
Current Tax		15,278,006	28,900,000
Deferred Tax		(4,137,001)	(8,666,368)
(Refer Note 12 on Schedule 18)			
Tax for earlier years		—	25,315,520
Fringe Benefit Tax		1,461,147	1,505,672
PROFIT AFTER TAX AND BEFORE PRIOR PERIOD ITEMS		20,679,136	31,673,011
Prior Period Income / (Expenses)	17	7,556,420	(1,211,063)
(Net of Tax of Rs. 38,90,966, Previous Year : Rs. NIL)			
NET PROFIT		28,235,556	30,461,948
Profit and Loss Balance at beginning of the year		437,850,312	407,388,364
Profit available for Appropriation		466,085,868	437,850,312
PROFIT AND LOSS BALANCE AT END OF THE YEAR		<u>466,085,868</u>	<u>437,850,312</u>
Earnings Per Share (Basic and Diluted)		1.31	1.45
Nominal value per shares Rs. 10/- (Previous Year : Rs. 10/-) (Refer Note 14 on Schedule 18)			
NOTES TO FINANCIAL STATEMENTS	18		

The Schedules 1 to 18 form an integral part of the Profit and Loss Account.

On behalf of the Board of Directors

For S.R. Batliboi & Associates
Chartered Accountants

O. P. Srivastava
Director

Brijendra Sahay
Director

Per Govind Ahuja
a Partner
Membership No.48966
Mumbai: June 30, 2008

R. S. Dubey
Group Head (Finance)

Sanjay Garg
Chief Financial Officer

D. N. Mishra
Company Secretary

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

SCHEDULE 4

FIXED ASSETS

Refer Note 2 (c) on Schedule 18

(Rs.)

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK		
	Balance as on April 1, 2007	Additions during the year	Deduction during the year	Total as on March 31, 2008	Balance as on April 1, 2007	For the year	On Deduction	Total as on March 31, 2008	As on March 31, 2008	As on March 31, 2007
Tangible Assets										
Leasehold Improvements	37,086,670	–	–	37,086,670	26,112,799	10,973,871	–	37,086,670	–	10,973,871
Residential Building	2,087,780	–	–	2,087,780	129,615	34,031	–	163,646	1,924,134	1,958,165
Shooting Equipment	630,500	–	–	630,500	189,784	44,576	–	234,360	396,140	440,716
Furniture & Fixture	8,604,273	17,200	–	8,621,473	1,026,935	541,510	–	1,568,445	7,053,028	7,577,338
Computer	5,167,220	23,200	–	5,190,420	2,272,562	554,883	–	2,827,445	2,362,975	2,894,658
Plant & Machinery	11,196,729	–	–	11,196,729	579,614	531,845	–	1,111,459	10,085,270	10,617,115
Vehicle	5,891,413	1,732,515	–	7,623,928	1,863,834	610,472	–	2,474,306	5,149,622	4,027,579
Total	70,664,585	1,772,915	–	72,437,500	32,175,143	13,291,188	–	45,466,331	26,971,169	38,489,442
Previous Year	52,261,731	18,402,854	–	70,664,585	12,862,688	193,12,455	–	32,175,143	38,489,442	39,399,043

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE BALANCE SHEET AS AT MARCH 31, 2008**

