



**ANNUAL REPORT
1999-2000**

THIRD ANNUAL GENERAL MEETING

Day : Monday

Date : 25th September, 2000

Time : 11.00 A.M.

Venue : Shri Bhaidas Maganlal Sabhagriha
U-1, Juhu Development Scheme,
Vile Parle (W),
Mumbai - 400 056.

CINEVISTA COMMUNICATIONS LTD.

Board of Directors : Prem Krishen Malhotra, Chairman
 Sunil Mehta, Managing Director
 Sunita Malhotra
 Pamma Mehta
 Gurcharan Das
 Anil Harish

Management Executives : Prem Krishen Malhotra, Chairman
 Sunil Mehta, Managing Director
 Sunita Malhotra, Director
 Pamma Mehta, Director
 Chandru Shivdasani, Director – Marketing and Sales
 Sunil Sangra, Director – Business Development and Finance
 C. Gurunath, Director – Sales and Production
 Neerja Kalia, Branch Director – North India
 K.B.N.Nair, Chief Accounts Officer

Secretary : Sudhir R Singh

Auditors : Vimal C. Punmiya
 Chartered Accountants
 501, Niranjan
 99, Marine Drive
 Mumbai – 400 018.

Registered Office : 8, Vinod Villa,
 B.G. Kher Road, Worli
 Mumbai – 400 018.

Bankers : Central Bank of India

Registrar & Share Transfer Agent : Karvy Consultants Ltd.
 Karvy House
 46 Avenue 4, Street No. 1
 Banjara Hills
 Hyderabad – 500 034.

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CINEVISTA COMMUNICATIONS LTD.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in submitting the Third Annual Report of Your Company together with the Audited Accounts for the year ended 31st March, 2000.

Financial Results

	March 31, 2000	(Rs. in lacs) March, 31, 1999
Realisation from serials	4392.64	2150.77
Other income	712.97	18.55
Total income	5105.61	2169.32
Total expenditure	3727.27	1809.67
Gross profit before interest, depreciation and taxation	1378.34	359.65
Less : Interest	68.83	50.86
Profit before depreciation and taxation	1309.51	308.79
Less : Depreciation	47.24	47.01
Less : Taxation	384.00	33.09
Profit after tax	878.27	228.69
Profit b/f from previous year	454.58	225.90
Profit c/f to the Balance Sheet	1332.85	454.59

Dividend

Your Directors do not propose any dividend for the year ended 31st March, 2000.

Operations

During the period under review, your company earned a total revenue of Rs. 5105.61 lacs (Rs. 2169.32 lacs) thereby recording a phenomenal growth of 135.35%. Net profit amounted to Rs. 878.27 lacs as compared to Rs. 228.69 lacs during the previous year recording an increase of 284.04%.

Future Prospects

Given its long and successful track record, your company is well poised to benefit from the growing demand for entertainment in its varied forms. Your Company's future growth will be driven by a concerted effort in the following areas :

- a) **Consolidation and further development of the existing business of producing television programmes for Doordarshan and various satellite channels.** Your company has in its pipeline 26 different programme formats in various stages of development. These are in various genres such as short stories, sitcoms, historicals, mythologicals, detective, musicals, film based, love stories, soaps, action, telefilms and game shows. These will see their telecast on various channels. This pipeline of new programme formats, painstakingly developed, will fuel growth in the years to come.

- b) **Structured development of the overseas market.** Your Company's efforts towards developing the overseas markets have started yielding excellent results. Demand for good quality programming is increasing in the overseas markets. Your Company sees this as a major avenue for growth in the years to come. Apart from licensing its library of programmes to overseas broadcasters, Your Company is also setting up production centres in two overseas markets. These production centres will not only aid in licensing of the existing library to broadcasters in these markets, but will also produce original local programming for broadcasters and audiences in these markets.
- c) **Strategic alliances.** Your company is in the process of structuring three strategic alliances in businesses related to Your Company's business. These alliances will not only result in increased production capability but will also open new markets and new businesses in areas related to Your Company's existing business.

Fixed Deposits

During the year ended 31st March, 2000, your company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

Dematerialisation of shares

During the year under review when the company made a public issue, a tripartite agreement was signed with both the depositories i.e. National Securities Depository Ltd. and Central Depository Services (India) Ltd. and Karvy Consultants Ltd. for the trading of shares in the electronic mode.

However, pursuant to the recent notification issued by the Securities and Exchange Board of India (SEBI), the equity shares of Your Company have been brought under compulsory demat trading for all investors with effect from 24th July, 2000. With this, the trading in shares of Your Company can take place only in electronic mode.

