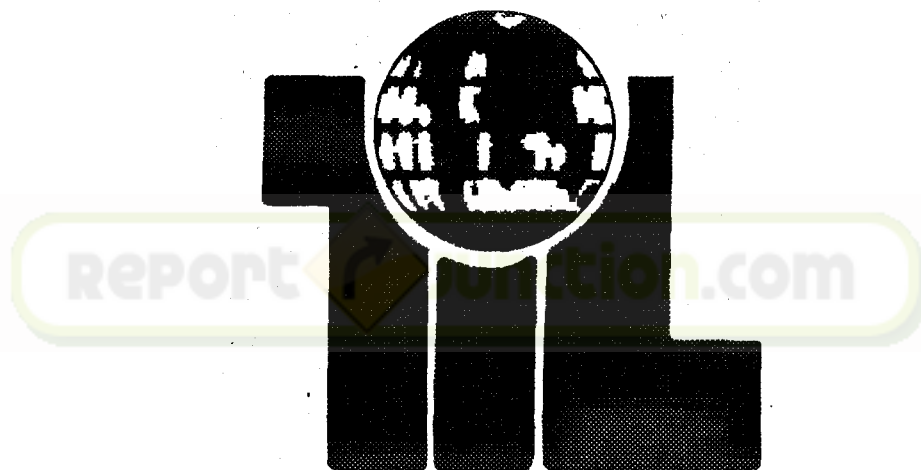


## **8th Annual Report 2001-2003**



# **TABASSUM INTERNATIONAL LIMITED**

<b>Board of Directors</b>	:	Mrs. Tabassum Govil (Chairperson) Mr. Manish Shah (Managing Director) Mr. Dinesh Gandhi Mrs. Ulka Shah Mr. Rahul Merchant Mr. Kunal Singh
<b>Auditors</b>	:	M/s Sanjay Raja Jain & Co. Chartered Accountants F-3, Dadar Manish A.C. Market, Senapati Bapat Marg, Dadar (West), Mumbai 400 028.
<b>Registered Office</b>	:	Plot No. 45, Ganpati Bhavan, 1st Floor; M. G. Road, Goregaon (West), Mumbai 400 062. Tele. 2874 8995/9001 Fax 2876 7645
<b>Registrars &amp; Transfer Agents</b>	:	Bigshare Services Private Limited E/2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai 400 072 Tele 2852 3474, 2856 0652/53 Fax 2852 5207
<b>Studio</b>	:	144, Government Industrial Estate, Charkop, Kandivali (West), Mumbai 400 067.

CONTENTS	Page No
Notice .....	1
Directors Report.....	5
Management Discussion and Analysis Report.....	7
Corporate Governance Report .....	9
Auditors Report .....	12
Balance Sheet .....	14
Profit & Loss Account .....	15
Schedules to Accounts .....	16
Statement Pursuant to Section 212 .....	22
Annual Report of Subsidiary .....	23
(Bama Infotech Pvt. Ltd.)	
Annual Report of Subsidiary .....	37
(Mima Technical Consultancy Services Pvt. Ltd)	
Consolidated Financial Statements .....	49

## NOTICE TO THE MEMBERS

**NOTICE** is hereby given that the Eighth Annual General Meeting of Tabassum International Limited will be held on Thursday, 11th September, 2003 at 144, Govt. Industrial Estate, Charkop, Kandivali (West), Mumbai 400067 at 11.30 a.m. to transact the following business :

### Ordinary Business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the 18 months year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rahul Merchant who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Tabassum Govil who retires by rotation and, being eligible, offers herself for re-appointment
4. To re-appoint M/s. Sanjay Raja Jain & Co., Chartered Accountants, the retiring Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be decided by the Board of Directors in consultation with the Auditors.

### Special Business :

5. To consider and if, thought fit, to pass, with or without modification, the following resolution as **Special Resolution** :

**"RESOLVED THAT** pursuant to the provisions of Section 269, 309, 310 and 314 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the Company hereby accords its consent and approval to the appointment of Mr. Manish Shah as the Managing Director of the Company for a period of 5 years w.e.f. 29.03.2003 without any remuneration.

**"RESOLVED FURTHER THAT** Mr. Manish Shah shall not be liable to retire by rotation as Director as long as he continues to be the Managing Director of the Company.

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

6. To consider and if, thought fit, to pass, with or without modification, the following resolution as **Special Resolution** :

**"RESOLVED THAT** pursuant to Section 21 and any other applicable provisions, if any, of the Companies Act, 1956, the name of the Company be and is hereby changed from "Tabassum International Limited" to "Goldmines Media Limited."

