

प्राप्ति ॥  
FORM II

[विनियम 20 इविए]  
(See Regulation 20)

दस्तावेजों की प्राप्ति अभिस्वीकृत करने वाला ज्ञापन  
Memorandum acknowledging receipt of documents

40952/STA/  
संख्या  
No. PROSPT.

कम्पनियों के रजिस्ट्रार का कार्यालय  
OFFICE OF THE REGISTRAR OF COMPANIES

कम्पनियों का रजिस्ट्रार

परिसीमित से सम्बन्धित निम्नलिखित दस्तावेज की प्राप्ति अभिस्वीकार करता है।

The Registrar of companies acknowledges the receipt of the undermentioned document relating to..... Limited.

दस्तावेज का वर्णन M/s. GENERAL COMMUNICATIONS LIMITED.

Description of document.

स्टेशन BOMBAY

Station

तारीख 24/2/1995

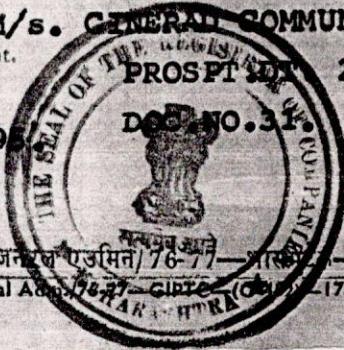
Date

जे० एस० सी० 2.

J. S. C-2.

प्रभासमुटके—438-19 जनरल एडमिनिट्रेशन/76-77—मासिक—(सी-452)—Maharashtra, Bombay—70,000.

MGIPC—438-19 General Admin/76-77—CIRTC (O.P.)—17.8.77—70,000.



Roc card

+  
Prospects



## CINERAD COMMUNICATIONS LIMITED

Registered Office : G-3, Bombay Market Apartments,  
78, Tardeo Road, Bombay 400 034 (Tel.: 4929896 Fax : 2046915)

### HIGHLIGHTS

1. Existing, profit-making company engaged in the production of advertising and promotional films, documentaries and feature films, promoted by Mr. Zafar Hai and the Cinerad/Haimark Group.
2. A project for setting-up a Digital Video Editing and Computer Graphics Facility to service the Advertising Film Production and TV Programming sectors.
3. State-of-the-art digital equipment to be imported from the U.K., U.S.A. and Japan featuring highly sophisticated computerised systems on par with the best in the world.
4. Commercial activity to begin by April 1995.
5. The project has been funded by SICOM and MSFC to the tune of Rs. 140 lacs and Rs. 90 lacs respectively.
6. The Equity Shares of the Company are proposed to be listed on the Bombay Stock Exchange.

### RISK FACTORS

#### Internal

1. The Company will have an export commitment of Rs. 650 lacs approximately, over the next 5 years, for which it has not yet made any firm arrangements.
2. Out of the total cost of Plant & Machinery worth Rs. 331.20 lacs, the Company has placed orders worth Rs. 82 lacs.
3. The working capital requirement of the Company is not estimated by its Bankers, Bank of India.
4. Additional power requirement of 18KVA is yet to be sanctioned by BEST.
5. The Company is yet to obtain No Objection Certificate from Pollution Control Board.
6. M/s. Cinerad Communications, a partnership firm of the Group has incurred a marginal loss of Rs. 9,000 in the year 1991-92.

#### External

- Changes in Government policies may affect the industry and thereby the Company's operations.

### MANAGEMENT PERCEPTION OF RISK FACTORS

#### Internal

1. In view of the vast experience and overseas contacts, which the Promoter has acquired over the years, the Company feels confident of meeting its export obligations.

2. Placement of purchase orders for the rest of the machinery are under negotiation and will be finalised as per schedule of implementation.

3. The Company's application for working capital is under process with Bank of India, and sanction is expected shortly.

4. The Company has already made an application to BEST and does not foresee any difficulty in obtaining the same.

5. The manufacturing process does not produce either air or water pollutants. Hence there is no requirement for Environmental Clearance from any authorities. By way of abundant caution, however, the Company has made an application to Maharashtra Pollution Control Board for a No Objection Certificate and approval is awaited.

6. M/s. Cinerad Communications incurred a marginal loss in the year 1991-92 due to low level of activity during the period and incurrence of fixed costs. However, the Firm has been making a profit since then.

#### External

- The Company is confident that its competitive edge should allow it to minimise the impact of such policies.

Note : Revaluation of premises at Tardeo has been made on 1st March 1994 on the basis of valuation report submitted by M/s N. B. Dharmadhikari, valuers appointed for the purpose. The resultant increase on such revaluation over the written down value of this asset amounting to Rs. 43,42,480/- has been credited to Revaluation Reserve.

#### Lead Managers to the Issue



SHRI RAM INVESTMENT  
SERVICES LIMITED  
101/B, Dalalal Tower,  
Nariman Point,  
Bombay 400 021  
Tel.: 2856446/2832609  
Fax : 2835048

#### Registrars to the Issue



SYSTEM SUPPORT SERVICES  
209, Shivai Industrial Estate,  
89, Andheri-Kurla Road,  
Sakinaka, Bombay 400072  
Tel. : 8371835/8320940  
Fax: 8351438  
Gram : SYSSUPPORT

**ISSUE OPENS ON 22ND MARCH, 1995**

**PART I****CINERAD COMMUNICATIONS LIMITED**

(Incorporated on 17/09/86 as a Private Limited Company, and subsequently converted into a Public Limited Company vide Fresh Certificate of Incorporation dated 01/11/94, issued by The Registrar of Companies under the Companies Act, 1956)

*Registered Office* : G-3, Bombay Market Apartments, 78, Tardeo Road, Bombay 400 034. Tel. No. : 492 9896, Fax No. : 204 6915.

**PUBLIC ISSUE OF 7,50,000 EQUITY SHARES OF RS. 10/- EACH  
FOR CASH AT PAR AGGREGATING RS. 75,00,000.****GENERAL INFORMATION****A. ISSUE OF CAPITAL**

The issue is made pursuant to Special Resolution under Section 81(1A) of the Companies Act, 1956 (hereinafter referred to as "THE ACT") by the shareholders at the Extraordinary General Meeting held on 7th November, 1994.

**B. DISCLAIMER CLAUSE**

It is to be distinctly understood that the vetting of the offer document by SEBI should not, in any way, be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility for the financial soundness of any scheme or the project for which the issue is proposed to be made, or the correctness of any of the statements made or opinions expressed in the offer document. SEBI has vetted the offer document filed with it for a limited purpose of overseeing whether the disclosures contained therein are generally adequate and are in conformity with SEBI guidelines for Disclosures and Investors' Protection for the time being in force. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue. It should also be clearly understood that while the issuer Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the Lead Manager is expected to exercise due diligence to ensure that the Company discharges its responsibility adequately in this behalf, and towards this purpose, the Lead Manager, **Shriram Investment Services Limited** has furnished to SEBI a due diligence certificate dated 22nd December, 1994 in accordance with SEBI (Merchant Bankers) Regulations, 1992 which reads as follows :

1. We have examined various documents including those relating to litigation like commercial disputes, patent disputes, disputes with collaborators etc. and other materials in connection with the finalisation of the draft Prospectus/Letter of offer pertaining to the said issue.
2. On the basis of such examination and the discussions with the Company, its Directors and other officers, other agencies, independent verification of the statements concerning objects of the issue, projected profitability, price justification, and the contents of the documents mentioned in the annexure and other papers furnished by the Company

**WE CONFIRM THAT :**

- (a) the draft Prospectus/Letter of offer forwarded to SEBI is in conformity with the documents, materials and papers relevant to the issue;
- (b) all the legal requirements connected with the said issue as also the guidelines, instructions, etc. issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with and;
- (c) the disclosures made in the draft Prospectus/Letter of offer are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue.

3. We confirm that besides ourselves, all the intermediaries named in the prospectus, are registered with SEBI and that till date such registration is valid.
4. We have satisfied ourselves about the worth of the underwriters to fulfill their underwriting commitments.

**C. FILING**

A copy of this Prospectus having attached thereto the documents as required to be filed under Section 60 of the Companies Act, 1956 (hereinafter referred to as "The Act") has been delivered for registration to the Registrar of Companies, Maharashtra at Bombay.

**D. LISTING**

Application has been made to the Regional Stock Exchange at Bombay for enlistment of and permission to deal in and for an official quotation of the Equity Shares of the Company being issued in terms of this prospectus.

**E. GOVERNMENT APPROVALS**

As notified by the Government in their notifications S. O. 477 (E) dated 25.07.91, the company has filed Memorandum with Secretariat of Industrial Approvals, Department of Industrial Development, New Delhi which has been acknowledged by Government of India, Ministry of Industry, Department of Industrial Development, vide their letter No. 4245/SIA/IMO/94 dated 08/12/1994. The copy of the aforesaid acknowledgement is open to public for inspection at the Registered Office of the Company.

**F. MINIMUM SUBSCRIPTION**

IF THE COMPANY DOES NOT RECEIVE THE MINIMUM SUBSCRIPTION OF 90% OF THE ISSUE AMOUNT INCLUDING DEVOLVEMENT OF UNDERWRITERS, WITHIN 60 DAYS FROM THE DATE OF CLOSURE OF THE ISSUE, THE COMPANY SHALL FORTHWITH REFUND THE ENTIRE SUBSCRIPTION AMOUNT RECEIVED. FOR DELAY BEYOND 78 DAYS, IF ANY, IN REFUND OF SUCH SUBSCRIPTION, THE COMPANY SHALL PAY INTEREST AS PER SECTION 73 OF THE COMPANIES ACT, 1956.

**BASIS OF ALLOTMENT**

INVESTORS MAY NOTE THAT IN CASE OF OVERSUBSCRIPTION, THE ALLOTMENT SHALL BE MADE ON A PROPORTIONATE BASIS AND IN CASE OF OVERSUBSCRIPTION OF MORE THAN 5 TIMES, A SEBI NOMINATED PUBLIC REPRESENTATIVE SHALL BE ASSOCIATED IN THE PROCESS OF FINALISATION OF BASIS OF ALLOTMENT.

#### **E. ALLOTMENT AND REFUND**

The Company shall ensure despatch of refund orders of value upto Rs. 1500/- under Certificate of Posting and those over Rs. 1500/- and Share Certificates by Registered Post or as per extant postal rules only, and that adequate funds will be made available for this purpose to the Registrars. Letters of Allotment/Share Certificates, or Regret Letters along with refund Cheques or Pay Orders (as the case may be) will be sent to the applicants at their risk within 10 weeks from the date of closing of the subscription list. In case of any delay in despatch of refunds, the Company shall be liable to pay interest as per Section 73(2)/(2A) of the Act.

#### **CAUTION**

ATTENTION OF THE APPLICANT IS SPECIFICALLY DRAWN TO THE PROVISIONS OF SUB-SECTION (1) OF SECTION 68-A OF THE ACT WHICH IS REPRODUCED BELOW:

##### **"ANY PERSON WHO :**

- (a) MAKES IN A FICTITIOUS NAME AN APPLICATION TO A COMPANY FOR ACQUIRING OR SUBSCRIBING, FOR ANY EQUITY SHARES THEREIN, OR
- (b) OTHERWISE INDUCES A COMPANY TO ALLOT, OR REGISTER ANY TRANSFER OF EQUITY SHARES THEREIN TO HIM, OR ANY OTHER PERSON IN A FICTITIOUS NAME,

SHALL BE PUNISHABLE WITH IMPRISONMENT FOR A TERM WHICH MAY EXTEND TO FIVE YEARS."

#### **ISSUE PROGRAMME**

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON THE DAYS AS MENTIONED BELOW OR EARLIER AT THE DISCRETION OF THE BOARD OF DIRECTORS OF THE COMPANY (HEREINAFTER REFERRED TO AS "THE BOARD") IN CONSULTATION WITH LEAD MANAGERS BUT NOT BEFORE THE CLOSE OF BANKING HOURS ON THE DATES MENTIONED UNDER THE CAPTION "EARLIEST CLOSING".

ISSUE OPENS ON	:	WEDNESDAY	22ND	MARCH, 1995
EARLIEST CLOSING	:	SATURDAY	25TH	MARCH, 1995
ISSUE CLOSES NOT LATER THAN :	MONDAY		3RD	APRIL, 1995

#### **LEAD MANAGERS TO THE ISSUE**

Shriram Investment Services Limited  
101/B, Dalama Tower,  
Nariman Point,  
Bombay 400 021.  
Tel. : 283 2609 / 285 6446  
Fax : 91-22-283 5048

#### **REGISTRARS TO THE ISSUE**

System Support Services  
209, Shivai Industrial Estate,  
89, Andheri-Kurla Road,  
Sakinaka,  
Bombay 400 072.  
Tel. : 837 1835 / 832 0940  
Fax : 835 1438  
Gram : SYSSUPPORT

#### **AUDITORS**

Gandhi Naik & Associates  
Chartered Accountants  
206-A, Arcadia,  
195, Nariman Point,  
Bombay 400 021.

#### **RATING**

Since the proposed Issue is of Equity Shares, no rating is required.

#### **TRUSTEES**

The issue being of Equity Shares, appointment of trustees is not required.

### UNDERWRITING

The entire Issue of 7,50,000 Equity Shares of Rs. 10/- each aggregating Rs. 75,00,000 offered to the public, has been underwritten as under :

### INSTITUTIONS, BANKS AND MERCHANT BANKS

#### A. BANKS/MERCHANT BANKERS

All letters of underwriting are dated 21.02.1995 except as specifically mentioned below :

Name and Address of Underwriters	Underwriting Letter dated	Amount Underwritten (Rs. in Lac)
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#### BANKS & MERCHANT BANKERS

<b>Shriram Investment Services Ltd.</b> 101, Dalamal Towers, 'B' Wing, Nariman Point, Bombay 400 021.	12.50
<b>SICOM</b> 1, Nirmal Building, Nariman Point, Bombay 400 021.	10.00
<b>Vijaya Bank</b> New Excelsior Cinema Building, 2nd Floor, Ravelina Street, Bombay 400 021.	2.00
<b>Enarai Finance Ltd</b> 97, Atlanta, Nariman Point, Bombay 400 021.	1.00
<b>Integrated Advisory Services Ltd.</b> 59, Sonawala Building, Bombay Samachar Marg, Fort, Bombay 400 023.	2.00
<b>Rolta Holding &amp; Fin. Corp. (P) Ltd.</b> 17th Floor, Unit No.10, World Trade Centre No. 1, Cuffe Parade, Bombay 400 005.	1.00
<b>State Bank of Hyderabad</b> C-72, Mittal Tower, 210, Nariman Point, Bombay 400 021.	4.00
<b>Hindustan Financial Mgt. Ltd.</b> 807, Dalamal Tower, 211, Nariman Point, Bombay 400 021.	1.00
<b>BOI Finance Ltd</b> Stock Exchange Bldg., 24th Floor, Dalal Street, Bombay 400 023.	4.00
<b>Sub-Total of (A)</b>	<b>37.50</b>

**B. BROKERS** (all letters of underwriting are dated 21.02.1995 except as specifically mentioned below)

Name and Address of Underwriters	Underwriting Letter dated	Amount Underwritten (Rs. in Lac)
<b>AHMEDABAD</b>		
<b>Aruna N. Kampani</b> 202, Chinubhai Centre, Nehru Bridge, Ahmedabad 380 014.	17.01.1995	1.00
<b>Ashok Manilal Thakkar</b> 2256, Mahurat Pole, Manek Chowk, Ahmedabad 380 001.		0.50