	MARCH 31, 2008 Rs.	MARCH 31, 2007 Rs.
SCHEDULE 5		
INVESTMENTS (Other than trade) (Refer Note 2 (e) on Schedule 18)		
Long Term (At Cost)		
Unquoted (At Cost)		
In Shares		
1,108,280 (March 31, 2007: 750,000) Equity shares of Sahara India Life Insurance Company Limited, of Rs. 10 each, fully paid up	11,082,800	7,500,000
3,750 (March 31, 2007 : 3,750) Equity shares of Sahara Care Limited Rs. 10 each, fully paid up	37,500	37,500
24,500 (March 31, 2007 : 24,500) Equity shares of Sahara India Entertainment Management Company Limited Rs. 10 each, fully paid up	245,000	245,000
Quoted (At Cost)		
In Shares		
450,000 (March 31,2007 : 450,000) Equity Shares of K Sera Sera Productions Limited, Market Value as on March 31,2008: Rs.85,50,000 (March 31, 2007: Rs.66,15,000)	24,862,500	24,862,500
	<hr/>	<hr/>
	36,227,800	32,645,000
Short Term, Quoted (At lower of Cost or Market Value)		
In Mutual Funds		
19,131.54 (March 31, 2007 : 22,813.475) Units of Sahara Liquid Fund Market value as on March 31, 2008: Rs.19,608,411/- (March 31, 2007:23,378,889/-)	19,608,411	23,378,889
	<hr/>	<hr/>
	19,608,411	23,378,889
	<hr/>	<hr/>
	55,836,211	56,023,889
The following investments were purchased and sold during the year:		
In Equity Shares		
3,58,280 equity shares of Rs. 10/- each at par of Sahara India Life Insurance Company purchased during the year		
In Mutual Funds		
Sahara Mutual Funds (Purchased Unit:1196.46 , Sold Unit:4878.40)		
Aggregate Value of quoted Investments	44,470,911	48,241,389
Aggregate Value of unquoted Investments	11,365,300	7,782,500
Market Value of quoted Investments	28,158,411	29,993,889

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

	MARCH 31, 2008 Rs.	MARCH 31, 2007 Rs.
SCHEDULE 6		
INVENTORIES		
Refer Note 2 (f) on Schedule 18		
Finished goods - Content comprising TV programmes and Films	480,434,797	553,862,972
SCHEDULE 7		
SUNDRY DEBTORS		
(Unsecured, Considered Good unless otherwise stated)		
Debts Outstanding for a Period exceeding Six months:		
Considered doubtful	10,158,946	6,158,946
Considered good	12,639,725	107,245,761
Other Debts	<u>543,943,722</u>	<u>849,339,422</u>
Less: Provision for doubtful debts	10,158,946	6,158,946
	<u>556,583,447</u>	<u>956,585,183</u>
INCLUDED IN SUNDRY DEBTORS ARE:		
i) Dues from companies under the same management		
Sahara India Commercial Coporation Limited	525,594,829	927,241,758
{Maximum amount outstanding during the year Rs.1,484,830,760 (previous year Rs. 1,091,818,252)}		
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash on hand	471,220	387,686
Balance with Scheduled Banks in		
– Current Account	88,640,979	195,319,815
– Deposit Accounts	882,038,403	1,344,319
– Exchange Earners' Foreign Currency (EEFC) Account	53,820	61,994
{US \$ 1,346.50 (March 31, 2007 : US \$ 1,346.50)}		
	<u>971,204,422</u>	<u>197,113,814</u>
SCHEDULE 9		
OTHER CURRENT ASSETS		
Dividend Receivable	–	2,500,000
Interest Accrued on Investments and Deposits	2,612,759	–
	<u>2,612,759</u>	<u>2,500,000</u>
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances Recoverable in Cash or in kind or for Value to be Received	259,030,581	647,840,391
Advances to Producers & Talent	769,985,365	565,085,218
Service tax receivable	219,872,651	104,803,602
Sundry Deposits	32,020,500	29,320,500
Advance tax, net of provision	14,190,524	–
	<u>1,295,099,621</u>	<u>1,347,049,711</u>
INCLUDED IN LOAN AND ADVANCES ARE:		
i) Dues from companies under the same management		
Sahara India Commercial Coporation Limited	39,630,468	176,374,062
{Maximum amount outstanding during the year Rs.176,374,062 (previous year Rs. 176,374,062)}		
Sahara India Mass Communication	123,561	127,417
{Maximum amount outstanding during the year Rs.127,417 (previous year Rs.1,38,707)}		

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE BALANCE SHEET AS AT MARCH 31, 2008**