**"RESOLVED FURTHER THAT** the name "Tabassum International Limited" wherever it occurs in the

Memorandum of Association and Articles of Association of the Company be and is hereby substituted by the new name "Goldmines Media Limited".

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

7. To consider and if, thought fit, to pass, with or without modification, the following resolution as **Special Resolution**:

**"RESOLVED THAT** pursuant to Section 372A and any other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and hereby accorded to the Board of Directors for investment of Rs. 4,19,73,000/- in Goldmines Telefilms Private Limited by acquiring 25,500 equity shares of Rs. 10/- each at Rs. 1,646/- per share of Goldmines Telefilms Private Limited.

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

8. To consider and if, thought fit, to pass, with or without modification, the following resolution as **Special Resolution**:

**"RESOLVED THAT,** pursuant to the provisions contained in section 81(1-A) and all other applicable provisions, if any, of the Companies Act, 1956 (including the amendments thereto or re-enactment thereof), the relevant provisions of the Memorandum and Articles of Association of the Company and subject to the approval of Government of India, Securities and Exchange Board of India (SEBI), Stock Exchanges, Reserve Bank of India and other authorities, if any, to the extent required and subject to such conditions, as may be prescribed by them, while granting such approvals, consents, permissions and sanctions and subject to such terms, conditions and alterations, which the Board of Directors of the Company (hereinafter referred to as "the Board") be and is hereby authorised to accept, if it thinks fit in the interest of the Company, consent of the Company be and is hereby given to issue, offer and allot 10,00,000 equity shares of Rs. 10/- (Rupees Ten) each aggregating to Rs. 1,00,00,000/- (Rupees one crore only) to any persons or persons (including Foreign Institutional Investors, Financial Institutions, Non-Resident Indians, Other Corporate bodies, Mutual Funds etc.) whether or not shareholders of the Company and at such price and on such terms and conditions as the Board may in its absolute discretion decide.

**"RESOLVED FURTHER THAT** the equity shares so issued shall rank pari-passu with the existing equity shares of the Company.

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

9. To consider and if, thought fit, to pass, with or without modification, the following resolution as **Special Resolution**:

**"RESOLVED THAT** the equity shares of the Company be delisted from The Hyderabad Stock Exchange Limited and The Stock Exchange, Ahmedabad, in accordance with the relevant laws, rules, regulations and guidelines (including any statutory modifications or enactments thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions as may be necessary and in compliance with such conditions and modifications as may be necessary for this purpose."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board), be and is hereby authorised to seek voluntary delisting at such time, to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to de-listing of the equity shares from the said two exchanges and to execute all such deeds, documents, writings as may be necessary, desirable or expedient or as may be deemed fit and for this purpose to delegate the authority and the duty vested in it by virtue hereof to any other person whom the Board may consider suitable, to do the various acts, deeds and things required to be done in this behalf"

10. To consider and if, thought fit, to pass, with or without modification, the following resolution as **Special Resolution**:

**"RESOLVED THAT** in terms of applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges, where the shares of the Company are listed and subject to the consent of all concerned authorities, if any and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modification as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "The Board") to offer/ issue/ allot 8,30,900 Equity

shares of Rs. 10/- each of the Company which were forfeited in terms of resolution passed by the Board to any person or persons, whether or not shareholders of the Company and at such price and on such terms and conditions as are in the best interest of the Company as the Board may in its absolute discretion decide.

**"RESERVED FURTHER THAT** subject to the terms and conditions stated herein, the equity shares allotted pursuant to this resolution shall in all respects rank pari-passu inter-se as also with the other equity shares of the Company.

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary, proper or desirable to give effect to this resolution."

11. To consider and if, thought fit, to pass, with or without modification, the following resolution as **Ordinary Resolution**:

**"RESOLVED THAT** Mr. Kunal Singh who was appointed as Additional Director pursuant to Section 260 of the Companies Act, 1956 on 18th July, 2003 to hold the office till this Annual General Meeting and in respect of whom the Company has received a notice along with a deposit of Rs. 500 from a member proposing his appointment as a Director be and is hereby appointed as a Director of the Company liable to retire by rotation pursuant to Section 257 of the Companies Act, 1956."

By Order of the Board

**Manish Shah**  
Managing Director

Place : Mumbai  
Dated : 31st July, 2003

**Notes :**

1. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of item No. 5 to 11 of the Notice as set out above, is annexed hereto
2. 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. THE PROXY SHOULD, HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Members seeking any information with regard to accounts of the Company are requested to send their queries so as to reach the registered office at least 10 days before the meeting to enable the management to keep the information ready.
4. Members are requested to bring their copies of Annual Report to the Meeting.