Name and Address of Underwriters	Underwriting Letter dated	Amount Underwritten (Rs. in Lac)
<b>Interface Capital Markets Pvt. Ltd.</b> 603, Samruddhi, Opp. Gujarat High Court, Ahmedabad 380 014.		1.00
<b>Himal K. Parekh</b> O-13, Samruddhi, Opp. Gujarat High Court, Ahmedabad 380 014.		0.50
<b>Dhiraj Manilal Thakker</b> 2256, Mahurat Pole, Manek Chowk, Ahmedabad 380 001.		0.50
<b>BANGALORE</b>		
<b>Agrahar &amp; Company</b> 5th floor, Manish Tower, J. C. Road, Bangalore 560 002.		0.50
<b>BHUBANESHWAR</b>		
<b>Mishra Investment Company</b> 07.01.1995 Plot No. 139, Satya Nagar, Bhubaneshwar 751 007.		0.50
<b>BOMBAY</b>		
<b>Bhagwandas Gordhandas</b> 4th Floor, Cama Building, Dalal Street, Bombay 400 023.		1.00
<b>Dalal &amp; Broacha</b> 21/22, Olympus, 2nd Floor, 179/81, Perin Nariman Street Bombay 400 001.		1.00
<b>Enam Securities Pvt. Ltd.</b> 113 & 202, Stock Exchange, 1st Floor, Bombay 400 001.		1.00
<b>Hemendra R. Sheth</b> 205, Hari Chambers, 58/64, S. B. Road, 2nd Floor, Bombay 400 023.		0.50
<b>Kishore J. Janani</b> 105, Bombay Samachar Marg, Room No. 23, 2nd Floor, Opp. Bharat House, Fort, Bombay 400 001.		1.00
<b>Milan R. Parekh</b> Sonawala Building, Ground floor, Green Street, Opp. Old Custom House, Fort, Bombay 400 005.		0.50
<b>Pankaj Karani</b> 21, B Khatau Building, 1st Floor, Alkesh Dinesh Mody Rd, Bombay 400 001.		0.50
<b>Relic Finance Ltd.</b> J' Block, Bhangwadi Shopping Centre Ground Floor, Kalbadevi Road, Bombay 400 002.		1.00
<b>Sushil N. Shah</b> 12, Homji Street, Bombay 400 001.		1.00
<b>Vallabh Bhansali</b> 113 & 202, Stock Exchange Tower, Dalal Street, Bombay 400 001.		1.00

Name and Address of Underwriters	Underwriting Letter dated	Amount Underwritten (Rs. in Lac)	Name and Address of Underwriters	Underwriting Letter dated	Amount Underwritten (Rs. in Lac)
<b>Vinay M. Shah</b> 59, Bazargate Street, Ramzan Building, 1st Floor, Bombay 400 001.		1.00			
<b>Prabhudas Liladhar Pvt. Ltd.</b> 157, Bazargate Street, 2nd Floor, Fort, Bombay 400 001.		1.00			
<b>Clifton Desilva</b> 303, Anand House, 13th Road, Khar, Bombay 400 052.		1.00			
<b>CALCUTTA</b>					
<b>Bimal Kumar Ghosh</b> Stock Exchange Bldg, 7, Lyons Range, 1st Floor, Calcutta 700 001		0.50	<b>H. C. Jain</b> 204, Jaipur Tower Opp. A. I. R. M. I. Road, Jaipur 302 001.		1.00
<b>Keshav Kumar Saraf &amp; Co.</b> 63, Radha Bazar Street, 3rd Floor, Calcutta 700 001.		0.50	<b>Prem Somani &amp; Associates</b> 17, Purohitji Ka Bagh, Gopinath Marg, Jaipur 302 001.		1.00
<b>M. B. Nahar</b> C/o Anita Udyog 12, India Exchange Place, Calcutta 700 001.		0.50	<b>R. N. Mittal &amp; Co</b> 417, Padam Towers II, 14/113, Civil Lines, Kanpur 208 001.		0.50
<b>Tarun Sethia</b> 9, India Exchange Place, 3rd Floor, Calcutta 700 001.		0.50	<b>Uday Merchant</b> Padam Towers, 14/113, Civil Lines, Kanpur 208 001.		1.00
<b>VCK Share &amp; Stock Brokers Service Pvt. Ltd.</b> 16, India Exchange Place, Calcutta 700 001.		1.00	<b>LUDHIANA</b>		
<b>COCHIN</b>					
<b>Aashish &amp; Co.</b> C/o Madras Auto Agencies, 36/11, Banerjee Road, Ernakulam 682 018.		1.00	<b>Arora &amp; Co.</b> LSE-12-187-5, Stock Exchange Building, Ludhiana.		0.50
<b>Ashok C. Shah</b> 305, CSE Brokers Complex, Kacheripady, Cochin 682 018.		0.50	<b>MADRAS</b>		
<b>GUWAHATI</b>					
<b>Anil Betala &amp; Co.</b> Sreemanta Market, A. T. Road, Guwahati 781 001.		0.50	<b>Madan &amp; Co. Limited</b> Share House 2nd Floor, 61, Moore Street, Madras 600 001.		1.00
<b>Mukesh K. Jani</b> C/o Laxmi Electric & Furnishing, Below Metro Hotel, A. T. Road, Palton Bazar, Guwahati 781 008.		0.50	<b>Paterson &amp; Co Pvt. Ltd.</b> Vangaurd House, 48, Second Line Beach, Madras 600 001.		1.00
<b>HYDERABAD</b>					
<b>K. Ravindra Babu</b> 101, Vijayshree Apt., Nagarjuna Nagar Colony, Hyderabad 500 873.		0.50	<b>MANGALORE</b>		
<b>Rathi Bros</b> 4-5, 174 & 175, Hasmat Gunj, Sultan Bazar, Hyderabad 500 195.		0.50	<b>Jagdish N. Master</b> C/o Sylvester Lobo, Kaprigudda, Mangalore 575 001.		0.50
<b>NEW DELHI</b>					
			<b>Amritlal Bajaj &amp; Co.</b> 606, Kailash Building, 26, K. G. Marg, New Delhi 110 001.		0.50
			<b>B. D. Aggarwal &amp; Co.</b> G-12, Gr. Floor, Arunachal Pradesh, New Delhi 110 001.		0.50
			<b>NDA Share Brokers</b> UB-12A Indra Prakash Bldg., 21, Barakhamba Road, New Delhi 110 001.		0.50

Name and Address of Underwriters	Underwriting Letter dated	Amount Underwritten	Name and Address of Underwriters	Underwriting Letter dated	Amount Underwritten
(Rs. in Lac)			(Rs. in Lac)		
<b>PUNE</b>			<b>Shailesh S. Jhaveri</b>		1.00
<b>M/s. Arwind M. Shah</b> 1232, Apte Road, Success Chambers, Pune 411 004.		0.50	Anand Chambers, Opp. Paradise Complex, Sayajiganj, Vadodara 390 005.		
<b>RAJKOT</b>			<b>Subhash Dalal</b>		1.00
<b>Anil Dhulia</b> 241, 2nd Floor, Surf F Jaykhodiyar Commercial, Rajkot 360 001.		1.00	151, Paradise Complex, 1st Floor, Vadodara 390 005.		
<b>Pravin Rayani</b> 309, Puja Commercial, 3rd Floor, Har Har Chowk, Rajkot 360 001.		1.00		<b>Sub Total of (B)</b>	<b>37.50</b>
<b>VADODARA</b>				<b>Grand Total (A +B)</b>	<b>75.00</b>
<b>Navinchandra &amp; Co.</b> 375, Gendigate Road, Vadodara 390 017.		0.50			

All the underwriting letters mentioned above have been accepted by the Board on 21/02/1995 and in the opinion of the Board of Directors and the Lead Managers and as per the certificate of net worth received from the underwriters, the resources of the underwriters are sufficient to meet their respective obligations in full. In the opinion of the Lead Manager, the assets of the underwriters are adequate to meet their respective underwriting obligations. Besides Lead Managers all intermediaries to the issue are registered with SEBI and their registration is valid till date.

## II. CAPITAL STRUCTURE OF THE COMPANY

		Nominal Value (Rupees)
<b>A. AUTHORISED CAPITAL</b>		
30,00,000	Equity Shares of Rs.10/- each	300,00,000
<b>B. ISSUED, SUBSCRIBED AND PAID-UP</b>		
22,50,000	Equity Shares of Rs.10/- each	225,00,000
<b>C. PRESENT ISSUE FOR CASH AT PAR TO THE PUBLIC FOR SUBSCRIPTION IN TERMS OF THE PROSPECTUS</b>		
7,50,000	Equity Shares of Rs.10/- each for cash at par to the Indian resident public	75,00,000
<b>D. TOTAL PAID-UP CAPITAL AFTER ISSUE</b>		
30,00,000	Equity Shares of Rs.10/- each	300,00,000

### NOTES

1. Details of allotment of shares to Promoters, including lock-in period as applicable.

Sr. No.	No. of Shares	Issue Price (Rs.)	% of total paid-up capital after issue	Date of allotment	Lock-in period from date of allotment	Nature of Allotment	Type of Issue
1.	200	10/-	0.01	19/07/86	NIL	CASH	Equity Issue
2.	56500	10/-	1.88	01/02/91	NIL	CASH	-do-
3.	183300	10/-	6.11	01/02/92	NIL	CASH	-do-
4.	80000	10/-	2.67	30/09/94	NIL	BONUS SHARES	-do-
5.	280000	10/-	9.33	05/12/94	NIL	CASH	-do-
6.	420000	10/-	14.00	05/12/94	5 YEARS	CASH	-do-
7.	330000	10/-	11.00	23/01/95	5 YEARS	CASH	-do-
	<u>13,50,000</u>		<u>45.00</u>				

#### Note :

- \* All the shares have been fully paid-up on the date of allotment.
- \* All the above shares have been issued for cash only except 80000 Equity Shares of Rs. 10/- each which have been allotted on 30th September, 1994 by way of issue of fully paid up bonus shares by capitalisation of General Reserves.
- \* The issued, subscribed and paid up capital includes 9,00,000 equity shares of Rs. 10/-each aggregating Rs.90,00,000, allotted to Overseas Corporate Bodies (OCBs) for which the Company has received in principle permission from the RBI vide their letter Ref CO.FID.(II)NRIC/515/4922/94-95 dtd 13/07/1994.
- The Company has also received final permission from The Reserve Bank of India (RBI) vide letter Ref EC.CO.FID (II)/9470/10.02/40/C4922/94-95 dated 20/01/95 for allotment of shares to OCBs on repatriable basis. These shares have been allotted on 23/01/95.
- \* The Equity Shares under item Nos.1 to 3 above were having a face value of Rs.100/-per share and have subsequently been subdivided into shares of Rs.10/- each by subdivision of Paid-up Share Capital from Rs.100/-per share to Rs.10/- per share by a Resolution passed at Extraordinary General Meeting held on 19th September, 1994.
- 2. Subsequent to the public issue, the aggregate holding of the Promoters, Directors, their friends, relatives and associates would be approximately 45 % of the post issue paid up capital of the Company.

### III TERMS OF THE PRESENT ISSUE

#### A. TERMS OF ISSUE

The Equity Shares hereby offered are subject to the terms of this Prospectus, the Application Form, Memorandum Containing Salient Features of the Prospects and Memorandum and Articles of Association (hereinafter referred to as the 'Articles') of the Company, the guidelines for allotment and listing of securities issued from time to time by the Government of India and the Companies Act, 1956.

#### B. TERMS OF PAYMENT

Applications should be made for a minimum of 500 Equity Shares and in multiples of 100 shares thereafter.

The amount payable per Equity Share will be as under :

On Application Rs.10/- per Equity Share.

It should be noted that the application for equity shares offered to the Indian Public would be restricted to the total offer to the Indian Public.

#### RIGHTS OF INSTRUMENT HOLDERS

The Equity Shares now being issued shall rank pari passu with the existing issued Equity Shares of the Company and the holders of the Equity Shares will be entitled to dividend, bonus shares, rights shares, attend all general meetings (annual and extra-ordinary meetings), both in person or by proxy, return of capital and surplus, if any, on winding up and that they will qualify for dividend, if any, which may be declared or paid on the Equity Shares after the allotment thereof except that such dividends will be paid pro rata for the period during which this capital is paid-up.

#### AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS

Application Forms along with the Memorandum containing salient features of the Prospectus and the copies of Prospectus may be obtained from the Registered Office of the Company, the Lead Managers, and the Bankers to the issue named herein or from the branches of the Bankers to the issue as stated on the reverse of the application form. Copies of this prospectus will be supplied on request.

#### PROCEDURE FOR APPLICATION AND MODE OF PAYMENT

##### APPLICATION BY INDIAN PUBLIC

a) Application must be made only:

- i) By Indian Nationals resident in India
- ii) In the prescribed application form completed in full in **BLOCK LETTERS** in ENGLISH in accordance with the instructions contained herein and in the Application Form and if not so made the application shall be liable to be rejected.
- iii) For a minimum of 500 Equity Shares and in multiples of 100 shares thereafter.
- iv) In single name or joint names (not more than three); and
- v) In the names of individuals, limited companies, statutory corporations or institutions and not in the names of foreign nationals, non-residents, trusts (unless the trust is registered under the Societies Registration Act 1860 or any other applicable trust law and is authorised under its constitution to hold Shares in a Company), minors, partnership firms or their nominees.
- vi) Where the application is for Equity Shares of the total value of Rs. 50,000/- or more, the applicant or in the case of applications in joint names, each applicant should mention his/her Permanent Account Number (P.A.N.) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the G.I.R No. and the Income Tax Circle/Ward/District. In case neither the P.A.N. nor

the G.I.R. number has been allotted, mention "NOT ALLOTTED" in the space provided. Application forms without this information will be considered incomplete and are liable to be rejected.

- b) Payment shall be made in cash or by cheque or bank draft or stock invest, (Money orders/postal orders will not be accepted). Cheques or Bank Drafts or stockinvests should be drawn on any Bank (including a Co-operative Bank) which is situated at and is a member or a sub-member of the Bankers clearing house located at the places where the application form is submitted. Outstation cheques or bank drafts will not be accepted and application form accompanied by such cheques or bank drafts will be rejected.
- c) Cheques/Bank Drafts/Stockinvest should be made payable to any of the Bankers to the Issue marked "- Bank - A/c. - CINERAD - PUBLIC ISSUE" (For example "BANK OF INDIA - A/C CINERAD- PUBLIC ISSUE") and crossed "A/c. Payee only." In case of payment by cheque or Bank drafts or Stockinvest a separate cheque or Bank draft or Stockinvest should accompany each application form.
- d) All application forms duly completed together with cash/cheques/bank drafts/Stockinvest (Money orders, Postal Orders will not be accepted) for the amount payable on application as prescribed earlier in this prospectus must be delivered before the closure of the subscription list to any of the Bankers to the issue or to their branches mentioned on the reverse of the application form and not to the Company or Registrars to the Issue or Lead Managers to the Issue.
- e) No receipt will be issued for application money. However, the bankers to the issue and/or their branches receiving the application will acknowledge the receipt of the application by stamping and returning the detachable acknowledgement slip appended to each Application Form.
- f) Applicants should mention the number of application form on the reverse of the instruments to avoid misuse of instruments submitted along with the application forms.
- g) Applicants should insert the particulars relating to Savings Bank/Current A/c number and the name of the Bank with whom such account is held in the space provided in the form.

FOR FURTHER INSTRUCTIONS, PLEASE READ THE APPLICATION FORM CAREFULLY.

