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Seventh Annual Report 2003-2004

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Board of Directors

Prem Krishen Malhotra
Sunil Mehta
Talat Aziz
Niranjan Shivdasani
Sulochana Talreja
Renu Anand

Management Executives

Prem Krishen Malhotra, Chairman
Sunil Mehta, Vice-Chairman & Managing Director
Sunil Sangra, Director – Business Development and Finance
Chandru Shivdasani, Director – Marketing and Sales
C. Gurunath, Director – Administration and Production
K.B.Nair, Chief Accounts Officer

Company Secretary and Compliance Officer

Sudhir R. Singh

Auditors

Vimal C. Punmiya
Chartered Accountants
501, Niranjan
99, Marine Drive
Mumbai – 400 002.

Bankers

Central Bank of India

Registered Office

8, Vinod Villa,
B.G. Kher Road,
Worli
Mumbai – 400 018.
Tel No.: 022-24931255
Fax No.: 022-24938597

Registrar & Share Transfer Agent

Karvy Computershare Pvt. Ltd.
Karvy House
46 Avenue 4, Street No. 1
Banjara Hills
Hyderabad – 500 034.
Tel. No.: 040-23312454
Fax No.: 040-23311968

NOTICE:

Notice is hereby given that the Seventh Annual General Meeting of the Members of Cinevistaas Limited will be held on Monday, the 27th day of September, 2004, at 11.00 a.m. at Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (W), Mumbai – 400 056 to transact the following business:

AS ORDINARY BUSINESS:

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004, and Profit and Loss Account for the year ended on that date, together with the Directors' Report and the Auditors' Report thereon.
- 2) To appoint a Director in place of Smt. Sulochana Talreja, who retires by rotation and being eligible, offers herself for reappointment.
- 3) To appoint Statutory Auditors and to fix their remuneration. The retiring Auditors M/s Vimal Punmiya and Co., Chartered Accountants are eligible for reappointment.

AS SPECIAL BUSINESS:

- 4) To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Smt. Renu Anand, who was appointed by the Board of Directors as an Additional Director of the Company under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Registered Office:

8 Vinod Villa,
B.G. Kher Road,
Worli, Mumbai – 400 018
Place: Mumbai.
Date : 31st July, 2004.

By order of the Board
For Cinevistaas Limited

Sudhir R. Singh
Company Secretary

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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a Proxy, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 21st day of September, 2004, to 27th day of September, 2004 (both days inclusive).
4. The Explanatory Statement setting out the material facts concerning Special Business in respect of Item No. 4 of the accompanying notice as required by Section 173 of the Companies Act, 1956, is annexed hereto.
5. Members are requested to address all their shares / refunds related queries to the Company's Registrar and Transfer Agents viz. M/s Karvy ComputerShare Pvt. Ltd., Karvy House, 46 Avenue 4, Street No.1, Banjara Hills, Hyderabad – 500 034.

Cinevistaas Limited

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956 ("the Act")

Item no. 4

In terms of Section 260 of the Act, Smt. Renu Anand was appointed as 'Additional Director' of the Company by the Board of Directors at their meeting held on 31st January, 2004, who will hold her office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a Member, proposing her candidature for the office of Director of the Company under the provisions of Section 257 of the Act. It will be in the interest of the Company that Smt. Renu Anand continues as Director of the Company and the Directors recommend the resolution set out at item no. 4 of this notice for approval of the shareholders.

Save and except for Smt. Renu Anand, none of the other Directors of the Company is, in any way, concerned or interested in the said resolution except as Members of the Company.

Registered Office:

8 Vinod Villa,
B.G. Kher Road,
Worli,
Mumbai – 400 018
Place: Mumbai.
Date : 31st July, 2004.

By order of the Board
For Cinevistaas Limited

Sudhir R. Singh
Company Secretary

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DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting the Seventh Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2004.

