

Redefining

NexGen **3D** Entertainment



Interworld Digital Ltd.

Digital Cinema - Mobile Communication - New Media



Annual Report 2010 - 2011

Passion – Commitment – Integrity – Innovation – Service

Content

16TH ANNUAL REPORT 2010-2011

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Corporate Information's

BOARD OF DIRECTORS

Mr. Man Mohan Gupta
Mr. Peeyush Kumar Aggarwal
Mr. Shiv Nandan Sharma
Mr. Sanjay Kumar Gupta

Managing Director
Director
Director
Director

COMPANY SECRETARY

Heena Jain
Company Secretary & Compliance Officer

AUDITORS

M/s . RMA & Associates,
Chartered Accountants

BANKERS

Vijaya Bank
Bank of India

REGISTRAR & SHARE TRANSFER AGENTS

Skyline Financial Services Private Limited
Registrar & Share Transfer Agents

REGISTERED OFFICE

701, Arunachal Building,
19, Barakhamba Road, Connaught Place,
New Delhi-110 001

CORPORATE OFFICE

110, Linkway Estate,
New Link Road, Malad (W),
Mumbai-400 064

Chairman Message

**To
Dear Fellow Shareholders,**

In our last letter, about a year ago, we had mentioned that the need to attain momentum to speed up over the year to move ahead and swim out of arguably the worst economic crisis the world has ever seen was a priority for your company. The economic scene of the past year made this a very challenging time for all of us here at Interworld.

But I am happy to share with you that, with increasing recovery being witnessed in all relevant spheres for the Industry and with the hard work of the entire team at Interworld, who stand committed to maximize shareholders value, the tide has turned and the company is well on its way to execute and go a long way forward in our vision and ambition.

As you know, your company is the first company in India to talk about distribution of movies to theatre via satellite and to announce pay-as-you-go model to benefit the Film Industry. In addition, your company has launched successfully 3D technology towards digital cinema. Your company successfully has upgraded 6 theaters in Mumbai film circuit with 3D technology. Your company received overwhelming response from the exhibitors as they find the 3D quality offered by us is much superior to technology made available by other players in market for single screen theatres.

We draw immense satisfaction from the fact that Interworld Digital has been able to perform very well in 3D technology as compared to other market players. This coupled with bright prospects in digital industry, gives us plenty of reasons to be cautiously optimistic that the future is not only bright, but one that will pave the way for this company going forward.

We would like to be known as a forward thinking organisation with a firm focus on creating value in the entire value chain for Media sector. Today's investment is tomorrow's opportunity, and keeping this in mind, the whole focus this year and in the years to come would be to not only strengthen the existing operations of the company, but also expanding in the other Strategic verticals such as IDL Out-of-Home, IPO communication , 360 media etc. In addition, we are striving towards creating a strong, yet nimble organization structure and the coming year would see the company go all out in hiring the best talent available in the Industry world-wide to supplement its current activities and grow the future Businesses.

We thank all of you for continually supporting the Company and look forward to sharing many more milestones to come, at the same time, strengthening the core of our businesses.

**Sd/-
(Man Mohan Gupta)
Managing Director**

Notice

NOTICE IS HEREBY GIVEN THAT THE 16TH ANNUAL GENERAL MEETING OF THE MEMBERS OF INTERWORLD DIGITAL LIMITED WILL BE HELD ON FRIDAY, THE 30TH DAY OF SEPTEMBER, 2011, AT 701, ARUNACHAL BUILDING, 19, BARAKHAMBA ROAD, CONNAUGHT PLACE, NEW DELHI-110 001 AT 09:30 A.M. TO TRANSACT THE FOLLOWING BUSINESSES:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the company as on 31st March, 2011, Profit & Loss Account for the financial year ended on that date and the Reports of the Board of Directors & Auditors thereon.
2. To appoint a Director in place of Mr. Peeyush Kumar Aggarwal , who retires by rotation
3. at this meeting and being eligible, offer himself for re-appointment.
4. To appoint Statutory Auditors of the Company and in this connection to consider, and, if thought fit, to pass the following resolution, as an Ordinary Resolution:

“RESOLVED THAT M/s RMA & Associates, Chartered Accountants, New Delhi, the Company's retiring auditors, being eligible and offering themselves for reappointment, be and are hereby reappointed as the Statutory Auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company.”

By order of Board

**Sd/-
Heena Jain
Company Secretary**

**Place : New Delhi
Date : 02.09.2011**

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS ENCLOSED. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and the Share Transfer books of the Company will remain closed on 27th September 2011 to 30th September 2011 (both days Inclusive) for the purpose of Annual General Meeting.

3. Members/proxies should bring their copy of the Annual Report for reference at the meeting & also the attendance slip duly filled in for attending the meeting.
4. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.
5. Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
6. Members holding equity shares in physical form are requested to notify the change of address, if any, to the Company's Registrar and Share Transfer Agent, Skyline Financial Services Private Limited. Members holding equity shares in dematerialized form are requested to notify change of their address / Bank account details with their Depository Participants.
7. The communication address of our Registrar and Share Transfer Agent (RTA) is Skyline Financial Services Private Limited having its Corporate Office at D-153/A, 1st Floor, Okhla Industrial Area, Phase -1, New Delhi-110020.
8. Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary seven days in advance of the meeting so as to enable the Management to keep the information ready at the meeting.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent or the Company.
10. Under Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No.2B in duplicate (which will be made available on request) to Skyline Financial Services Private Limited.
11. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 2 P.M. to 4 P.M. upto the date of the Annual General Meeting.

By order of the Board

**Sd/-
(Heena Jain)
Company Secretary**

**Place : New Delhi
Date : 02.09.2011**



Mobility

At the edge of **green** Mobility!



MOBILE ENTERTAINMENT : : MOBILE MARKETING : : ENTERPRISE SOLUTION

LAUNCHING SHORTLY

Mobi BoxOffice

Mobi Box office
movies on your
mobile phone



Realise Your Ideas With our Mobility Solution

3G SERVICES

The Next Generation Mobile Communications system

Its grt 2b 3g enabled now

Developing a statergic approch to global mobility

DirectorS' Report

**To,
The Members,**

Your Directors are delighted to present 16th Annual Report and Audited Statement of Accounts of the Company for the period ended on 31st March 2011.

FINANCIAL RESULTS

The financial results of the Company for the period under review are summarized below. The previous figures in the financial statements have been regrouped, wherever necessary.

Rs. (in Lacs)

Particulars	Current Year	Previous Year
Income from Operations	1142.72	960.69
Other Income	9.27	2.99
Total Income	1151.99	963.69
Total Expenditure	1036.08	869.28
Profit before Depreciation, Interest & Tax (PBDIT)	115.91	94.41
Interest	-	-
Depreciation	77.28	66.88
Profit before tax	38.63	27.53
Provision for Income Tax	7.16	6.59
Deferred Tax	11.01	4.80
Profit after tax (PAT)	20.45	16.15
Profit brought forward from previous year	249.23	233.08
Balance carried to Balance Sheet	269.69	249.23
Paid-up equity share capital	738.00	689.50
Reserves & Surplus	1429.00	1368.99

OPERATIONS

During the year, your company was engaged in expansion of business activities and has adopted in processes to derive the synergies and optimize the use of available resources. Your directors wish to inform you that during the year company performed better as compared to performance with preceding year.

During the year under review, your company's total income is Rs. 1151.99 Lacs as compared to Rs. 963.69 Lacs in the previous financial year. The operating profit for the year ended March 31, 2011 was Rs. 38.63 Lacs as compared to Rs. 27.53 lacs in the preceding financial year. The profit after tax is Rs. 20.45 Lacs and was Rs. 16.15 lacs in the previous financial year.

KEY INITIATIVES

Your Company took several new initiatives towards media and technology. We are pleased to inform you that your company successfully upgraded 6 theaters in Mumbai film circuit with 3D technology. All these 6 theaters are currently showing India's first next generation stereoscopic 3D film "Haunted" directed by Vikram Bhatt. Our company received overwhelming response from the exhibitors as they find the 3D quality offered by us is much

superior to available with other players in the market for single screen theatres. Company received a good number of inquiries to convert their existing system with our 3D Digital Cinema System.

SHARE CAPITAL

During the financial year 2010-2011, there has been an increase in the Authorized Share Capital of the Company. The company's authorized share capital is enhanced from Rs. 21,00,00,000 (Rupees Twenty One Crore) divided into 21,00,00,000 Equity shares of Re 1/- each to Rs. 70,00,00,000 (Rupees Seventy Crore) divided into 70,00,00,000 Equity shares of Re 1/- each in the year under review.

Moreover, Board of Directors at its Meeting held on July 28, 2010 have approved the additions in paid up capital of 34,00,000 Equity shares & in January 28, 2011 have approved issue of 14,50,201 Equity Shares to promoters as well as to non-promoters group. These allotments were made pursuant to conversion of Fully Convertible Warrants into equity shares. Hence, as on 31.03.2011, the paid up share capital of the company is Rs. 7,38,00,000.

RAISING OF FUNDS

During the year under review, your company with a view to raise more funds has exercised the option, for issuance of Convertible Equity Warrants on preferential basis to the prospective investors belonging to both promoters and non promoters groups. This option was exercised at the Extra Ordinary General Meeting held on September 7, 2010 whereby Board with your permission has approved issuance of 40,00,00,000 convertible equity warrants to promoters and non promoters group. Your Company had duly made all the disclosures, as are applicable, relating to aforesaid issuance of warrants/shares to various Regulatory Authorities.