#### APPLICATION BY STOCKINVEST

##### PROCEDURE FOR PAYMENT BY MEANS OF STOCKINVEST

1. Any person ("the investor") may approach the issuing bank with whom he maintains an account, for issue of stockinvest of required denominations for payment of application and/or allotment money wherever applicable while making an application for issue of shares, debentures etc.
2. The investor shall give irrevocable authority to the issuer bank to mark a lien to the extent of the face value of stockinvest on his deposit account with the issuer bank.
3. Investors, in their own interest, should preferably use stockinvest within ten days from the date of issue to ensure that it remains valid till the time of collection.
4. The investor shall provide necessary details, such as payee's name, amount, number of shares applied for, application form, number, etc., in the left hand portion of the stockinvest and his name and address in a box on the reverse of the stockinvest before depositing it with Banker to the issue. In case a box is not provided on the reverse of the stockinvest for writing the name and address of the investor, an allonge may be obtained for the purpose and attached with the stockinvest. The allonge should be used to write the investor's name(s) and full address to enable the Registrars to return the cancelled stockinvest directly to the investors.
5. As far as possible, the investors should use only one stockinvest along with each application for subscription to an

issue. If stockinvest of an odd amount is required and the same is not available in the printed form with the issuing bank, the investor should request the issuing bank to issue printed stockinvest for the nearest value and the balance may be issued in the prescribed stockinvest form by filling the amount manually.

6. The investors should not hand over stockinvest taken against their own account to any third party. The purchaser of stockinvest should be the first applicant in the share application form. If the signature of the purchaser of stockinvest and the applicant does not tally, it would be treated as a third party stockinvest and thus rendered invalid.
7. Stockinvest are to be used by the purchaser within 10 days of issue and for the purpose, the last day for use of the stockinvest should be indicated on the face of the stockinvest with a notation "To be used before \_\_\_\_\_".
8. Stockinvest should be marked A/c Payee and made payable only to the issuer company.
9. Stockinvest instruments are payable at par at all the branches of the issuing bank as such, outstation Stockinvest instrument can be attached to the application form.
10. The currency of the stockinvest would be four months.
11. Only individuals and Mutual Funds are eligible to use stockinvest.

#### **DISPOSALS OF APPLICATIONS ACCOMPANIED BY STOCKINVESTS**

1. In case of the partial/full allotment, stockinvest will be sent to the issuing branch through the controlling branch of the stockinvest issuing bank after collection.
2. In case of non-allotees/partially successful allottees with more than one stockinvest, the cancelled stockinvests shall be returned to the applicants along with the relative advice. Stockinvest should bear stamps such as "CANCELLED" and "NOT ALLOTTED" across the face of the instrument.
3. In case of full or partial allotment, the right hand portion of the stockinvest shall be filled in for the amount payable on the shares/debentures, etc., allotted and the stockinvests shall be discharged on behalf of the issuer company and will be sent to the issuing branch for collection of proceeds.
4. (i) Investors may please note that in case of partial or non-allotment, lien shall be lifted in the following manner -
  - (a) In case of non-allotment, on presentation by the applicant to the issuing bank branch of the stockinvest duly cancelled by the Registrar.
  - (b) In case of partial allotment (for the unutilised amount), on receipt of advice from the controlling branch of the issuing bank as to the amount collected or surrender of unutilised cancelled stockinvests received by the investors directly from the Registrar.
 (ii) In case the cancelled/partially utilised stockinvest is not received by an investor from the Registrar, lien will be lifted by the issuing branch on expiry of four months from the date of issue against an indemnity bond from the investor.
5. Multiple applications under a single stockinvest will be rejected as each application is required to be accompanied by a separate instrument.
6. Inquiries relating to stockinvest may be addressed only to the Registrars and not to the issuing bank.
7. The Board has passed a resolution on 21.2.1995 that the Registrars to the Issue have been authorised to sign on behalf of the Company for realising the proceeds of the STOCKINVESTS of the successful allottees or to affix non-allotment advice on the instrument or to cancel the stockinvest of the non-allotees or partially successful allottees with more than one stockinvest. The cancelled instrument shall be sent back by the Registrars to the investor directly.

#### **JOINT APPLICATION**

An application may be made in single or in joint names (not more than three). In the case of a joint application, refund order (if any), dividend / interest warrants etc., will be made out in favour of, and all communications will be addressed to, the applicant whose name appears first and at his / her address stated in the Application Form.

#### **REJECTION OF MULTIPLE APPLICATIONS**

An applicant should submit only one application (and not more than one) for the total number of Equity Shares required. Applications may be made in single or joint names (not more than three). Two or more applications in single and/or in joint names will be deemed to be multiple applications if the sole and/or the first applicant is one and the same. The Board of Directors reserves the right to reject in its absolute discretion all or any multiple application(s).

#### **APPLICATIONS UNDER POWER OF ATTORNEY OR BY LIMITED COMPANIES**

In the case of applications under Power of Attorney or by limited companies or corporate bodies, the relevant Power of Attorney or the relevant authority, as the case may be, or a duly certified copy thereof, must be lodged separately quoting the serial number of the Application Form at the Office of the Registrars to the Issue, simultaneously with the submission of the Application Form failing which the application is liable to be rejected.

#### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEY**

No receipt will be issued for application money. However the Bankers to the Issue receiving the application will acknowledge the receipt of the application by stamping and returning the detachable acknowledgement slip appended to each application form.

The board reserves full, unqualified and absolute right to accept or to reject any application in whole or in part and in either case without assigning any reason thereof. In case an application is rejected in full, the whole of the application money received will be refunded and where an application is rejected in part, the balance of application money will be refunded to the applicants within ten weeks of the date of closing of the subscription list.

Where an applicant is allotted lesser number of equity shares than applied for, the excess amount will be refunded to him/her in accordance with the provisions of the Act.

Allotment Letters or Share Certificates or letters of regret together with refund orders, if any, as the case may be will be despatched by Registered Post, or under Certificate of Posting or as per extant postal rules, at the applicant's risk, within 10 weeks of closure of subscription list.

The sum received in respect of the public issue will be kept in a separate Bank Accounts and the Company will not appropriate the funds unless the approval of the Stock Exchange at Bombay is obtained for allotment of shares.

Refunds will be made by cheque or pay orders drawn on the Company's Refund Bankers and bank charges, if any for encashing such cheques or pay orders will be payable by the applicant. Such cheques or pay orders will however, be payable at par at the branches of the Bankers to the Issue located at all the places where applications are accepted. All cheques, pay orders, letters of allotment and share certificates (as the case may be) will be despatched to the applicants at their address given in the application form.

#### **BASIS OF ALLOTMENT**

In the event of Public Issue of Equity Shares being oversubscribed, the basis of allotment will be finalised in consultation with the Regional Stock Exchange at Bombay. A SEBI nominated public

representative shall be associated in case the issue is oversubscribed by more than five times.

The allotment shall be made in marketable lots, on a proportionate basis as explained below :

- a. Applicants will be categorised according to the number of shares applied for
- b. The total number of shares to be allotted to each category as a whole shall be arrived at on a proportionate basis.
- c. Number of shares to be allotted to the successful allottees will be arrived at on a proportionate basis.
- d. All the applications where the proportionate allotment works out to less than 100 shares per applicant, the allotment shall be made as follows:
  1. Each successful applicant shall be allotted a minimum of 100 shares.
  2. the successful applicant out of the total applicants for that category shall be determined by draw of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (b) above.
- e. If the proportionate allotment to an applicant works out to a number that is more than 100 but is not a multiple of 100 (which is the marketable lot), the number in excess of the multiple of 100 would be rounded off to the higher multiple of 100 if that number is 50 or higher. If that number is lower than 50, it would be rounded off to the lower multiple of 100.
- f. If the shares allocated on a proportionate basis to any category is more than the shares allotted to the applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance shares, if any, remaining after such adjustment, will be added to the category comprising of applicants applying for minimum number of shares.

However, the total number of shares to be allotted will not exceed the total size of the issue as mentioned in this prospectus.

#### INTEREST ON EXCESS APPLICATION MONEY

For delay beyond 78 days in refund of excess application money interest at the rate of 15% p.a. on the refundable and excess application money will be paid to the applicant as per guidelines issued by the Government of India, Ministry of Finance vide their letter No. F/14/2/SE/85 dated 27.9.1985, addressed to the Stock Exchanges.

#### TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS

The company has been advised by its auditors M/s Gandhi Naik & Associates, Chartered Accountants, Bombay, vide their letter dated 30th November, 1994 that under the current provisions of the Income Tax Act, 1961 (hereinafter referred to as the "I.T. Act") and other applicable Direct Tax Laws for the time being in force, the following Tax Benefits will, inter alia, be available to the Company and its members:

##### A. TO THE COMPANY

1. Upon the listing of the Equity Shares of the Company on a Recognised Stock Exchange in accordance with the provisions of Securities Contracts (Regulation) Act, 1956, the Company will be treated as a Company in which the public are substantially interested, as defined under Section 2(18) of the Income Tax Act, 1961 (the Income Tax Act). The Income Tax rate applicable to the taxable income of the Company would thereupon be lower.
2. Under Section 35(1)(iv) of the Income Tax Act, the Company will be entitled to deduction of the entire capital expenditure (other than on acquisition of land) incurred on Scientific

Research related to the business carried on by the Company in the year in which such expenditure is incurred.

3. The expenditure incurred by the Company being in the nature of Share Issue Expenses as specified under Section 35 D of the Income Tax Act, can be amortised over a period of ten years subject to the overall limits provided under that Section.
4. In accordance with, and subject to the terms and conditions specified in Section 80 HHC of the Income Tax Act, the Company shall be entitled to exemption in respect of income that may be derived by it from its export business.
5. The Company would be entitled to deduction under Section 80 M of the Income Tax Act of an amount equal to so much of the income by way of dividends received from other domestic companies as does not exceed the amount of dividend distributed by the Company on or before the due date of filing of the return of income, provided that if such dividend is from units of Unit Trust of India, the deduction would be to the extent of two-fifths of such income for assessment year 1995-96 and no such deduction would be available for subsequent assessment years.

#### B. TO THE RESIDENT MEMBERS OF THE COMPANY

1. Members of the Company who are individuals, Hindu Undivided Families or specified Association of Persons or Body of individuals, will be entitled to a deduction under Section 80L of the Income Tax Act, from their total income to the extent of Rs.10,000/- in the aggregate per year in respect of specified items, which would include dividends received from the Company.
2. Members, being individuals resident in India, will be entitled to receive dividends without deduction of Income Tax at source, provided:
  - (i) Pursuant to Section 194 of the Income Tax Act, the amount of such dividend paid during any financial year by the Company to the member by an account payee cheque does not exceed Rs.2,500/-, or
  - (ii) pursuant to Section 197A of the Income Tax Act, the member furnishes to the Company a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the tax on his estimated total income is to be included in computing his total income will be Nil.
3. If the Company's shares are sold by an assessee after being held for twelve months, the gain, if any, would qualify as long term capital gains which would be computed by deducting from the gross consideration the indexed cost of acquisition and the indexed cost of improvement. The gains so computed would be taxed as a separate block at the rates specified hereunder:
  - i) in case of individuals and Hindu undivided family - 20%
  - ii) in case of a Company - 40%
  - iii) in case of others - 30%
4. (i) Members who are scheduled banks or public financial institutions or state financial corporation or state industrial investment corporation or companies registered under Section 25 of the Companies Act, 1956, would be entitled to a deduction under Section 80M of the Income Tax Act of an amount equal to 60% of the income by way of dividends received by them from the Company and included in their gross total income.
- (ii) Members who are domestic companies other than those referred to in (i) above would be entitled to deduction under Section 80M of the Income Tax Act of an amount equal to so much of the income by way of dividends received from the Company as does not exceed the amount of dividend distributed by such domestic company on or before the due date of filing of the Return of Income.

5. The members will not be liable to Wealth-tax on the value of shares held by them.

#### C. TO THE NON-RESIDENT MEMBERS OF THE COMPANY

- In accordance with and subject to the provisions of Section 115-E of the Income Tax Act, Non-resident Indians (NRIs), (i.e. individuals who are either citizens of India or of Indian origin who are also non-residents) who acquire shares issued pursuant to the prospectus by effecting payment in convertible foreign exchange have the option of being taxed on the dividend income arising from such shares and long term capital gain in respect of transfer of such shares, at a flat rate of 20% without aggregating their other taxable income in India which is taxed separately.
- Under Section 115-F of the Income Tax Act, in case of an NRIs long term capital gains, arising on sale of shares in the Company, shall be exempted from Income Tax if the net sales consideration is reinvested in specified assets, within six months of the date of transfer. If only a part of the net consideration is so reinvested the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the new assets are transferred or converted within three years from the date of their acquisition.
- Under Section 115-I of the Income Tax Act, NRIs may elect not to be governed by the provisions of Chapters XII-A (i.e. pay taxes under Section 115-E and 115-F of the Income Tax Act as aforesaid) and may opt to pay taxes at rates applicable to a resident Indian.
- Under Section 115-G of the Income Tax Act, it shall not be necessary for NRIs to furnish their return of Incomes if their only source of income is aforesaid investment income or long term capital gains or both, provided tax at source under the provisions of Chapter XVII B has been deducted from such income.
- Recognised Foreign Financial Institutions (FIIs) holding shares in the Company would under Section 115AD of the Income Tax Act, be charged to tax in India as under :
  - on dividend income @ 20%
  - on long term capital gains @ 10%
  - on short term capital gains @ 30%
- The members will not be liable to wealth tax on the value of shares held by them.
- In accordance with and subject to the provisions of Section 5(1)(ii) of the Gift-tax Act, 1958 exemption is available to a citizen of India or a person of Indian origin, who is not a resident, in respect of gifts made to any relative in India of shares in the Company acquired by him by payment of convertible foreign exchange.

#### IV. PARTICULARS OF THE ISSUE

##### OBJECTS OF THE PRESENT ISSUE

- To part finance the capital expenditure to be incurred by the Company for setting up a Digital Video Editing and Computer Graphics Facility.
- To meet the expenses of the Issue
- To enlist the shares on the Stock Exchange.

##### COST OF PROJECT AND MEANS OF FINANCE

The State Industrial And Investment Corporation of Maharashtra Limited (SICOM) carried out an appraisal of the project for the purpose of sanction of Term Loan Assistance and for issue of Equity Shares to the public. The cost of the project and means of finance as originally appraised by SICOM was Rs. 477 lac. A Term Loan of Rs.140 lac has been sanctioned by SICOM vide their letter No. PFD-II/8/A-1886/A dated 9.08.1994. An additional loan of Rs. 90 lac has been sanctioned by Maharashtra State Financial Corporation

(MSFC) to be utilised for acquisition of imported plant and machinery vide their letter No. HO/Z-1/BKRO-1565/699 dated 6th September 1994.

Subsequently, the cost of the project was increased to Rs. 495 lac. This was reappraised by SICOM and modified to Rs. 495 lac, as per their letter Ref. No. PFD-II/5/A-1886/94-95 dated 10 October, 1994, as follows:

##### COST OF THE PROJECT

	(Rs. in lac)
Cost of Premises (Location of Facility)	64.50
Lease deposit for Administrative Office	58.00
Plant & Machinery	296.20
Preliminary & Pre-Operative Expenses	53.00
Contingencies	12.30
<b>Total Capital Cost</b>	<b>484.00</b>
Working Capital Margin	11.00
<b>TOTAL PROJECT COST</b>	<b>495.00</b>

##### MEANS OF FINANCE

###### Equity Share Capital -

a) Indian Promoters	95.00
b) OCBs	90.00
c) Public Issue	80.00
	265.00

###### Term Loan -

SICOM	140.00
MSFC	90.00
	230.00

###### TOTAL

Subsequent to the SICOM appraisal, additional machinery costing Rs.35 lac was added as a separate requirement.

