

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Members of Cinevistaas Limited will be held on Friday, the 25th day of September, 2009, at 11.00 a.m. at Santokba Sanskar Sadan, Shri Vile Parle Kelavani Mandal, 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, 2009, 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. Renu Anand, 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.
- 4) Any other business with the permission of the Chair.

AS SPECIAL BUSINESS:

- 5) To regularize appointment of Shri Niranjana Shivdasani who was appointed as Additional Director w.e.f. 1st May 2009. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Niranjana Shivdasani, a Director who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 1st May 2009, and who holds office as such upto the date of 12th Annual General Meeting and in respect of whom a notice in writing pursuant to Section 257, of the Companies Act, 1956 has been received proposing his candidature for the office of Director of the Company, be and hereby appointed as a Director of the Company whose period of Office will be liable to determination by retirement by rotation."

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

Section 260 of the Companies Act, 1956 provides that a person who is appointed as an Additional Director shall hold office only upto the date of the next Annual General Meeting unless his appointment is regularized at a duly convened Annual General Meeting. Hence, your Board recommends the above resolution for your approval.

None of your Directors is personally interested in the proposed ordinary resolution and recommends your acceptance.

Registered Office:

Plot No. 1, L.B.S. Marg
Gandhi Nagar
Kanjurmarg (W)
Mumbai - 400 078.
Place: Mumbai,
Date : 30th June, 2009.

By order of the Board
For Cinevistaas Limited

Sandhya R. Malhotra
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 19th day of September 2009 to 25th day of September 2009 (both days inclusive).
4. As per clause 49(IV)(G)(i) of the Listing Agreement entered into with the Stock Exchanges, the brief profiles of the directors appointed and re-appointed, subsequent to retiring by rotation or otherwise, are disclosed in the 'Corporate Governance Report' attached to and forming part of the Directors' Report.
5. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) has admitted the Company's Equity shares in its Depository System and the ISIN No. is INE039B01026. You may take advantage of demat facility.
6. A member desirous of getting any information in respect of the contents of the Annual report is requested to forward the queries to the Company atleast seven days prior to the meeting so that the required information can be made available at the meeting.
7. Members are requested to address all their shares / membership related queries to the Company's Registrar and Transfer Agents viz. M/s Karvy Computershare Pvt. Ltd., Plot No.17-24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081.

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Plot No. 1, L.B.S. Marg
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By order of the Board
For Cinevistaas Limited

Sandhya R. Malhotra
Company Secretary

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in submitting the Twelfth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2009.

1. Financial Results

	March 31, 2009	(Rs. in lacs) March 31, 2008
Realisation from serials	5647.12	2234.34
Other income	120.84	194.21
Total income	5767.96	2428.55
Total expenditure	5615.45	1723.04
Gross profit before interest, depreciation and taxation	572.67	705.51
Interest	252.50	158.76
Profit before depreciation and taxation	320.17	546.75
Depreciation	167.67	136.61
Provision for Taxation -		
Under provision of previous year's tax	3.98	-
Current tax	-	8.47
Deferred Tax Liability	(57.98)	38.34
Deferred Tax Asset w/off	-	182.20
Wealth Tax	(1.67)	(0.57)
Income Tax provision w/off	-	51.58
Fringe Benefit Tax	-	1.83
Net Profit/(Loss)	88.87	306.99

2. Operations

Financial and Operational Review:

The Company has earned a gross income of Rs.5676.96 lacs for the financial year 2008-09, as compared to Rs.2428.56 lacs in the previous year, recording a phenomenal increase of Rs.3248.40 lacs.

The Company has earned a net profit of Rs.88.87 lacs for the year as compared to Rs.306.99 lacs in the previous year.

Interest expenditure for the year under review has increased by Rs. 93.74 lacs as compared to the previous year.

Depreciation during the year has also recorded an increase by Rs.31.06 lacs as compared to Rs.136.61 lacs in the previous year.

Earnings per share have been worked out as Rs.0.15 as compared to Rs.0.60 in the previous year.

Resources & Liquidity:

The Company's paid up capital is Rs.11,48,72,950 with accumulated Reserves & Surplus of Rs.154.86 crores.

Management Discussion and Analysis Report (MDA)

The detailed Analysis of the Operating performance of the Company for the year, the state of affairs and the key changes in the operating environment has been included in the Management

Discussion and Analysis section which forms part of the Annual Report.

3. Changes in Capital Structure

During the year the company allotted 6768975 Equity shares of Rs.2/- each to the warrant holders who exercised the option on the date of conversion, under SEBI Preferential Issue guidelines.