DIRECTORS

Mr. Peeyush Kumar Aggarwal, Director of the company, retires by rotation at the ensuing Annual General Meeting of your Company and, being eligible, has offered himself for re-appointment.

Your Board has recommended his re-appointment in the best interest of the company.

PUBLIC DEPOSIT

During the year, your Company has not accepted any Deposits under Section 58A and Section 58AA of the Act, read with Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS

M/s. RMA & Associates, Chartered Accountants, New Delhi, the statutory auditors of the company retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The members are requested to appoint them as auditors till the conclusion of next Annual General Meeting.

The Board recommends M/s RMA & Associates., Chartered Accountants, to be reappointed as the Statutory Auditors. A certificate under section 224(1B) of the Companies Act, 1956 regarding their eligibility for the proposed appointment has been obtained from them.

DIVIDEND

The Board is of the view that the Company should take advantage of the tremendous growth potential. Accordingly, the directors do not recommend any dividend for the year ended March 31, 2011.

DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF COMPANIES ACT, 1956

Pursuant to Section 217(2AA) of the Companies (Amendment Act), 2000, the Directors of your Company would like to inform the members that the Audited accounts for the Financial Year ended 31st March, 2011 are in full conformity with the requirement of the Companies Act 1956. The Directors further confirm that:

- i) in the preparation of the Annual Accounts, applicable accounting standards have been followed and proper explanation relating to material departures, if any, has been given.
- ii) the accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year.
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) the Directors have prepared the Annual Accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

The Directors hereby wish to place their appreciation for the efficient and loyal services rendered by the staff of the Company. The Company has not paid any remuneration attracting the provisions, of the Companies (Particulars of Employees) Rules, 1975 read with section 217(2A) of the Company Act, 1956. Hence, no information is required to be appended to this regard.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION, ADATATION AND INNOVATION

Information required to be provided under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in relation to Conservation of Energy and Technology Absorption are currently not applicable to the Company and therefore particulars in connection therewith are as under:

- Conservation of Energy- Nil
- Technology Absorption- Nil.

FOREIGN EXCHANGE EARNINGS & OUTGO

There is no Foreign Exchange earnings and outflow during the year.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has at a unified and centralized level, put in place Corporate Social Responsibility policy. The CSR Policy is based on a belief that a Business cannot succeed in a society that fails and therefore it is imperative for business houses, to invest in the future by taking part in society building activities. Your company implements these social responsibility.

CORPORATE GOVERNANCE

The Company is proactive in following the principles & practices of good corporate governance. The Company has taken adequate steps to ensure that the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreements of the Stock Exchanges are complied with.

A separate report on Corporate Governance together with Auditors' Certificate on compliance is attached to this Annual Report as also a Management Discussion and Analysis statement.

ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their sincere appreciation for the co-operation and assistance the Company has received from Banks and various Government Departments. The Board also places on record its appreciation of the devoted services of the employees; support and co-operation extended by the valued business associates and the continuous patronage of the customers of the Company.

On Behalf of the Board of Directors

**Place : New Delhi
Date : 02.09.2011**

**Sd/-
(Man Mohan Gupta)
Chairman & Managing Director**

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. INDUSTRIAL SCENE

Interworld is the leader to providing the services, experience, technology and content critical to transforming movie theaters into digital and networked entertainment centers. Our Company having technology and services integrator that works with Bollywood, Hollywood movie studios, independent movie distributors, and exhibitors to bring movies in digital cinema format to audiences across the country. Interworld is digital cinema deployment organization, unique combined satellite and hard drive digital movie delivery network, and distribution platform for alternative content such as DigiCine 3-D and 2-D sports and concerts, thematic programming and independent movies provider, who provides a complete suite of services required to enable the digital theater conversion.

The Indian Film Industry has been one of the oldest segments of the Indian entertainment industry. Today, India has the world's biggest movie industry that churns out around one thousand movies each year. The Indian Film Industry is witnessing mark improvements on all spheres - from the technology used in making films to the themes of the movies, exhibition, finance and marketing and even in its business environment. There is no doubt that the Indian Film Industry is finally getting corporatized in that sense. And the future looks immensely bright with a number of theatres poised to go digital.

The Indian Film Industry is largest in the world in terms of number of films produced and the number of moviegoers in a year. Indian filmed entertainment industry consists of movies produced in various genres and languages. Approximately around 1000, as part of the films is produced every year in different languages, out of which 70% are produced in the Hindi language. In 2009, 235 movies were released in Hindi genre popularly referred as Bollywood. Apart from that, 1053 movies were released in Tamil, Telugu, Kannada, Punjabi, Gujarati, Bengali and other Indian languages.

The Indian film industry is projected to grow at a CAGR of 12.4% over the next five years, reaching to Rs. 170.5 billion in 2014 from the present Rs. 95 billion in 2009. The performance was mainly driven by increased realizations from the home video market as well as cable and Satellite rights; which have been estimated to grow by 23% and 15% respectively over the past year.

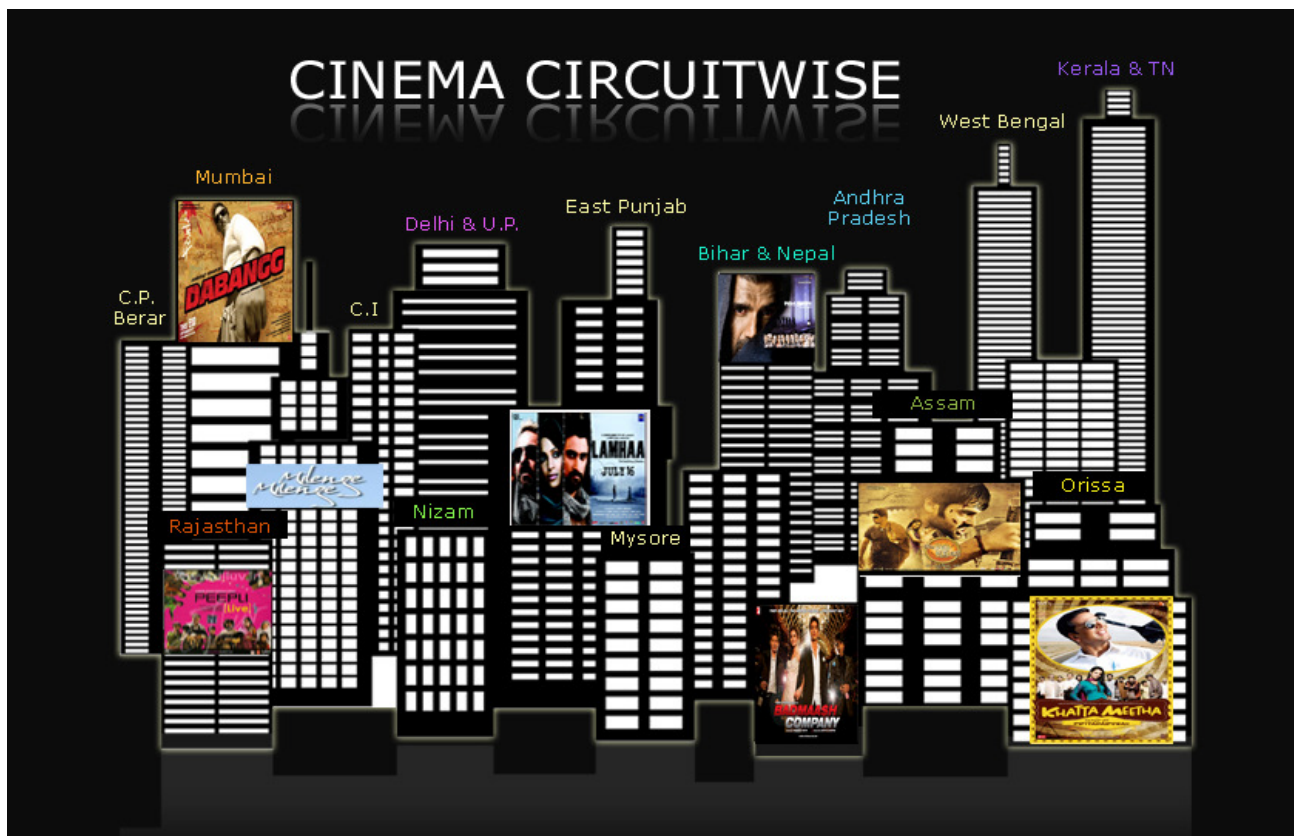
One of the major policy initiatives has been the Government of India granting "industry" status to the entertainment sector in India including the film sector in 2001. This allows the sector to access institutional finance and clean credit for new projects. Industrial Development Bank of India (IDBI) was the first to enter with a funding of Rs. 100 million with 16% p.a. interest rate. However, banking and institutional finance has not been forthcoming to the film industry even today.

2. COMPANY'S OUTLOOK

❖ TECHNOLOGY

Digi Cine is technological version of conventional cinema. Technology improves the theatrical entertainment experience from the existing boring to new heights of sensational experience. The technology developed and used by Interworld is a state of art for high experience of Indian audience in all Indian climatic and environmental conditions. The self-explanatory picture will give you a complete idea of Digital Cinema system.

❖ OUR NETWORKS



❖ BUSINESS PHILOSOPHY

DigiCine is an infrastructure project and operating on a pure service provider model. We operates by providing dynamic marketing and technology solutions to the film fraternity, but at the same time it ensures that it does not disturb any of the existing business models in the film industry.

