

Annual Report 2000

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COLOR CHIPS
www.colorchipsindia.com

BOARD OF DIRECTORS

SUDHISH S RAMBHOTLA	Chairman and Managing Director
Y. SURYANARAYANA	Executive Director
Dr. CHANDRA BHUSHAN	Director-Technical
K.C. RAMPURIA	Director
R.V. RAMESH	Director
R. SREENAGESH	Director
BILL BUCK	Director

BANKERS

GLOBAL TRUST BANK LIMITED
HSBC BANK
ICICI BANK
UCO BANK

AUDITORS

SANJAY PODDAR & CO.
Chartered Accountants
32, Ezra Street Room No.953
Calcutta - 700 001.

REGISTERED OFFICE

Plot No.16, Road No.5,
Jubilee Hills, Hyderabad - 500 033.

SHARES DEPARTMENT

Plot No.16, Road No.5.,
Jubilee Hills, Hyderabad

REGISTRARS

VENTURE CAPITAL AND CORPORATE INVESTMENTS PVT. LIMITED
6-2-913/914, 3rd Floor,
Progressive Towers, Khairtabad,
Hyderabad.
Phone:+91-40-3322262/4 Fax: +91-40-3324803

REGISTRARS (ELECTRONIC)

KARVY CONSULTANTS LIMITED
Karvy House Road No.1,
Banjara Hills, Hyderabad.
Phone:+91-40-3325518 Fax: +91-40-3303221



NOTICE

NOTICE is hereby given that the 10th Annual General Meeting of the members of Color Chips (India) Limited, will be held on Saturday the 30th day of December, 2000 at Sagi Ramakrishna Raju Community Hall, Madura Nagar, Yousufguda, Hyderabad at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To appoint and fix the remuneration of the Auditors.

AS SPECIAL BUSINESS:

3. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED THAT Pursuant to the provisions of Section 257 of the Companies Act, 1956 Sri Sudhish S. Rambhotla, be and is hereby appointed as Director liable to retire by rotation."

4. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED THAT Pursuant to the provisions of Section 257 of the Companies Act, 1956 Sri Y. Suryanarayana, be and is hereby appointed as Director liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED THAT Pursuant to the provisions of Section 257 of the Companies Act, 1956 Dr. Chandra Bhushan, be and is hereby appointed as Director liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED THAT Pursuant to the provisions of Section 257 of the Companies Act, 1956 Sri R.V. Ramesh, be and is hereby appointed as Director liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED THAT Pursuant to the provisions of Section 257 of the Companies Act, 1956 Sri R. Sreenagesh, be and is hereby appointed as Director liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED THAT Pursuant to the provisions of Section 257 of the Companies Act, 1956 Sri Bill Buck, be and is hereby appointed as Director liable to retire by rotation."

9. To consider and if thought fit, to pass with or without modification the following resolution as a special resolution.

"RESOLVED THAT Pursuant to the provisions of section 198, 269, 309, 314, 349, 350 and all other applicable provisions of the Companies Act, 1956 read with Schedule-XIII to the said Act, and subject to such other consents & approvals as may be required, Sri Sudhish S. Rambhotla, be and is hereby appointed as the Chairman & Managing Director of the company for a period of 5 years with effect from 30th day of October, 2000."

"RESOLVED FURTHER that the Board of Directors may in their absolute discretion pay such remuneration to Sudhish S. Rambhotla as they deem fit and revise from time to time."

"RESOLVED FURTHER that the remuneration specified above to Sri Sudhish S. Rambhotla may, subject to Schedule XIII of the Companies Act, 1956, be modified as may be agreed to by the Company and Sri Sudhish S. Rambhotla."

"RESOLVED FURTHER that during his tenure as Managing Director of the Company Sri Sudhish S. Rambhotla shall not be liable to retire by rotation."



10. To consider and if thought fit, to pass with or without modification the following resolution as a special resolution.

"RESOLVED THAT pursuant to the provisions of Section 198,269,309,314,349,350 and all other applicable provisions of the Companies Act, 1956 read with Schedule-XIII to the said Act, and subject to such other consents / approvals as may be required, Sri Y. Suryanarayana, be and is hereby appointed as the Executive Director of the company for a period of 5 years with effect from 30th day of October, 2000."

"RESOLVED FURTHER that the Board of Directors may in their absolute discretion pay such remuneration to Sri Y. Suryanarayana, they deem fit and revise from time to time."

"RESOLVED FURTHER that remuneration specified above for Sri Y. Suryanarayana may subject to Schedule XIII of the Companies, Act, 1956, be modified as may be agreed to by the Company and Sri. Y. Suryanarayana."