Financial Results

| | <u>March 31, 2004</u> | (Rs. in lacs) <u>March 31, 2003</u> |
|---|-----------------------|--|
| Realisation | 2638.03 | 1878.91 |
| Other income | 207.92 | 226.19 |
| Total income | 2845.95 | 2105.10 |
| Total expenditure | 2237.79 | 1686.26 |
| Gross profit before interest, depreciation and taxation | 608.16 | 418.84 |
| Interest | 67.77 | 100.19 |
| Profit before depreciation and taxation | 540.39 | 318.65 |
| Depreciation | 218.75 | 158.04 |
| Provision for Taxation | | |
| Under provision of previous year's tax | (3.50) | — |
| Current tax | (22.91) | — |
| Deferred Tax Liability | (17.10) | (42.91) |
| Deferred Tax Asset w/off | (103.34) | (19.77) |
| Wealth Tax | (0.17) | (0.57) |
| Net Profit | 174.62 | 97.36 |
| Profit/(Loss) b/f from previous year | (361.75) | (459.11) |
| Profit/(Loss) c/f to the Balance Sheet | (187.13) | (361.75) |

Dividend

Your Directors do not propose any dividend for the year ended 31st March, 2004.

Operations

During the period under review, the revenue realisation of your Company grew by 40% to Rs. 2638.03 lacs (Rs. 1878.91 lacs). The cost of production saw an increase of 30% to Rs. 1488.94 lacs (Rs. 1147.06 lacs) and other expenditure grew by 39% to Rs. 748.85 lacs (Rs. 539.20 lacs). Consequently EBITDA grew by 45% to Rs. 608.16 lacs (Rs. 418.84 lacs). Interest cost fell to Rs. 67.77 lacs (Rs. 100.19 lacs). Depreciation increased from Rs. 158.04 lacs to Rs. 218.75 lacs. Provision for taxation amounted to Rs. 147.02 lacs. After making provision for interest, depreciation and taxation, the Company recorded an increase in net profit of 80% to Rs. 174.62 lacs (Rs. 97.36 lacs).

Cinevistaas Limited

Directors

Shri Anil Harish resigned as Director with effect from 25th September, 2003. Your Directors place on record their sincere appreciation for the valuable services rendered by him during his tenure with the Company.

Smt. Renu Anand has been inducted on the Board of Your Company as an 'Additional Director'. Pursuant to Section 260 of the Companies Act, 1956, Smt. Renu Anand shall hold office upto the date of ensuing Annual General Meeting. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956, proposing her candidature for appointment as Director of the Company.

As per Article 120 of the Articles of Association, Smt. Sulochana Talreja retires by rotation in the forthcoming Annual General Meeting and being eligible offers herself for reappointment.

Compliance Certificate

A certificate from the Auditors of the Company regarding the compliance with Corporate Governance as provided in Clause 49 of the Listing Agreement is attached to this report as Annexure I.

Corporate Governance Report

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report and Management Discussion and Analysis are attached to this Report.

Directors' Responsibility Statement

The Directors' confirm the following that:

- (i) in the preparation of the Annual Accounts for the year ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2004, and of the profit and loss of the Company, for the year under review;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts for the year ended 31st March, 2004, on a going concern basis.

Subsidiaries and Joint Ventures

In addition to "Consolidation of Financial Statements" as required under Clause 32 of the Listing Agreement with the Stock Exchanges, the details on the performance of the Company's subsidiaries are attached as Annexure II to the Balance Sheet of your Company pursuant to Section 212(1) of the Companies Act, 1956.

Fixed Deposits

During the year ended 31st March, 2004, 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.

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 reappoint 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 Absorption are not applicable.

Foreign Exchange Earnings and Outgo are Rs. 49.80 lacs (Rs. 0.05 lacs) and Rs. 65.71 lacs (Rs. 2.80 lacs) respectively.

The provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is not applicable since there is no employee drawing remuneration exceeding the ceiling prescribed therein.

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 of the Company.

Place : Mumbai
Date : 30th June, 2004

For and on behalf of the Board

Prem Krishen Malhotra
Chairman

Annexure I to the Directors' Report**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

We have examined the relevant records of Cinevistaas Limited for the year ended 31st March, 2004, relating to compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges and state that in our opinion, and to the best of knowledge and explanations given to us, the Company has complied with the mandatory requirements contained in the aforesaid Clause 49.