❖ BUSINESS STRATEGY

The principal elements of our business strategy are to:

- Transform movie theaters into entertainment destinations by providing the technology, expertise and compelling content choices for exhibitors throughout the world.

- ✚ Use our global leadership in digital cinema deployments to create partnerships with content creators to market and deliver sporting events, concerts, independent movies, and other forms of content through our satellite network. Expand the application of our proven capabilities to reach consumers through alliances without of home sponsors, as well as cable and satellite providers.

- ✚ Our Business Model : No CAPEX to theater owners for Digitisation

❖ **OUR SERVICE**

Your company mainly engaged in the Services segment provides a variety of services to the corporate and class of person. Services consist of the following:

- ✚ **Out of Home (OOH)**
- ✚ **IPO Communication**
- ✚ **Digital & Social Media**
- ✚ **360 Mobile Influence**
- ✚ **Services with Innovation**
- ✚ **Mobile communication consisting of**
 - Mobile Marketing
 - 3G Services
 - Web based Bulk SMS service

OUT OF HOME (OOH)

After the inception of Interworld digital limited (IDL) OOH (Out-of-Home) division in 2009 many new innovation and ideas successfully conceived and benefited the brands in their budgets. In a span of just one year, IDL Out-of-Home successfully created a shift in the perception about the OOH industry in India - from conventional Outdoor Media to an all-encompassing 360-degree Out-of-Home communication solution. IDL OOH has developed a national network in partnership with more than 25 vendors providing more than 5000 billboards to cover any size of campaign. IDL OOH is offering specialized and most cost effective solutions in combination of Digital and Social media to provide maximum mileages to brand.

IPO COMMUNICATION

Floating a successful IPO is getting tougher day by day. Every potential investor is going to rummage online for information about your company and some time they found that many service receivers criticizing your service, complaining about your product, or creating doubt about company and company upcoming IPO. At this moment, we at Digi Media provide a unique online and offline service called 'Reputation Management'. We harness the power of the mobile and Internet and help you fight back against malicious attacks. Our process consists of 3 steps. First, we analyze the situation, second, plan the strategy and third is, execution of it.

We help to capitalize on cutting edge Web 2.0 and Mobile 2.0 Reputation Management techniques such as blogging, podcasts, video, RSS feeds, articles and press releases, social media posting, blog posting, industry relevant forum posting and more. We can even create micro websites built around specific keywords that are important to your business and get them on the first page of Google

In short we can say that, We offer customize Reputation Management system according to businessmen point of view and his business needs and help him to achieve his unique online Reputation Management goals.

DIGITAL SOCIAL MEDIA

We at Interworld Digital having expertise in marketing, advertising and operation offer social media strategy to corporate. Under this we work with client company management team, we help him to quickly come, and to grips with the impact of social media, creating within organization the necessary change that positions company brand, product, or service for success on the Social Web.

With IDL plan and strategy companies can easily build & launch social media marketing campaigns within shortest time. Campaign formats include quizzes, contests, coupons, virtual gifts and more.

We enables him to simultaneously publish in social media marketing campaign on Facebook Fan Pages, Twitter and company Website.

360 ° MOBILE INFLUENCE

Under 360 degree mobile service, we are providing various type of services to our client company like giving answer on behalf of it as comments left by users on multiple blogs. Read what they say about brand and accordingly inform to the company.

We also offer tools to customers to share about company products (blogs, forums, surveys) with company. We also try to Connect with customers and also present on social networks and create a profile for brand.

Apart of these, we are also replying offline Post by customer and announce coming event on Twitter, Post feeds on Face book, Blog about brand.

We believe, success can only be achieved through anticipating, understanding and executing the trends in this arena, service innovation, service differentiation and value creation.

SERVICES WITH INNOVATION

Today online environment is the perfect approach for a number of reasons. As we know that many of the potential buyers are regularly visiting the major portal sites, online channel facilitates unprecedented user control. If a viewer wants to re-watch details about a specific product feature, they can do so easily. Finally, long-form online infomercials are designed to help prospects decide to buy, often leading them directly to the brand site.

IDL Digi Media help businesses increase their visibility online by creating, producing and optimising video content for their websites, blogs and social media streams.

MOBILE COMMUNICATION

Mobile communication has groomed a lot in past few years. Interworld provides the ability to corporate and brands to communicate with large groups of people instantaneously anytime and anywhere via their mobile phone. Services include content delivery to mobile devices, mobile advertising, premium SMS, mobile sweepstakes, TXT2Screen, Txt N' Win and wireless consulting.

Our team is dedicated to the solutions, we provide to each one of our clients. Our Skill sets are complimentary in management, marketing /advertising and software development with significant international mobile marketing experience.

Interworld maintains a professional approach and will do everything to manage expectations and achieve the expected results. We are dedicated towards delivering the right mobile experience for both company as well as its valuable customers, and linking them to its brand, products and services.

3. OUTLOOK ON OPPORTUNITIES

Media and Entertainment

Media and Entertainment (M&E) is one of the fastest growing sectors in India. The sector consists of creation, aggregation and distribution of content, products and services, news and information, advertising and entertainment through various channels and platforms.

The Indian economy grew at a faster pace in 2010 compared to 2009, which translated into more advertising as well consumer spending. This high growth rate will continue to remain in 2011 as well. The Indian advertising industry will grow by 17 per cent in calendar year 2011 and is expected to add about US\$ 889 million to the existing ad pie worth US\$ 5248 million, according to Pitch Madison Media Advertising Outlook 2011. This robust growth in advertising industry will benefit the M&E industry in 2011 as well.

The entertainment industry in India is estimated at about US\$ 9.4 billion in revenues in year 2010, which is expected to grow at a rate of 14.1 per cent to reach revenues of US\$ 10.7 billion in 2011.

India has the largest film producing market in the world with over 1,000 films released every year and 3.7 billion tickets sold annually.

Digital Media

The Information and Broadcasting (I&B) Ministry has accepted a proposal by Telecom Regulatory Authority of India (TRAI) to make broadcasting operations completely digital. The timeline decided for closing the analog cable distribution has been decided for March 2015. A report by ICRA states that the industry requires an investment of US\$ 3.37 billion to go for the digital system.

India has the third biggest Internet market, with over 100 million-internet user base and the amount of time spent on the Internet for an average user in the country is 16 hours a week. According to Google estimates, 40 million users access Internet through mobile phones and download 30 million applications.

4. OUTLOOK ON THREATS

According to the results of an annual Accenture survey the biggest threats to their business are the growing ability and eagerness of individuals to create their own content.

Some 57% of respondents identified the rapid growth of user-generated content - amateur digital videos, podcasts, mobile phone photography, wikis and social-media blogs - as one of the top three challenges they face.

More than two-thirds (70%) said they believe that social media, one of the largest segments of user-generated content, will continue to grow; only 3% said they view social media as a fad.

The changing landscape offers opportunities as well as challenges, according to the study 68% of respondents said they believe that within three years their businesses will be making money on user-generated content; and 62% said they believe their companies will make money through advertising and sponsorships of social media.

5. RISKS MANAGEMENT

We are engaged in media communication business, to prevent from the risk events they are time to time identified, assessed, mitigated and monitored by the management separately.

Our risk management approach comprises of three key elements, which are as follows:

- **Risk identification:** External and internal risk events, that must be managed and identified in the context of nature and its impact on business. These risk events are assessed by management and prioritized for development of risk mitigation.
- **Risk mitigation:** This step comprises developing of a mitigation plan for the risks identified and to be treated on priority.
- **Risk monitoring and assurance:** Key risks are managed through a structure that cascades across the corporate and business. At the corporate level, management is responsible for the risk management process and reviewing the implementation and effectiveness of mitigation plans.

6. INTERNAL CONTROL SYSTEM

Your Company's internal audit team comprises professionals, supported by regional teams at our registered office and our corporate offices. In our company, regular audits of operational functions are conducted and quality team has been created for reviewing on a regular basis. This is supported by a team of external auditors whose reports are reviewed by the top management at regular intervals. Your Company has invested in adequate internal audit and control systems. Operationally speaking, all key functions have an in-built maker checker concept.

Our internal control systems are adequate and provide ,among other things, reasonable assurance of recording transactions of operations in all material respects and of providing protection against significant misuse or loss of company assets.

7. HUMAN RESOURCES

Your Board believes that to build a sound and growing business in a difficult and complex industry, Employees are vital to the Company. The talent base of your Company has steadily increased and your Company has created a favourable work environment which encourages innovation and meritocracy.

The Company's Human Resource processes ensure building a competent team of motivated employees. It is the Company's first priority to enrich its employees by promoting learning and enhancing their knowledge with special emphasis on internal and external training. The proper synchronization between the goals of the individual and that of the organization is a critical aspect and is delicately managed by the HR department.

The Company has stressed strongly on performance management linked to compensation. To recognize and reward good performance, the Company has been successfully practicing the concept of performance-based variable compensation. The reward and recognition system is duly followed through a performance appraisal system on an annual basis.

8. SEGMENT-WISE PERFORMANCE

The Company is into single reportable segment only.

9. CAUTIONARY STATEMENT

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "Forward Looking Statements" within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make the difference to the Company's operations include cyclical demand and pricing in the Company's principal markets, changes in Government Regulations, tax regimes, economic developments within India and other incidental factors.