	MARCH 31, 2008 Rs.	MARCH 31, 2007 Rs.
SCHEDULE 11		
CURRENT LIABILITIES AND PROVISIONS		
Liabilities		
Sundry Creditors (Other than Micro and Small Enterprises) (Refer Note 16 Schedule 18)	390,719,747	355,874,626
Interest accrued but not due on term loan	2,166,217	—
Other Liabilities	46,790,983	54,716,121
	<u>439,676,947</u>	<u>410,590,747</u>
Included in Sundry Creditors are:		
i) Dues from companies under the same management Sahara Hospitality Limited	203,949	—
Provisions		
Retirement Benefits - Gratuity (Refer Note 2 (g) and 13 on Schedule 18)	1,706,315	1,061,884
Retirement Benefits - Leave Encashment (Refer Note 2 (g) on Schedule 18)	490,027	254,896
Provision for tax (Net)	—	9,241,090
	<u>2,196,342</u>	<u>10,557,870</u>
	<u>441,873,289</u>	<u>421,148,617</u>
SCHEDULE 12		
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted) Refer Note 2 (j) on Schedule 18		
Share Issue Expenses		
Op balance	286,045	569,169
(+) Addition during the year	—	—
Total	<u>286,045</u>	<u>569,169</u>
Charged in Profit & Loss account- Share issue expenses	143,024	283,124
	<u>143,021</u>	<u>286,045</u>

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008**

	MARCH 31, 2008 Rs.	MARCH 31, 2007 Rs.
SCHEDULE 13		
OTHER INCOME		
Dividend From Trade Investment	1,229,522	14,100,954
Interest on Fixed Deposits (Tax Deducted at Source Rs. 8,46,081 ; March 31, 2007 : Rs. 20,638)	4,105,009	95,552
Interest on Inter Corporate Deposit (Tax Deducted at Source Rs. 18,24,116 ; March 31, 2007 : Rs. 46,40,469)	8,114,221	20,679,452
Exchange Gain (Net)	–	4,674,822
Gain on Sale / Redemption of Investments (net)	–	1,606,350
Income from Rent	16,785,948	30,800,000
Miscellaneous Receipts	40,402,506	15,383,508
Credit balances written back	105,254	44,819
	<u>70,742,460</u>	<u>87,385,457</u>
SCHEDULE 14		
DECREASE / (INCREASE) TO INVENTORIES		
Closing Stock of Content	480,434,797	553,862,972
Less : Opening Stock of Content	553,862,972	701,280,779
	<u>73,428,175</u>	<u>147,417,807</u>
SCHEDULE 15		
ADMINISTRATIVE AND OTHER EXPENSES		
Employee Costs		
– Salary, Wages and Bonus	131,165,097	87,192,382
– Contribution to Provident Fund and Other Funds	2,042,048	2,480,087
– Staff Welfare	753,774	370,508
Repairs and Maintenance - Others	2,639,302	136,932
Rent	42,842,174	41,571,768
Rates and Taxes	465,506	3,457,858
Electricity	8,214,867	5,313,175
Print Cost	10,679,523	1,984,709
Professional and Consultancy Charges	32,972,107	42,047,643
Travelling and Conveyance	3,195,107	8,015,686
Freight	1,572,914	633,707
Advertisement	40,032,957	46,880,013
Communication	7,056,089	6,071,226
Exchange Loss (Net)	173,286	–
Amortisation of Share Issue & Preliminary Expenses	143,024	283,124
Provision for Doubtful Debts	4,000,003	6,174,695
Miscellaneous expenses	7,218,174	9,646,302
	<u>295,165,952</u>	<u>262,259,815</u>