For Vimal Punmiya & Co.
Chartered Accountants

Place: Mumbai
Date : 30th June, 2004

Vimal C. Punmiya
Proprietor

Cinevistaas Limited**CORPORATE GOVERNANCE REPORT**

The Company, from its very pioneering stage of its operations, has been consistently following the principles of business ethics, involving fair and transparent business practices, accountability of its performance to its investors and full and timely disclosure of its information. Over the years, the Company has strived zealously towards effective implementation of Corporate Governance practice, overall business excellence and effective discharge of its responsibilities towards its shareholders. For achieving the same, the Company has taken steps to periodically review the practice and take necessary corrective measures. The management of the Company comprising of executive, non-executive and independent directors, who are competent and capable in their respective areas of operations are committed towards ensuring employee welfare, protection of rights and interests of the shareholders, due compliance of laws and regulations and operating business in line with the principles of business ethics.

In its endeavour to implement the Code of Corporate Governance in its true spirit, a Report on implementation of the said Code by the Company is produced herein below:

BOARD OF DIRECTORS:

Composition, category, other directorships in the Board/Committee:

| Name of the Directors | Category | Other directorships | |
|----------------------------|--------------------------------------|---------------------|-----------------|
| | | Board of Directors | Board Committee |
| Shri Prem Krishen Malhotra | Promoter & Executive Director | NIL | NIL |
| Shri Sunil Mehta | Promoter & Executive Director | NIL | NIL |
| Shri Talat Aziz | Non-executive Director | NIL | NIL |
| Shri Niranjan Shivdasani | Independent & Non-executive Director | NIL | NIL |
| Smt. Sulochana Talreja | Independent & Non-executive Director | NIL | NIL |
| Smt. Renu Anand | Independent & Non-executive Director | NIL | NIL |

Board Meetings:

During the year ended 31st March, 2004, the Board of Directors met six times on 4th April, 2003, 29th April, 2003, 30th June, 2003, 31st July, 2003, 28th November, 2003, and 31st January, 2004.

Attendance of the Directors at the Board Meetings held during the year ended 31st March, 2004, and at the last AGM.

| Name of the Directors | Attendance at the Board Meetings | Attendance at the last AGM held on 26-09-2003 |
|----------------------------|----------------------------------|---|
| Shri Prem Krishen Malhotra | 5 | Absent |
| Shri Sunil Mehta | 6 | Present |
| Shri Anil Harish * | NIL | Absent |
| Shri Talat Aziz | 5 | Present |
| Shri Niranjan Shivdasani | 5 | Present |
| Smt. Sulochana Talreja | 6 | Present |
| Smt. Renu Anand ** | 0 | N.A. |

* Ceased to be a Director w.e.f. 25-09-2003.

** Appointed as 'Additional Director' w.e.f. 31-01-2004.

AUDIT COMMITTEE:

The role of Audit Committee shall be as prescribed under Clause 49 of the Listing Agreement.

Composition of Audit Committee

| Name of the Directors | Category |
|---------------------------|--|
| Shri Niranjana Shivdasani | Chairman, Independent and Non-executive Director |
| Smt. Sulochana Talreja | Member, Independent and Non-executive Director |
| Shri Talat Aziz | Member, Non-executive Director |

The Company Secretary of the Company acts as Secretary to the Committee.

During the year, four (4) Audit Committee meetings were held. The following table gives the attendance of each Director at the Audit Committee meetings held:

| Name of the Audit Committee Members | Number of Meetings | |
|-------------------------------------|--------------------|----------|
| | Held | Attended |
| Shri Niranjana Shivdasani | 4 | 4 |
| Smt. Sulochana Talreja | 4 | 4 |
| Shri Talat Aziz | 4 | 4 |

REMUNERATION COMMITTEE:

The role of Remuneration Committee shall be as prescribed under Clause 49 of the Listing Agreement.