The details of the additional machinery to be acquired are as given below:

	(Rs. in lac)
1. Betacam Recorders	24.00
2. Graphics System	11.00
<b>TOTAL</b>	<b>35.00</b>

Thus, the present Project Cost is as follows :

##### PRESENT PROJECT COST

Cost of Premises (Location of Facility)	64.50
Lease deposit for Administrative Office	58.00
Plant & Machinery *	331.20
Preliminary & Pre-Operative Expenses	53.00
Contingencies	12.30

<b>Total Capital Cost</b>	<b>519.00</b>
Working Capital Margin	11.00

<b>TOTAL PROJECT COST</b>	<b>530.00</b>
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\*The details of plant & machinery are as under:

EQUIPMENT	ESTIMATED COST (Rs. in Lac)
1. Top-end Digital Non-Linear Editing Suite (with advanced special effects)	218.20
2. On-Line Digital Non-Linear Editing Suite	30.00
3. Off-Line Editing Suites (2 Nos.)	24.00
4. Computer-Graphics Animation (Inclusive 2 D Paint & Animation, with 3 D Modelling)	27.00
5. Digital Camera	32.00
<b>TOTAL</b>	<b>331.20</b>

### REVISED MEANS OF FINANCE

Equity Share Capital		(Rs. in lac)	
a) Indian Promoters (Friends & Relatives)	135.00		
b) OCBs	90.00		
c) Public Issue	75.00	300.00	
<b>Term Loan</b>			
SICOM	140.00		
MSFC	90.00		
<b>TOTAL</b>		230.00	
		<b>530.00</b>	

#### Note :

The requirement of funds for the project for the quarters ending March 31, 1995 and June 30, 1995 is Rs. 308.07 lac and Rs. 85.64 lac respectively. The availability of funds for these two quarters is Rs. 321.71 lac and Rs. 13.64 lac only, thereby resulting into a shortfall of Rs. 72.00 lac. Thus it will be seen that the proceeds of the public issue of Rs. 75 lac are absolutely necessary for the smooth implementation of the project.

### WORKING CAPITAL ARRANGEMENT

The estimate of working capital requirement is based on the following assumptions:

1) Stores and Spares	180 days
2) Receivables	30 days
3) Working Expenses	30 days

The total working capital requirements have been estimated as under :

1995-96 (Rs. in lac)	1996-97 (Rs. in lac)
21.90	26.60

The Company has already made an application to Bank of India, Zonal Office, Nariman Point, Bombay for sanction of working capital requirements.

The assessment of working capital requirements for 1995-96 by Bank of India is under process.

The final sanction from the bankers for a working capital limit of Rs. 25 lac based on hypothecation of Book Debts not exceeding 60 days and electronic equipment spares upto a value of Rs. 12.50 lac is expected shortly.

The working capital limit of Rs. 25 lac being assessed by the Bankers is more than the limit of Rs. 21.09 lac estimated by SICOM. It may be noted though, that SICOM's estimates of working capital requirement is only indicative as they were primarily involved with the appraisal of the Company's term loan application.

### V. COMPANY, MANAGEMENT AND PROJECT

#### BRIEF HISTORY, MAIN OBJECTS AND BUSINESS OF THE COMPANY

##### BRIEF HISTORY

Cinerad Communications Limited was incorporated as a Private Limited Company on 17th September, 1986 and was subsequently converted to a Public limited Company vide Special Resolution passed on 2.10.1994 and obtained Fresh Certificate of Incorporation dated 1st November, 1994, issued by the Registrar of Companies, Maharashtra, Bombay.

Since its inception in 1986, the Company was involved in the production of advertising films. Its client base included corporate entities from various segments of industry. An indicative list of clients for whom advertising films were produced by the Company is given below :

COMPANY	PRODUCT	COMPANY	PRODUCT
HMT Ltd	Utsav Watches	Herbertsons Ltd	Bagpiper Gold Whiskey
Ramada Hotels Ltd	Goa Renaissance Resort	Grasim Industries	Graviera Suitings
Godrej Soaps Ltd	Hi Foam Super Biz. Godrej Shikakai. Godrej Liquid Cleaner.	Everest Ad.Pvt. Ltd.	Velvette Shampoo. LML Vespa.
Tata Chemicals Ltd	Shudh Detergent Eze Liquid Super 501	Grey Switzerland (Geneva)	India Tourism
Transgulf Design & Advertising (Dubai)	India Tourism	Butler Lutos Sutton Wilkinson (London)	India Tourism

In addition, the company had produced two India Tourism commercials for McCann Direct, New York, a division of McCann Erickson, currently one of the largest advertising agencies in the world.

### PRESENT ACTIVITIES

From 1993-94, the focus of the Company's activities has changed from the production of advertising films to the planning and establishment of a Digital Video Editing and Computer Graphics Facility. The Company had at that time taken a policy decision to concentrate entirely on this new project and cease production of advertising films. The other Group concerns would continue to handle the production end of the business. The revenue figures for 1993-94 given below reflect this policy decision.

### PAST PERFORMANCE

Financial Highlights Of The Company are as follows:

	(Rs. in lac)	1991-92	92-93	93-94
Sales		19.41	56.09	7.34
Profit before Depreciation & Tax		1.46	5.47	1.32
Profit after Tax		0.31	3.35	0.41
Capital		24.00	24.00	24.00
Reserves		4.37	8.26	* 51.65
E.P.S (Rs.)		0.13	1.40	0.17
Book Value		11.82	13.44	13.43
CEPS		6.08	18.00	18.00
Gross Profit to sales (%)		14.10	18.00	18.00
Net Profit to sales (%)		1.50	5.00	5.59

\* Total Reserves of Rs. 51.65 lac in the year 1993-94 includes Revaluation Reserve of Rs. 43.42 lac.

### NOTES TO ACCOUNTS

#### 1. Depreciation :

- i) On all fixed assets, rates prescribed in Schedule XIV of the Companies Act 1956, for straight line method have been applied.
- ii) An amount of Rs. 8338/- has been transferred from Revaluation Reserve to Profit & Loss A/c representing Depreciation provided relating to revaluation increase.

### MAIN OBJECTS OF THE COMPANY

The Main Objects of the Company as set out in the Memorandum of Association are as follows:

To act as Motion Picture Producers in talkie version or otherwise, in 70mm, 35mm, 16mm, 18mm or otherwise, in Hindustan version or otherwise, in any colour- Eastmancolor, Technicolor, Gevacolor or otherwise, or Black and White or otherwise, including

documentaries and advertising films, and to let the same on hire or otherwise, for distribution or exhibition, or to sell the same wholly or such part thereof or part rights thereof for such consideration or upon such terms and conditions as may be deemed necessary or expedient.

Apart from the above, sub-clause 11 of Incidental or Ancillary objects, provides as under:

To buy, make, produce, take on hire or otherwise acquire all necessary machinery, cameras, instruments, apparatus, tools, sound recording sets, reproducing sets, reproducing machines, lighting sets, chemicals, dresses, ornaments, furniture, photographic and optical goods, cinematographic films, broadcasting and receiving sets and television sets, material for setting, decorating or any other articles required in connection with the business of the Company, and to deal in all or any of them inclusive of by selling or leasing them out from time to time.

#### SUBSIDIARY OF THE COMPANY

The Company has no subsidiary company within the meaning of Section 4 of the Companies Act, 1956.

#### PROMOTERS

The Company has been promoted by Mr. Zafar Hai, aged 51 years, who has acquired his M.A. Degree from Oxford University, U.K. in Philosophy, Politics and Economics. He is a well known director/producer in the world of advertising films and documentaries, having produced and directed more than 300 cinema and television commercials in a career spanning over 20 years.

During this period, his films have won him most of the significant Indian awards in the field, as well as some prestigious international awards; the major ones being :

AWARD	YEAR	FILM
<b>Indian</b>		
National Awards (Best Promotional Films)	1972	Destination India
	1977	Transformations
Film fare Award (Best Documentary)	1994	Timeless India
	1977	Transformations
	1982	Experience India
<b>International</b>		
World Festival of Aviation Films (Rome) (Silver Leaf Award)	1975	To Serve Is To Love
Scandinavian Travel and Tourist Exhibition San Francisco (Best Travel Film)	1981	Touchdown
Inforfilm International Award (Prix ITB Berlin)	1994	Timeless India
Milan Tourism Film Festival (Photography Award)	1994	Timeless India

A film on Hyderabad—"A Place in the Heart", also recently completed, was selected for the Panorama Section of International Film Festival of India 1994.

In 1987, Mr. Zafar Hai directed "The Perfect Murder", a feature film in English, which was produced by Merchant Ivory Productions and broadcast by BBC, Star TV, and Doordarshan, as well as Channel 4 in the U.K. recently.

#### GROUP COMPANIES

Mr. Zafar Hai has a controlling interest in two partnership firms, Messrs Haimark Films International and Messrs. Cinerad Communications, which are both involved in the business of producing TV commercials and Promotional Films. The turnover for the year 1993-94 of Messrs. Haimark Films International and Messrs. Cinerad Communications was Rs. 55.80 lac and Rs. 23.92

lac, respectively.

Additionally, Mr. Zafar Hai is a joint promoter and director of Rhizic Communications Pvt. Ltd., an advertising agency with a client list that includes Premier Automobiles Ltd., the Maharashtra Tourism Development Corporation, Premier Credit and Capital Ltd., Air Mauritius and Netlon.

The financial highlights of Rhizic Communications Private Limited are given below :

	(Rs. in lac)	1991-92	92-93	93-94
Sales		240.00	274.53	325.40
Profit before Depreciation & Tax		4.85	4.05	4.48
Profit after Tax		0.19	1.40	0.50
Capital		6.50	6.50	6.50
Reserves		13.55	17.95	18.45
E.P.S		0.30	2.15	0.77
Book Value		30.85	37.60	38.39
CEPS		7.46	6.23	6.90

#### NOTES TO ACCOUNTS

1. The Company has incurred expenditure of Rs. 1,20,432/- and Rs. 57,548/- on Creative Consultancy Fees and Research and Writing Fees respectively. This expenditure has been identified by the Company as being of long term benefit and is being written off over a period of 5 years. Accordingly an amount of Rs. 44,495/- was written off during the year and the balance of Rs. 1,33,485/- is being carried forward to be charged in future years.
2. The Company generally follows the accrual basis of accounting both as to income and expenditure except those with significant uncertainties.

The financial highlights of M/s. Haimark Films International are as under :

	Rs. in lac	1991-92	92-93	93-94
Sales & Other Income		8.09	45.87	57.35
Profit before Depreciation & Tax		0.17	0.79	1.02
Profit after Tax		0.10	0.38	0.56
Capital		1.86	2.05	2.32

The financial highlights of M/s. Cinerad Communications are as under :

	Rs. in lac	1991-92	92-93	93-94
Sales & other Income		4.85	21.08	30.75
Profit before Depreciation & Tax		(0.09)	1.35	1.53
Profit after Tax		(0.09)	0.51	0.79
Capital		3.47	3.41	3.80

#### MANAGEMENT AND KEY PERSONNEL

The Management of the Company vests with the Board of Directors.

**Mr. Zafar Hai** is the Chairman and Managing Director of the Company and he looks after the day to day operations of the Company.

**Mr. Anil Harish** is a partner in a well known firm, Messrs. D. M. Harish and Company, Advocates, which has an association with the London law firm of Palmer Cowen Solicitors.

**Mr. Rashpal Malhotra** is the founder Director of The Centre for Research In Rural and Industrial Development, Chandigarh. He is also an Executive Director of the Himalayan Institute Hospital Trust and Director of 21st Century India Society.

**Mrs. Sartaj Noorani** is an Hons. Arts Graduate and has been a Director on the Board since the incorporation of the Company. The Board is assisted by a team of qualified professionals with

considerable experience in their respective fields.

**Mr. Waman Mohile**, the Production Controller, is a Diploma holder from FTII-Pune, and has been in the field of cinema and television for nearly three decades. He has worked as production controller on the following films : The Dada Saheb Phalke Award winning feature film ' Mrig Trishna', a Hollywood feature film, 'Monkeys of Bandarpur', and a number of Hindi feature films. Mr. Mohile has been in continuous service with the Haimark/Cinerad Group for the last 15 years.

**Mr. Chandras H. Shetty**, the Production Manager, is an Arts graduate and has been involved in the production of various Hindi feature films for more than 11 years. Since 1991, he has been employed with the Haimark/Cinerad Group.

**Mr. Rakesh Parekh** is the Technical Manager/Chief Editor. He is a graduate from IIT, with more than 10 years of work experience. He has worked with top video companies like Esquire, Bombino, and Sahara India. At Sahara India he was working as a chief editor cum maintenance engineer of Beta Digital computerised Editing system.

### BOARD OF DIRECTORS

The following is the composition of the Board of Directors of the Company :

Name, Address & Occupation	Particulars of other Directorships
<b>Mr.Zafar Hai</b> <i>Chairman &amp; Managing Director</i> ( S/o Mr. M.A. Hai ) 18 C/D Lands End, Malabar Hill, Bombay 400 006. <i>Film Producer/Director</i>	Rhizic Communications Private Limited Perfect Movies Private Limited
<b>Mr.Anil Harish</b> (S/o Mr. D.M. Harish) CCI Chambers, D. Vaccha Road, Bombay 400 020. <i>Advocate</i>	Wall Street Finance Limited Inlaks Shipping Co.Limited Jayems Engineering Pvt.Ltd. Khatau International Limited Western Home-maker City Limited Arabian Consultants Private Limited Indeusia Inter-Trade Private Limited Seymore Consultants Private Limited Oasis Construction (Overseas) Private Limited Geepee Shipping Agencies Private Limited G. Premjee Trading Private Limited Rhizic Communications Private Limited Quantum Properties Private Limited Quantum Holdings Private Limited Quantum Financial Services Private Limited Manar Estates Limited Paramount Shipping & Management Private Limited Rekha Gondwana Granite Limited Software Technology Park Private Limited Sherbook International Private Limited Sheimar Seafoods Limited Tolani Bulk Carriers Limited Valecha Engineering Limited Sai International Electrical Reflector Private Limited Vinari Constructions Private Limited Rama Phosphates Limited Tolani Limited Tolani Shipping Company Limited
<b>Mr. Rashpal Malhotra</b> S/o. Hardial Malhotra, Bungalow No. 727, Sector, 11-B, Chandigarh-160 011. <i>Director</i>	Namtech Electronic Devices Limited Kasinka India Private Limited
<b>Mrs.S. Noorani</b> W/o Mr. M. Noorani 53, Sherman, Narayan Dabholkar Road, Bombay 400 026. <i>Business</i>	Nil

## PROJECT

The Company is setting-up a state-of-the-art Digital Video Editing and Computer Graphics facility to cater to the advertising film production and TV programming industries. The facility will be used for the post-production of advertising, promotional, corporate and documentary films, as well as for domestic and international TV programming, inclusive of TV Serials, Talk Shows, Quiz Programmes, etc.

The facility will feature two top-end On Line digital non-linear editing set-ups on par with the latest in the world, together with Off-line Editing Suites, Digital Cameras and an advanced Computer Graphics System, capable of complex special effects seen in films like Jurassic Park and top foreign TV commercials.

The above equipment will be available to leading ad film and TV producers on an hourly or shift-wise rental basis.

## LAND AND BUILDING

The premises acquired by the Company for setting-up the equipment comprises a built-up area of around 1000 sq. ft and is on the ground floor of the Bombay Market Building, Tardeo, Bombay 400 034. The Company purchased this space in 1992 from the Women's India Trust, as per the transfer deeds dated 9th November 1991 and 29th February 1992. The No-Objection certificate from the Income Tax Department was obtained on 26th July 1991 under section UL (3) of the Income Tax Act, 1961, pursuant to the application in form 37-I filed on 31-07-1991. The Company has plans to acquire additional space nearby for further expansion in the near future.

The Tardeo location is most suitable as it houses the offices of a majority of the advertising and short film producers, as well as those of quite a few major film makers. The Film Centre Processing Laboratories and Famous Studios, Mahalaxmi Complex, which houses the heart of the advertising film industry in Bombay, are situated within the vicinity.

The Company has contracted Mr. Rahul Mehrotra, an interior designer, to re-structure and furnish the facility.

## PLANT AND MACHINERY

The main feature of this project is that all the equipment acquired will be fully digital and non-linear, along lines charted by the latest post-production facilities in the U.S.A. and Europe.