**On Behalf of the Board of Directors
For INTERWORLD DIGITAL LIMITED**

Sd/-

Place: New Delhi

Date: 02.09.2011

**(Man Mohan Gupta)
Chairman & Managing Director**

Corporate Governance

1. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance Philosophy of **INTERWORLD DIGITAL LIMITED** stems from its belief that the Company's business strategy, plans and decisions should be consistent with the welfare of all its stakeholders, including Shareholders, viewers etc. Good Corporate Governance practices enable a Company to attract financial and human capital and leverage these resources to maximize long-term shareholders' value, while preserving the interests of multiple stakeholders, including society at large.

Corporate Governance at **INTERWORLD DIGITAL LIMITED** is founded upon 4 pillars of Core Values viz., Transparency, Integrity, Honesty and Accountability. Your Company has laid strong foundation for making Corporate Governance a way of life by constituting a Board with a balanced mix of professionals of eminence and integrity from within and outside the business, forming a core group of top executives, inducting competent professionals across the organization and putting in place system, process and technology.

We believe that sound Corporate Governance is critical to enhance and retain stakeholders' trust. Accordingly, we always seek to ensure that we attain our performance rules with integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures always seek to attain best practices in international Corporate Governance. We also endeavor to enhance long term shareholders' value and respect minority rights in all our business decisions.

2. BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

Well- qualified professionals manage the Company. All directors are suitably qualified, experienced and competent.

The Board of Directors consists of four members, comprising of one Executive Promoter Director and three Non Executive Directors out of which two are Independent Directors. The Board's composition meets the stipulated requirements of clause 49 of the listing agreement of the Stock Exchanges.

At present, the Board consists of following members :

- ❖ Mr. Man Mohan Gupta (Managing Director)
- ❖ Mr. Peeyush Kumar Aggarwal (Director)
- ❖ Mr. Shiv Nandan Sharma (Director)
- ❖ Mr. Sanjay Kumar Gupta (Director)

The Independent Directors does not have any pecuniary relationships of transaction with the Company, promoters, management that may affect their judgment in any manner.

BOARD MEETINGS

Dates of Board meetings are fixed in advance and agenda papers are circulated to Directors in advance.

Meetings and Attendance

During the financial year under review Thirteen **(14)** Board meetings were held on 30.4.2010, 28.7.2010, 3.8.2010 , 6.8.2010, 13.8.2010, 02.09.2010, 07.09.2010, 30.9.2010, 05.10.2010, 9.11.2010, 12.11.2010, 24.1.2011, 28.1.2011 & 14.2.2011 and the attendance of each of the Director in the Board meetings is as follows:

S. No.	Name of the Director	Designation	No. of Board Meeting attended	Status of the Director
1	Mr. Man Mohan Gupta	Managing Director	11	Executive Promoter Director
2	Mr. Peeyush Kumar Aggarwal	Director	14	Non Executive Director
3	Mr. Shiv Nandan Sharma	Director	12	Non Executive and Independent Director
4	Mr. Sanjay Kumar Gupta	Director	13	Non Executive and Independent Director

3. COMMITTEES OF THE BOARD

(I) AUDIT COMMITTEE

To provide assistance to the Board of Directors of the Company, the Audit Committee was constituted. It consists of three members including Chairman namely Mr. Sanjay Kumar Gupta as Chairman, Mr. Man Mohan Gupta and Mr. Shiv Nandan Sharma. The Company Secretary is the Secretary of the Committee.

Primary Objective:

The Primary objective of the Audit Committee (the Committee) of the Company is to monitor and provide effective supervision of the management financial reporting process with a view to ensure accurate, timely and proper disclosure and transparency, integrity and quality of financial reporting. The role and powers of the Audit Committee is as set out in Clause 49 of the Listing Agreement(s) with Stock Exchanges and Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are broadly as follows:

- ✚ Oversight of Company's financial reporting process and disclosure of its financial information.
- ✚ Review with the management, quarterly and annual financial statements.
- ✚ Review of related party transactions.
- ✚ Review of Company's financial and risk management policies.
- ✚ Review with the management, statutory and internal auditors, adequacy of internal control systems.

- + Recommend to the Board the appointment, re-appointment and removal of the statutory auditor, fixation of their remuneration.
- + Discussion with Statutory Auditors about the nature and scope of audit as well as post audit discussion to ascertain any area of concern and internal control weaknesses observed by the Statutory Auditors.
- + Discussion of Internal Audit Reports with Internal Auditors and significant findings and follow up there on and in particular internal control weaknesses.

During the period under review, the Audit Committee met **seven** times. The meetings were attended by all the members of the committee.

(II) REMUNERATION COMMITTEE

The Remuneration Committee is headed by Sanjay Kumar Gupta as the Chairman of the Committee. The Remuneration Committee of the company comprises of three Directors consisting of Mr. Sanjay Kumar Gupta as Chairman, Mr. Peeyush Aggarwal and Mr. Shiv Nandan Sharma as members. All the members of the committee attended the meeting.

REMUNERATION POLICY

The Remuneration Policy of the Company for managerial personnel is primarily based on the following criteria:

- Performance of the Company.
- Track record, potential and performance of individual managers and
- External competitive environment

(III) SHARE TRANSFER & SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance and Share Transfer Committee has been constituted as per the provisions set out in the Listing Agreement. The Committee frames the policy & look into the redressal of shareholders & Investors grievances pertaining to:

- 1) Transfer of shares & its timeliness.
- 2) Transmission of Shares.
- 3) Issuance of duplicate shares.
- 4) Investors/ shareholders grievance(s) pertaining to all types of matters concerning their dealing with the Company with respect to their investment in the securities of the company, more specially pertaining to non-receipt of Annual Reports, delay in transfers, non-redressal of complaint, non-receipt of Annual Reports.

4. Code of conduct

In compliance with the Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct for the Board and the Senior Management of the Company. The compliance of the code of conduct is affirmed by the Board and Senior Management personnel annually.

All the members of the Board and the Senior Management have affirmed compliance to the said Code of Conduct during the financial year ended March 31, 2011. A declaration affirming compliance with the code of conduct by the members of the Board and Senior Management personnel is given below:

Declaration Pursuant to Clause 49 I(D) (ii) of the Listing Agreement

I confirm that the Company has obtained from all Directors and Senior Management personnel of the Company their affirmation of compliance with the 'Code of Conduct for Members of the Board and Senior Management' of the Company for the financial year ended March 31, 2011.

Man Mohan Gupta
Managing Director
New Delhi,
September 02 , 2011

5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This is included as a separate section in this Annual Report.

6. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, the Statutory Auditors' Certificate is provided in this Annual Report.

7. CEO/CFO CERTIFICATION

In terms of the requirements of Clause 49(v) of the Listing Agreement, a certificate on the financial statements of the Company stating the particulars specified under the said Clause was placed and considered by the Board.

8. DISCLOSURE

A. Related Party Transactions

The Company has not entered into any transaction of material nature with the promoters, the Directors or the management, their subsidiaries or relatives etc. that may have any potential conflict with the interests of the Company.

B. Disclosure of Compliances by the Company

During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on matters related to capital markets.

C. Disclosure of Accounting Treatment

There have not been any significant changes in the accounting policies during the year.

D. Risk Management

The Company has a procedure to inform the Board about the risk assessment and minimization procedures. The Board of Directors periodically reviews the risk management framework of the Company.

The Company has complied with all the mandatory requirements and has adopted non-mandatory requirements as per details given below:

(1) Remuneration Committee

The Company has constituted Compensation Committee as detailed in hereinabove. The Chairman of the Compensation Committee is an independent director and was present at the last Annual General Meeting.

(2) Shareholders Rights

The quarterly financial results are published in the newspapers as mentioned under the heading “Means of Communication” herein below and also displayed on the website of the Company. The results are not separately circulated to the shareholders.

(3) Audit qualifications

There are no audit qualifications in the Company’s financial statements for the year under reference.

(4) Training of Board Members

No specific training programme was arranged for Board members. However, at the Board/Committee meetings detailed presentations are made by Professionals, Consultants as well as Senior Executives of the Company on the business related matters, risk assessment, strategy, effect of the regulatory changes etc.

(5) Mechanism for evaluating Non-Executive Board Members

The Company has not adopted any mechanism for evaluating individual performance of Non-Executive Directors.

(6) Whistle Blower Policy

The Board of Directors of the Company at its meeting has approved Whistle Blower Policy of the Company and issuance of the same is under process. Further, no person has approached the Audit Committee of the Company during the year. The Company has also laid down a Code of Conduct for all its employees across the Organisation. The Code of Conduct of the Company lays down that the employees shall promptly report any concern or breach and suggests not to hesitate in reporting a violation or raising a policy concern to the Code Compliance Cell or concerned superior. The Code provides that the Company shall support and protect employees for doing so.

9. CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

In December 2009, the Ministry of Corporate Affairs had issued the Guidelines on the voluntary adoption of Corporate Governance Practices. The Company follows the Guidelines such as constitution of Remuneration Committee which determines remuneration policy, providing timely information to Board of Directors for quality decision making, identification of risks, review of internal controls and constitution and functioning of Audit Committee. While some of these Guidelines like maximum tenure of independent directors, rotation of audit firm etc. have not yet become due and the Guidelines on payment of remuneration to Independent Directors would require amendment to the Companies Act. Further, evaluation of Directors, conducting their training etc. is yet to be adopted by the Company

10. SHAREHOLDERS' INFORMATION

(i) DETAILS OF 16TH ANNUAL GENERAL MEETING OF THE COMPANY

Day Date : Friday, 30th September 2011
Location : 701, Arunachal Building, 19, Barakhamba Road,
Connaught Place, New Delhi 110001
Time : 09:30 A.M.

