

ANNUAL REPORT 2005-2006



Sahara One Media And Entertainment Limited



Sahara One Media And Entertainment Limited

(formerly Sahara India Mass Communication Limited)

Annual Report 2005 - 2006

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BOARD OF DIRECTORS

SHRI SUBRATA ROY SAHARA
Chairman

SMT. SWAPNA ROY
Director

SHRI O. P. SRIVASTAVA
Director

SHRI J. B. ROY
Director

SHRI MAHESH PRASAD
Director

SHRI BRIJENDRA SAHAY
Director

SHRI R. S. RATHORE
Director

SHRI HARINDRA SINGH
Director

SHRI RATHIKANT BASU
Director

STATUTORY AUDITORS

M/S D. S. SHUKLA & CO.
Chartered Accountants

INTERNAL AUDITORS

M/S CHATURVEDI & CO.
Chartered Accountants

COMPANY SECRETARY

SHRI BIMAL K. NANDA

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BANKERS

THE BANK OF RAJASTHAN LIMITED
HDFC BANK LIMITED

REGISTERED OFFICE

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

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.

SAHARA ONE TOWERS
2ND FLOOR, KAMALA MILLS COMPOUND,
LOWER PAREL, MUMBAI - 400 013.

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BOARD'S REPORT

To the members,

Your Directors have pleasure in presenting the Twenty-Fifth Annual Report of the Company for the year ended 31st March, 2006.

FINANCIAL / OPERATIONAL RESULTS

(Rs. in crores)

FOR THE YEAR ENDED	31st March, 2006	31st March, 2005
Total Income	231.01	168.54
Total Expenses	222.48	157.46
Profit before Tax	8.53	11.07
Provision for Taxation and Deferred Tax	0.66	6.74
Profit after Tax	7.23	6.50
Profit after Tax carried to the Balance Sheet	40.74	33.51

During the year under review the total income from business was Rs. 231.01 crore, an increase of Rs. 62.47 crore over the last year. This is on account of increase in the scale of existing activities, rise in theatrical income, syndication income as well as other income.

The total expenses for the current year are Rs. 222.48 crore, an increase of Rs. 65.02 crore over the last year. This is on account of increase in cost of television programming and movies, increase in advertising and marketing, staff costs and overheads.

Profit after tax has increased from Rs. 6.50 crore in the previous year to Rs. 7.23 crore in the current year.

DIVIDEND

With a view to conserve resources, the Board of Directors has decided not to recommend any dividend for the year 2005-2006.

KEY DEVELOPMENTS

During the year ended 31st March, 2006, the Company started licensing software (movie rights and movie based programming) for a new Hindi movie channel, "Filmy."

The Company has started exploiting its library of television programming and movies to broadcasters in India and markets such as China, Turkey, the Middle East, the United Kingdom and the Philippines. The Company expects to earn substantial revenues during the Financial Year ending 31st March, 2007 by licensing television software to broadcasters across the world.

The Company has entered into an Agreement for procuring advertisements for **Aastha** and **Aastha International** channels India's foremost spiritual and wellness channels. The Company seeks to enter into agreements for procuring advertisements for other channels as well and expects this activity to add to substantial revenues in the coming years.

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Annual Report 2005 - 2006**CAPITAL ISSUE**

During the year under review, on 22nd March, 2006, the Company has allotted 11,00,000 Equity Shares of Rs. 10/- each, fully paid up @ Rs. 344 per share, aggregating to Rs. 37.84 crore, to Bennett, Coleman & Co. Ltd.

On 22nd May, 2006, the Company has allotted 32,25,000 Equity Shares of Rs. 10 each, fully paid up @ Rs. 372 per share, aggregating to Rs. 119.97 crores, to M/s. Siva Ventures Ltd. (formerly Aircel Televentures Limited).

The shareholder of the Company, at the EGM held on 8th May, 2006 has approved the issue of **ADRs/GDRs/FCCBs** of upto US\$ 50 mn. The Company is currently in the process of finalizing the terms of the international offering.

SAHARA ONE MOTION PICTURES

The Company's movie business - **Sahara One Motion Pictures**, is one of India's biggest motion pictures companies, driven by the desire to delight audiences with quality content. Sahara One Motion Pictures not only produces quality movies, but also undertakes distribution, marketing, acquisition and promotion of content.

The business unit deals with not just established film production houses, but also with some of the most creative directors, providing them with the best professional, hassle-free production, marketing and distribution support.