The total cost of plant and machinery has been estimated at Rs. 331.20 lac. All of the equipment will be imported, except for machinery of the value of Rs. 20 lac, comprising of a major part of the Off-Line Editing Suites, which is to be procured locally.

The equipment will be configured in the following manner:

EQUIPMENT	ESTIMATED COST
Rs. in Lac	
1. Top-end Digital Non-Linear Editing Suite (with advanced special effects)	218.20
2. On-Line Digital Non-Linear Editing Suite	30.00
3. Off-Line Editing Suites(2 Nos.)	24.00 (1 no.already purchased)
4. Computer-Graphics Animation (Inclusive 2 D Paint & Animation, with 3 D Modelling)	27.00
5. Digital Camera	32.00
<b>TOTAL</b>	<b>331.20</b>

The details of purchase orders placed with the suppliers are as under:

Name of Supplier	Date of Order	F.O.B. Price	Items Ordered
Birns & Sawyer Inc.	08/12/94	US\$ 13130	a) Medium duty tripod b) Fluid Head c) Porta-Jib & Accessories

Sony Corporation Hongkong Ltd.	01/12/94	US\$ 107544	a) Betacam/U matic recorders b) Monitors etc
Tiffen, New York,USA	08/12/94	US\$ 4115	a) Camera Filters
Canon Singapore Pte Ltd.	03/12/94	US\$ 24675	a) Canon Zoomis Lens 2 nos & Accessories
Canon Singapore Pte Ltd.	03/12/94	Jap.Yen 807000	a) Matte Box, made by Technik & Accessories.
Ikegami Tsushinki Company ltd.	03/12/94	Jap.Yen 4629780	a) HL-57 Digital Processing CCD Portable Camera (PAL) b) Camera Head & Accessories.

The total F.O.B. Value : Rs. 64,72,338/-

The total Estimated Value inclusive of all duties : Rs. 82,00,000/-

The Company has already received import licence No.P/CG/2133848 dated 01/02/1995 for import of machinery for Rs.74.48 lac.

Delivery is expected by 1st week of March 1995.

The company is in the process of making a final selection from equipment manufactured by the following well-known companies: Silicon Graphics Computer Systems, U.S.A.; Quantel Limited, U.K., and Parallax Graphics System Limited, U.K.

The Company intends to import a major part of the equipment under the EPCG scheme, wherein concessional import duty will be applicable. Against this the company will have to undertake an export obligation of approximately Rs. 650 lac over a period of 5 years.

The Company does not propose to purchase any second-hand machinery.

## RAW MATERIAL

The only raw material involved consists of Betacam and U-matic video tapes, which are readily available locally through Sony distributors and others.

## MANPOWER REQUIREMENT

The following is the manpower requirement of the Company :

	EXISTING	TO BE INDUCTED	TOTAL
Technical	03	07	10
Non-Technical	01	05	06
Managerial	03	00	03
Staff	01	09	10
<b>Total</b>	<b>08</b>	<b>21</b>	<b>29</b>

For the rest of its requirement the Company proposes to recruit similar persons of technical expertise through industry contacts or advertisement. Since the management of the Company has handsdown experience of the business, the management is confident of recruitment and training the required manpower.

## POWER

A power connection of 30 KVA will be sufficient to meet the maximum requirements of the facility. Out of this sanction for 12KVA has already been received and an application to BEST has already been made for the additional requirement and sanction is expected shortly.

## EFFLUENTS

The process does not produce either air or water pollutants. Hence there is no requirement for environmental clearance from any authority. By way of abundant precaution, however, the Company has made an application to the Maharashtra Pollution Control Board for a no-objection certificate.

### SCHEDULE OF IMPLEMENTATION

Re-structuring and renovation work is in progress at the project premises at the Bombay Market Building, Tardeo. Firm orders have already been placed for some of the equipment, which is expected to arrive by first week of March, 1995.

Activity	Commencement	Present Status	Completion	Deployment of Funds (Rs. in lac)
Acquisition of premises		Already Acquired		58.00
Re-structuring and Furnishing		Already Commenced.	February 1995	40.86
Plant and Machinery. Orders	December 1994	Firm Orders placed as listed above.		8.91
		For Remaining Equipment final selection under process	March 1995	
Plant and Machinery Delivery	February 1995		April 1995	
Commissioning	April 1995			

### MANUFACTURING PROCESS AND TECHNOLOGY

As an editing and special effects house, the Company proposes to furnish its clients with comprehensive facilities.

The process of editing begins after the filming for a project has been completed. It entails the selection, trimming and proper assembly of shots into a sequence. In video post-production, the initial process is called 'Off-Line Editing', as opposed to 'On-Line Editing', which involves the fashioning of the final product in high resolution imagery for eventual TV broadcast. 'On-Line Editing' also includes the application of special effects like 'morphing', 2-D animation, multi-layering of images, etc.

The future of video editing is in the non-linear digital mould. The present project envisages a range of exclusively non-linear digital editing suites, with special effects capabilities.

### MARKET POTENTIAL

The field of high quality editing and compositing for eventual TV broadcast on Doordarshan and satellite channels presents a profile of a rapidly rising market.

The marketing thrust of the studio facility will be aimed at capturing a significant share of the editing and special effects work relating to TV commercials, TV serials, Music Videos, Talk shows and Quiz Programmes, etc.

### TV PROGRAMMING

The current explosion in TV broadcasting in India is a magnet attracting world class players like Star TV, CNN, Turner Broadcasting etc., aside from the burgeoning local channels such as Zee TV, ATN, Jain TV, Business India Television, etc. Doordarshan itself is in a rapid expansion phase, with the success of its Metro Channel, and the impending launch of its Channel 3 - the infotainment channel aimed at the urban elite.

With new satellites, more local channels, longer broadcasting hours and bigger cable systems in the immediate offing, 1994-95 is likely to be a landmark year for television in India.

These developments have resulted in a rapid increase in demand for video software. The company has geared itself to capitalise on this market opportunity by setting-up special equipment in its facility dedicated to the processing of TV programming.

### TV ADVERTISING

The entry of multi-national companies resulting from the liberalisation of the economy has led to a spurt in TV advertising. The Indian advertising industry has recorded a 36.5% growth rate in 1992-93 for an overall billing of Rs. 1586 crores (Advertising and Marketing December 1993). As compared to 1000 advertising films created in 1992-93, approximately 1300 films were created in 1993-94 as per a survey carried out by 'India Today', and quoted in Sicom's appraisal note on this project.

With the plethora of TV commercials being viewed on television, the emphasis is on sophistication in production, thereby increasing the demand for high quality editing facilities.

Given the limited availability of such facilities in India at present, the Company is well poised to exploit this demand through providing state-of-the-art editing and computer graphics suites to specifically cater to demanding producers looking for international technical quality in their TV commercials.

### MARKETING AND SELLING ARRANGEMENTS

The promoters have been in the field of production of advertising and promotional films for over 20 years.

Their network of contacts not only embraces the major advertising agencies, but also includes producers of advertising films, TV serials and talk shows. This will go a long way in giving the initial edge to the marketing of the facility.

Additionally, the advertising and TV film production firms belonging to the promoters themselves will be in a position to utilise the proposed facility on a regular basis. Their current roster of work includes four half hour films for MARG Publications, a Tata subsidiary, on cultural/historical themes, to be broadcast globally. On the export front, the company is in the process of negotiating a strategic alliance with a top post-production facility in Singapore, whereby a spill-over clientele from their branches in South East Asia would be passed on to its facility for their editing and special effect needs.

### EXPORT POTENTIAL

Compared to similar facilities in the U. S. or Europe, or even Singapore and Hong Kong, a facility in India is relatively less expensive to operate. A comparable on-line editing suite in a facility like Encore Video in Los Angeles, or Editel in New York, would cost \$ 650 per hour, as per their latest rate card included as a material document, which is over Rs. 20,000 per hour, while the same facility offered by our company would cost only Rs. 6000 per hour. Thus, the Company is confident of drawing an international clientele, with the obvious lure of lower costs.

Because of the non-availability in Bombay of the state-of-the-art equipment to be acquired by the company for its facility, a number of the leading advertising film producers are presently going to Singapore and Hong Kong for the on-line editing and special effects work on their films. In our estimation, the amount of foreign exchange being thereby spent would exceed \$ 100,000 a month. At a conservative estimate, the Company expects to capture 25% of this business, resulting in a foreign exchange saving of Rs. 7.75 lac per month.

### APPRAISAL

The State Industrial And Investment Corporation of Maharashtra Limited has appraised the Financial Projections for the Company for the next 3 years. The appraisal note dated 27th July 1994 was prepared for the purpose of sanctioning a Term Loan of Rs. 140 lac.

### FINANCIAL PROJECTIONS

#### SICOM's Projections

The SICOM projections, as given below, were for a total project cost of Rs.477 lac, which was subsequently increased to Rs. 495 lac

as stated under the heading Project Cost:

	Rs. in lac		
	1995-96	1996-97	1997-98
Inst. capacity based on 2 shifts 300 working days.			
(A) Production			
DIGITAL EDIT	HRS. 2400	2880	3360
NON LINEAR ED	HRS. 2400	3120	3840
DIGITAL CAMERA	HRS. 1440	1920	2400
(B) Utilisation of DIGITAL EDIT	50 rated capacity	60 65	70 80
(%)	30	40	50
Share Capital	217.00	217.00	217.00
Reserves and Surplus	23.30	63.30	115.60
Net Worth	240.30	280.30	332.60
Total Sales	183.40	225.00	266.60
Total cost of production	64.00	73.50	83.00
Profit before tax	45.00	77.20	113.30
Taxation	—	4.60	28.40
Profit after tax	45.00	72.60	84.90
Book Value	11.07	12.92	15.33
EPS	2.07	3.35	3.91

Commercial break-even for the project would be achieved at income of Rs.147.00 lac.

#### Assumptions:

1. The facility would commence operations from 1st April, 1995.
2. It is assumed that the facility would be given on hire for 2 shifts. The total hours available for hire would be 4800 assuming 300 working days.
3. The On-line, Off-line edit systems and the Camera would be given on hire for 2400 hours (50%), 2400 hours (50%) and 1440 hours (30%) respectively in the first year 1995-96. In the second year the On-line, Off-line edit system and camera would be given on hire for 2880 hours (60%), 3120 hours (65%) and 1920 hours (40%) respectively. From the third year onwards the On-line, off-line and camera would be given on hire for 3660 hours (90%), 3840 (80%) and 2400 (50%).
4. The average hire charges are assumed to be Rs. 5750/-per hour for On-line, Rs. 1350/-per hour for off-line and R. 900/- for Digital Camera.
5. Depreciation has been provided as per Straight Line Method.

#### NOTES

1. The Sicom Projections above are based on a total project cost of Rs. 477 lac.
2. The Company is of the opinion that Sicom has made its projections on a conservative estimate of capacity utilisation. It is confident that it will improve on these projections.
3. The Company has estimated that owing to the increase in project cost to Rs. 530 lac, there will be an annual increase in revenue of Rs. 30 lac.

As a matter of abundant caution, attention of the investors is drawn to the fact that the figures mentioned in the profitability statement given above are only indicative and subject to change.

#### STOCK MARKET DATA FOR SHARES OF THE COMPANY

The shares of the company are yet to be listed at any Stock Exchange. Hence, no quotations for the market price of the share are available.

#### VI. LISTED COMPANIES UNDER THE SAME MANAGEMENT

Neither this Company nor any other listed Company under the same management within the meaning of Section 370(1B) of the Act, have made any issue of capital in the last 3 years.

#### VII. OUTSTANDING LITIGATION, DEFAULT AND MATERIAL DEVELOPMENT

##### LITIGATION

The Company does not have any outstanding litigation pertaining to matters likely to affect operation or finances of the Company including tax liabilities of any nature. The Company does not have any outstanding litigations/overdue interest/defaults in payment of statutory dues to financial institutions, Banks etc.

##### CRIMINAL PROSECUTION

No criminal prosecutions have been launched against the Company or any of its directors for any of the offences under the enactments specified in Paragraph 1 of part I of Schedule XIII to the Act.

##### DEFAULT

The Company or any company promoted by the same promoter has not defaulted in meeting statutory dues, institutional dues and dues towards instrument holders like debentures, fixed deposits and arrears on cumulative preference shares, etc.

##### MATERIAL DEVELOPMENT

Except as stated elsewhere in the prospectus, there are no material developments after the incorporation of the Company which are likely to affect the performance and prospects of the Company.

#### RISK FACTORS AND MANAGEMENT'S PERCEPTION OF THE SAME

##### RISK FACTORS

###### Internal Risks

1. The Company will have an export commitment of Rs. 650 lac approximately, over the next 5 years, for which it has not yet made any firm arrangements.
2. Out of the total cost of Plant & Machinery worth Rs. 331.20 lac, the Company has placed orders worth Rs. 82 lac.
3. The working capital requirement of the Company is not estimated by its Bankers, Bank of India.
4. Additional power requirement of 18KVA is yet to be sanctioned by BEST.
5. The Company is yet to obtain No Objection Certificate from Pollution Control Board.
6. Cinerad Communications, a partnership firm of the Group has incurred a marginal loss of Rs. 9,000 in the year 1991-92.

###### External Risks

- \* Changes in Government policies may affect the industry and thereby the Company's operations.

#### MANAGEMENT PERCEPTION OF RISK FACTORS

##### Internal

1. In view of the vast experience and overseas contacts, which the Promoter has acquired over the years, the Company feels confident of meeting its export obligations.
2. Placement of purchase orders for the rest of the machinery are under negotiation and will be finalised as per schedule of implementation.
3. The Company's application for working capital is under process with Bank of India, and a sanction is expected shortly.
4. The Company has already made an application to BEST and does not foresee any difficulty in obtaining the same.
5. The manufacturing process does not produce either air or water pollutants. Hence there is no requirement for Environmental Clearance from any authorities. By way of abundant caution, however, the Company has made an application to Maharashtra Pollution Control Board for a No Objection Certificate and approval is awaited.
6. Cinerad Communications incurred a marginal loss in the year 1991-92 due to low level of activity during the period and incurrence of fixed costs. However, the Firm has been making a profit since then.

##### External

- \* The Company is confident that its competitive edge should allow it to minimise the impact of such policies.

## PART - II

### A. GENERAL INFORMATION

#### CONSENTS

Consents in writing from the above named Directors, Auditors, Legal Advisors, Corporate Law Advisors, Company Secretary, Lead Managers, Registrars to the Issue, Bankers to the Company, Bankers to the Issue, Underwriters and Brokers to the Issue, to act in their respective capacities have been obtained and filed alongwith a copy of this Prospectus with the Registrar of Companies, Maharashtra at Bombay as required under Section 60 of the Act and none of them have withdrawn their consent upto the time of delivery of the copy of this Prospectus for registration to the said Registrar of Companies, Maharashtra at Bombay.

M/s Gandhi Naik & Co., Chartered Accountants and Auditors of the Company, have also given their written consent to the inclusion of their report as also to the inclusion of "Tax Benefits" as advised by them being included herein in the form and context in which it is included and such consent and report have not been withdrawn upto the time of delivery of the copy of this Prospectus for registration with the Registrar of Companies, Maharashtra at Bombay.

#### EXPERT OPINION

No opinion of any expert has been obtained except as stated in the Prospectus.

#### CHANGES IN DIRECTORS DURING THE LAST THREE YEARS AND THE REASONS THEREOF

The following are the details of change in Directors since the incorporation of the Company:

Name of the Director	Date of Appointment	Date of Resignation	Reason
Mr. M. A. Hai	Since Incorporation	25th Nov, '94	Due to Preoccupation
Mr. Anil Harish	11th October, '94	-	Appointed as Additional Director
Mr. Rashpal Malhotra	25th November, '94	-	Appointed as Additional Director

#### CHANGE IN AUDITORS

There has been no change in Auditors since the incorporation of the Company.