Listing of shares

The Equity Shares of the Company are listed on the The Stock Exchange, Mumbai, The Bangalore Stock Exchange and The National Stock Exchange. Annual Listing Fees as prescribed has been paid to each of the above mentioned Stock Exchanges for the year 2000-2001.

Corporate Governance

Pursuant to the recent amendments in the listing agreement with the stock exchanges, Your Company is required to take appropriate steps to implement the same which amongst others includes constitution of an audit committee, appointment of external directors, etc. The Board of Directors of Your Company whole-heartedly support the intention behind it and keeping in view the same, Your Directors are ensuring that the same is complied with within a reasonable period of time.

Subsidiaries

During the current year, your company had acquired the entire stake of its associate companies i.e. Cinevista Global Private Limited and Cinevista News International Private Limited through its Directors who constitute the majority of the directors of its associate companies and thereby making these companies as its wholly owned subsidiaries. However, there was no operation throughout the year in respect of these companies.

Directors

Shri Gurcharan Das and Shri Anil Harish have been inducted on the Board of Your Company in the capacity of an 'Additional Director'. Pursuant to Section 260 of the Companies Act, 1956, Shri Gurcharan Das and Shri Anil

CINEVISTA COMMUNICATIONS LTD.

Harish shall hold office upto the date of the ensuing Annual General Meeting. Considering their vast experience in their relative fields, it will be in the interest of the Company to have them on the Board of Your Company. The Company has received a notice under Section 257 of the Companies Act, 1956, from these directors.

Auditors

M/s. Vimal Punmiya & Co., Chartered Accountants, Statutory Auditors, retire at the forthcoming Annual General Meeting and are eligible for reappointment. You are requested to re-appoint them as auditors and fix their remuneration.

Statutory Information

Considering the nature of the business of the Company, the particulars required to be furnished pursuant to 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, relating to the Conservation of Energy and Technology Absorbtion are not applicable.

Foreign Exchange Earnings and Outgo are Rs.194.34 lacs (Rs. 25.39 lacs) and Rs. 6.18 lacs (Rs. 13.67 lacs) respectively.

The particulars as required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is set out in the Annexure I to this report.

Appreciation

Your Directors wish to place on record their appreciation to all the employees for their diligence and contribution. Your Directors also express their gratitude for all the assistance extended by the Bankers to the Company.

For and on behalf of the Board

Place : Mumbai

Date : 7th June, 2000

Prem Krishen Malhotra

Chairman

AUDITORS REPORT TO THE MEMBERS OF CINEVISTA COMMUNICATIONS LIMITED

We have audited the attached Balance Sheet of Cinevista Communications Limited as at 31st March, 2000, and the annexed Profit & Loss Account of the Company for the year ended on that date and report that :

- (1) As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 , issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the Books and records of the company as considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
- (2) Further to our comments in the Annexure, referred to in paragraph 1 above, we state that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our Audit;
 - (b) 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 such books;
 - (c) The Balance Sheet and the Profit & Loss Account referred to in this respect are in agreement with the Books of Accounts;
 - (d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956, to the extent applicable to the Company.
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss account read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view:
 - (i) in so far as it relates to the Balance Sheet, of the 'State of Affairs' of the Company as at 31st March, 2000.
 - (ii) in so far as it relates to the Profit & Loss Account, of the 'Profits' for the year ended on that date.

For VIMAL PUNMIYA & CO.
CHARTERED ACCOUNTANTS

Place : Mumbai
Date : 7th June, 2000

(VIMAL C. PUNMIYA)
Proprietor

CINEVISTA COMMUNICATIONS LTD.

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS REPORT TO THE MEMBERS OF CINEVISTA COMMUNICATIONS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2000.