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008**

	MARCH 31, 2008 Rs.	MARCH 31, 2007 Rs.
SCHEDULE 16		
FINANCIAL EXPENSES		
Interest		
-on Term loan	6,156,781	-
-on ICD	-	5,972,603
-on Others	6,033,316	-
Bank Charges	1,247,629	195,778
	<u>13,437,726</u>	<u>6,168,381</u>
SCHEDULE 17		
PRIOR PERIOD INCOME / (EXPENSES)		
PRIOR PERIOD INCOME:		
Reversal of Programme Production Cost	-	1,626,887
Interest on ICD (Net of Tax of Rs. 38,90,966) (Tax Deducted at Source Rs. 2,593,978 ; March 31, 2007 : Rs. Nil)	7,556,420	-
	<u>7,556,420</u>	<u>1,626,887</u>
PRIOR PERIOD EXPENSES		
Lease Tax	-	(273,000)
Consultancy Charges	-	(893,033)
Annual Maintenance charges	-	(101,384)
Travelling & Conveyance	-	(40,385)
Advertisement & Publicity	-	(1,462,828)
Reimbursement of Expenses	-	(67,320)
	<u>-</u>	<u>(2,837,950)</u>
Prior Period Income / (Expense)	<u>7,556,420</u>	<u>(1,211,063)</u>

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE 18

1. Nature of Operations

Sahara One Media And Entertainment Limited is a television content provider and also produces & distributes movies.

2. Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects in respect with the Notified accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company, are consistent with those used in the previous year.

(b) Use of estimates

The Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

(c) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher. The useful lives of the assets as estimated by the management are the same as envisaged by Schedule XIV.

	Useful Life	Schedule XIV Rates (SLM)
Buildings	61 years	1.63%
Plant and Machinery	21 Years	4.75%
Computers	6 Years	16.21%
Shooting Equipment	14 Years	7.07%
Furniture and Fittings	16 Years	6.33%
Vehicles	11 Years	9.5%

Leasehold improvements are amortised over lease period i.e. 3 years.

(d) Impairment of Assets

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(e) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(f) Inventories

Inventories comprise television programs and films held for sale. Inventories are valued at lower of cost or net realisable value. Management allocates the cost of 90% of the television program and films with perpetual rights to domestic market and 10% to the other markets.

(g) Retirement Benefits

- i. Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- ii. Gratuity & Leave Encashment liability are defined benefit obligations and are provided for on the basis of an actuarial valuation made at the end of each financial year.
- iii. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE 18 (CONTINUED)

(h) Foreign Currency Transactions

- i. Initial Recognition - Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- ii. Conversion - Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- iii. Exchange Differences - Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(i) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Sale of Goods - Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer i.e. when the television program & film are delivered to the customers.
- ii. Interest - Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iii. Dividends - Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date.

(j) Miscellaneous Expenditure

Share Issue Expenses are amortised equally over a period of ten years.

(k) Taxes on Income

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(l) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(m) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

(n) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE 18 (CONTINUED)

3. Contingent liabilities at the year-end not provided for in respect of:

	As at March 31, 2008 Rs.	As at March 31, 2007 Rs.
Liability in terms of Corporate Guarantee provided against loan availed by Sahara Hospitality Limited from a bank. Loan availed as at 31-3-2008 Rs. 1,746,671,170 (31-3-2007: Rs. 1,743,426,561).	3,000,000,000	3,000,000,000
Income tax demands.	54,718,812	32,319,649

4. Earnings in Foreign Currency (Accrual Basis)

	2007-2008	2006-2007
F.O.B Value of Exports	5,174,466	27,126,278

5. Expenditure in Foreign Currency (Accrual Basis)

	2007-2008 Rs.	2006-2007 Rs.
Travelling Expenses	–	12,410,254
Programme Cost	26,068,001	46,223,357
Professional Fees	–	2,236,335
Others	–	4,419,062
Total	26,068,001	65,289,008

6. Quantitative Details

The Company is engaged in producing / procuring television programmes and supplying them to media companies. The production and sale of such programmes cannot be expressed in any generic unit. hence it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

7. Managerial Remuneration

Particulars	2007-2008 Rs.	2006-2007 Rs.
i) Salary and Fees	2,656,383	406,870
ii) Contribution to Provident Fund and Other Funds	9,988	74,870
iii) Allowances and Perquisites	5,121,393	8,076,798
Total	77,87,764	85,58,538