#### AUTHORITY FOR THE PRESENT ISSUE

Pursuant to Section 81(1A) of the Act, the present issue has been authorised by the Shareholders of the Company by a Special Resolution passed at the Extraordinary General Meeting of the Shareholders of the Company held on 7th November 1994.

#### COMPANY INFORMATION AND ISSUE MANAGEMENT TEAM

**REGISTERED OFFICE**  
G-3, Bombay Market Apartments,  
78, Tardeo Road,  
Bombay 400 034.

**COMPANY SECRETARY**  
Mr. Ashwin N. Panditpautra,  
12, Mulund Jalaram Hsg. Soc,  
Chandan Baug Lane,  
M. G. Road, Mulund (W)  
Bombay 400 080.

**AUDITORS**  
M/s. Gandhi Naik & Co,  
Chartered Accountants,  
206-A, Arcadia,  
195, Nariman Point,  
Bombay 400 021.

**LEAD MANAGERS TO THE ISSUE**  
Shriram Investment Services Limited  
101/B, Dalmal Towers,  
Nariman Point,  
Bombay 400 021.

**LEGAL ADVISOR**  
Mr. N. R. Rao,  
*Advocate*  
607, Sharda Chambers,  
15, New Marine Lines,  
Bombay 400 020.

**CORPORATE LAW ADVISORS**  
Kiran Thacker and Associates  
Company Secretaries,  
A/27, Anuja, Shimpoli Road,  
Borivali (W),  
Bombay 400 092.

**FINANCIAL ADVISORS**  
Vishwanath Pai and Associates  
*Chartered Accountants*  
B/216, Atmaram Apartment,  
Shanti Ashram, Jaypali Hill,  
Borivali (W),  
Bombay 400 092.

**BANKERS TO THE COMPANY**  
The Bombay Mercantile Co-operative Bank Ltd. Bank of India  
79, Mohamedali Road, Opera House,  
Bombay 400 004.

**REGISTRARS TO THE ISSUE**  
System Support Services  
209, Shivai Industrial Estate,  
89, Andheri Kurla Road,  
Sakinaka, Bombay 400 072

**BANKERS TO THE ISSUE**  
Bank of India,  
70/80, M. G. Road Branch,  
Post Box No. 238,  
Bombay 400 023.

The Karur Vysa Bank Limited  
Kamanwala Chambers,  
Sir. P. M. Road,  
Fort, Bombay 400 001

State Bank of Hyderabad,  
Merchant Banking Bureau,  
C-72, Mittal Tower,  
7th Floor, Nariman Point,  
Bombay 400 021

**AUDITORS' REPORT**

M/s. Gandhi Naik & Co,  
Chartered Accountants,  
206-A Arcadia,  
195, Nariman Point,  
Bombay 400 021.

The Board of Directors  
**Cinerad Communications Limited**  
Bombay

Dear Sirs,

We have examined the books of account of Cinerad Communications Limited for the five financial years/period ended as on 31st March 1994 being the last date upto which statutory accounts of the Company have been made up and audited by us and adopted by the members of the Company. We have also examined and found correct the accounts for the six months period from 1st April 1994 to 30th September 1994 being the last date upto which the accounts of the Company have been made up and which have been adopted by the Board of Directors.

In accordance with the requirements of the Part II B of Schedule II to the Companies Act 1956, we report that the Profits, Assets and Liabilities and the Rate of Dividend paid by the Company is as set out below, subject to the notes thereunder.

**I. PROFITS AND LOSSES**

The Profits of the Company are as set out below. These Profits expressed in lacs have been arrived at after making such regrouping and adjustments as are, in our opinion, appropriate

Particulars	(Rs. in Lac)					
	Year Ended 31.3.90	Year Ended 31.3.91	Year Ended 31.3.92	Year Ended 31.3.93	Year Ended 31.3.94	Period Ended 30.9.94
<b>INCOME</b>						
Sales	44.11	34.02	19.41	56.09	7.34	-
Work in progress	2.50	-	7.15	-	-	-
Other Income	0.54	1.40	0.79	0.01	1.26	0.16
	<u>47.15</u>	<u>35.42</u>	<u>27.35</u>	<u>56.10</u>	<u>8.60</u>	<u>0.16</u>
<b>EXPENDITURE</b>						
Work in Progress	11.88	2.50	-	7.15	-	-
Cost of Production	26.15	24.38	18.42	31.36	4.00	-
Administration & General Expenses	5.44	5.75	7.46	12.12	3.29	0.16
Depreciation (Gross)	0.04	0.16	0.83	0.78	0.99	-
<i>Less : Transferred from Revaluation Reserve Account</i>					0.09	
Depreciation (Net)	0.04	0.16	0.83	0.78	0.90	-
	<u>43.51</u>	<u>32.79</u>	<u>26.72</u>	<u>51.41</u>	<u>8.19</u>	<u>0.16</u>
Profits before Tax	3.64	2.63	0.63	4.69	0.41	-
<i>Less : Provision for Taxation</i>	1.65	1.15	0.32	1.34	-	-
Net Profit after Tax	1.99	1.12	0.31	3.35	0.41	-
Depreciation written-back	-	-	-	0.54	-	-
Profit & Loss A/c of Previous Year	0.95	2.94	4.06	4.37	0.06	0.07
	<u>2.94</u>	<u>4.06</u>	<u>4.37</u>	<u>8.26</u>	<u>0.47</u>	<u>0.07</u>
<b>PROFITS AVAILABLE FOR APPROPRIATION</b>						
Transfer to General Reserve	-	-	-	8.20	0.04	-
Proposed Equity Dividend	-	-	-	-	0.36	-
Balance Carried to Balance Sheet	2.94	4.06	4.37	0.06	0.07	0.07
	<u>2.94</u>	<u>4.06</u>	<u>4.37</u>	<u>8.26</u>	<u>0.47</u>	<u>0.07</u>

**II. ASSETS AND LIABILITIES**

We further report that the Assets and Liabilities of the Company as at 31st March 1994, the last date upto which the accounts of the Company have been made up, audited by us and adopted by the members, and the Assets and Liabilities as at 30th September 1994, the last date upto which the accounts of the Company have been made up and approved by the Board of Directors of the Company are as set hereto. These Assets and Liabilities expressed in lacs of rupees have been arrived at after making such regrouping as are, in our opinion, appropriate.

PARTICULARS	(Rs. in Lac)	
	As on 31.3.94	As on 30.9.94
<b>I. SOURCES OF FUNDS</b>		
1. SHAREHOLDERS' FUNDS		
a) Equity Share Capital	24.00	32.00
b) Reserves & Surplus	51.65	43.65
	75.65	75.65
2. SECURED LOANS		
Term Loan from Banks	18.72	14.60
3. UNSECURED LOANS	6.27	6.63
<b>TOTAL</b>	<b>100.64</b>	<b>96.88</b>
<b>II. APPLICATION OF FUNDS</b>		
1. FIXED ASSETS		
a) Gross Block	84.96	86.16
b) Less : Depreciation	2.27	2.27
c) Net Block	82.69	83.89
2. CURRENT ASSETS, LOANS & ADVANCES		
a) Sundry Debtors	2.17	0.42
b) Cash & Bank Balances	0.31	0.40
c) Loans & Advances	9.95	18.55
d) Other Current Assets	12.65	18.72
	25.08	38.09
3. Less: CURRENT LIABILITIES & PROVISIONS		
a) Current Liabilities	0.37	18.34
b) Provisions	6.78	6.78
	7.15	25.12
<b>NET CURRENT ASSETS</b>	<b>17.93</b>	<b>12.97</b>
<b>4. MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)	0.02	0.02
<b>TOTAL</b>	<b>100.64</b>	<b>96.88</b>

#### NOTES

- The Company was incorporated as a Private Limited Company on 17th September 1986 under the name of Cinerad Communications Private Limited. The word PRIVATE was deleted from the name of the Company pursuant to filing of statement in lieu of Prospectus w.e.f. 1st November 1994.
- Authorised Share Capital of the Company as on 30th September 1994 was Rs. 50,00,000/- (Rupees Fifty Lacs Only) consisting of 500,000 Equity shares of Rs. 10/- each. Subsequently the Authorised Share Capital has been altered and increased and the same is as under with effect from 7th November 1994 : Rs. 3,00,00,000/- (Rupees Three Crores Only) consisting of 30,00,000 Equity Shares of Rs. 10/- each.
- Share Capital includes 80,000 Equity shares of Rs. 10/- each i.e. Rs. 8,00,000/- allotted as fully paid up bonus shares by capitalisation of General Reserve.
- Secured Loans from banks is secured by the following :
  - Term Loan facilities availed from banks are secured by way of hypothecation of premises and personal guarantee of a Director.
- Significant Accounting Policies :
  - System of Accounting :**  
The Company generally follows the accrual basis of accounting, both as to income and expenditure, except those with significant uncertainties. Financial statements are based on historical cost.
  - Depreciation :**  
On all fixed assets, rates prescribed in Schedule XIV of the Companies Act, 1956, for straight line method have been applied.
  - Fixed Assets :**  
(i) All fixed assets are stated at cost less depreciation.

(ii) Revaluation of premises at Tardeo has been made on 1st March 1994 on the basis of valuation report submitted by M/s N. B. Dharmadhikari, valuers appointed for the purpose. The resultant increase on such revaluation over the written down value of this asset amounting to Rs. 43,42,480/- has been credited to Revaluation Reserve.

d) **Gratuity :**

No provision for gratuity is made in the accounts, as the same is accounted as and when paid for.

6. Advances recoverable in cash or kind includes Rs. 16,248/- from concern under the same management as at 30th September 1994.

7. No provision for taxation has been made for the six month period ended 30th September, 1994 as tax liability is determinable only at the year end.

8. Depreciation

During the year 1992-93 the Company has changed the method of providing depreciation on its fixed assets from Written Down Value method to Straight Line method at the rates prescribed under Schedule XIV of the Companies Act 1956. Accordingly a sum of Rs. 53,964/- being the difference between depreciation provided as per Written Down Value method and the depreciation as per Straight Line method, has been written back.

**III. DIVIDEND**

We further report that the Company has declared dividend @ 1.5% on its paid up capital for the year ended 31.03.94. The Company has not declared any dividends in the preceding years.

FOR GANDHI NAIK & ASSOCIATES  
*Chartered Accountants*

Sd/-  
**S. K. MASAND**  
*Partner*

BOMBAY

**DATED :** 30th November, 1994

## MAIN TERMS AND CONDITIONS OF FINANCIAL ASSISTANCE

The Company has been sanctioned a term loan of Rs.140 lac and Rs. 90 lac by the SICOM and MSFC.

The main terms and conditions of the term loan are as under:

### 1. SECURITY

The term loan of Rs. 140 lac from SICOM shall be secured by way of first charge by way of mortgage at all the immovable properties, both present and future of the Company at Gala Nos.G-3, G-5 to G-8 at Bombay Market, Tardeo, Bombay 400 034 and also by way of hypothecation of plant and machinery, machinery spares and tools and accessories etc, both present and future at Gala Nos.G-3, G-5 to G-8 at Bombay Market, Tardeo, Bombay 400 034 and also a collateral security by way of mortgage of immovable property at 91-A, Mittal Tower, Nariman Point, Bombay 400 021, belonging to M/s. Haimark Films International, a group concern. The above charges would rank pari passu with the charges to be created in favour of MSFC for the term loan of Rs. 90 lac to be availed of from them.

### 2. PLEDGE OF SHARES

Such shareholdings of NRI Investors in the share capital of the Company, as may be decided by the SICOM, shall be pledged with the SICOM, in a form and manner as may be prescribed by the SICOM, during the currency of the Term Loans and financial assistance from the SICOM and MSFC.

### 3. INTEREST

The interest shall be charged @ 19.5% p.a. or such higher lending rate of the SICOM as may be ruling at the time of execution of the loan documents. Interest shall be due and payable quarterly 31st January, 30th April, 31st July and 31st October every year for the respective periods ending on these dates and the balance at the time of repayment of the last instalment of the loan.

On sanction of the refinance to the SICOM by the IDBI, the lending rate of interest @ 17.5% p.a. shall be effective during the currency of the refinance. In case there is revision in the rate of interest on refinance of loan by the IDBI during the currency of this loan, SICOM retains an option to revise the applicable rate of interest.

In the event of the Company failing to pay by the respective due dates any instalment of interest and/or the principal amount of the loan, an additional interest shall be charged @ 2.5% p.a. over and above the Corporation's normal lending rate as applicable before the IDBI refinance on the total amount of the loan in default during the period of such default.

### 4. REPAYMENT

The loan shall be repayable in 21 quarterly instalments after an initial moratorium period of 2 years from the date of first disbursement of the term loan or interim short term loan /bridge loan from any source against the sanction.

SICOM retains the option to call upon the Company to accelerate payments in respect of its term loan dues, if the Company's financial position so warrants in the opinion of SICOM.

### 5. WORKING CAPITAL FACILITIES

Before the commencement of disbursement of the term loan from SICOM, Company shall obtain sanction for the required working capital facilities from the Bankers.

## STATUTORY AND OTHER INFORMATION

### MINIMUM SUBSCRIPTION

The minimum amount which in the opinion of the Directors, must be raised by the present issue of Equity shares in order to provide for the sums required to be provided in terms of the Act is Rs. 67.50 lac being 90% of the aggregate value of 75000 Equity Shares of Rs. 10/- each for cash at par comprised in the present issue. The directors will proceed to allot the Equity shares upon receipt of the application money payable on the Equity Shares offered in terms of this Prospectus. The minimum subscription is assured in view of the underwriting arrangement made by the Company.

If the Company does not receive the minimum subscription of 90% of the issue amount including devolvement of Underwriters within 60 days from the date of the closure of the Issue, the Company shall forthwith refund the entire subscription amount received. For delay beyond 78 days, if any, in refund of such subscription, Company shall pay interest as per Section 73 of the Companies Act, 1956.

### EXPENSES OF THE PRESENT ISSUE

The expenses of the present issue inclusive of brokerage, underwriting commission, fees to the Lead Managers; and Registrars to the Issue; stamp duty; printing; advertising and marketing expenses, legal charges, professional fees, and other miscellaneous expenses are estimated at Rs.15 lac and the same will be met from the proceeds of the issue.

### FEES PAYABLE TO THE LEAD MANAGERS TO THE ISSUE

- (1) The fees payable to Shriram Investment Services Limited would be Rs.2.00 lac as mentioned in their offer letter dated December 19, 1994

The Lead Managers would also be entitled to the reimbursement of the Out of Pocket Expenses incurred by them.

### FEES PAYABLE TO REGISTRARS TO THE ISSUE

Fees payable to the Registrars to the issue are as follows :

- i) Rs. 2.80 per application, for allottee
- ii) Rs. 1.80 per application, for non-allottee
- iii) Rs. 2.50 additional fees for applications accompanied by Stock-invest.

All other costs like stationery, binding charges etc. will be reimbursed on actual basis.

### UNDERWRITING COMMISSION AND BROKERAGE

Underwriting commission is payable to the Underwriters @ the rate of 2.5% on the nominal value of the Equity shares offered by this Prospectus to the Public for subscription for cash at par and underwritten in the manner mentioned earlier in this Prospectus.

### BROKERAGE

Brokerage will be paid at the rate of 1.5% to the Members of any recognised Stock Exchange in India on the nominal value of Equity shares on the basis of allotment made against applications bearing their respective stamps in the Broker's column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of allotments made against applications procured by them provided the relative forms of application bear their respective stamps in the broker's column.

### PREVIOUS ISSUE FOR CASH

Save as otherwise stated in this Prospectus, no shares or debentures have been issued or agreed to be issued as fully or partly paid-up since the incorporation of the Company through Prospectus.