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956****Item No. 5**

Mr. Manish Shah was appointed as Additional Director to be designated as "Managing Director" on the Board with effect from 29th March, 2003. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Manish Shah will hold the office of the Director of the Company upto the date of this Annual General meeting. A notice in writing, pursuant to Section 257 of the Companies Act, 1956 has been received from the member intending to propose him as a candidate for the office of Director at this Annual General Meeting, along with a deposit of Rs. 500/-. It is proposed to appoint him as a Director not liable to retire by rotation as mentioned in item No. 5 of the Notice.

Mr. Manish Shah is an Engineer by profession. He has done his Diploma in man made textile Chemistry from Sasmira Institute of Man made Textile, a renowned textile institute. He is a member of the Institute of Engineers. He is also a cost accountant and has secured an all India Rank in the Final Examination. Besides this, he is also a Management graduate with specialisation in finance.

Mr. Manish Shah is a director in number of companies engaged in the business of chemicals, finance, investment etc. He is a promoter- director of Goldmines Telefilms Private Limited- a media company which has made name in media industry with in span of less than two years. He has a good understanding and knowledge about media industry. With his rich experience of the industry and finance/ business management background, the Board of Directors is of the opinion that it would be in the interest of the Company to appoint him as Managing Director. Therefore, the Board in its meeting held on 29th March, 2003 appointed him as the Managing Director of the Company for a period of 5 years with effect from 29th March, 2003, subject to the approval of shareholders in the general meeting. The terms and conditions of his appointment are elaborated in the Resolution itself.

His appointment is in accordance with the provisions of Schedule XIII to the Act and be subject to the approval of the shareholders in general meeting, as required under that Schedule read with Section 269 of the Companies Act, 1956.

The Special Resolution contained in item no. 5 of the accompanying notice is intended for obtaining such approval of the shareholders. Your Directors recommend passing it.

None of the Directors other than Mr. Manish Shah and Mrs. Ulka Shah is concerned or interested in passing the said resolution.

**Item No. 6**

Over a period of time, the company's operations and activities have increased and a number of professionals have joined the Company. By their dedication and sincere efforts, these professionals are trying to give a new outlook to the Company and the Company is diversifying into various other activities such as television, software, telefilms, stage shows etc. To justify its diverse field of operations, it is proposed to change the name of the Company from Tabassum International Limited to Goldmines Media Limited. The Company has already confirmed the availability of new name with the Registrar of Companies, Maharashtra.

Your Directors recommend the resolution for your approval. None of the Directors of the Company is, in any way concerned or interested in the said resolution.

**Item No. 7**

As you know, your Company could not progress the way it was intended to be. Therefore, the Board thought it worthwhile to associate the Company with some other established & profit making media company.

Goldmines Telefilms Private Limited (GTPL) was incorporated on 5th January, 2000 as "Mima Infotech Private Limited" with the object of carrying on the business of computers, data processing machines and related softwares etc. However, intense competition and general slow down in computer industry made operations of the company unviable. The company therefore ventured into media business. In line with the change in business activity, the company changed its name to its present name "Goldmines Telefilms Private Limited".

Since then, GTPL is doing very well in the media business, particularly at regional levels. For the financial year ended on 31st March, 2002, GTPL posted a profit before tax of Rs. 2,35,990/- on a turnover of Rs. 16,35,670/-. Similarly, for six months period ended on 30th September, 2002, GTPL's profit before tax mounted to Rs. 23,80,074/- with a turnover of Rs. 96,34,702/-.

GTPL has so far produced regional daily serials like Aparajita for ETV Gujarati (176 episodes), Maitri Karar for Alpha Gujarati (68 episodes) and weekly serial Darling Darling for Alpha Marathi (26 episodes). It has also produced telefilm "Ek Chahat Koi Jane Na" for ETV Hindi.

At present, two serials of GTPL with a aggregate software of 4.1/2 hours per week are on the air. They are as follows:

- "Hi Chal Kuru Kuru", a comedy daily serial on ETV Marathi at 7.30 p.m. from Monday to Friday of which 56 episodes have been telecast till 17th July 2003
- "Vishwas", a daily serial on Zee TV at 1.30 p.m from Monday to Thursday of which 28 episodes have been telecast till 17th July 2003

GTPL has the requisite set up required for production of serials. It has its own two EDIT V6 Real Time Non Linear Editing Systems consisting of Compaq/ IBM AP550 DUAL PIII 1 GHz with CD ROM, 512 MB RAM, 18 GB System Disk with Dual Channel PC1 Ultra SCSI Controller, Matrox DigisuiteLE with Dual Display Card (1.3:1 at 500 kb/frame dual stream) RS 232-422 Controller, 300 GB Media Raid and EDIT Plus V6 Software with Boris Effects, Inscrubber-Title Motion, Crystal Vortex Impact

With regard to the hardware, GTPL has its own High Band set-up consisting of Mixer, Remote, recorder and player. GTPL also has D35 Camera, 50P Beta Cam Recorder by Sony, Sound System by Spirit Sound Craft and other accessories required by television unit for shooting of a serial.