8. Auditors' remuneration

Particulars	2007-2008 Rs.	2006-2007 Rs.
As Auditor	12,50,000	8,50,000
For Other Matters (Limited Review)	6,00,000	4,00,000
Out-of-Pocket Expenses	17,800	18,500
Total	18,67,800	12,68,500

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE 18 (CONTINUED)

9. Segmental Reporting:

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

- a) **Business Segments:** The Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that serves different markets. The Company principal business is sale of television software and other business is of motion picture distribution.
- b) **Segment Revenue and Expenses:** Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as Segment Expenses.
- c) **Allocation of common costs:** Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.
- d) **Unallocated items:** The Corporate and Other segment includes general corporate income and expense items which are not allocated to any business segment.
- e) **Segment Assets and Liabilities:** Segment assets include all operating assets in respective segments comprising of net fixed assets and current assets, loans and advances. Segment liabilities include operating liabilities and provisions.

Primary Segment:

(Rs. In Lacs)

	Year ended 31-03-2008	Year ended 31-03-2007
I. Segment Revenue		
a. Television	18,726.31	15,419.27
b. Motion Pictures	999.13	3,735.14
c. Unallocated	707.42	873.85
Total	20,432.87	20,028.26
Less : Inter segment revenue	0.00	0.00
Net sales/income from operations	20,432.87	20,028.26
2. Segment Results Profit(+)/loss(-) Before Tax and Interest		
a. Television	2,093.57	1,400.07
b. Motion Pictures	(1,187.95)	97.29
c. Unallocated	(438.43)	(650.35)
Total	467.19	847.00
Less : i. Interest	134.38	59.73
ii. Other un-allocable expenditure net of un-allocable income.	-	-
Total Profit Before Tax	332.81	787.28
3. Segment Assets		
a. Television	14,458.66	21,174.58
b. Motion Pictures	6,259.58	4,824.77
c. Unallocated	13,068.64	5,516.91
Total	33,786.88	31,516.25
4. Segment Liabilities		
a. Television	(3,355.45)	(2,793.28)
b. Motion Pictures	(2,046.81)	(464.92)
c. Unallocated	(837.44)	(953.30)
Total	(6,239.70)	(4,211.49)

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE 18 (CONTINUED)

Primary Segment:

(Rs. In Lacs)

	Year ended 31-03-2008	Year ended 31-03-2007
5. Cost of Assets Acquired		
a. Television	0.00	6.70
b. Motion Pictures	0.00	65.60
c. Unallocated	17.73	149.18
Total	17.73	221.48
6. Non Cash Item - Depreciation		
a. Television	0.00	1.61
b. Motion Pictures	0.44	0.45
c. Unallocated	132.91	191.06
Total	133.35	193.12

Geographical Segments: The Company operates in one geographical Segment, India.

10. (i) Related Party:

- (a) Control
Major shareholders having control over the company
- Shri Subrata Roy Sahara
- (b) Enterprises under common control
- Sahara India Commercial Corporation Limited
 - Sahara India Entertainment Management Company Limited
 - Sahara Hospitality Limited
- (c) Key Management Personnel
Chief Executive Officer
- Ms. Sharmista Rijhwani

(ii) The following payments were made to Key Management Personnel mentioned in (i) (c) above

Related Party	Designation	Nature of transaction	Amount (Rs.)
Ms. Sharmista Rijhwani	Chief Executive Officer	Remuneration	77,87,764
Total			77,87,764

(iii) The following other transactions were carried out with related parties mentioned in (i) above

(Rs.)

Name of Fellow Subsidiaries	Type of Transactions	During the year 2007-2008	During the year 2006-2007
Sahara India Commercial Corporation Limited	Sale of Copy Rights(Theatrical & Television)	1,876,108,761	1,748,237,208
	Rent Income	16,785,950	18,480,000
	Misc. Income	39,582,515	14,362,475
	Rent Paid	300,000	300,000
	Expenses Reimbursed	110,048,274	28,487,831
	Sale of Investments	-	699,000
	Profit on sale of Investment	-	1,606,350
	Advances	405,311,482	276,458,064

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008
SCHEDULE 18 (CONTINUED)

(Rs.)

