



Annual Report 2005



Hazoor Media & Power Limited. www.hazoormedia.com

Our Vision:

“To be global player in media sector; national player in power sector; participate in Real Estate Development adjacent Infrastructure business that provide opportunities for growth, be amongst the foremost private player in these sectors and to enjoy the journey with all our shareholders.”

Our Mission:

- ◆ *provide quality media contents of international standard*
- ◆ *provide improved quality of Life*
- ◆ *provide reliable grid quality power to customers*
- ◆ *continuously upgrade facilities using advanced technology*
- ◆ *be environmentally-friendly*
- ◆ *provide fair deal to all our stakeholders*
- ◆ *provide infrastructure and residential houses with automated construction techniques*

Highlights

Hazor is poised to be one of the established production houses in the media industry with multi lingual, multi genre and multi time band products in its portfolio.

Asset rich company having in its portfolio a large tract of land worth over Rs. 50 to 60 crores in the market value near lake city of Sahara India at Lonavala.

Hazor acquired "the property and hotel division" from its holding company SBIL, pursuant to the scheme of arrangement between SBIL and the company in F.Y. 2002.

Strategic shooting location near lake city of Sahara India at Lonavala, gives an edge to Hazor over its competitors.

Trained and qualified professional team makes Hazor to stand out a good chance to capture the domestic and international market.

Continuous upgrades in diversified product and channel mix, multitasking and dedicated infrastructure facility to edge competition on cost of production, logistics and reduced external dependence.

Strong business development team, strategic relationship with media companies and satellite channels will help Hazor media to realize better revenue from the same product and services.

Hazor will be operating in three major business segments; Media ,Power and Real Estate resulting multi point revenue streams enhancing shareholders value.

CONTENTS

Notice & Explanatory Statement (Separate Insert)	
Board of Directors	1
Directors' Report	2
Annexure I – Management's Discussion and Analysis	5
Annexure II – Conservation of Energy, etc.	11
Annexure III – Corporate Governance	13
Annexure IV – General Shareholder Information	21
Auditors' Report	26
Financial Statement	31
Balance Sheet Abstract and Company's General Business Profile	40
Cash Flow Statement	42

Board of Directors

Yuvraj Karan

Non Executive Chairman
(Retd. Non Exe. Director of Union Bank of India)

Paresh Sampat

Director
(A.C.S. & I.C.W.A, LL.B)

Krishna Purohit

Director
(Chartered Accountant)

Vijendra Garg

Director
(Management Consultant)

Auditors

S.M. Shldhaye & Co.
Mumbai

Consulting

Chartered Accountants

Deloitte Haskins & Sells
Mumbai

Solicitors

Mulla & Mulla & Craige, Blunt & Caroe
Mumbai

CREDIT RESOURCE

Vijaya Bank
Mumbai

Directors' Report

Dear Members,

The Directors have pleasure in presenting the Annual Report on the business and operations of the Company and the Statement of Accounts for the year ended August 31, 2005

1. Financial Results

Year ended August, 31	FY 2005	FY 2004
	(Rs. In Lacs)	(Rs. In Lacs)
Net Sales / Operational income	1421.61	1235.20
Other income	40.35	NIL
Total income	1461.96	1235.20
Operating profit (PBITD)	580.73	449.11
Interest	10.18	NIL
Depreciation	96.11	34.34
Profit before tax	474.44	414.77
Provision for tax	30.47	NIL
Profit after tax	443.97	414.77
Reserves & Surplus	1810.88	1269.78
Equity Capital (F.V Rs 4/-)	350.00	350.00

2. Review of Operations

During the year, your company has recorded operational income of Rs.1421.61 Lacs as compared to Rs.1235.20 Lacs in the previous year, registering a rise of 15.09%. The major contributors and volume drivers were media businesses. The company posted an impressive performance as operating profit for the year under review stood at Rs. 580.73 Lacs as against Rs.449.11 Lacs in the previous year registering an increase of 29.31%. Operations during the year under review comprise of "Other Income" to the tune of Rs.40.35 Lacs. The excellent results were achieved by the combinations of three factors – a sustainable strategy, based on the good understanding of the Indian economy, our competent and committed manpower who were charged with the spirit to win and the open and friendly atmosphere built on trust and integrity. The favourable external environment further supported our results.