Apart from using its edit set up, equipment and camera for its own productions, GTPL also rents out the same to various production houses. GTPL has generated substantial rental income on this account.

The Board is of the opinion that having regard to the infrastructure of GTPL and proven record of its profitability with in a span of less than two years, it is worthwhile to have a controlling interest in GTPL which will help your Company in the following ways.

- (a) GTPL will become subsidiary of your Company and with its profit generating ability, your Company will turn into profit making company.



**TABASSUM INTERNATIONAL Limited**

(b) Your Company will be in a position to use the readily available infrastructure of GTPL.

The Board proposes to have 51 % controlling interest in GTPL by purchasing 25,500 equity shares of Rs. 10/- each of Goldmines at Rs. 1,646/- per share. Based on the Valuation Report dated 16.06.03 from M/s. Anay Gogte & Co, Chartered Accountants, the Board thought that it would be fair to purchase shares at the price of Rs. 1,646/- per share (arrived on the basis of Discounted Cash Flow method). The Board is confident that by acquiring controlling interest in GTPL, your Company will be able to achieve the desired results in future.

As per the provisions of section 372A of the Companies Act, 1956, the Board of Directors is empowered to invest, make loans and/or issue guarantees etc. upto 60% of its paid-up share capital and free reserves or 100% of its free reserves, whichever is more. The aggregate of the loans and investments so far made, the amounts for which guarantee or security so far provided to or in all bodies corporate together with the proposed investment in GTPL shall not exceed the overall limit set by section 372A of the Companies Act, 1956. However, as a good corporate governance practice adopted by the Company, approval of shareholders is being sought by way of a special resolution.

Your Directors recommend the resolution for approval of the members. None of the Directors other than Mr. Manish Shah, who is promoter-director of GTPL and Mrs. Ulka Shah is concerned or interested in passing the said resolution.

**Item No. 8**

The authorised share capital of the Company is Rs. 11 crores consisting of 1,10,00,000 equity shares of Rs. 10/- each out of which issued and subscribed capital is Rs. 10 crores.

To augment resources for its projects, ongoing capital expenditure and other general corporate purposes, it is desirable to raise a finance by way of issue, offer and allotment of balance 10 lakhs equity shares aggregating to Rs. 1 crore in accordance with the provisions contained in Section 81(1-A) and all other applicable provisions of the Companies Act, 1956.

Your Directors recommend the resolution for approval of the members.

All the Directors of the Company may be deemed to be concerned or interested in the said resolution to the extent the equity shares that may be offered to them.

**Item No. 9**

Presently, the equity shares of the Company are listed on the stock exchanges at Mumbai, Hyderabad and Ahmedabad. Consequent to the technological developments, the shares of the Company are traded all over India through on-line terminal provided by The Stock Exchange, Mumbai. There is minuscule trading of Company's shares on other stock exchanges. In view of this, it is proposed to delist the Company's share from The Hyderabad Stock Exchange Limited and The Stock Exchange, Ahmedabad. No inconvenience will be caused to the shareholders residing in the respective regions, since on-line terminals are provided by The Stock Exchange, Mumbai at these regions. Further, listing of the Company's shares in many stock exchanges, apart from not adding any value to the shareholders, often results in additional cost, administrative work, delay and inconvenience.

SEBI (Delisting of Securities) Guidelines, 2003 stipulates that the securities of the Company should have been listed for a period of 3 years before the Company can resort to

voluntary de-listing. As the shares of the Company were listed on Hyderabad and Ahmedabad stock exchanges during the month of November 2000, the Company will initiate the process of de-listing from December 2003.

Your Directors recommend the resolution for your approval. None of the Directors of the Company is, in any way concerned or interested in the said resolution.

**Item No. 10**

The members will recall that on 9th July, 2001, the Board of Directors had forfeited 8,32,000 equity shares of Rs. 10/- each for non-payment of allotment money.

Out of these 8,32,000 shares, the Board revoked the forfeiture of 1,100 shares during the year as it was noticed that the Company had received the money in respect of said 1,100 shares.