Name of Fellow Subsidiaries	Type of Transactions	During the year 2007-2008	During the year 2006-2007
Sahara India Entertainment Management Company Limited	Interest Income	19,561,607	–
	Expenses Reimbursed	–	13,377,833
	Advances	–	45,306,997
	Rent Income	–	12,320,000
Sahara Hospitality Limited	Expenses	11,27,709	60,456
Sahara Airlines Limited	Expenses Reimbursed	–	16,671,839
		As At 31-3-2008	As At 31-3-2007
Investments			
Sahara India Life Insurance Company Limited		11,082,800	7,500,000
Sahara Care Limited		37,500	37,500
Sahara India Entertainment Management Company Limited		2,45,000	2,45,000
Sundry Debtors			
Sahara India Commercial Corporation Limited		525,594,829	927,241,758
Sundry Creditors			
Sahara India Entertainment Management Company Limited		17,453	–
Sahara Hospitality Limited		203,949	–
Advances recoverable in cash or in kind			
Sahara India Commercial Corporation Limited		39,630,468	176,374,062
Sahara India Entertainment Management Company Limited		–	109,689,641
Sahara Airlines Limited		–	16,671,839

11. Operating Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Office premises are obtained on operating lease. The lease term was originally for 33 months, which was further extended for 12 months during the year, which expired on 19th June 2008.

Particulars	Minimum Future Lease Rentals			Amount recognised during the year (Rs)
	Due within Next One year (Rs)	Due later than one year not later than five year	Due after five year	
Premises	96,90,667	–	–	42,309,333

The minimum future lease rentals are for the non-cancellable period of the lease. The company has sub-leased the premises to group companies and earned a sub-lease rental of Rs. 1,67,85,950 during the year ended March 31, 2008

12. Deferred Tax Asset

Particulars	For March 31,2008 Amount (Rs)	Total upto March 31,2007 Amount (Rs)	Total upto March 31,2008 Amount (Rs)
Deferred Tax Liability			
Fixed Assets in excess of net block as per books over written down value as per the provisions of the Income Tax Act, 1961	(2,394,453)	(4,779,473)	(7,173,926)

NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE 18 (CONTINUED)

Particulars	For March 31,2008 Amount (Rs)	Total upto March 31,2007 Amount (Rs)	Total upto March 31,2008 Amount (Rs)
Miscellaneous Expenditure in excess of deduction in respect of Section 35D	(59,315)	107,929	48,614
Deferred Tax Asset	(2,453,768)	(4,671,544)	(7,125,312)
Provision for Gratuity	(222,546)	(357,430)	(579,976)
Provision for Bad Debts	(13,79,925)	(2,073,102)	(3,453,027)
Provision for Leave encashment	(80,762)	(85,797)	(166,559)
	(1,683,233)	(2,516,329)	(4,199,562)
Net Assets/ (Liabilities)	(4,137,001)	(7,187,873)	(11,324,874)

13. Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The Company has also agreed to provide certain additional post-employment healthcare benefits to senior employees. These benefits are unfunded.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Profit and Loss account

Net employee benefit expense (recognised in Employee Cost) (Rs.)

	Gratuity 2008
Current service cost	3,49,118
Interest cost on benefit obligation	58,693
Expected return on plan assets	9.00%
Net actuarial (gain) / loss recognised in the year	7,31,450
Past service cost	Nil
Net benefit expense	(1,64,613)
Actual return on plan assets	1,47,787

Balance sheet

Details of Provision for gratuity (Rs.)

	Gratuity 2008
Defined benefit obligation	17,06,315
Fair value of plan assets	19,88,244
Less: Unrecognised past service cost	Nil
Plan asset / (liability)	2,81,929

Changes in the present value of the defined benefit obligation are as follows (Rs.)