Composition of Remuneration Committee

| Name of the Directors | Category |
|------------------------|--|
| Smt. Sulochana Talreja | Chairman, Independent and Non-executive Director |
| Shri Talat Aziz | Member, Non-executive Director |
| Shri Sunil Mehta | Member, Promoter and Executive Director |

The Company Secretary of the Company acts as Secretary to the Committee.

During the year, three (3) Remuneration Committee meetings were held. The following table gives the attendance of each directors at the Remuneration Committee meetings held:

| Name of the Remuneration Committee Members | Number of Meetings | |
|--|--------------------|----------|
| | Held | Attended |
| Smt. Sulochana Talreja | 3 | 3 |
| Shri Talat Aziz | 3 | 3 |
| Shri Sunil Mehta | 3 | 3 |

Details of remuneration paid to all Directors:

| Name of the Director | Category | Salary |
|----------------------------|--------------------------------------|-----------------|
| Shri Prem Krishen Malhotra | Promoter & Executive Director | Rs. 1,500,000/- |
| Shri Sunil Mehta | Promoter & Executive Director | Rs. 1,500,000/- |
| Shri Talat Aziz | Non-executive Director | Rs. 7,000/- |
| Shri Niranjana Shivdasani | Independent & Non-executive Director | Rs. 4,000/- |
| Smt. Sulochana Talreja | Independent & Non-executive Director | Rs. 13,500/- |

Cinevistaas Limited

SHAREHOLDERS'/INVESTORS GRIEVANCE COMMITTEE:

The Committee shall ensure the redressal of the complaints received from shareholders/investors with regard to the share transfer, transmission, issue of duplicate share certificate, etc. Considering the nature of the complaints, including pending if any, the Committee shall meet as and when necessary.

Composition of Shareholders'/Investors Grievance Committee:

| Name of the Directors | Category |
|----------------------------|--|
| Smt. Sulochana Talreja | Chairman, Independent and Non-executive Director |
| Shri Talat Aziz | Member, Non-executive Director |
| Shri Prem Krishen Malhotra | Member, Promoter and Executive Director |

The Company Secretary of the Company acts as Secretary to the Committee.

During the year, three (3) Shareholders'/Investors Grievance Committee meetings were held. The following table gives the attendance of each director at the Shareholders' Investors Grievance Committee meetings held:

| Name of the Shareholders'/Investors Grievance Committee Members | Number of Meetings | |
|---|--------------------|----------|
| | Held | Attended |
| Smt. Sulochana Talreja | 3 | 3 |
| Shri Talat Aziz | 3 | 3 |
| Shri Prem Krishen Malhotra | 3 | 3 |

GENERAL BODY MEETINGS:

The details of the location and time where last three Annual General Meetings were held:

| Year | Location | Venue |
|------------------------------|--|---|
| 31 st March, 2003 | Friday, 26 th September, 2003, at 11.00 a.m. | Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (W), Mumbai – 400 056. |
| 31 st March, 2002 | Wednesday, 25 th September, 2002, at 11.00 a.m. | |
| 31 st March, 2001 | Tuesday, 25 th September, 2001, at 11.00 a.m. | |

APPOINTMENT/RE-APPOINTMENT OF DIRECTOR:

Smt. Sulochana Talreja, aged 44 years is an Art Graduate from the University of Mumbai and has over the years developed a great insight into the development and execution of innovative promotional mechanisms for brands across the country, which she practices as a Consultant.

She does not hold the directorships in any other company and she is not a member/chairman of any committees on the board of any company.

Smt. Renu Anand, aged 60 years is a graduate from the University of Mumbai. She started her career with a business in confectionery and has acquired expertise knowledge to deal with all matters relating to administration and marketing requirements. Her entrepreneurial skill has enabled her to establish strong rapport with all the clients of her business.

She does not hold the directorships in any other company and she is not a member/chairman of any committees on the board of any company.

DISCLOSURES:

- Disclosures on materially significant related party transactions i.e. 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.

During the year, the Company has granted loans and advances aggregating to Rs. 39.25 lacs to its subsidiary i.e. Cinevista Studios Private Limited and Rs. 28.61 lacs was repaid during the year. The Company has derived Rs. 50.03 lacs as income from its overseas subsidiary i.e. Video Vista Inc.