As per the Articles of Association of the Company, the shares so forfeited may be sold, re-allotted, re-issued or otherwise disposed off on such terms and in such manner as the Board of Directors thinks fit. However, the Listing Agreements with the stock exchanges provide that a listed Company in the first instance should offer all shares (including forfeited shares) and securities to be issued pro-rata to the equity shareholders of the Company unless the shareholders in a general meeting decide otherwise.

The consent of the shareholders is being sought to enable the Company for re-issuing forfeited shares in the manner set out in the resolution in item no. 10 of the Notice pursuant to provisions of the Listing Agreements with the various stock exchanges where the shares of the Company are listed.

The said resolution is an enabling resolution conferring authority on the Board to cover all contingencies and corporate requirements. Even though the similar resolution was passed in the last Annual General meeting of the Company, the Board thought it worthwhile to get the approval of the members at ensuing Annual General meeting as a measure of abundant precaution.

Your Directors recommend the resolution for approval of the members.

All the Directors of the Company may be deemed to be concerned or interested in the said resolution to the extent the equity shares that may be offered to them.

**Item No. 11**

Mr. Kunal Singh was appointed as an Additional Director of the Company on 18th July, 2003. Pursuant to Section 260 of the Companies Act, 1956, he will hold office till the date of ensuing Annual General Meeting.

Mr. Kunal Singh is a media person who has not only acted in number of regional films but has also produced many serial/ telefilms. The induction of Mr. Kunal Singh as a Board Member will definitely benefit the Company

The Company has received a notice under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member of the Company notifying his intention to propose the candidature of Mr. Kunal Singh as a Director of the Company.

Your Directors recommend the resolution for approval of the Members.

None of the Directors of the Company except Mr. Kunal Singh, is concerned or interested in passing the said resolution.

## DIRECTORS REPORT

Your Directors have pleasure in presenting their Eighth Annual Report together with the Audited Accounts of the Company for the 18 months year ended on 31st March, 2003.

### Financial Results

(Amount in Rs.)

**For the 18 months year ended  
on 31st March, 2003**

Gross Income	69,16,646
Expenditure	1,22,02,917
Profit before Taxation & Depreciation	(52,86,271)
Depreciation	9,87,254
Profit / (Loss) before tax	(62,73,525)
Provision for Taxation	Nil
Profit / (Loss) after tax	(62,73,525)
Profit / (Loss) brought forward from last year	(1,65,58,933)
Profit / (Loss) carried forward to Balance Sheet	(2,28,32,458)

### Change of Financial Year

The previous financial year of the Company ended on 30th September, 2001. Closing financial year on any date other than 31st March creates certain difficulties as the Company has to prepare accounts for the year ending on 31st March every year for Income Tax purpose. That naturally results into keeping two separate sets of books of accounts, preparing final accounts twice and getting the same audited. To avoid the duplication of work and related unnecessary hardships, the Board of Directors extended the financial year upto 31st March, 2003 by obtaining permission from the Registrar of Companies, Maharashtra u/s 210(4) of the Companies Act, 1956. In future, the financial year will be closed on 31st March every year.

### Change of Registered Office

With steady increase in the business coupled with increase in statutory/ other records, the space at the registered office of the Company found to be insufficient and therefore, the Board of Directors shifted its registered office from 15, S.V. Path, J.S.S. Road, Mumbai 400004 to more spacious place at Plot No. 45, 1st Floor, Ganpati Bhavan, M. G. Road, Goregaon (West), Mumbai 400062 in March 2003.

### Management Discussion and Analysis

In accordance with the Listing Agreement entered into with stock exchanges, the Management Discussion and Analysis Report is annexed hereto and forms part of this report.

### Fixed Deposits

The Company has not accepted any deposits from the Public within the meaning of Section 58A of the Companies Act, 1956 during the period under review.

### Actual Utilisation of IPO Funds vis-a vis projected utilisation/ profitability

Inadvertently, we could not incorporate the statements showing variations between projections and the actual utilisation/ profitability in our last Annual Report. The same are given below.

Statement showing Actual utilisation of IPO funds vis-à-vis projection in Prospectus

(Rs. in lakhs)

	Projection as per Prospectus	Actual Utilisation till 30.09.01	Variation
Premises	60	Nil	- 60
Plant & Machinery	300	115	-185
Misc. Fixed Assets	50	10	- 40
Investment in Website on the internet	175	15	-160
Preliminary Preop Expenses	35	37	+ 2
Contingencies	30	Nil	- 30
<b>Total</b>	<b>650</b>	<b>177</b>	<b>-473</b>

Reasons for variations are as follows :

The company had a limited staff in the year 2001 and the space at registered office was sufficient. Had the Company purchased new premises on ownership basis, the Company would have required to spend substantial amount for the same. That's why the Directors thought it not to invest in new premises for the time being.