3. Dividend

The Board of Director declared a dividend of Rs.0.40 paise per Equity Share (10%). Equity Shares Capital of the company amounting to Rs. 350.00 Lacs. The dividend shall be disbursed to all those Members whose name appears on the Register of Members of the company on the Book closure date(s) i.e. from 24th February, 2006 to 27th February, 2006 (both days inclusive).

4. Management's Discussion and Analysis

A detailed review of the operations, performance and future outlook of the company and its businesses is given in the Management's Discussion and Analysis attached as Annexure I.

5. Conversation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

Information in accordance with the provision of Section 217 (1) (e) of the Companies Act, 1956, read with the companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given as Annexure II to this report.

6. Fixed Deposits

Your company has not invited or renewed deposits from the public/shareholders in accordance with Section 58 A of the Companies act, 1956.

7. Employees

The Board of Directors take this opportunity to sincerely acknowledge the dedicated services and contribution of all the employees to the Company's excellent performance. Our employee relations continue to be cordial.

During the year under review, there was no employee of the company who received remuneration in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956, read with companies (Particulars of Employee) Rules, 1975.

8. Corporate Governance and General Shareholder Information

As required by the Clause 49 of the Listing Agreements entered into with the Stock Exchanges, a detailed report on Corporate Governance is attached as Annexure III. The company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors certificate on compliance with corporate governance requirements by the company is attached to the report on corporate governance. General Shareholder Information is attached as Annexure IV.

9. Directors

As per the Articles of Association of the company, Mr. Paresh Sampat retires by rotation at this Annual General Meeting and being eligible offer himself for reappointment.

Mr. Yuvraj Karan was co-opted as Additional Director of the company w.e.f. 24th June 2005. Pursuant to Section 260 of the Companies Act, 1956 he holds office upto the date of this Annual General Meeting. Mr. Yuvraj Karan is a Non Executive and Independent Director and has been designated as non-executive Chairman. Notice has been received from a member of the company pursuant to the provisions of Section 257 of the Companies Act, 1956 signifying intention to propose the candidature of Mr. Yuvraj Karan as Director of the company.

10. Auditor

Mr. S.M. Shidhaye & Co., Chartered Accountants, retire as statutory auditors at the conclusion of this Annual General Meeting and offer themselves for re-appointment. A certificate from them has been received to the effect that their re-appointment as statutory auditors, if made, would be within the limits prescribed u/s 224(1B) of the companies act, 1956.

11. Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act 1956, it is hereby confirmed:

- i) that in the preparation of the Annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii) that the selected accounting policies were applied consistently and the Directors made judgments and estimate that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st August, 2005 and of the profit of the company for the year ended on that day;
- iii) that proper and sufficient care has been taken for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and or preventing and detecting fraud and other irregularities; and
- iv) that the Annual accounts have been prepared on a going concern basis.

12. Acknowledgements

Your directors thank the clients, vendors, investors and bankers for their continued support to your company's growth. The Board appreciates every associate of Hazoor Media & Power Limited for displaying these amazing Energy level which has taken HMPL to greater heights.

Your directors would also like to thank the Government of India, particularly the Ministry of Law & Justice, The Regional Director, DCA, Registrar of Companies, Maharashtra and the State Government and other Government agencies for their continued support. Your Directors also place on record their sincere appreciation of its customers and bankers for their continued Patronage to your Company's growth.

**On Behalf of the Board of Directors
For Hazoor Media & Power Limited**

**Place : Mumbai
Date: 27 January, 2006**

**Yuvraj Karan
Non-Executive Chairman**

Annexure 'I' to the Directors' Report**Management's Discussion and Analysis**

The management of Hazor Media & Power Limited presents the analysis of the performance of the company for the year 2004-05 and its outlook for the future. This outlook is based on an assessment of the current business environment. It may vary due to future economy and other developments both in India and Abroad.