(ii) FINANCIAL CALENDAR

The financial year covers the period from 1st April, to 31st March.

Calendar for the financial year ending 31st March, 2012:

Financial Reporting for the	Tentative time frame
First quarter ended 30th June, 2011	First fortnight of August, 2011
Second quarter ending 30th September, 2011	First fortnight of November, 2011
Third quarter ending 31st December, 2011	First fortnight of February, 2012
Fourth quarter ending 31st March, 2012	First fortnight of May, 2012

(III) GENERAL BODY MEETING

Details of Annual General Meeting (AGM) held during last Three Years:

Description of Meeting	Date	Time	Venue
13th AGM	September 30, 2008	9.30 A.M.	308, Pratap Chambers, Gurudwara Road, Karol Bagh, New Delhi – 110 005.
14th AGM	December 30, 2009	9.30 A.M.	308, Pratap Chambers, Gurudwara Road, Karol Bagh, New Delhi – 110 005.
15 th AGM	September 30, 2010	9.30 A.M.	701, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi-110 001

During the year under review, none of the resolutions was passed by Postal Ballot in terms of Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001.

Details of special resolution

During the year under review, the following special resolution was passed by the shareholders of the company at their duly convened extra ordinary general meetings (EGM):

1. In EGM, held on 7th September 2010 , Under Section 81(1A) of the Companies Act, 1956, a Special Resolution was passed for issuance and allotment on preferential basis 40,00,00,000 (Forty Crores) Convertible Equity Warrants to the prospective investors belonging to both promoters and Non promoters group at Rs. 2.55/- (Rupees Two and Fifty Five only)(including a premium of Rs. 1.55/-) per warrant.

(iv) DATE OF BOOK CLOSURE

From 27th September 2011 to 30th September 2011 (both days Inclusive) for the purpose of Annual General Meeting.

(v) LISTING ON STOCK EXCHANGES

As on March 31, 2011, the Equity Shares of the Company are listed on the Bombay Stock Exchange Ltd.

The Company confirms that it has paid annual listing fees due to the BSE for the year 2011-2012.

(vi) STOCK CODE/ISIN NO.

Bombay Stock Exchange : Scrip Code – 532072 (INTERDIGI)

Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares: **INE177D01020**

(vii) MARKET PRICE DATA

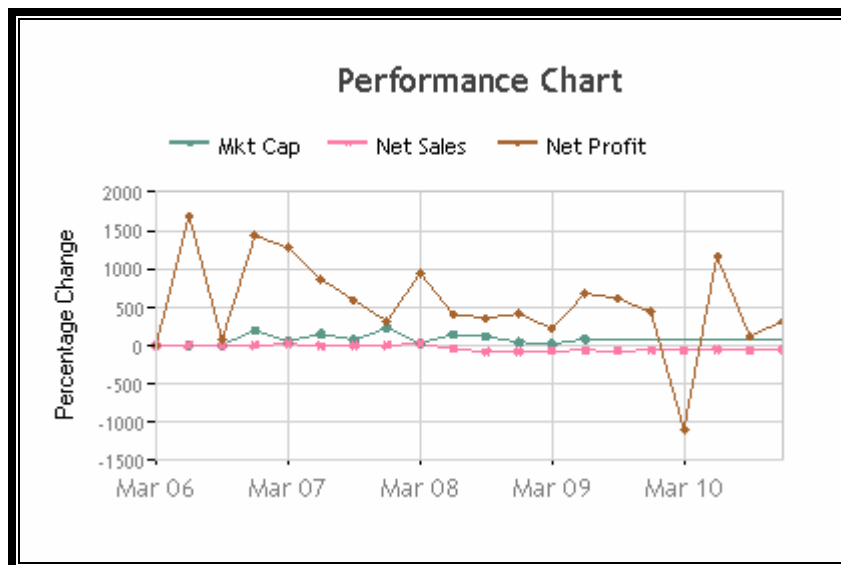
The Company's equity shares are listed at Bombay Stock Exchange (BSE). The monthly high and low quotations of equity shares traded on the Bombay Stock Exchange Limited during the financial year 2010-11 is as follows:

Month	Face Value (In Rs.)	BSE		
		High (Rs.)	Low (Rs.)	No of shares Traded
Apr-10	1.00	3.5	1.95	12283436
May-10	1.00	2.11	1.7	1267240
Jun-10	1.00	2.25	1.42	2584769
Jul-10	1.00	2.46	1.67	4985276
Aug-10	1.00	3.19	2.32	3353051
Sep-10	1.00	3.26	2.61	5066313
Oct-10	1.00	3.11	2.7	1585507
Nov-10	1.00	3.57	2.63	2242702
Dec-10	1.00	3.25	2.55	1799811
Jan-11	1.00	3.54	2.41	857919
Feb-11	1.00	3.72	2.54	1421717
Mar-11	1.00	4.19	2.71	2709160

*Source: www.bseindia.com



*Source: www.bseindia.com



*Source: www.bseindia.com

(viii) REGISTRAR AND SHARE TRANSFER AGENT

Skyline Financial Services Private Limited having its corporate office at D-153/A, 1st Floor, Okhla Industrial Area, Phase -1, New Delhi-110020 is the Registrar and Share Transfer Agent for physical shares of the Company. Skyline is also the depository interface of the Company with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

(ix) SHARE TRANSFER SYSTEM

With a view to expedite the process of share transfers, the Board of Directors of the Company has delegated the power of share transfer time to time. The delegated Person(s) attend(s) to the share transfer formalities once in a fortnight. The shares for transfers received in physical form are transferred expeditiously, provided the documents are complete and the shares under transfer are not under any dispute. The share certificates duly endorsed are returned immediately to shareholders. Confirmation in respect of the requests for dematerialisation of shares is sent to the respective depositories i.e. NSDL and CDSL expeditiously.

(x) DEMATERIALISATION OF SHARES

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both NSDL and CDSL. As on March 31, 2011, 7,14,39,599 Equity Shares of the Company, forming 96.8 % of the Share Capital of the Company, stand dematerialised.

Status of Issued Share Capital as on 31.03.2011

Total Issued Capital	No. of Shares	% of Total Capital
Demat Form - NSDL	44880817	60.81
CDSL	26558782	35.99
Physical Form	2360401	3.20
Total	73800000	100.00

(Xi) SHAREHOLDING PATTERN AS ON 31.03.2011

As on 31.03.2011, the Authorized Share Capital of the Company was Rs. 70 Crores and paid up share Capital was Rs. 7,38,00,000/- consisting of 7,38,00,000 equity shares of Re. 1/- each. The shareholding pattern of the Company as on 31.03.2011 is as follows:

S. No	Category of Shareholder	Total No. of Shares	% of shareholding
(A)	Shareholding of Promoter and Promoter Group		
	Indian		
1.	Individuals / Hindu Undivided Family	4,371,343	5.92
2.	Bodies Corporate	7,306,048	9.90
3.	Foreign	NIL	NIL
	Total shareholding of Promoter and Promoter Group (A)	11677391	15.82
(B)	Public Shareholding		
1.	Institutions	NIL	NIL
2.	Non-Institutions		
	Bodies Corporate	20,025,329	27.13
3.	Individuals		

	Individual shareholders holding nominal share capital up to Rs. 1 lakh	20,179,293	27.34
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	21,772,965	29.50
4.	Any Others (Specify)		
	Non Resident Indians	1,45,022	0.20
	Total Public shareholding (B)	6,21,22,609	84.18
	Total (A)+(B)	7,38,00,000	100.00

Distribution of Shareholding - As on 31.03.2011

SHAREHOLDING OF NOMINAL VALUE OF RS.	NO. OF SHAREHOLDERS	% TO TOTAL NUMBER	TOTAL SHARES	AMOUNT IN RS. Rs. 1/	% TO TOTAL
Upto 500	1954	31.08	603492	603492	0.82
From 501 upto 1000	1543	24.54	1487960	1487960	2.02
From 1001 upto 2000	940	14.95	1703608	1703608	2.31
From 2001 upto 3000	399	6.35	1095656	1095656	1.48
From 3001 upto 4000	132	2.10	493216	493216	0.67
From 4001 upto 5000	444	7.06	2190696	2190696	2.97
From 5001 upto 10000	409	6.51	3451870	3451870	4.68
From 10001 & above	466	7.41	62773502	62773502	85.06
Total	6287	100	73800000	73800000	100

11. MEANS OF COMMUNICATION

The Company regularly intimates unaudited as well as audited financial results to the Stock Exchanges immediately after these are taken on record by the Board. These financial results are normally published in the Financial Express and Jansatta and are also displayed on the website of the Company i.e. : www.interworld.co.in.