Based on the information and explanations furnished to us and the books and records examined by us in the normal course of audit, we report that in our opinion;

- (1) The Company is maintaining proper records showing full particulars including quantitative details and situation of Fixed Assets. During the year the Fixed Assets of the Company have been physically verified by the Management at all locations and there is a regular programme of verification, which in our opinion, is reasonable, having regard to the size of the Company and the nature of the Fixed Assets. No material discrepancies have been noticed in respect of the assets which have been physically verified during the year.
- (2) There was no revaluation of Fixed Assets of the Company during the year.
- (3) Stocks of cassettes at all locations have been physically verified by the Management during the year .
- (4) In our opinion, the procedure of physical verification of Stock of Cassettes followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (5) The discrepancies noticed on verification between the physical stock and book records were insignificant and the same have been properly dealt with in the books of accounts.
- (6) On the basis of our examination of Stock Records , we are of the opinion that the valuation of Stocks is fair and proper in accordance with the normally accepted accounting principles.
- (7) The Company has taken unsecured loans from firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, and the rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interest of the Company. In terms of Sub – Section (6) of Section 370 of the Companies Act, 1956, provisions of the Section 370 are not applicable to a Company on or after 31st October, 1998.
- (8) The Company has granted loans to firms or other parties listed in the Register maintained under Section 301 and the rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the Company. In terms of Sub – Section (6) of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31st October,1998.
- (9) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size and nature of business of the Company for purchase of Plant and Machinery, Equipment and other Assets and for realisation of serials.
- (10) In our opinion and according to the information and explanation given to us, the transaction of purchase of goods / material and / or sale of goods / material / services made in pursuance of contracts or arrangements entered under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods or services or at prices at which transactions for similar goods or services have been made with other parties or as available with the company .

- (11) The Company has not accepted any deposits from the Public and consequently the provisions of Section 58A of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules 1975, are not applicable.
- (12) As the Company is not a Manufacturing Company, the question of maintenance of records for sale and disposal of realisable by-products and scrap does not arise.
- (13) In our opinion the Company's present Internal Audit System is commensurate with the size and nature of its business.
- (14) We have been informed that the Central Government has not prescribed maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956.
- (15) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise duty which have remained outstanding as at 31st March, 2000, for a period of more than six months, from the date they become payable.
- (16) According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practice.
- (17) The Company is not a Sick Industrial Company within the meaning of clause (O) of sub-section 1 of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.
- (18) According to the information and explanations given to us and to the best of our knowledge the treatment of production cost as revenue expenses on the basis of the legal opinion obtained by the Company for the purpose of taxation are in conformity with the provisions of the Companies Act.

For VIMAL PUNMIYA & CO.
CHARTERED ACCOUNTANTS

Place : Mumbai
Date : 7th June, 2000

(VIMAL C. PUNMIYA)
Proprietor

CINEVISTA COMMUNICATIONS LTD.**BALANCE SHEET AS AT MARCH 31, 2000**

	Schedule No.	March 31, 2000 Rupees	March 31, 1999 Rupees
SOURCE OF FUNDS			
A. Share Holders Funds			
(a) Share Capital	1	100,817,500	37,500,000
(b) Reserves & Surplus	2	<u>815,493,073</u>	<u>45,458,543</u>
		916,310,573	82,958,543
B. Loan Funds			
(a) Secured Loans	3	27,532,047	27,408,108
(b) Unsecured Loans	4	<u>64,721,457</u>	<u>12,024,802</u>
		92,253,504	39,432,910
Total		<u>1,008,564,077</u>	<u>122,391,453</u>
APPLICATION OF FUNDS			
A. Fixed Assets	5		
Gross Block		79,380,203	65,489,635
Less : Depreciation		<u>22,077,831</u>	<u>17,807,844</u>
Net Block		57,302,372	47,681,791
B. Investments		Nil	Nil
C. Current Assets, Loans & Advances	6		
(a) Work in Progress		63,661,136	51,726,709
(b) Sundry Debtors		122,293,309	47,905,878
(c) Cash & Bank Balances		3,504,709,252	2,878,784
(d) Loans & Advances		<u>52,987,213</u>	<u>21,956,713</u>
		3,743,650,910	124,468,084
Less : Current Liabilities & Provisions	7		
(a) Liabilities		2,849,051,368	60,573,922
(b) Provisions		<u>44,409,000</u>	<u>6,009,000</u>
		2,893,460,368	66,582,922
Net Current Assets		850,190,542	57,885,162
Carried forward		907,492,914	105,566,953
Brought forward		907,492,914	105,566,953
Miscellaneous Expenditure	8	101,071,163	16,824,501
Total		<u>1,008,564,077</u>	<u>122,391,454</u>
Accounting Policies & Notes on Accounts	12		

As per our report of even date

For Vimal Punmiya & Co.

Chartered Accountants

Vimal C. Punmiya

Proprietor

Prem Krishen Malhotra**Sunil Mehta****Pamma Mehta****Sunita Malhotra****Anil Harish**

Chairman

Managing Director

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Directors

Place : Mumbai

Date : 7th June, 2000

Sudhir Singh

Company Secretary