INDUSTRY STRUCTURE**Media Industry**

The Indian entertainment industry is on a high growth path and to be the largest in the world. Domestic majors are finding better earnings potential in the huge overseas markets. At the same time, corporatization is finally starting to emerge in this highly unorganized industry. This is likely to instill a greater discipline in the functioning of the industry and lead to greater consolidation in the future. The domestic consumer will opt for more sophisticated technology in the near future. Consequently, domestic majors will have to redefine their product offerings.

The future of Indian television industry is bright and the potential is immense. The number of TV owning homes has a long way to go; only 70 million TV households have been accounted for so far; an equal number have to own TVs as yet.

The impact of all above the television software industry will witness the tremendous amount of growth since television companies are investing in state-of-art-technologies and infrastructure. There will be difficulties in surviving of small industries due to higher technology cost.

The big budget television content will be dominating the channels. To gain viewer ship and subsequent advertisement revenue the content will play major role. Today's success is the result of innovative and matured family driven content.

The globalization of Indian entertainment industry will demand the quality content and technology blend to withstand the local as well as global competition.

To suffix the need of all above television software industry will witness exponential growth in coming year or so.

Overall the year witnessed a steady growth and the industry is expected to benefit further in the years to come on the back of a fast growing economy and increasing disposable income.

Indian Television Industry

The domestic entertainment industry was estimated at nearly Rs 225 billion and provided employment opportunities for nearly 6.0 million people in the year 1999. In terms of foreign exchange earnings, the industry contributed around Rs 4,000 million in the year 1999. In the current year, this is likely to increase to around Rs 10,000 million. This projected growth is likely to occur on account of the increasing migration of the Indian population across the globe, extensive outsourcing of content such as animation by world leaders in the entertainment industry and the imminent broadband revolution in the industry.

Changing lifestyles and increasing disposable income levels has facilitated the increasing penetration levels of the media and entertainment industry. Recent estimates indicate that around 68% of total adult population has access to the conventional forms of media. The urban middle class population has grown over the years and currently accounts for over 40% of the total population. The southern states have a distinct edge in terms of media penetration. For instance, Tamil Nadu and Kerala have penetration levels of over 80% in case of mass media. Similarly, in the case of televisions, penetration levels increased to an estimated 75% of all urban households in the country. Satellite channels have been the fastest growing category in this segment.

Indian Film Industry

In a country like India, where sources of entertainment for masses are limited, watching a film at a cinema hall is still considered a privilege for a majority of citizens living in rural areas. Films and their TV program offshoots, continue to be sole entertainers for common people. Besides giving employment opportunities to Lakhs of people directly and indirectly involved with film industry, films are a huge source of government receipts on account of high rate of entertainment tax. The significance of this important industry has always remained undermined, problems unattended and potential untapped.

The Indian Film Industry in terms of number of films produced and released continues to make its mark in terms of consolidation, realignment and growth. Over 800 films are released every year and the cumulative consumer spending on film entertainment averages at approximately Rs. 80 to 90 billion per annum. The Hindi Film segment attracts 50% to 60% of the total consumer spending in India. Though this segment is primarily unorganized, several developments in terms of corporatization and improved Corporate Governance has changed the face of the industry.

While the bosses at the film industry have kept demanding more support from the government, policy & regulatory framework and clean money from institutions for financing, they did little work in cleaning up their balance sheets, income tax returns, disclosures and above all, incorporating their businesses. But last few years have seen some change. The long-term prospects for the industry look bright. Though nascent at this stage, companies promoted by serious promoters will also command a good valuation at the market. While domestic and international investors have got an opportunity to invest in the sector, strong and positive signals have been sent to banks and financial institutions that the industry is changing and they may now leverage a part of their portfolio to it.