"RESOLVED FURTHER that during his tenure as Executive Director Sri Y. Suryanarayana shall not be liable to retire by rotation."

11. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED THAT pursuant to the provisions of Section 198,269,309,314,349,350 and all other applicable provisions of the Companies Act, 1956 read with Schedule-XIII to the said Act, and subject to such other consents / approvals as may be required, Dr. Chandra Bhushan, be and is hereby appointed as the Technical Director of the company for a period of 1 year with effect from 30th day of October, 2000 on a remuneration of Rs. 40000 per month."

12. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED THAT pursuant to provisions of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to the Board of Directors of the company to borrow such sum or sums of monies in any manner, as the Board of Directors think fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the company may exceed the aggregate of the paid-up capital of the company and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the total amounts so borrowed by the Board of Directors and outstanding at any time shall not exceed a sum of Rs. 100 crores.

13. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby granted to the Board of Directors of the company for mortgaging and/or charging on such terms and conditions and at such time or times, and in such form or manner, as they may think fit, the whole or substantially the whole of the undertaking or undertakings of the company, as the case may be, in favour of Financial Institutions, Corporations, Banks and other persons or entities whether in India or outside, which give, provide, guarantee or extend loans to the company or in favour of trustees of Debentureholders, to secure the amount of loans together with interest thereon, commitment charges, liquidated damages, premium on redemption, costs, charges, expenses and other monies, as may be thought expedient by the Board of Directors and in such manner as may be agreed to between the Board of Directors and the party or parties concerned".





14. To consider and if thought fit, to pass with or without modification the following resolution as a special resolution.

"RESOLVED THAT consent of the members of the Company be and is hereby accorded under Section 81(1A) and other applicable provisions; if any, of the Companies Act, 1956 to the Board of Directors of the Company to offer and issue 3,00,000 Equity Options, each Option being entitled to one equity share of Rs. 10/- at par, to a Trust/Scheme/Committee to be constituted by the Company / Board of Directors for administering the proposed Employees Stock Option Plan on the following terms and conditions.

Only bonafide full time employees of the Company in confirmed service and directors who are not specifically excluded under the SEBI Guidelines, are eligible under the plan. However, actual selection shall be based upon the performance of the employee concerned as indicated by the annual performance appraisal, his status and the minimum period of service put in by him in the Company, his present and potential contribution to the success of the Company and similar factors as may be deemed relevant by the Compensation Committee to be formed by the Board of Directors for the purpose.

Exercise period shall be a period commencing after 24 months from the date of transfer of Options to the eligible employees but within sixty months from the date of such transfer.

The maximum number of options to be issued per employee per year shall be as decided by the Compensation Committee.

The Company shall conform to the Accounting Policies specified in Clause 13.1 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999".

FURTHER "RESOLVED that the Board of Directors of the Company be and is hereby authorised to determine all other terms and conditions of the issue of the said Options/Shares as they may in their absolute discretion determine and also to vary any of the terms and conditions hereby authorised provided they are in conformity with the guidelines issued by SEBI and other authorities from time to time".

Place: Hyderabad
Date: 30-11-2000

By order of the Board

SUDHISH S. RAMBHOTLA
Chairman & Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Instrument of proxies in order to be effective must be deposited at the company's registered office at Plot No. 16 Road N0.5. Jubilee Hills, Hyderabad not less than 48 hours before the commencement of the meeting.
3. Members are requested to inform immediately the change, if any, of address registered with the company.
4. Explanatory Statement pursuant to Sec. 173(2) of the Companies Act, 1956 on items specified as Special Business is given in the annexure, which forms part of this notice.
5. All the communication relating to shares are to be addressed to the company's transfer agents, M/s Venture Capital & Corporate Investment Ltd., 6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad.



ANNEXURE TO AND FORMING PART OF THE NOTICE CONVENING THE TENTH ANNUAL GENERAL MEETING OF THE COMPANY

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 3-8: Sarvasri Sudhish, S. Rambhotla, Y. Suryanarayana, Dr. Chandra Bhushan, R.V. Ramesh, R. Sreenagesh and Sri Bill Buck were appointed as Additional Directors and hold office upto the conclusion of this annual general meeting. The company has received the required nominations for the above mentioned directors along with deposits of Rs. 500 each and your directors propose the same for your approval.

Except Sarvasri Sudhish, S. Rambhotla, Y. Suryanarayana, Dr. Chandra Bhushan, R.V. Ramesh, R. Sree Nagesh and Sri Bill Buck none other directors is interested or concerned in the above resolutions.

ITEM NO. 9: Sri Sudhish S. Rambhotla was appointed as the Chairman & Managing Director of the Company by the Board of Directors of the Company at its meeting held on 30th day of October 2000. As per the provisions of the Companies Act, 1956, the appointment of Managing Director of the company requires the approval of the shareholders at general meeting. Hence your directors commend the same for your approval.