During the year ended 30th September 2001, the Company did not have any worthwhile business. Under such circumstances, there was no logic in making investment in plant and machinery on larger scale. Therefore, the Directors decided to increase the investment progressively as and when the business starts growing.

The boom witnessed in dot-com and the Internet business during the year 1999-2000 was not sustainable during the year 2001. The expected growth in the Internet and dot-com did not materialise. Majority of dot-com companies burst. Looking at stagnation/ dwindling fortune of dot-com business, the Directors decided to put a freeze on further investment.

Statement showing Actual profitability vis-à-vis projection in Prospectus

(Rs. in lakhs)

	Projection as per Prospectus for the year ended on 28.02.01	Actuals for the period from 01.03.00 to 30.09.01
Income from Television software	2434	12
Income from Events Management	10	0
Consultancy Income	0	0
Other Income	10	20
<b>Total Income</b>	<b>2454</b>	<b>32</b>
<b>Total Expenses</b>	<b>2018</b>	<b>199</b>
<b>Profit before Tax</b>	<b>436</b>	<b>-167</b>

The reasons for variations are as follows :

The year 2001 was not that good to the media industry. During the year a number of TV Channels such as B4U Music, B4U, Tara (Marathi), Prabhat (Marathi), Gurjari (Gujarati) etc. were closed down. Due to general economic recession in the country, the advertising spent was not as expected. Due to fall in revenue, number of software companies producing programmes exclusively for Doordarshan started looking at private channels for their programmes. That has resulted into cut-throat competition among existing companies. This has affected your company considerably and it could not make a modest beginning in software business. As a result, the actual income from software business was far from projected income.

On expenses front, the Company had to provide Rs. 88.86 lakhs against the amount due from M/s. Prism Packaging in respect of bills discounting. But for this, the loss would have

been much lower. This provision has been made at the instance of statutory auditors of the Company even though your directors are confident of recovering the said amount.

#### **Forfeiture of Shares**

As members are aware, the Board of Directors forfeited 8,32,000 equity shares of the Company on 9th July, 2001 for non-payment of allotment money. Out of these 8,32,000 shares, the Board revoked the forfeiture of 1,100 shares during the year as it was noticed during the year that the Company had received the allotment money in respect of said 1,100 shares. The Board will re-issue the forfeited shares at appropriate time in future.

#### **Directors**

Mr. Manish Shah was appointed as Additional Director of the Company to be designated as Managing Director w.e.f. 29th March, 2003, subject to the approval by the shareholders. Your directors recommend his appointment as Managing Director and also as a Director of the Company.

Mr. Kunal Singh was appointed as an Additional Director of the Company on 18th July, 2003. Pursuant to Section 260 of the Companies Act, 1956, he will hold office till the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 along with a deposit of Rs.500/- from a member of the Company notifying his intention to propose the candidature of Mr. Kunal Singh as a Director of the Company. Your Directors recommend the appointment of Mr. Kunal Singh as Director of the Company.

Mr. Madhav Dabke, Mr. Brijesh Merchant and Mr. Milind Dabke resigned from the Board due to pre-occupation. The Board places on record its sincere appreciation of the valuable services rendered by them during their tenure as Directors of the Company.

Mrs. Ulka Shah, Director- Finance, resigned from her position as Director-Finance of the Company w.e.f. 30th March, 2003. However, she continues to hold the office as Director of the Company. The Board places on record its sincere appreciation for the valuable contribution made by her towards growth of the Company during her tenure as Director-Finance.

Mrs. Tabassum Govil and Mr. Rahul Merchant will retire by rotation and being eligible have offered themselves for re-appointment at the ensuing Annual General Meeting. Your Directors recommend their re-appointment as Directors.

#### **Directors Responsibility Statement**

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that :

- (i) In the preparation of these annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The accounting policies have been consistently applied and reasonable and prudent judgements and estimates have been made, 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 on 31st March, 2003 and of the loss of the Company for that year;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) These annual accounts have been prepared on a going concern basis.

#### **Auditors**

M/s. Sanjay Raja Jain & Co., Chartered Accountants, the auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as the Auditors of the Company. Certificate from the Auditors has been received to the effect that their

appointment, if made, would be within limits prescribed under Section 224(1B) of the Companies Act, 1956.

#### **Auditors Report**

The Auditors Report to the Shareholders does not contain any qualifications.

#### **Internal Control System**

The Company maintains adequate internal control systems, which provide, among other things, reasonable assurance of recording the transaction of its operations in all material respects and of providing protection against significant misuse or loss of company's assets. The Company is now in the process of setting up Internal Audit System.