Some of the most respected talents of Indian cinema are associated with Sahara One Motion Pictures. These include Boney Kapoor's BSK Films, Ram Gopal Varma's Varma Corp., K Sera Sera Productions, Percept Picture Company, Madhur Bhandarkar, Priyadarshan and Nagesh Kukunoor, amongst others.

MOVIES RELEASED IN 2005 - 2006

MOVIE	CAST	DIRECTOR
Sarkar	Amitabh Bachchan, Abhishek Bachchan	Ram Gopal Verma
My Wife's Murder	Anil Kapoor, Suchitra Krishnamurthy, Nandana Sen	Jijy Phillips
Yahaan	Jimmy Shergil, Minisha Lamba	Shoojit Sircar
No Entry	Salman Khan, Fardeen Khan, Anil Kapoor, Bipasha Basu, Celina Jaitley, Esha Deol, Lara Dutta	Aneez Bazmee
Pyaar Mein Twist	Rishi Kapoor, Dimple Kapadia, Soha Ali Khan, Sameer Dattani	Hriday Shetty
Hanuman	India's 1st indigenous animation film	V. G. Samant
Home Delivery	Vivek Oberoi, Mahima Chaudhary, Ayesha Takia, Boman Irani	Sujoy Ghosh
Malamaal Weekly	Paresh Rawal, Om Puri, Riteish Deshmukh, Rajpal Yadav, Reema Sen	Priyadarshan
James	Mohit Ahlawat, Nisha Kothari	Rohit Jugraj

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MOVIE RELEASES SCHEDULED FOR 2006 - 2007

MOVIE	CAST	DIRECTOR
Darna Zaroori Hai	Abhishek Bachchan, Aftab Shivdasani, Riteish Deshmukh, Mallika Sherawat	Ram Gopal Verma & others
Tathasthu	Sanjay Dutt, Jaya Prada	Anubhav Sinha
Sacred Evil	Lynsey Pow, Fredric Andrau, Sarika, Soumitra Chatterjee	Abhiyaan Rajhans & Abhigyan Jha
Corporate	Bipasha Basu, Kay Kay Menon, Raj Babbar, Minisha Lamba	Madhur Bhandarkar
Sandwich	Govinda, Raveena Tandon, Mahima Chaudhary	Anees Bazmee
Kathputli	Milind Soman, Yukta Mookhey, Mink Brar	Sanjay Khanna
Mera Pehla Pehla Pyaar	Ruslaan, Hazel	Robby Grewal
Dor	Shreyas Talpade, Ayesha Takia, Gul Panag	Nagesh Kukunoor
Chidra (Bangla Film)	Parambarta Chatterjee, Sujan Mukherjee, Rudranil Mukherjee	Abhijit Guha & Sudershan Roy

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Annual Report 2005 - 2006**SAHARA ONE TELEVISION-PROGRAMS (2005-2006)**

Woh Rehne Waali Mehlon Ki	This is the story of Rani, a young, beautiful and delicate girl, brought up like a princess. Fate takes her through a different journey in life. She gets married into a middle class family and has to adapt to doing her own housework. She becomes a woman of substance in the right sense.
Hare Kkaanch Ki Choodiyaan	The story is about four individuals caught in an impossible love situation...there are lovers, fiancées and imposters... each will have his or her own share of heartburn and heartaches.
Kittu Sab Jaanti Hai	This is a story of the journey of a middle class girl-next-door, Kittu. She gets into journalism by fluke and makes a name for herself. She is as vulnerable as any other girl, but emerges stronger every time she is faced with a tough story or a case or a personal dilemma.
Chacha Chaudhary	This series is based on the popular comic series created by Shri Pran, the Cartoonist. Chacha Chaudhary is a tiny, shrewd do-gooder who stands against evil.
Suno...Har Dil Kuch Kehta Hai	This is the story of a woman who can read the minds of men. The series is about various characters and their journeys through ups and downs, tapping a sea of emotions.
Kohinoor	Kohinoor is a story of two groups - one which has been assigned to search for the original Kohinoor diamond and bring it back to England, and the second is a secret society, which has the lineage of the Pandavas, and who have been protecting the secret of the Kohinoor for centuries.
Saath Rahega Always	It is the story of four college friends weaving their dreams and aiming to achieve their set ambitions. They all spend their college years together, trying to reach their goals.
Bolein Ssitare	A weekly astrological chat show that features the most famous numerologist of our country, Shri Sanjay B. Jumaani.
Dial One Aur Jeeto	A live game show with huge interactivity where, the viewers can call in, answer questions and win prizes.
Sangeet Awards	The first and only international awards property that seeks to pay tribute to the music-makers of our times and showcase the culture and richness of Indian music on a world platform.
Indian Divas	A unique entertainment show to recognize special performances of the divas in the Indian film and television industry.
Mrs. India World	'Mrs. India-World' exemplifies the changing face of India-youthful, innovative and trendy, combining style with savvy. Also, the winner becomes the official representative for the country in the 'Mrs. World' pageant.