### ISSUE AT A PREMIUM OR DISCOUNT

No shares or debentures of the Company have been issued at a premium or at discount since the date of incorporation.

### PREVIOUS PUBLIC OR RIGHTS ISSUE

Save as otherwise stated in this Prospectus the Company has not made any Public or Rights Issue since its incorporation.

### PREVIOUS COMMISSION AND BROKERAGE

Except for Underwriting Commission and Brokerage payable in terms of this prospectus, no sums have been paid or are payable as commission or brokerage for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any shares or debentures of the Company.

### REVALUATION OF ASSETS

The Company's premises at Tardeo, Bombay has been revalued on 1st March, 1994, and the resultant increase on such revaluation

over the written down value amounting to Rs. 43,42,480/- has been credited to Revaluation Reserve. The Company has not revalued its any other assets since the date of incorporation.

#### ISSUE OF SHARES OTHERWISE THAN FOR CASH

Save as otherwise stated in this Prospectus, no shares have been issued or agreed to be issued by the Company otherwise than for cash since its incorporation.

#### DEBENTURES AND REDEEMABLE PREFERENCE SHARES

The Company has not since its incorporation issued any Debentures or Redeemable PREFERENCE SHARES.

#### CLASSES OF SHARES

The Authorised Share Capital of the Company is Rs. 3,00,00,000 divided in 30,00,000 equity shares of the nominal value of Rs. 10/- each. There is no other class of shares in the Company.

#### PURCHASE OF PROPERTY

Except as stated in the Prospectus there is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present issue, or the purchase or acquisition of which has not been completed on the date of the issue of this prospectus, other than property-

- i) the contract for the purchase or acquisition whereof was entered into in the ordinary course of the Company's business, such contracts not being in contemplation of this issue nor the issue in consequence of such contract; or
- ii) as respects which the amount of purchase money is not material. The Company has not purchased any property in which the Directors had or have any direct or indirect interest or in any payment thereof.

#### CAPITALISATION OF RESERVES OR PROFITS

Save as otherwise stated in this prospectus no capitalisation of reserves or profit has been made since the date of incorporation of the Company, except 80,000 equity shares of Rs. 10/- each which have been allotted on 30.9.1994 by way of fully paid bonus shares by capitalisation of General Reserves.

#### PAYMENTS OR BENEFITS TO PROMOTERS AND OFFICERS

Save as stated elsewhere in the Prospectus since the incorporation of the Company, no amount or benefit has been paid or given or is intended to be paid or given to any officer or promoters of the Company other than the normal remuneration and perquisites for services rendered or to be rendered as Directors, Officers, Employees of the Company set out elsewhere in this Prospectus.

#### INTEREST OF DIRECTORS AND PROMOTER

All the Directors are receiving sitting fees for attending meetings of the Board of Directors or Committee thereof.

Mr. Zafar Hai, Managing Director and Mrs. S. Noorani, Director, may be deemed to be interested to the extent of payment of remuneration to Mr. Zafar Hai as the Managing Director of the Company as set out hereinabove.

Mr. Zafar Hai, Managing Director and Mrs. Sartaj Noorani, Director of the Company are interested to the extent of charges payable to Messrs. Haimark Films International and Messrs. Cinerad Communications, in which Mr. Zafar Hai is a partner, under the Business Services Agreement dated 05th October, 1994, Consultancy Agreement dated 17th October, 1994 and Production Services Agreement dated 17th October, 1994, respectively entered into with the Company.

All the Directors may be deemed to be interested to the extent of shares, if any, held by them in the Company at present and to the extent of the Equity Shares that may be subscribed by them or by any firm, company or institution, in which they are partners, directors, members or trustees as the case may be and also to the extent of dividend and other distributions that may be payable and also deemed to be interested to the extent of remuneration payable to them as such Directors.

All the Directors may be deemed to be interested to the extent of any lease or other agreements or arrangements that may be entered into with firms and/or the Companies in which they or their relatives are directors, members, or partners.

#### MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

##### NUMBER OF DIRECTORS

###### Article 140

Unless otherwise determined by a General Meeting of the Company and subject to the provisions of section 252 of the Act, the number of Directors (excluding Corporation Director, if any) shall not be less than 3 and not more than 12.

###### SHARE QUALIFICATION

###### ARTICLE 148

A Director is not required to hold any qualification shares.

###### RIGHTS OF PROMOTERS

###### Article 4

It is hereby declared by way of clarification that all the rights and powers conferred by these Articles on the 'ZH Group' in these Articles referred to as the 'Promoters' shall be exercised and the reference herein to the Promoters shall be applicable only after they become or any of it continues to hold not less than 5% (Five Percent) of the subscribed share capital of the Company.

The rights and powers to be exercised by the 'Promoters Group' shall be exercised by Mr. Zafar Hai on behalf of the Promoters.

###### Explanation:

For the purpose of these Articles, the 'ZH Group' means Zafar Hai and any other person including a body corporate, or association of individuals whose name shall be advised by him to the Company to be part of the 'ZH Group'.

Notwithstanding anything contained in any of these Articles, so long as the promoter(s) hold(s) not less than 5% (Five Percent) of the subscribed capital of Company, the promoter(s) will have the right to nominate and appoint on the board of Directors of the Company 1/3rd (one-third) of the total number of Directors, including the Chairman, Managing Director, or whole-time Director, if any, who shall not be liable to retire by rotation, and may from time to time, issue to the Directors such other directives as it may consider necessary in regard to the conduct of the business of the Company and in the like manner may vary and annul any such directive(s).

The Chairman shall reserve for the approval of the Promoter(s) any proposals to or decisions of the Board of Directors in respect of any matter which, in the opinion of the Chairman should be reserved for such approval on the ground that they are likely to affect the Promoter(s) as the shareholder(s) in the Company. No action shall be taken by the Company in respect of the Board of Directors reserved for the approval of the Promoter(s) as aforesaid until his/their approval for the same has been obtained.

###### NOMINEE DIRECTORS

###### Article 143 (1)

Notwithstanding anything to the contrary contained in these Articles so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Life Insurance Corporation of India (LIC), The Industrial Credit Corporation of Investment Corporation of India Limited (ICICI), The Industrial Finance Corporation of India (IFCI) and Unit Trust of India (UTI), or to any other Finance Corporation or Credit Corporation or to any other Financing Company or Body out of any loans granted by them to the Company or so long as the IDBI, LIC, ICICI, IFCI and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body (which ICICI, LIC, IDBI, IFCI AND UTI Or any other Financial Corporation or Body is hereinafter in this Article referred to as 'the Corporation') continue to hold debentures in the Company by direct subscription or private placement or so long as the corporation holds shares in

the Company as a result of underwriting or direct subscription or conversion of the said loans/debentures the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors ( which Director or Directors is/are hereinafter referred to as 'Corporation Director/s') on Board of the Company and to remove from such office any person or persons in his or their place/s. At the option of the Corporation, such Corporation Director/s shall not be required to hold any share qualification of the Company. Also at the option of the Corporation, such Corporation Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Corporation Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Corporation Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placements or so long as a Corporation holds shares in the Company as a result of Underwriting or direct subscription or conversion of the loans/debentures and the Corporation Director/s so appointed in exercise of the said power shall ipso facto vacate his office immediately after the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/Shares in the Company.

#### ALTERNATE DIRECTORS

##### Article 145(1)

The Board may appoint an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period not less than three months from any state of India in which meetings of the Board are ordinarily held.

##### Article 145(2)

Every such Alternate Director shall subject to his giving to the Company an address in India at which notice may be served on him be entitled to notice of meeting of Directors and to attend and vote as a Director and be counted for the purpose of a quorum and generally at such meeting to have and exercise all the powers and duties and authorities of the Original Director.

##### Article 145(3)

The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to such State.

#### CASUAL VACANCIES

##### Article 146(1)

The board shall have power at any time and from time to time to appoint any qualified person to be a Director to fill a casual vacancy arising out of the office of any Director appointed by the Company in General Meeting being vacated before his term of office expires in the normal course.

##### Article 146(2)

Such casual vacancy shall be filled by the Board at a meeting of the Board.

##### Article 146(3)

Any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.

#### ADDITIONAL DIRECTORS

##### Article 147(1)

The Board of Directors shall also have power at any time and from time to time to appoint any other qualified person to be an Additional Director but so that the total number of Directors shall not at any time exceed the maximum strength fixed for the Board by the Articles.

##### Article 147(2)

Any person so appointed as an Additional Director shall retain his office only up to the date of the next Annual General Meeting but

shall be eligible for election at such meeting subject to the provision of the Act.

#### REMUNERATION OF DIRECTORS

##### Article 149

The remuneration of a Director for his services shall be such sum as may be fixed by the Board not exceeding Rs. 500/- (Rupees Five Hundred) for each meeting of the Board or a committee thereof attended by him. The Directors subject to the sanction of the Central Government (if any required) be paid such further remuneration as the Company in general meeting shall fix, from time to time, determine and such further remuneration shall be divided among the directors in such proportion and manner as the Board may from time to time determine; and in default of such determination shall be divided among the Directors equally.

##### Article 150

Subject to the provisions of the Act, if any, Director being willing shall be called upon to perform extra services (which expressions shall include work done by the Directors as a member of any Committee formed by the Directors in relation to signing share certificates) or to make special exertions in going or residing out of his usual place of residence or otherwise for any of the purpose of the Company, the Company shall remunerate the Director so doing either by a fixed sum or otherwise as may be determine by the Directors and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

##### Article 151

The Board may subject to the limitations provided by the Act, allow to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting such sum as the Board may consider fair compensation for travelling, hotel and other incidental expenses properly incurred by him in addition to his fee for attending such meeting as above specified.

#### MANAGING DIRECTOR/WHOLE TIME DIRECTOR

##### Article 173

Subject to the provisions of the Act the Board may from time to time appoint one or more of their body to be Managing Director or Whole time Director of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company and may from time to time (subject to the provision of any contract between him or them and the Company) remove or dismiss him or them from Office and appoint another or others in his or their place or places.

##### Article 174(1)

Subject to the provisions of the Act, and approvals of any authority required under any law from the time being in force in India, the terms and conditions of the appointment of the Managing Director and/or Whole time Director as the case may be shall be such as may have been set forth in the contract between him or them and the Company as approved by the Board and in particular that the appointee shall be liable to be removed from office at any time before the expiry of his term if so desired by the Board and/or the Company.

##### Article 174(2)

The powers and authorities to be exercised by the Managing Director and the Whole-time Director(s) shall be such as may be specified by the Board and/or in the contract between him or them and Company as aforesaid.

#### REMUNERATION OF MANAGING DIRECTOR OR WHOLE TIME DIRECTOR(S)

##### Article 176

The remuneration of the Managing Director shall, subject to Section 309 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company, be fixed by the Directors from time to time, and may be by way of fixed salary

and/or perquisites or commission on profits of the Company or by participation in such profits, or by fee for each meeting of the Board or by and/or all these modes or any other mode not expressly prohibited by the Act.

#### PRESENT MANAGING DIRECTOR

Mr. Zafar Hai was re-appointed as Managing Director of the Company by the Board of Directors at their meeting held on 7th November 1994 for a period of five years with effect from 7th November 1994. The appointment and payment of remuneration to Mr. Zafar Hai as Managing Director has been approved by the Shareholders of the Company at the Extra Ordinary General Meeting on 1st December 1994.

The terms and conditions of the appointment and remuneration of Mr. Zafar Hai as Managing Director, subject to such approval as may be necessary, are as under :

#### TERMS AND CONDITIONS

##### 1. GENERAL

The Managing Director shall conduct the day-to-day management of the Company subject to the supervision, direction and control of the Board.

##### 2. TERM

He shall hold the office as the Managing Director of the Company for a period of 5 years from 7th November, 1994 to 6th November, 1999.

##### 3. SALARY

Salary of Rs. 20,000/- per month will be paid to him with annual increase of Rs. 5000/- per month during the term of the office.

##### 4. PERQUISITES

Perquisites shall be restricted to an amount equal to the annual salary. Unless the context otherwise requires, perquisites are classified in three categories as follows :

###### Category 'A'

- (a) Medical Reimbursement : Expenditure incurred for him and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- (b) Leave Travel concession : Actual travelling and lodging expenses incurred on leave travel anywhere in India for him and his family once in a year upto a maximum of one month's salary in a year.
- (c) Club Fees : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (d) Personal Accident Insurance : Premium not to exceed Rs. 10,000/- per annum.

Explanation : For the purpose of above perquisites, "family" means spouse, the dependent children and dependent parents of Mr. Hai.

###### Category 'B' :

- (a) Contribution to the Provident Fund and Superannuation Fund : Contribution to the Provident Fund, Superannuation Fund or annuity fund will not be considered or included in computation of ceiling on perquisites to the extent these either singly or put together, are not taxable under the Income Tax Act, 1961.
- (b) Gratuity : Gratuity payable shall not exceed one-half month's salary for each completed year of service.
- (c) Encashment of Leave : Encashment of Leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

###### Category 'C'

- (i) Provision of fully maintained car with reimbursement of driver's salary for use on Company's business will not be considered as perquisites. The use of car for private purpose shall be billed by the Company to the Managing Director.

##### (ii) Free use of Telephone at Residence :

Provision of telephone at the residence of the Managing Director at Company's cost will not be considered as perquisite. Personal long distance calls shall be billed by the Company to the Managing Director.

#### 5. MINIMUM REMUNERATION

In the event of loss or inadequacy of profits in any financial year during the term of office of Mr. Zafar Hai as the Managing Director, above mentioned salary shall be paid alongwith all benefits, perquisites and amenities as mentioned in Categories 'A', 'B', 'C' as the "minimum remuneration."

#### 6. OTHER TERMS AND CONDITIONS

- 1) LEAVE : Annual leave on full pay and allowances in accordance with the Company's Rules, but not exceeding one month's leave for every 11 months of service. In addition, he shall be entitled to casual leave, sick leave, and other leave as per the rules of the Company applicable to the managerial personnel of the Company.
- 2) Mr. Zafar Hai shall not be liable to retire by rotation as a Director, subject to Section 256 of the Companies Act, 1956.
- 3) The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof from the date of appointment.
- 4) The headquarter of the Managing Director shall be in Bombay in the State of Maharashtra.

#### POWERS OF THE BOARD

##### Article 195

The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as are by the Act, or any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting, subject nevertheless to these Articles the provisions of the Act, or any other law, and to such regulation (being not inconsistent with these Articles or the aforesaid provisions) as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

#### BORROWING POWERS OF THE DIRECTORS

##### Article 84

Subject to the provisions of Section 58A, Sections 292 and 293 of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board receive deposits or loans from members either in advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, cooperative society, and corporate body, banks, institutions, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed. Provided, however, that where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such money without the consent of the Company in General Meeting. No debt incurred by the Company in excess of the limit imposed by the Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by the Article had been exceeded.

##### Article 85

The payment and/or repayment of monies borrowed or raised as aforesaid or any monies owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage charge lien or any other security upon all

or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or as the guarantee by any Director or Government or any third party and the bonds, debentures and debenture stock and other securities may be made assignable free from equities between the Company and the person to whom the same may be issued and also by similar mortgage charge or lien to secure and guarantee the performance by the Company or any other person or company of any obligation undertaken by the Company or by any other person or company as case may be.

#### **VOTING RIGHTS OF MEMBERS**

##### **Article 119**

A member paying the whole or a part of the amount remaining unpaid on any shares held by him although no part of that amount has been called up shall not be entitled to any voting rights in respect of the monies so paid by him until the same would but for such payment become presently payable.

##### **Article 120**

No member shall exercise any voting rights in respect of any share registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right or lien.

##### **Article 121(1)**

Subject to the provisions of the immediately preceding articles, every member of the company holding any equity share capital and otherwise entitled to vote shall on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative or by an agent duly authorised by proxy, his voting right shall be in proportion to his share of the paid-up equity shares capital in the Company).