12. ADDRESS FOR CORRESPONDENCE

Registered office

701, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi 110001

Corporate office

110, Linkway Estate, New Link Road, Malad (W), Mumbai-400 064

Auditor's Certificate on corporate Governance

To,
The Members of
INTERWORLD DIGITAL LIMITED

We have examined the compliance of conditions of Corporate Governance by **INTERWORLD DIGITAL LIMITED** for the period ended on **31st March 2011**, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s. RMA & Associates,
Chartered Accountants
Firm Regn. No. 000978N

Sd/-
Pankaj Chander
Partner
Membership No. 89065

Place: New Delhi
Dated: 02/09/2011

CERTIFICATE PURSUANT TO CLAUSE 49 V OF THE LISTING AGREEMENT

Confirmation of compliance of Code of Conduct and Ethics

**To,
The Members of
Interworld Digital Limited**

In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges relating to Corporate Governance, I confirm that, on the basis of confirmations/declarations received, all the Directors and senior management personnel of the company have complied with the Code of Conduct framed by the company.

For Interworld Digital Limited

**Sd/-
Man Mohan Gupta
Chairman & Mg. Director**

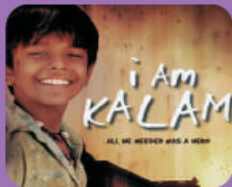
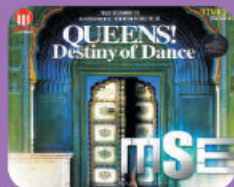
Place: New Delhi

Dated: 2nd September, 2011

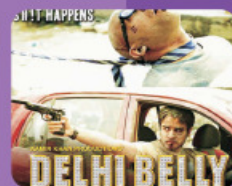
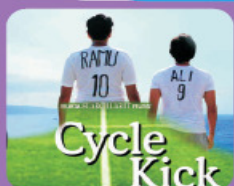
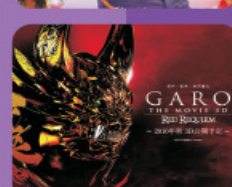
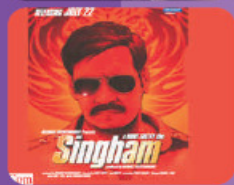
Most of Prestigious theaters
in our Digital Network

InterWorld
DIGITAL CINEMA

Redefining
NexGen Entertainment



NexGen 3D Entertainment





AUDITORS' REPORT

**The Members,
INTERWORLD DIGITAL LIMITED**

1. We have audited the attached Balance Sheet of **INTERWORLD DIGITAL LIMITED** as at 31st March 2011, the Profit & Loss Account and Cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
 - (c) The Balance Sheet, the Profit & Loss Account and the Cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Profit & Loss account and the Cash flow statement dealt with by this report complies with the mandatory Accounting Standards referred in section 211 [3C] of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as at 31.03.2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2011 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
- (ii) In the case of the Profit & Loss Account, of the profit of the company for the year ended on that date; and
- (iii) In the case of Cash Flow Statement, of the cash flow of the company for the year ended on that date.

For M/s. RMA & Associates
Chartered Accountants
Firm Regn. No. 000978N

Sd/-
Pankaj Chander
Partner
M. No. 89065

Place: New Delhi
Dated: 02/09/2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date to the members
of M/s. Interworld Digital Limited)

- (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified at reasonable intervals by the management and no material discrepancy was noticed on such verification.
- (c) The company has not disposed off a substantial part of its fixed assets during the year.
- (ii) (a) The company is not dealing in any goods therefore there is no inventory.
- (b) As already stated, since the company is not dealing any goods, there is no question of procedure of physical verification of inventory.
- (c) As already mentioned, the company is not dealing in any goods and therefore there is no question proper records of inventory.
- (iii) (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase fixed assets and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
- (b) In our opinion, transactions if any made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Act.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
- (ix) According to the information and explanation given to us, no undisputed dues in respect of provident fund , employees state insurance , income tax, wealth tax, service tax, sales tax, custom duty, excise duty , cess and other statutory dues were outstanding at the yearend for a period of more than six months from the date they become payable.
- (x) The company does not have any accumulated losses at the end of the financial year covered by our audit and has not incurred cash losses in the financial year and in the immediately preceding financial year.

- (xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues of the loan taken from bank. The company has neither taken any loan from a financial institution nor issued any debentures.
- (xii) The company has not granted any loan or advance against the security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us, the company has not obtained any term loans.
- (xvii) According to the information and explanations given to us, we report that no short term funds have been used for long term investment.
- (xviii) The company has made preferential allotment of shares during the period covered by our audit to bodies corporate and persons covered in the Register maintained under section 301 of the Act and in our opinion the price at which allotment is made is not prejudicial to the interest of the company.
- (xix) The company has not issued debentures during the period covered by our audit.
- (xx) The company has not raised money by way of public issues during the period covered by our audit.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For M/s. RMA & Associates
Chartered Accountants
Firm Regn. No. 000978N

Sd/-
Pankaj Chander
Partner
M. No. 89065

Place: New Delhi
Dated: 02/09/2011

INTERWORLD DIGITAL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

(Amounts in Rs.)

	Schedule	As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS			
Share holder's funds			
a) Share Capital	1	73,800,000	68,949,799
b) Convertible Warrants		298,302,228	14,611,112
c) Reserves & Surplus	2	142,900,030	136,899,490
LOAN FUNDS			
a) Secured Loans	3	3,798,287	-
b) Unsecured Loans	4	23,115,000	21,280,000
Deferred Tax			
a) Deferred Tax Liability		11,094,069	9,992,905
Total		553,009,614	251,733,306
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	5	114,378,453	97,160,556
b) Less: Depreciation		60,605,697	52,877,755
Net Block		53,772,756	44,282,801
Capital Work in Progress (Including Computers Systems, Hardware and Networking)		420,239,646	153,280,096
Current Assets, Loans & Advances:			
a) Cash & Bank Balances	6	505,728	1,039,789
b) Sundry Debtors	7	88,803,679	62,339,170
c) Loans & Advances	8	13,089,361	7,553,511
Total Current Assets		102,398,768	70,932,470
Current liabilities & Provisions:			
a) Current liabilities	9	25,752,062	16,939,696
b) Provisions	10	716,124	425,365
Total Current Liabilities		26,468,186	17,365,061
Net current Assets		75,930,582	53,567,409
Miscellaneous Expenditure (to the extent not written off or adjusted)	11	3,066,630	603,000
Total		553,009,614	251,733,306

Notes to Accounts & Significant
Accounting Policies

15

Auditors' Report

As per our report of even date attached

For M/s. RMA & Associates
Chartered Accountants
Firm Regn. No. 000978N

for and on behalf of the Board of Directors

Sd/-
Pankaj Chander
Partner
M. No. 89065

Sd/-
(Man Mohan Gupta)
Managing Director

Sd/-
(Peeyush Aggarwal)
Director

Place: New Delhi
Dated: 2nd September, 2011

Sd/-
(Heena Jain)
Company Secretary

INTERWORLD DIGITAL LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011

(Amounts in Rs.)

	Schedule	31st MARCH, 2011	31st MARCH, 2010
INCOME			
Sales & Service Charges		114272299	96,069,450
Other Income		926,487	299,366
		115,198,786	96,368,816
EXPENDITURE			
Purchase and Service Charges		79,448,872	68,878,109
Personnel Expenses	12	3,702,688	2,779,278
Operating & Administration Exp.	13	20,318,639	15,249,377
Financial Expenses	14	138,054	20,792
Depreciation	5	7,727,942	6,688,087
		111,336,195	93,615,643
NET PROFIT			
		3,862,591	2,753,173
Provision for			
Current Tax		716,124	425,365
Deferred Tax Liability/(Assets)		1,101,164	480,001
Short Provision for Earlier Year		-	233,177
Profit after tax		2,045,303	1,614,630
Profit/(Loss) brought forward		24,923,227	23,308,597
Balance of Profit/(Loss) carried forward to Balance Sheet			
		26,968,530	24,923,227
Notes to Accounts & Significant Accounting Policies	15		
Basic Earning Per Share		0.03	0.02
Diluted Earning Per Share		0.02	0.02

As per our report of even date attached

For M/s. RMA & Associates
Chartered Accountants
Firm Regn. No. 000978N

for and on behalf of the Board of Directors

Sd/-
Pankaj Chander
Partner
M. No. 89065

Sd/-
(Man Mohan Gupta)
Managing Director

Sd/-
(Peeyush Aggarwal)
Director

Place: New Delhi
Dated: 2nd September, 2011

Sd/-
(Heena Jain)
Company Secretary

Schedule of forming the part of the Balance Sheet and Profit and Loss

(Amounts in Rs.)