4. Transfer to Reserves

The amounts transferred to reserves during the year are Rs.10091958.96/-

5. Dividend

Your Directors do not propose any dividend for the year ended 31st March, 2009.

6. Board of Directors

Mrs. Bharti Sareen, Non-executive Independent Director of the Company resigned as a Director of the Company on May 1, 2009. Mrs. Sareen has been providing valuable guidance to the company since 2006. The Board of Directors wish to place on record their sincere appreciation for the valuable contribution made by Mrs. Sareen during her tenure of the office.

The Board of Directors has appointed Mr. Niranjan Shivdasani, as an Additional Director and Non-Executive Director on May 1, 2009 and as such he holds office upto ensuing Annual General Meeting. Approval of shareholders is sought for the appointment of Mr. Shivdasani as a Non-executive Independent Director, as stated in the notice of Annual General Meeting of the Company.

Mrs. Renu Anand, retire by rotation as Director at the upcoming Annual General Meeting and being eligible offers herself for reappointment.

The Board recommends their appointment.

Brief resume of the Directors, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, their shareholding and relationships between them inter se, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the report on Corporate Governance forming part of the Annual Report.

7. Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report and Management Discussion and Analysis and Auditors' Certificate are appended as part of the Annual Report. As per the amended Clause 49(V) of the Listing Agreement, the required certification by Chief Executive Officer and Chief Financial Officer is also appended to the Annual Report.

The requisite certificate from the Auditors of the Company, M/s Vimal Punmiya & Co., confirming Compliance with the conditions of Corporate Governance as stipulated under the aforesaid clause 49, is annexed to this Report.

8. Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, the Directors' confirm the following:

- (i) that in the preparation of the Annual Accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed and that there are no material departures from the same;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates 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 March, 2009, and of the profit and loss of the Company for the year ended on that date;

- (iii) that 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) that the Directors have prepared the annual accounts for the financial year ended 31st March, 2009, on a going concern basis.

9. 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 annexed to this Report.

10. Fixed Deposits

During the year under review, the Company did not accept any fixed deposits from the public.

11. Auditors

M/s Vimal Punmiya & Co., Chartered Accountants, Statutory Auditors retire at the conclusion of ensuing Annual General Meeting and being eligible offers themselves for reappointment. You are requested to appoint the Auditors.

The Company has received the letter from them to the effect that their reappointment if made would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of section 226 of the said Act.

12. Secretarial Audit

As directed by Securities & Exchange Board of India, (SEBI) secretarial audit is being carried out at the specified period by the Practicing Company Secretary. The findings of the secretarial audit were entirely satisfactory.

13. Statutory Information

Conservation of Energy & Technology Absorption

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

Foreign Exchange Earnings have been Rs. 44.82 lacs, while the expenses reported have been Nil.

Particulars of Employees

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

14. Appreciation

Your Directors thank the viewers, suppliers, bankers, Financial Institutions, Central and State Governments and Shareholders, for their consistent support to the Company. The Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the company.

For and on behalf of the Board

Place : Mumbai
Date : 30th June, 2009

Prem Krishen Malhotra
Chairman

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

To
The Board of Directors
Cinevistaas Limited

We, Sunil Mehta, Chief Executive Officer and K.B. Nair, Chief Financial Officer, of Cinevistaas Limited hereby certify to the best of our knowledge and belief that:

- a. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, as to the best of our knowledge and belief, no transactions entered into by the Company during the year which is fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and have taken requisite steps to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee:
 - i. there have been no significant changes in internal control over financial reporting during the year;
 - ii. there have been no significant changes in accounting policies during the year and
 - iii. there have been no instances of significant fraud of which we have become aware and any involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- e. All Board members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct and Ethics during the year ended 31st March, 2009.

Place : Mumbai
Date : 30th June, 2009

Sunil Mehta
Chief Executive Officer

K.B. Nair
Chief Financial Officer

MANAGEMENT DISCUSSION & ANALYSIS

The Media & Entertainment industry - Indian perspective

Fuelled by a top line growth rate of 39 percent in the last three years, India's Rs.12530 crores entertainment industry has become the biggest ad spender, according to an Assocham Financial Pulse Study.

The study titled "Indian Entertainment Sector-A Financial Stock Taking" says the industry's phenomenal growth rate has not only surpassed the average growth rate of the services sector (17 %), but has also appeared amongst the fastest growing sectors. And with equally lucrative growth prospects, the entertainment companies have become the highest spenders on advertising in the last two years.