Except Sri Sudhish S. Rambhotla and Sri R. Sreenagesh none other directors is interested or concerned in the above resolutions.

ITEM NO. 10: Sri Y. Suryanarayana was appointed as the Executive Director of the Company by the Board of Directors of the Company at its meeting held on 30th day of October, 2000. As per the provisions of the Companies Act, 1956, the appointment of Executive Director of the company requires the approval of the shareholders at general meeting. Hence your directors commend the same for your approval.

Except Sri Y. Suryanarayana none other directors is interested or concerned in the above resolution.

ITEM NO.11: Dr. Chandra Bhushan was appointed as the Technical Director of the company by the Board of Directors of the company at its meeting held on 30th day of October 2000. As per the provisions of the Companies Act, 1956, the appointment of Technical Director requires the approval of the shareholders of the company at general meeting. Hence your directors commend the same for your approval.

None of the Directors except Dr. Chandra Bhushan is concerned or interested in the above resolution.

ITEM NO. 12 & 13: As the Company is contemplating to approach Banks, Financial Institutions and other lending agencies to fund its expansion and working capital requirements, the above resolution is being placed before the members in terms of the provisions of Section 293(1)(d). Further, as per the provisions of Section 293(1)(a) of the Companies Act, 1956 consent of the members is required to create a charge on the assets of the Company. Hence, your directors commend the above resolutions for your approval.

None of the directors is interested or concerned the above resolutions.

ITEM NO. 14: As part of its efforts to attract, motivate and retain the talents, your Company proposes to introduce an Employee Stock Option Plan, which will be administered through a Compensation committee/Trust. While detailed terms and conditions will be formulated by the said Committee/Trust, some of the salient features of the Plan such as total number of Options, pricing, Exercise Period, Eligible persons etc. have been given in the resolution itself. Your Board earnestly hopes





that the Plan would create a sense of ownership among the employees and increase the productivity of the Company as a whole.

As the Plan would be implemented within the guidelines prescribed by SEBI, those directors who are not specifically excluded from the Scheme under the Guidelines of the SEBI may be deemed to be interested in the resolution to the extent of the Option, if any, allotted to them under the Plan in future.

Place: Hyderabad
Date: 30-11-2000

By order of the Board

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SUDHISH S. RAMBHOTLA
Chairman & Managing Director



PROFIT AND LOSS ACCOUNT

The following statement of profit and loss is the Annual Report on the financial accounts for the year ended March, 2000.



	(Rs. in. Lakhs)	
	1999-2000	1998-1999
Net Sales / Income from Operations	139.99	175.30
Other Income	21.78	28.06
Total Expenditure	161.03	205.34
Profit before Interest		
Depreciation & Tax	0.74	- 1.97
Provision for Taxation	0.58	Nil
Profit after Tax	0.16	- 1.97
Dividend Tax written back	0.13	Nil
Profit of the PY brought forward	0.81	2.78
Profit carried to Balance Sheet	1.09	0.81

OPERATIONS & FUTURE OUTLOOK

The company has set up an animation project with state-of-the-art technology and facilities on par with international standards at its Registered Office. The commercial production has already started in this financial year.

Your company is striving to be a leading global player in Animation and Feature Syndication. With the content and various characters available with the Company, your company intends to be a leading feature syndication company internationally and thereby enhance shareholders value. As a step towards this end, the Company has signed agreements with M/s. Partha Associates for acquiring various characters, cartoons, designs, features, comic strips etc., aggregating to approximately 6000 pages created by Mr. Anant Pai popularly known as "Uncle Pai" (of Amar Chitra Katha fame). The Company has also acquired various cartoons & features from M/s. Uttam Bros. Creation Pvt. Ltd. In its efforts towards attaining international quality of Animation, the Company has entered into agreements with Milt Vallas of Media Vision, U.S.A. for participation in relevant areas.

Your company is presently syndicating content to over 30 publication houses. Your Company has so far executed 6 trial orders of 2 to 5 minutes of Animation each for globally reputed studios.

CHANGE OF OBJECTS

The company has altered its Objects clause of the Memorandum of Association to include the clauses relating to the businesses of animation and other allied activities.

FORMALITIES RELATING TO TAKEOVER.

Colour Chips Animation Park Limited has purchased 35.63% of the subscribed capital of the company from the promoters and as per the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 has issued a public announcement to acquire 2021000 equity shares from the shareholders and has made an open offer in this connection. The offer opened on February 16, 2000 and closed on March 16, 2000. The formalities relating to the takeover have been fully completed.