	31st MARCH, 2011	31st MARCH, 2010
SCHEDULE-1		
SHARE CAPITAL		
Authorized:		
700000000 (210000000) Equity Shares of Re. 1 each	700,000,000	210,000,000
Issued, Subscribed & paid-up		
73800000 (68949799) Equity Shares of Re. 1/- each, fully paid up	73,800,000	68,949,799
	73,800,000	68,949,799
SCHEDULE-2		
RESERVES & SURPLUS		
Share Premium Account		
Opening Balance	111,888,763	90,000,000
Add: Addition	3,955,237	21,888,763
Closing Balance	115,844,000	111,888,763
Share Forfeiture Account	87,500	87,500
Profit and Loss Account	26,968,530	24,923,227
	142,900,030	136,899,490
SCHEDULE-3		
SECURED LOANS		
HDFC Bank Ltd. (Car Loan)	3,798,287	-
SCHEDULE-4		
UNSECURED LOANS		
Loans from Corporates	23,115,000	21,280,000
	23,115,000	21,280,000
SCHEDULE-6		
CASH & BANK BALANCES		
Cash-in-hand	411,265	346,029
Balance with Scheduled banks in Current Accounts	94,463	693,760
	505,728	1,039,789
SCHEDULE-7		
SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Outstanding for more than six months	19,084,889	12,126,240
Others	69,718,790	50,212,930
	88,803,679	62,339,170
SCHEDULE-8		
LOANS & ADVANCES		
(Unsecured, Considered Good)		
(Recoverable in cash or in kind or for value to be received)		
Loans & Advances	8,189,608	4,022,848
Security Deposit	3,175,000	2,725,000
TDS / Advance tax / Self-assessment tax	1,345,217	800,403
Prepaid Expenses	4,498	5,260
Income Tax Refund (A/Y 2010-2011)	375,038	
	13,089,361	7,553,511
SCHEDULE-9		
CURRENT LIABILITIES		
Sundry Creditors	12,683,724	7,981,524
Security (Threatre & Video)	5,520,000	4,550,000
Expenses Payable	3,628,781	929,190
Other Liabilities	1,937,846	1,367,614
Other Advance	1,675,000	1,688,625
Advance from Customers	306,711	422,743
	25,752,062	16,939,696

	(Amounts in Rs.)	
	31st MARCH, 2011	31st MARCH, 2010
SCHEDULE-10		
PROVISIONS		
Provision for Income Tax A. Y. 2010-11	-	425,365
Provision for Income Tax A. Y. 2011-12	716,124	-
	<u>716,124</u>	<u>425,365</u>
SCHEDULE-11		
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
<u>Preliminary & Share Issue Expenses</u>		
Opening Balance	603,000	121,500
Add: Addition during the year	3,290,162	650,000
Less: Written off during the year	826,532	168,500
	<u>3,066,630</u>	<u>603,000</u>
SCHEDULE-12		
PERSONNEL EXPENSES		
Salaries and other allowances	2,842,886	2,427,816
Director Remuneration	780,000	300,000
Food & Beverages Exp.	79,802	51,462
	<u>3,702,688</u>	<u>2,779,278</u>
SCHEDULE-13		
OPERATING AND ADMINISTRATION EXPENSES		
Film Distribution Expenses	16,620,485	13,049,316
Printing & stationery	236,961	120,411
AGM/ EGM Expenses	82,590	105,910
Auditors' Remuneration	55,150	18,200
Office Expenses	84,307	42,280
Postage & Courier Expenses	102,825	98,509
Internet & Communication Expenses	9,700	20,977
Fees & Subscription	234,022	237,456
Legal & Professional Charges	291,035	180,000
Business Promotion Exp.	14,617	32,625
Membership Fee & Subscription	-	8,550
Conveyance expenses	85,958	53,015
Repairs & Maintenance expenses	247,435	225,871
Vehicle running & maintenance expenses	126,845	118,581
Advertisement exp.	361,347	40,710
Office Rent	172,500	114,000
Insurance Exp.	7,436	9,071
Misc. Expenses	38,791	27,313
Preliminary & Share Issue expenses written off	826,532	168,500
Telephone Expenses	323,761	257,046
Travelling Expenses	323,854	252,527
Water & Electricity Exp.	72,488	68,509
	<u>20,318,639</u>	<u>15,249,377</u>
SCHEDULE-14		
FINANCIAL EXPENSES		
Bank Charges & Commission	10,217	20,792
Interest	127,837	-
	<u>138,054</u>	<u>20,792</u>

for and on behalf of the Board of Directors

Sd/-
(Man Mohan Gupta)
Managing Director

Sd/-
(Peeyush Aggarwal)
Director

Sd/-
(Heena Jain)
Company Secretary

INTERWORLD DIGITAL LIMITED

SCHEDULE-5
FIXED ASSETS

(Amount in Rupees)

S. No.	Description	Rate	GROSS BLOCK				DEPRECIATION AMORTISATION				NET BLOCK	
			As on 1.4.2010	Addition during the year	Sales/adjust during the year	Total as on 31.03.2011	Up to 31.03.2010	For the year	Adjustment during the year	Up to 31.03.2011	As on 31.03.2011	As on 31.03.2010
	A. Tangible											
1	Building		3,000,000	-	-	3,000,000	-	-	-	-	3,000,000	3,000,000
2	Computers	60.00%	23,595,221	31,000	-	23,626,221	23,554,041	35,155	-	23,589,196	37,025	41,180
3	Furniture & Fixture	6.33%	794,868	-	-	794,868	189,506	50,315	-	239,821	555,047	605,362
4	Office Equipment	4.75%	577,878	16,000	-	593,878	172,702	27,891	-	200,593	393,285	405,176
5	UPS	4.75%	1,097,206	-	-	1,097,206	66,748	52,117	-	118,865	978,341	1,030,458
6	Vehicles	9.50%	1,473,000	4,945,447	-	6,418,447	1,048,265	298,257	-	1,346,522	5,071,925	424,735
7	Machinery and Plant	7.07%	1,289,180	-	-	1,289,180	282,669	91,145	-	373,814	915,366	1,006,511
	Sub-Total (A)		31,827,353	4,992,447	-	36,819,800	25,313,931	554,880	-	25,868,811	10,950,999	6,513,422
	B. Intangible											
1	Software & Intellectual Property Rights	10.00%	65,033,203	12,225,450	-	77,258,653	27,443,824	7,143,063	-	34,586,887	42,671,766	37,589,379
2	Copy Right	10.00%	300,000	-	-	300,000	120,000	30,000	-	150,000	150,000	180,000
	Sub-Total (B)		65,333,203	12,225,450	-	77,558,653	27,563,824	7,173,063	-	34,736,887	42,821,766	37,769,379
	TOTAL (A+B)		97,160,556	17,217,897	-	114,378,453	52,877,755	7,727,942	-	60,605,697	53,772,756	44,282,801
	Development Exp.		374,066	-	-	374,066	-	-	-	-	374,066	374,066
	Computer Systems, Hardware and Networking		47,378,800	279,185,000	-	326,563,800	-	-	-	-	326,563,800	47,378,800
	Capital Work in Progress		106,527,240	-	12,225,450	93,301,790	-	-	-	-	93,301,790	-
	Total		153,280,096	279,185,000	12,225,450	420,239,646	-	-	-	-	420,239,646	47,752,856
	GRAND TOTAL		250,440,652	296,402,897	12,225,450	534,618,099	52,877,755	7,727,942	-	60,605,697	474,012,402	92,035,657
	Previous Year		91,918,648	52,994,764	-	144,913,412	46,189,668	6,688,088	-	52,877,755	92,035,657	-

For M/s. RMA & Associates
Chartered Accountants
Firm Regn. No. 000978N

for and on behalf of the Board of Directors

Sd/-
Pankaj Chander
Partner
M. No. 89065

Sd/-
(Man Mohan Gupta)
Managing Director

Sd/-
(Peeyush Aggarwal)
Director

Place: New Delhi
Dated: 2nd September, 2011

Sd/-
(Heena Jain)
Company Secretary

INTERWORLD DIGITAL LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS AS ON 31.03.2011

SCHEDULE: 15

A) **SIGNIFICANT ACCOUNTING POLICIES:**

1. **Accounting Convention**

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 except where otherwise stated. The company generally follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

2. **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires that the management makes estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements, and the reported amount of revenues and expenses during the reported year. Actual results could differ from those estimates.

3. **Revenue Recognition**

All Revenue / Income are recognized on accrual basis of accounting.

4. **Expenditure**

All expenses have been accounted for on accrual basis.

5. **Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation.

6. **Intangible Assets**

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprises and the cost of the asset can be measured reliably. Internally generated intangible asset arising from development activity are recognized only on demonstration of its technical feasibility, the intention and ability of the company to complete, use or sell it. The intangible assets are recorded at cost and are carried at cost less accumulated depreciation.

7. **Depreciation**

Tangible Assets: Depreciation on tangible fixed assets is provided on straight-line method at the rate prescribed in Schedule XIV of the Companies Act, 1956, except on Computers for which depreciation has been charged @ 60% on written down value method which is higher than the rate specified in Schedule XIV.

8. **Investments**

Investments are treated as long term investments and are stated at cost. Any decline in the value of investments other than a temporary decline is recognized and charged to Profit & Loss Account.

9. **Income Tax**

Tax expense comprises both current and deferred taxes. Current tax is determined on the taxable profits of the year using the applicable tax rates and tax laws. Deferred tax for the year is recognized on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only if there is a reasonable/virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

10. Impairment of Assets

All assets other than inventories, investments and deferred tax assets are reviewed for impairment at each balance sheet date, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying values exceed their recoverable amount are written down to the recoverable amount.

11. Miscellaneous Expenditure

Preliminary expenses & Public issue expenses are written off over a period of ten years.

12. Contingent Liabilities

Contingent liabilities are not provided for, and if any, are disclosed separately by way of notes.

B) NOTES TO ACCOUNTS:

1. Balance of Sundry Debtors, Sundry Creditors and Loans & Advances as shown in the accounts are subject to confirmation and reconciliation. However, in the opinion of the Board of Directors, the current assets, loans & advances are fully realizable at the values stated, if realizable in the ordinary course of business. The provisions for depreciation and all other known liabilities are adequate in the opinion of the Board.

2. Deferred Tax Assets & Deferred Tax Liabilities:

Amount in Rs.