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FILMY-PROGRAMS (2005-2006)

Rokky	The big Bollywood superstars with the big TV show that has done a whopping 1,000 episodes worldwide! And yes, he has a Bollywood celebrity right next to him every time he shows a film.
Chala Lallan Hero Banane	The story of Lallan who has come from Jaunpur to Mumbai to become a Bollywood superstar. He may not get that big break soon, but Lallan's the perfect companion to watch movies with.
Aaj Ki Filmy Khabbar	India's first authentic film news programme that cuts the gossip and the fluff, and serves news with in-depth analysis, issue-based debates, facts and figures from the box office etc.
Ruchi Reporter	Ruchi Reporter knows that the 'Whole truth and nothing but the truth' is just plain boring! So, the die-hard journalist serves the latest scoops from the film world, all hot and spiced up.
Lal Gulab	Tripathi is a DVD storeowner during the day. His other avatar is of Lal Gulab: The Red Don who reveres filmi villains.
Meri Bhains Ko Anda Kyon Maara?	Each episode has some of the funniest scenes of actors such as Govinda, Paresh Rawal, Kader Khan, Shakti Kapoor, Johnny Lever and many more.

MANAGEMENT

Shri Shantonu Aditya has been appointed as Chief Executive Officer of the Company from 1st August, 2005. Shri Aditya is a Mechanical Engineer and a Management graduate from XLRI, Jamshedpur and has over 23 years of experience in the areas of marketing and finance and general management in various industries. His previous assignment was with Sony Entertainment Television as President of Set Discovery Ltd., a joint venture between Sony Entertainment Television and Discovery Communications India.

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 determination by retirement by rotation.

Shri Vijay B. Chandra, was appointed as Whole Time Director of the Company for 5 years w.e.f. 1st August, 2001 in the Annual General Meeting of the Company held on 25th September, 2001, passed away on 5th October, 2005.

Smt. Swapna Roy and Smt. Jaya Bachchan were re-appointed as Directors of the Company in the Annual General Meeting of the Company held on 21st September, 2005 and are subject to retirement by rotation.

Shri Rathikant Basu has been appointed as an Additional Director of the Company in the Board of Directors meeting held on 30th June, 2006. Shri Rathikant Basu is a nominee of M/s Siva Ventures Limited and the period of his office shall not be liable to determination by retirement by rotation.

Shri R. S. Rathore, Shri Brijendra Sahay and Shri Harindra Singh have been appointed as Additional Directors of the Company in the Board of Directors meeting held on 29th July, 2006.

Shri Amar Singh and Smt. Jaya Bachchan, Directors of the Company, have resigned from the Directorship of the Company, and the Board of Directors, in their meeting held on 29th July, 2006 have accepted their resignation.

In accordance with the provisions of Section 255 of the Companies Act, 1956 and Article 89 of the Company's Articles of Association, Shri J. B. Roy and Shri O. P. Srivastava, 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.

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Annual Report 2005 - 2006**AUDIT COMMITTEE**

The Board of Directors of the Company in its meeting held on 30th January, 2001, had constituted a committee of Directors known as the Audit Committee and re-constituted on 29th June, 2002 and on 29th July, 2006. Presently, the Company has five directors as members of the Audit Committee and the Company Secretary acts as Secretary to the Committee.

AUDITORS

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

AUDITORS' REPORT

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

PUBLIC DEPOSITS

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

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

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

PERSONNEL

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

CORPORATE GOVERNANCE

Corporate Governance Guidelines, as specified in the Listing Agreement with Stock Exchanges, are applicable to the Company from the Financial Year 2001-2002. The Company has complied with the Guidelines of Corporate Governance and a separate report on Corporate Governance forms part of the Annual Report. A Certificate by the Statutory Auditors of the Company, on the compliance with the guidelines of the Listing Agreement, forms part of this Annual Report.