Also, "while for the overall industry, the employee compensation rose by an average 25 percent during the last two years, wages in the entertainment industry have risen by as much as 40 %" says Assocham President Sajjan Jindal.

According to the study, the recreation sector is in its growth phase in India, though the market is still not fully explored. Still the overall macroeconomic and sectoral trend indicates towards the industry's healthy growth prospects, as a result of which the recreation sector is expected to remain a high growth sector for the next five years, with its share in services set to rise further.

SWOT ANALYSIS OF M&E INDUSTRY

STRENGTHS:

- o The Media and Entertainment is one of the most booming sectors in India due to its vast customer reach. The various segments of the Media and Entertainment industry like television and the film industry have a large customer base.
- o The growing middle class with higher disposable income has become the strength of the Media and Entertainment industry.
- o Change in the lifestyle and spending patterns of the Indian masses on entertainment.
- o Technological innovations like online distribution channels, web-stores, multi- and mega-plexes are complementing the ongoing revolution and the growth of the sector.
- o The Indian film industry is the second largest in the world and the largest in terms of the films produced and tickets sold.
- o The low cost of production and high revenues ensure a good return on investment for the Indian Media and Entertainment industry.

WEAKNESSES:

1. The Media And Entertainment sector in India is highly fragmented.
2. Lack of cohesive production & distribution infrastructure, especially in the case of music industry.
3. Lack of efforts for media penetration in lower socio-economic classes, where the media penetration is low.

OPPORTUNITIES:

1. The concept of crossover movies, has helped open up new doors to the crossover audience and offers immense potential for development.
2. The increasing interest of the global investors in the sector.
3. The media penetration is poor among the poorer sections of the society, offering opportunities for expansion in the area. According to Chandrashekhar Balkrishnan, Bharti Airtel's Head of brand and Media, "at present there are 80 million TV households in India, of which over seven million are DTH ones. Since the penetration is just under 9 %, there is much room for a massive growth rate."
4. The nascent stage of the new distribution channels offers an opportunity for development.

'Earlier this year, in response to a question in Parliament, the Minister for Information and Broadcasting announced that there are 201 news and current affairs TV channels and 180 non-news and current TV channels uplinked from India. Also awaiting in the pipeline are applications of 97 private satellite news and current affairs TV channels and 85 private satellite non-news and current affairs TV channels, while 67 private satellite TV channels are uplinked from abroad.'

5. Rapid de-regulation in the Industry
6. Rise in the viewership and the advertising expenditure.
7. Technological innovations like animations, multiplexes, etc and new distribution channels like mobiles and Internet have opened up the doors of new opportunities in the sector.

THREATS:

1. Piracy, violation of intellectual property rights pose a major threat to the Media And Entertainment companies.
2. Lack of quality content has emerged as a major concern because of the 'Quick- buck' route being followed in the industry. "If something's not working, it makes absolute sense to get rid of it, that's the new mantra across the Board," says a creative of one channel. "Even the existing shows have to come up with new interesting tracks or they will be shown the door," he says.
3. With technological innovations taking place so rapidly, the media sector is facing considerable uncertainty about success in the marketplace.

Impact of recession on the M&E industry

The global economic meltdown seems to have extended to the television industry in India as well. With advertising budgets drying up, agencies and corporates have become keener on putting their monies only in those serials which guarantee a good viewership. As a direct consequence almost every channel has decided to take multiple serials off air, citing poor TRP's as the reason.

Secondly, the monies being received by the producers from the channels stands roughly at 120 days at an average, after telecast, and is showing further signs of slowing down for a couple of more months, which is causing a severe liquidity crunch, besides spiraling interests costs, which is affecting business in every sense of the word.

Impact of strike

The indefinite strike call given by almost two lakh workers on September 30 to demand a hike in payment of stipulated wages, regulated working hours and protest against hiring of workers who are not members of the FWICE (Federation of Western India Cine Employees) which controls 22 unions covering different crafts of the film industry, including actors, writers, music composers, directors, spot boys, lightmen and cameramen, affected Shooting schedules of television shows and films to an irreparable extent. According to Keertan Adyanthaya, general manager and executive vice president of STAR Plus, the strike had a significant impact on the industry. "The strike was of no benefit whatsoever and everybody ended up losing - the federation lost wages for more than three weeks, producers had to incur costs on standing sets and broadcasters lost advertising revenue because of repeat telecasts of programmes," he added.

All in all 2008 proved to be an eventful year of change for the TV industry.