	Gratuity 2008
Opening defined benefit obligation	7,31,667
Interest cost	58,693
Current service cost	349,118
Benefits paid	(164,613)
Actuarial (gains) / losses on obligation	7,31,450
Closing defined benefit obligation	17,06,315

**NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008**
SCHEDULE 18 (CONTINUED)

Changes in the fair value of plan assets are as follows

(Rs.)

	Gratuity 2008
Opening fair value of plan assets	15,79,994
Expected return	1,47,787
Contributions by employer	4,25,076
Benefits paid	(1,64,613)
Actuarial (gains) / losses	(5,588)
Closing fair value of plan assets	19,88,244

The principal assumptions used in determining gratuity and post-employment medical benefit obligation for the Company's plans are shown below

(%)

	2008
Discount rate	8%
Expected rate of return on assets	9%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

14. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Computation of Basic and Diluted EPS:

(Rs.)

	2007-08	2006-07
Net Profit/(Loss) Attributable (Rs.)	28,235,556	30,461,948
Weighted Average number of Equity Shares	21,525,000	21,065,548
Earnings Per Share (Rs.)	1.31	1.45

15. Un hedged Foreign Currency Exposure

Particulars	Amount in Foreign Currency	Amount in Rupees
Sundry Creditors	USD 142,754.00	5,705,884
Sundry Debtors	USD 28,000.00 GBP 4,151.00	1,119,160 332,080
Loans and Advances	USD 1,331,690.39	53,227,666
EEFC Bank Account	USD 1,346.50	53,820

16. As per the information available with the Company, no amounts are due to Micro, Small and Medium Enterprises as per MSMED Act, 2006 as at March 31, 2008 (March 31 2007: Nil)

17. Previous year's figures have been regrouped where necessary to conform to this year's classification.

On behalf of the Board of Directors

For S.R. Batliboi & Associates
Chartered Accountants

O. P. Srivastava
Director

Brijendra Sahay
Director

Per Govind Ahuja
Partner
Membership No.48966
Place : Mumbai
Date : June 30, 2008

R. S. Dubey
Group Head (Finance)

Sanjay Garg
Chief Financial Officer

D. N. Mishra
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional Information pursuant to Part IV of Schedule VI to The Companies Act, 1956, of India.

I Registration Details

CIN No.

L	6	7	1	2	0	M	H	1	9	8	I	P	L	C	O	2	4	9	4	7
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

State Code

1	1
---	---

Balance Sheet Date

3	1
---	---

 /

0	3
---	---

 /

2	0	0	8
---	---	---	---

Date Month Year

II Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue

				N	I	L
--	--	--	--	---	---	---

Right Issue

				N	I	L
--	--	--	--	---	---	---

Bonus Issue

				N	I	L
--	--	--	--	---	---	---

Private Placement

				N	I	L
--	--	--	--	---	---	---

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities (including Shareholders' Funds)

2	9	5	8	3	3	7
---	---	---	---	---	---	---

Total Assets

2	9	5	8	3	3	7
---	---	---	---	---	---	---

Sources of Funds

Paid up Capital

	2	1	5	2	5	0
--	---	---	---	---	---	---

Reserves and Surplus

2	5	5	0	9	3	6
---	---	---	---	---	---	---

Secured Loans

	1	9	2	1	5	1
--	---	---	---	---	---	---

Unsecured Loans

				N	I	L
--	--	--	--	---	---	---

Application of Funds

Net Fixed Assets

		2	6	9	7	1
--	--	---	---	---	---	---

Investments

		5	5	8	3	6
--	--	---	---	---	---	---

(Please tick appropriate box + for Positive, - for Negative)

+ - Net Current Assets

2	8	6	4	0	6	2
---	---	---	---	---	---	---

Miscellaneous Expenditure

				1	4	3
--	--	--	--	---	---	---

Accumulated Losses

				N	I	L
--	--	--	--	---	---	---

IV Performance of Company (Amount in Rs. Thousands)

Income

2	0	4	3	2	8	7
---	---	---	---	---	---	---

Total Expenditure

2	0	1	0	0	0	6
---	---	---	---	---	---	---

(Please tick appropriate box + for Positive, - for Negative)

+ - Profit / Loss Before Tax

		3	3	2	8	1
--	--	---	---	---	---	---

+ - Profit / Loss After Tax

		2	8	2	3	6
--	--	---	---	---	---	---

+ - Earnings per Share in Rs.