PROVIDED HOWEVER, if any Preference Shares holder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions before the meeting which directly affect the rights attached to his preference shares.

##### **Article 121 (2)**

A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote is taken.

##### **Article 122**

A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on poll vote by proxy.

##### **Article 123**

If there be joint registered holders of any shares, any one of such person may vote at any meeting personally or by proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting, and if more than one of such joint holders be present at any meeting either personally or by proxy that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting PROVIDED ALWAYS THAT a person present at any meeting personally shall be entitled to vote in preference to a person present by proxy although the name of such person present by proxy stands first or higher in the Register in respect of such share. Several executors or administrators of a deceased member in whose name the shares stand shall, for the purpose of these Articles be deemed joint holder thereof.

##### **Article 124**

A body corporate (whether a company within the meaning of the Act of not) may, if it is a member or a creditor of the Company (including a holder of debentures), authorise such persons as it thinks fit by a resolution of its Board of Directors or other Governing Body in accordance with the provisions of Section 187 of the Act, to act as its representatives at any meeting of the members or creditors of the Company or debenture holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and power (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor or holder of debentures of the Company.

##### **Article 127**

Subject to the provisions of these Articles a vote may be given either personally or by proxy.

##### **Article 128**

On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy, or other person entitled to vote for him, as the case may be, need not if he votes, use all his votes, use all his votes or cast in the same way all the votes he uses.

##### **Article 129**

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another persons (whether a member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS THAT a proxy so appointed shall not have any right whatever to speak at the meeting. Every notice convening a meeting of the Company shall state that a member entitled to attend and vote is entitled to appoint one or more proxies.

##### **Article 130**

An instrument of proxy may appoint a proxy either for the purposes of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purposes of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

##### **Article 131**

No member present only by proxy shall be entitled to vote on a show of hands.

##### **Article 132**

The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or notarially certified copy of that authority shall be deposited at the office forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

##### **DIVIDENDS**

##### **Article 199**

Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if an so long as nothing is paid upon any of the shares in the Company, dividends any be declared and paid according to the amounts of the shares.

##### **Article 200**

The Company in Annual General Meeting may declare dividends to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of section 207 of the act, but no dividends shall exceed the amount recommended by the Board of Directors but the Company, may declare a smaller dividend in Annual General Meeting.

##### **Article 202**

The Board of Directors may from time to time pay to the members such interim Dividends as in their judgment the position of the Company justifies.

**Article 203**

Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest confer a right to dividend or to participate in profits.

**Article 204**

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion of portions of the period in respect of which the dividend is paid but if any, shares is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

**Article 205**

The Board may retain the dividend payable upon shares in respect of which any person under Article 75 has become entitled to be a member or any person under that Article is entitled to transfer until such person becomes a member in respect of such shares or shall duly transfer the same.

**Article 207**

Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on accounts of dividends in respect of such shares.

**Article 209**

No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provisions of Section 205A of the Act in respect of such dividend.

**Article 210**

No member shall be entitled to receive payment of any interest of dividend or bonus in respect of his share of shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons, and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

**LIEN ON SHARES****Article 41(1)**

The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all monies (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing and condition that Article 26 hereof will have full effect. And such lien shall extend to all dividends and bonus from time to time declared in respect of such shares. Unless otherwise agreed registration of a transfer of shares will operate as a waiver of the Company's lien if any on such shares. The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause.

**Article 41(2)**

Fully paid shares shall be free from all lien and that in the case of partly paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

**Article 42(1)**

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such member.

**Article 42(2)**

No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such Member or his representatives and

default shall have been made by him or them in payment fulfillment of discharge of such debts, liabilities or engagements for fourteen days after service of such notice.

**Article 43**

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exist as is presently payable and the residue if any shall (subject to a lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

**MODIFICATION OF RIGHTS****Article 11(1)**

Whenever the capital by reason of the issue of Preference Shares of otherwise is divided into different class of shares, all or any of the rights and privileges attached to each class may subject to the provisions of Section 106 and 107 of the Act, be varied, modified, commuted, affected or abrogated, or dealt with by the Company with the consent in writing of the holders of not less than three-fourths of the issued capital of that class or with the sanction or a special resolution passed at a separate General Meeting of the holders of shares of that class, and all the provisions hereinafter as the General Meeting shall mutatis mutandis apply to every such meeting. This article is not to derogate from any power the Company would have if this Article were omitted.

**Article 11(2)**

The rights conferred upon the holders of the shares (including Preference shares if any) of any class issued with preferred or other rights of privileges shall unless otherwise expressly provided by the terms of the issue of shares of the class be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking *pari passu* therewith.

**FORFEITURE OF SHARES****Article 44**

If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board of Directors may, at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

**Article 45**

For the purpose of the provisions of these presents relating to forfeiture of shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such shares on the day of allotment.

**Article 46(1)**

The notice shall name a day (not being less than fourteen days from the day of the notice) and a place or places on and at which such call or installment and such interest as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.

**Article 46(2)**

The notice shall also state that, in the event of non-payment at or before the time and at the place appointed, the shares, in respect of which the call was made or installments is payable, will be liable to be forfeited.

**Article 47**

Neither a judgment nor a decree in favour of the Company or the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares either by way of principal or interest or any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of shares as hereinafter provided.

**Article 48**

If the requirements of any such notice as stated in Article 46 shall not be complied with every or any shares in respect of which such notice has been given may at any time thereafter before payment of all calls or instalments interest and expenses due in respect thereof be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other money payable in respect of the forfeited shares and not actually paid before the forfeiture.

**Article 49**

When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entity of the forfeiture with the date thereof shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

**Article 50**

Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board shall think fit.

**Article 51(1)**

Any member whose shares have been forfeited shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment at such rate not exceeding nine percent per annum as the Board may determine and the Board may enforce the payment thereof, if thinks fit.

**Article 51(2)**

The liability of such person shall cease if and when the Company shall have payment in full of all such moneys in respect of the shares.

**Article 52**

The forfeiture of a share shall involve extinction, at the time of the forfeiture, or all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

**TRANSFER/TRANSMISSION OF SHARES****Article 61**

The instrument of transfer of any share shall be in writing in the form prescribed pursuant to section 108(1-A) of the Act.

**Article 62**

The Company, the transferor and the transferee of the shares shall comply with the provisions of sub-sections (1), (1A) and (1B) of Section 108 of the Act.

**Article 63**

Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by the relative share certificates and such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board shall from time to time prescribe any every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors, subject to provisions of law.

**Article 64(i)**

An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee;

**Article 64(ii)**

Where the application is made by the transferor and relates to partly paid shares the transfer shall not be registered unless the Company gives notice of the application to the transferee in the

manner prescribed by section 110 of the Act, and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

**Article 64(iii)**

For the purpose of Sub-clause (ii) above, notice to the transferee shall be deemed to have been duly given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered in the ordinary course of post.

**Article 68**

In the case of insolvency or liquidation of any one or more of the persons named in the Register of Members as the joint-holders of any share, the remaining holder or holders shall be the only person or persons recognized by the Company as having title to or interest in, such share, but nothing herein contained shall be taken to release the estate of the person under insolvency or liquidation from any liability on shares held by him jointly with other person or persons.

**Article 71(1)**

The Directors may at any time in their own absolute and uncontrolled discretion and without assigning any reasons or grounds decline to register or acknowledge any transfer of any share and in particular may so decline in any case in which the Company has a lien upon the shares desired to be transferred or any call or instalment regarding any of them remains unpaid.

PROVIDED THAT registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except in case of a lien on shares on account of unpaid call money.

PROVIDED THAT nothing therein shall preclude the Board from refusing to register transfer of any share in favour of any person of whom the Board of Directors do not approve irrespective as to whether or not such a person is already an existing member of the Company.

**Article 71(2)**

Notwithstanding anything contained in the Articles, the Directors of the Company may in their absolute discretion refuse splitting of any share certificate or debenture certificate into denominations of less than marketable lots i.e., the minimum number of share or debentures as are required for the purpose of trading on the Stock Exchanges on which the Company's shares and/or debentures are listed, except where such subdivision is required to be made to comply with a statutory provision or an order of a competent court of law.

**Article 73**

In case of the death of any one or more persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only person recognised by the Company as having any title or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

**Article 74**

The executors or administrators of a deceased member or the holder of a succession certificate or the legal representatives in respect of the shares of a deceased member (not being one of two joint holders) shall be the only person recognized by the Company as having any title to the shares registered in the names of such members, and the Company shall not be bound to recognize such executors or administrators or holders of a succession certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained probate or letters of Administration or succession Certificate, as the case may be, from a duly constituted Court or other competent authority in the Union of India provided that in any case where the Board in its absolute discretion thinks fit the Board may upon such terms as to

indemnify or otherwise as the Board may deem proper, dispense with production of probate or Letters of Administration or Succession Certificate and register under these Articles the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member.

#### Article 75

Any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency, liquidation or winding up, as the case may be of any member or by any lawful means other than by the transfer in accordance with these Articles, may with the consent of the Board (which it shall not be under obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under these articles, or of his title as Board shall require and upon giving such indemnity as the Directors shall require either be registered as a member in respect of such shares or elect to have some person nominated by him and approved by the Board registered as a member in respect of such shares PROVIDED NEVERTHELESS THAT if such person shall elect to have his nominee registered, he shall testify his election by executing in favour his nominee an instrument of transfer in accordance with the provision herein contained, and, until he does so he shall not be freed from any liability in respect of such shares. This clause is herein referred to as "THE TRANSMISSION CLAUSE".

#### Article 76

Subject to the provisions of the Act, and these Articles, the Board shall have the same right to refuse to register a person entitled by transmission to any share or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

#### Article 77

The Board shall be entitled to decline to register more than four persons as the holders of any share.

#### CONSOLIDATION AND SPLITTING OF SHARES

##### Article 10 (1)

The Company may alter the condition of its Memorandum of Association as follows that is to say, it may:

- (a) Increase its share capital by such amount as it thinks expedient by issuing new shares;
- (b) Consolidate and divide all or any of the share capital into shares of larger amount than its existing shares.
- (c) Convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any denomination;
- (d) Sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the Sub division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.
- (e) Cancel shares which at the date of the passing of Resolution in that behalf have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

##### Article 10(2)

Whenever the Company shall do any one or more of the things provided for in the foregoing sub-clause the Company shall, within thirty days thereafter, give notice thereof to the Registrar as required by Section 95 of the Act, specifying, as the case may be, the shares increased consolidated, divided, sub-divided or cancelled.

#### WINDING UP

##### Article 245(1)

If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide amongst the contributions in specie or kind, any part of the assets of the Company and may with the like sanction vest any part of the

assets of the Company in Trustees upon such trusts for the benefit of the contributors or any of them, as the liquidator, with the sanction shall think fit.

#### MATERIAL CONTRACTS

The contracts mentioned in the paragraph (A) below (not being contracts entered into in the ordinary course of business carried on as indicated to be carried on by the Company or entered into by the Company more than two years before the date of this Prospectus) which are or may be deemed material have been entered into by the Company.

Copies of these contracts along with a copy of this prospectus together with the documents referred in Paragraph (B) below have been delivered to the Registrar of Companies, Maharashtra at Bombay for registration may be inspected at the Registered office of the Company between 10.00 a.m. and 1.00 p.m. on any working day from the date of this Prospectus until the closing date of the subscription list.

##### A) MATERIAL CONTRACTS

- 1) Letter from Shriram Investment Services Limited dated 19th December, 1994 offering their services to act as Lead Managers to the Issue and the Company's acceptance thereof.
- 2) Memorandum of Understanding dated 19.12.1994 entered into between the Lead Managers and the Company.
- 3) Letter from Messrs. System Support Services dated 16/11/1994 offering their services to act as Registrars to the Issue and the Company's acceptance thereof.
- 4) Letter dated 1st December, 1994, addressed to Mr. Zafar Hai regarding his appointment as Managing Director of the Company.
- 5) Business Services Agreement dated 5th October, 1994, entered into between Messrs. Haimark Films International and the Company.
- 6) Consultancy Services Agreement dated 17th October, 1994, entered into between Messrs. Cinerad Communications and the Company.
- 7) Production Services Agreement dated 17th October, 1994, entered into between Messrs. Haimark Films International and the Company.
- 8) Letters of Underwriting from various Underwriters referred to mentioned herein and the Company's acceptance thereof.
- 9) Purchase Order letters as per details given below :

Name of Supplier	Date of Order	F.O.B. Price	Items Ordered
Birns & Sawyer Inc.	08/12/94	US\$ 13130	a)Medium duty tripod b)Fluid Head c)Porta-Jib & Accessories
Sony Corporation Hongkong Limited	01/12/94	US\$ 107544	a) Betacam/U-matic Recorders. b) Monitors etc.
Tiffen, New York, USA	08/12/94	US\$ 4115	a) Camera Filters
Canon Singapore Pte Ltd	03/12/94	US\$ 24675	a) Canon Zooms Lens -2 nos & Accessories
Canon Singapore Pte Ltd	03/12/94	Jap.Yen 807000	a) Matte Box, made by Technik & Accessories.
Ikegami Tsushinki Company Ltd	03/12/94	Jap.Yen 4629780	a) HL-57 Digital Processing CCD Portable Camera (PAL) b) Camera Head & Accessories.

10. Transfer Deeds dated 9/11/1991 and 29/2/1992 between Women's India Trust and the Company for transfer of premises at Tardeo, Bombay.

**B) DOCUMENTS FOR INSPECTION**

1. Memorandum and Articles of Association of the Company.
2. Certificate of Incorporation dated 17th September, 1986.
3. Fresh Certificate of Incorporation Consequent on Change of Name dated 1st November 1994.
4. A copy of acknowledgement no. 4245/SIA/IMO/94 dated 8th December, 1994 from Secretariat for Industrial Approvals, the Government of India, Ministry of Industry, Delhi, Department of Industrial Development.
5. Consent of Directors, Legal Advisors, Corporate Law Advisors, Auditors, Company Secretary, Bankers to the Company, Bankers to Issue, Lead managers, Brokers to the Issue, Registrars to the Issue and Financial Advisors.
6. Auditors' Report and their opinion on tax benefits referred to in this Prospectus both dated 30th November, 1994.
7. Copy of the Resolution Under Section 81 (1A) of the Act passed at the Extraordinary General Meeting of the Company held on 7th November, 1994.
8. A copy each of Resolutions passed by the Board in its meeting held on 7th November, 1994 and by the shareholders at the Extraordinary General Meeting held on 1st December 1994, for appointment of Mr. Zafar Hai, as the Managing Director.
9. A Copy each of Resolutions passed by the Company under section 293(1)(a), 293(1)(d), Section 370 and section 372 of the Act at its Extraordinary General Meeting held on 7th November, 1994.
10. Initial listing application to the Stock Exchange, Bombay, where the listing is to be sought.
11. Board Resolution authorising Registrars to the Issue to realise the proceeds of Stockinvest dated 21/02/1995.
12. Power of Attorney from Directors.
13. SEBI Acknowledgement Card Ref: IMID/RUS/1532/2130/95 dated 21/02/95
14. Due Diligence Certificate dated 22/12/1994 and compliance letter from Lead Managers to SEBI.

**DECLARATION**

All the relevant provisions of the Company's Act, 1956 and the guidelines, issued by the Government have been complied with and no statement made in this Prospectus is contrary to the Provisions of the Company's Act, 1956 and rules thereunder.

**SIGNED BY THE DIRECTORS****ZAFAR HAI****ANIL HARISH**

(By his Duly Constituted Attorney Mr. Zafar Hai)

**RASHPAL MALHOTRA**

(By his Duly Constituted Attorney Mr. Zafar Hai)

**MRS.S.NOORANI**

(By her Duly Constituted Attorney Mr. Zafar Hai)

**PLACE : BOMBAY****DATE : 22/2/1995**