#### **Corporate Governance**

Pursuant to clause 49 of the listing agreement entered with the stock exchanges, the Company has complied with the provisions of Corporate Governance (except some provisions with respect to Audit Committee) and a report on corporate governance is annexed hereto and forms part of this report. A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance is attached to this Report.

On the subject matter, the Board would like to inform that the Audit Committee has been re-constituted on 18th July, 2003 and Audited Accounts of the Company has been reviewed by the Audit Committee.

In future, the Company intends to implement the non-mandatory recommendations, as prescribed in Code of Corporate Governance.

#### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo**

The Company is not strictly engaged in the manufacturing activity, as such particulars relating to conservation of energy and technology absorption are not applicable. However, in the editing facilities, offices etc., adequate measures are being taken to conserve energy as far as possible.

As far as foreign exchange earning and outgo is concerned, the Company has neither earned nor used any foreign exchange during the period under review.

#### **Particulars of Employees**

There is no employee covered pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended. Hence, no particulars are given.

#### **Subsidiary Companies**

A statement pursuant to Section 212 of the Companies Act, 1956 relating to Company's subsidiaries is attached to the balance sheet.

#### **Consolidated Financial Statements**

Your directors have pleasure in attaching the Consolidated Financial Statements prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India; in this regard.

#### **Acknowledgments**

Your Directors wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the Bankers, shareholders, Registrar & Transfer Agents, the artists and technicians associated with the Company's programmes, media and channels, whose continued support has been a source of strength to the Company. Your Directors also place on record their appreciation for the dedicated and sincere services rendered by the employees of the Company.

For and on behalf of the Board

(Manish Shah)  
 Managing Director

Place : Mumbai  
 Date : 31st July, 2003



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry Structure and Development

The Indian Entertainment industry (consisting of television, cinema, music, radio and live entertainment) was estimated at Rs. 166 billion in 2002 and is expected to grow to Rs. 420 billion by 2007. The size of Indian television market was Rs. 110 billion in 2002 and expected to touch a figure of Rs. 290 billion by 2007.

The television software segment, which provides content to broadcaster, accounted for about 14 percent of the entertainment industry and about 21 per cent of the Indian television industry. The same is expected to grow at the rate of about 10% per year.

Cable and satellite (C&S) penetration reached about 40 million households while average number of channels increased to about 100. C&S, which was initially an urban phenomenon, began to penetrate rural areas.

The Government of India has approved Conditional Access System (CAS), whereby viewers can install a set-top box and select channels of their choice.

### Opportunities and Threats

#### **Opportunities**

An emerging concepts of DTH and CAS provide scope for TV serial producers.

International markets offer potential for niche programming and repeat telecasts.

Emergence of international audiences and NRI's as a strong and lucrative market are looking for Indian Television Serials.

The access of cable and satellite channels into television households is currently 21 percent compared to 43 per cent of all Indian households having television sets- a considerable room for growth within India's existing market.

The size of television entertainment software segment in 2001-02 was estimated to be approx. Rs. 23 billion and is likely to go upto Rs. 35 billion by 2007. This is expected to drive programming opportunities.

The international markets represent a large untapped market for the Indian soap. India is in a position to capture the attention of a large Indian population across UK, UAE, South Africa and US.

#### **Threats**

However, we perceive certain threats as follows :

The economic / industrial recession has affected most of the industries in the country which in turn has a cascading effect on the media industry.

Most of the Channels are looking for a re-run of old programmes thereby affecting the market for new programmes.

The possibility of a shake up in the Cable and Satellite Channels will result in stiff competition between the existing content providers.

### Segment-wise or Product-wise performance

The Company had a vision to establish itself into three main areas – television software, Internet and stage shows.

As explained in the last Annual Report, the boom witnessed in the dot-com and the Internet business during the year 1999-2000 was not sustainable during the year 2001 and onwards and therefore, the Board decided to put a freeze on further investment. Similarly, the popularity of stage show 'Tabassum Hit Parade' reduced drastically and the Company could not earn any revenue on this account.

The Company had made a modest beginning in software business during the year 2000-01. Its weekly comedy serial "Hansa- Chakattu" on Alpha Marathi continued to remain in top 10 programmes of Alpha Marathi.

The Company has planned for some more serials in near future and has submitted proposals to regional channels/satellite channels. The Company is looking for a partner in its venture.

### Future Outlook

The entertainment media sector is high potential sector. The technological advances are changing the face of the media industry in India. Content available to Indian consumers is increasing through the launch of newer channels. Costs of delivery are declining as digitalization packs more content into the same channels of delivery. The range of distribution channels is increasing potential revenue from the same content. Similarly, the availability of satellite space has risen with increase in the number of satellites over Indian skies.