Media & Entertainment Industry - International Overview

With a growing middle class, a large English speaking populace, a booming number of multiplexes and a cinema obsessed popular culture, India is a natural destination for Hollywood studios, say US and Indian business leaders.

Pointing to the worldwide success of "Slumdog Millionaire" and the release of the James Bond film, "Quantum of Solace", in India a full week before its American opening, they suggest a fostering of Hollywood-Bollywood connections.

"The United States and India possess the world's largest entertainment and media industries, both in terms of sheer output and global popularity. Yet traditionally neither industry has much interaction with the other or enjoyed success in the other's domestic market," they noted in new report. However, two signal events both occurring in recent months, point the way to how important synergies can be exploited for producing new content, forging new creative collaborations and accessing new markets, the experts said referring to the two films.

A task force set up by Pacific Council on International Policy and the Federation of Indian Chambers of Commerce & Industry (FICCI) recommended:

- ☐ The United States and India should craft a common approach on cultural market access and use their strategic positions to advance it in global trade negotiations.
- ☐ Both countries should devise a joint plan for advancing the digital transformation of global media industry.
- ☐ Both governments should provide adequate funding for efforts to develop advanced fibre-optic networks that enable real time creative and production partnerships between the two countries.
- ☐ Create short term exchange programmes between US and Indian production Companies and film schools designed to foster genuine creative interactions.
- ☐ Washington should encourage the Academy of Motion Picture Arts and Sciences to help the Indian Film industry create a counterpart Institution.
- ☐ The United States and India should eliminate tax and regulatory barriers that continue to impede bi-national production partnerships.

HIGHLIGHTS OF YOUR COMPANY

The Financial year 2008-09, has been a trying one, in more ways than one. Depression and recession in world market's coupled with a complete reversal of investors sentiments hit the capital markets and plunged the sensenx, eroding several thousands of crores of investors and promoters wealth. Fund flow dried up with major advertisers, cutting costs and reducing their spends by as much as 35-50% in some extreme cases. Not only that the flow of funds from major corporate to established channels, slowed down considerably resulting in a no funds no payment scenario, hitting major production houses adversely.

Interest costs spiraled, especially as channels with whom, your company had signed agreements, on payment terms detailing a 45 days stipulated period after telecast for payment paid up as late as 11 months after completion of telecast of a series on their esteemed channel. Coupled with consistent delays in payments commencing from the first telecast of the said series on the channel, one can confidently say that the interest costs on large amounts of money, due from the channel, as delivered, stood at over a year on investments.

The earliest return on investment made, that your company received ranged between 90 days to a 180 days at the minimum. This resulted in the major escalation in the interest costs, which as can be seen, has hit your company's bottom line, impacting its final result. Enhanced depreciation aided in plunging the bottom line, a little further, over and above income from other sources, plunged by a significant 7.4 million rupees, due to circumstances, purely and solely related to the slowdown. In the demand for fresh programming from existing channels, coupled with the collapse of the much advertised channel 9x adding the final icing to an already sugar free cake.

Besides all elaborated above, production costs spiraled with artistes and technicians fees hitting an all time high. "Jaane Kya Baat Huyi" starring the much famed starlet of the small screen 'Shweta Tiwari' went through a series of crisis, before ending its run on the 5th of June 2009, this financial year.

Scheduled to commence in June 2008, with the launch of the channel 'Colors' in the afternoon band, it finally went on air only in December 2008. Investments on this project began as early as in August 2007, with a small team of renowned professionals, being put in place to work and give shape to this ambitious project.

Unfortunately, "Jaane Kya Baat Huyi" was a Sec A series whose sensibilities appealed basically to the higher echelons of society without finding much favour with the Sec C&D television audience, chiefly responsible for bringing in T.R.P.'s. Resultantly, it was moved to the 6.30-7.00.p.m. slot, to accommodate 'Lado' - a mass based series.

To add salt to your already bleeding wounds, uplinking charges took a huge toll and added to our woes, thereby resulting in production costs further spiraling. Unfortunately, in today's competitive scenario channels do not clear scripts, until the very last moment, thus leaving us in a tizzy to shoot, edit, complete all the post production necessities, before sending the master, for telecast to the concerned channel, all this collaborated results, in the costing per episode going haywire, besides giving huge stress and strain to your production house.

Inspite of all the above, there is a silver lining that firmly pushes back the dark clouds of gloom. For one, your company registered a top line of Rs.5767.96 lakhs, for the first time in several years, and secondly, if one were to add the profit from operations, before interest, depreciation and tax it would amount to Rs.575.50 lakhs, close to 10% of your company's total turnover, during the financial year 2008-09.