			1	.	3	1
--	--	--	---	---	---	---

+ - Dividend Rate %

				N	I	L
--	--	--	--	---	---	---

V Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)

8	5	.	2	4
---	---	---	---	---

Production Description Television Software and Motion Picture Films

CASH FLOW STATEMENT
for the year ended March 31, 2008

	2007-2008		2006-2007	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :				
OPERATING PROFIT FOR THE YEAR BEFORE TAXATION		33,281,288		78,727,835
Adjustment for :				
Depreciation	13,291,188		19,312,455	
Interest Income	(12,219,230)		(20,775,004)	
Dividend Income	(1,229,522)		(14,100,954)	
Foreign Exchange (Gain) / Loss	173,286		(4,674,822)	
Loss/ (Gain) on Sale/ Redemption of Investments (net)	—		(1,606,350)	
Misc. Expenses written off	143,024		283,124	
Provision for Bad Debts	4,000,000		6,174,695	
Provision for Gratuity & Leave Encashment	879,562		1,130,631	
Credit balances Written back	(105,254)			
Fringe Benefit Tax				
Interest Expenses	12,190,097		5,972,603	
		17,123,151		(8,283,622)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		50,404,439		70,444,213
Adjustment for :				
Inventories	73,428,175		147,417,807	
Trade and Other Receivables	395,828,450		(907,335,880)	
Loans and Advances	58,419,451		(468,755,544)	
Trade Payables	27,025,237		(217,358,629)	
		554,701,313		(1,446,032,246)
CASH GENERATED FROM/ (USED FOR) OPERATIONS		605,105,752		(1,375,588,033)
Direct Taxes paid		(36,340,570)		(15,354,994)
Prior Period (Expenses)/Income		—		(1,211,063)
NET CASH FROM/ (USED IN) OPERATING ACTIVITIES		568,765,182		(1,392,154,090)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Investments	(4,812,322)		132,926,377	
ICD given	—		(212,500,000)	
ICD Received	—		212,500,000	
Sale of Investments	5,000,000		2,305,350	
Purchase of Fixed Assets	(1,772,915)		(8,566,256)	
Interest Received	9,606,471		20,809,633	
Interest Received (Prior Period)	11,447,386			
Dividend Received	3,729,522		14,100,954	
NET CASH FROM/ (USED IN) INVESTING ACTIVITIES		23,198,142		161,576,058
C. CASH FLOW FROM FINANCING ACTIVITIES				
Unsecured loan	—		400,000,000	
Term loan	190,000,000		—	
Interest Paid	(7,872,716)		(5,972,603)	
Repayment of Unsecured loan	—		(400,000,000)	
Issue of Share Capital	—		32,250,000	
Securities Premium	—		1,167,450,000	
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES		182,127,284		1,193,727,397
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		774,090,608		(36,850,635)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		197,113,814		233,964,449
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		971,204,422		197,113,814
Components of Cash and Cash Equivalent as at				
Cash and Cheques on hand		471,220		387,686
With banks –				
On current account	88,694,799		195,381,809	
On deposit account	882,038,403	970,733,202	1,344,319	196,726,128
		971,204,422		197,113,814
Effect of exchange rate changes		(8,174)		1,927

Notes :

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

For and on behalf of the Board

For S.R. Batliboi & Associates
Chartered Accountants

O. P. Srivastava
Director

Brijendra Sahay
Director

Per Govind Ahuja
a Partner
Membership No.48966
Mumbai: June 30, 2008

R. S. Dubey
Group Head (Finance)

Sanjay Garg
Chief Finance Officer

D. N. Mishra
Company Secretary

Sahara One Media And Entertainment Limited

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