The phenomenal growth of private television channels has widened the market for television entertainment software. Television has emerged as most effective mass communication medium and therefore, its growth rate is higher than any other media. As the television is cheapest form of entertainment, the time spent in watching it continues to go on increasing. This has made it as most preferred mode for advertisements. Television advertising increased from 17 per cent in 1992 to 42.5 per cent in 2002-03. To attract this huge advertising spend, television channels need quality programmes and therefore, the demand for quality programmes is likely to increase.

The TV entertainment software is easily accessible, requires no self-space, has large reach and has potential for re-exploitation. With 15% of the world's population being in, or having originated from the Indian sub-continent, this opportunity for re-exploitation has high potential at a very low incremental cost. The product also has potential for re-packaging or customisation. It can be dubbed or sub-titled into several languages, or can be sold in varying lengths for different markets.

The export potential of Indian language programming is estimated at Rs. 5,800 crores in 2005 from the present level of approximately Rs. 800 crores.

As the media industry expands, it is inevitable that the bigger channels and larger houses will seek to acquire the better software/ content providers in a bid to secure their programming. Innovative attempts to attract and lock in viewers would include content sharing, advertising and financial alliances with other media such as print etc.

In view of these factors, your Directors foresee a scope for improvement in the company's performance.

#### **Internal Control System and their adequacy**

The Company maintains adequate internal control systems, which provide, among other things, reasonable assurance of recording the transaction of its operations in all material respects and of providing protection against significant misuse or loss of company's assets.

#### **Discussion on financial performance with respect to operational performance**

As you are aware, the Company had made a loss of Rs. 165.58 lakhs for the year ended on 30th September, 2001. As against this, the Company succeeded in restricting the loss to Rs. 62.74 lakhs during the current year which was of 18 months duration. On analysing the accounts, it can be seen that this loss of Rs. 62.74 lakhs contains two major items – Rs.13.41 lakhs as public issue expenses write off and Rs. 11.13 production cost write off. These write-off expenses are not operating expenses in real terms.

The Company took a number of steps to control and reduce the expenditure. The example was set by Mrs. Ulka Shah, the then Director-Finance of the Company who did not take remuneration for the month February 2002 as well as for March 2002 and voluntarily started accepting the salary of Rs. 12,000/- per month (instead of Rs. 20,000/- per month) from April 2002 onwards. Similarly, Mr. Manish Shah has taken the assignment of Managing Director without any remuneration. No director has claimed any sitting fees / out of pocket expenses for attending board/ committee meetings. As a cost cutting measure, the strength of employees was kept to the bare minimum.

By keeping strict control over the expenses, the Company could significantly reduce its spend on advertising, books & periodicals, business promotion, conveyance, rent & taxes, legal & professional expenses, postage & telegram, telephones, travelling etc.

The income from serials rose to Rs. 19.84 lakhs against Rs. 12.29 lakhs in previous year. The Company was expecting at least two to three serial to go on air during the year. In some cases, pilot episodes had been submitted and formal agreements with channels had also been signed. However, the channels have not yet given go ahead to shoot for the serials. That affected our projections for the year under review. The Company has sent some more concepts to the Channels and is quite hopeful of getting favourable results.

During the year, the Company took some concrete steps to build up its infra structure. It purchased a property admeasuring about 240 sq. ft. at Goregaon (West), Mumbai for office purpose. The Company installed EDIT V6 Real Time Non Linear Editing System at its registered office for the purpose of editing of serials/ telefilms. The company has already started earning income by renting out this machine to production houses. The Company has taken on rent a studio admeasuring 4,500 sq. ft. at Charkop, Kandivali (West), Mumbai.

This is a well-equipped integrated studio which has also been rented out to production houses.

The Company continued its practice of investing surplus funds in mutual funds and earned good income. As of 31st March 2003, the investment in Mutual Fund was 41.14 lakhs (market value Rs 53.36 lakhs).

As detailed in the notice calling annual general meeting of the Company, your Company plans to acquire 51% controlling interest in Goldmines Telefilms Private Limited(GTPL). The existing infrastructure of GTPL, the experience of GTPL in every aspect of serial making and its well established systems will be a major asset to your company.

Taking the above factors into consideration, your Directors expect a much improved performance of the Company during the coming year.

#### **Material Development in Human/ Industrial Relations Front**

The Company believes that the manpower is the primary and most valuable resource to the growth of the organisation. Therefore, the Company is in the process of recruiting competent key managerial personnel in the field of editing, recording, production, post-production etc. The media industry is highly dependent on individual creative talent and the Company will make all the efforts to attract and retain the best and creative talent in the industry.