Particulars	Deferred Tax Liability as at 01.04.2010	Current Year Charge	Deferred Tax Liability as at 31.03.2011
On account of difference Between W.D.V as on 31.03.2011 As per Income tax & Companies Act	99,92,905	11,01,164	1,10,94,069
Total	99,92,905	11,01,164	1,10,94,069

In accordance with AS 22 issued by ICAI, the company has provided for deferred tax during the year.

3. No provision for the payment of gratuity has been made as none of the employees has put the qualifying period of service for entitlement of gratuity.

4. Preferential Allotment

- (a) In terms of the resolution passed under section 81 (1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of the Company held on 07.09.2010 and the in-principle approval received from BSE, the Board has allotted 400000000 convertible warrants to be converted into equal number of equity shares of Re. 1/- each at a premium of Rs. 1.55/- per warrant, in the Board meeting held on 09.11.2010 on preferential basis to promoters and non-promoters category. Pursuant to allotment of Convertible warrants, the Company, during the financial year 2010-11, has received monies aggregating to Rs. 25.50 crores out of Rs. 102 Crores.
- (b) The company has allotted 4,96,38,600 convertible warrants with an option to convert such warrants into equal number of equity shares of Re. 1/- each on preferential basis in 2009-10. Out of the total warrants so issued, 1,85,49,799 were converted into equal number of equity shares at a premium of Rs. 1.18/- per equity share as at March 31,2010. Further 34,00,000 convertible warrants were converted into equal number of equity shares at a premium of Rs. 0.66/ per equity shares (Face Value Re. 1/-) and 1450201 convertible share warrant were converted into equal number of equity share at a premium of Rs. 1.18/- per equity shares (F.V Re. 1/- per share) during the financial year 2010-2011.

5. Allocation of Development expenses is pending to fixed assets.
6. Contingent Liabilities not provided for Bank Guarantees outstanding Rs. NIL (Rs. Nil).
7. Adoption of Accounting Standard 28 on impairment of assets does not have any impact either on the profit for the year or on the net assets of the company as at the year end.

8. Auditors' Remuneration:

	2010-11 (Rs.)	2009-10 (Rs.)
Statutory Audit fee	35000	11,000
Tax Audit fee	15000	5,500
Others	5150	1,700
	55150	18,200

9. Directors' Remuneration Rs. 7,80,000/- (Previous Year Rs. 3,00,000).

10. Segment Reporting: The company has only one reportable segment.

11. Related Party Disclosures:

List of related parties with whom the company has transacted:

a. Key Managerial Personnel

Mr. Man Mohan Gupta
Mr. Peeyush Kumar Aggarwal
Mr. S. N. Sharma
Mr. Sanjay Gupta

		2010-11 (Rs.)	2009-10 (Rs.)
Related Party Transactions:			
A. Transactions during the year			
Mr. Man Mohan Gupta	Remuneration	7,80,000	3,00,000
Mr. Man Mohan Gupta	Rent paid	1,32,000	1,14,000
B. Outstanding Balances with related parties			
		NIL	NIL

12. Previous year figures have been regrouped / rearranged / reconsidered, wherever considered necessary.

13. Earning per share (EPS): (As per A.S.-20)	<u>2010-11</u>	<u>2009-10</u>
a) Weighted average no. of equity shares		
Outstanding during the year	7,38,00,000	6,89,49,799
(Face value: Re. 1/- per share)		
b) Net Profit after tax (Rs.)	2045303	16,14,630
c) Basic Earnings Per Share	0.03	0.02
Diluted Earnings per share (Rs.)	0.02	0.02

14. As per information available with the company, there are no outstanding dues to Small Scale Ancillary Industrial Undertakings as at 31.03.2011.

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART – II OF SCHEDULE VI OF THE COMPANIES ACT, 1956

Being a Service Company Quantitative Information / Clause is not applicable.

1.	Raw Materials Consumed	:	Nil
2.	Value of imported and indigenous Materials consumed	:	Nil
3.	CIF value of imports	:	Nil
4.	Expenditure in foreign currency	:	Nil
5.	Earnings in foreign currency	:	Nil

For M/s. RMA & Associates
Chartered Accountants
Firm Regn. No. 000978N

for and on behalf of the Board of Directors

Sd/-
Pankaj Chander
Partner
M.No. 89065

Sd/-
(Man Mohan Gupta)
Managing Director

Sd/-
(Peeyush Aggarwal)
Director

Place: New Delhi
Dated: 2nd September, 2011

Sd/-
(Heena Jain)
Company Secretary

INTERWORLD DIGITAL LIMITED

Balance Sheet Abstract and A Company's General Business Profile

1 Registration Details

Registration No.	L72900DL1995PLC067808
Balance Sheet Date	31.03.2011
State Code	55

2 Capital Raised During the Year (amount In Rs. Lacs)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	48.50

3 Position of Mobilisation and Deployment of Funds (Amount In Rs. Lacs.)

Total Liabilities	5530.10	Total Assets	5530.10
<u>Source of Fund</u>		<u>Application of Funds</u>	
Paid Up Capital	738.00	Net Fixed Assets	537.73
Convertible Warrants & Share	2983.02	Capital W.I.P.	4202.40
Application Money			
Reserve & Surplus	1429.00	Net Current Assets	759.31
Secured Loans	37.98	Investment	-
Unsecured Loans	231.15	Misc. Expenditure	30.67
Deferred Tax Liability	110.94		

4 Performance of the Company (Amount In Rs. Lacs)

Turnover	1151.99	Total Expenditure	1113.36
Profit/Loss before Tax	38.63	Profit/Loss after Tax	20.45
Earning Per Share	0.03	Dividend	-

5 Generic names of three principal product/service of the company (as per monetary terms)
Film Production, IT Enabled Services, Domain Sales & SMS

Auditors' Report

As per our report of even date attached

For M/s. RMA & Associates
Chartered Accountants
Firm Regn. No. 000978N

for and on behalf of the Board of Directors

Sd/-
Pankaj Chander
Partner
M. No. 89065

Sd/-
(Man Mohan Gupta)
Managing Director

Sd/-
(Peeyush Aggarwal)
Director

Place: New Delhi
Dated: 2nd September, 2011

Sd/-
(Heena Jain)
Company Secretary

INTERWORLD DIGITAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	(Rs. in Thousand)	
	Year ended March 31,	
	2011	2010
A. Cash Flow From Operating Activities:		
Net Profit before tax and extraordinary items	3,863	2,753
Adjustments for:		
Interest income	-	-
Depreciation	7,728	6,688
Interest & Finance Charges	-	-
Preliminary & Share Issue expenses written off	827	169
Operating cash flow before changes in working capital	12,417	9,610
Cash Flow in Working Capital Activities:		
(Increase)/Decrease in Sundry Debtors	(26,465)	(17,245)
(Increase)/Decrease in Loans & Advances	(5,536)	10,823
Increase/(Decrease) in Current Liabilities	9,103	8,390
Cash provided by / (used in) operating activities	(10,480)	11,578
Less: Income Tax Paid	716	659
Net cash provided by / (used in) operating activities	(11,196)	10,919
B. Cash Flow From Investing Activities:		
Sale/(Purchase) of fixed assets	(17,218)	(52,995)
(Increase)/Decrease in Capital work in progress	(266,960)	(11,735)
(Increase)/Decrease in investments	-	-
Interest received	-	-
Net cash provided by / (used in) investing activities	(284,177)	(64,730)
C. Cash Flow From Financing Activities:		
Increase in capital	288,541	13,161
Proceeds from Long Term Borrowings	5,633	20,082
Increase in Share Premium	3,955	21,889
Interest and Finance Charges	-	-
Repayment of Long Term Borrowings	-	-
Miscellaneous Expenditure	(3,290)	(650)
Net cash provided by / (used in) financing activities	294,840	54,482
Net increase / (decrease) in cash and cash equivalents during the year [(A) + (B) + (C)]	(534)	670
Cash and Cash Equivalents:		
Opening Balance	1,040	370
Closing Balance	506	1,040

For M/s. RMA & Associates
Chartered Accountants
Firm Regn. No. 000978N

for and on behalf of the Board of Directors

Sd/-
Pankaj Chander
Partner
M. No. 89065

Sd/-
(Man Mohan Gupta)
Managing Director

Sd/-
(Peeyush Aggarwal)
Director

Place: New Delhi
Dated: 2nd September, 2011

Sd/-
(Heena Jain)
Company Secretary

INTERWORLD DIGITAL LIMITED

Regd. Office: 701, ARUNACHAL BUILDING, 19, BARAKHAMBHA ROAD, CONNAUGHT PLACE, NEW DELHI 110001

ATTENDANCE SLIP

16TH ANNUAL GENERAL MEETING

To be handed over at the entrance of the meeting venue.

Name of the attending member (In block letters)

Mr./Mrs./Miss _____ Name of the proxy (in block letters to be filled in by Proxy attending instead of the member) _____

No. of shares held: _____ Ledger Folio No. _____

DP Id No.* _____ Client Id.* _____

I hereby record my presence at the **SIXTEENTH ANNUAL GENERAL MEETING** on Friday, the 30th Day of September, 2011, at **701, ARUNACHAL BUILDING, 19, BARAKHAMBHA ROAD, CONNAUGHT PLACE, NEW DELHI 110001** at **9:30 A.M.**

Member's Signature

Proxy's Signature

Note: 1. Shareholders / proxies are requested to bring the attendance slip with them.

2. Additional/Duplicates attendance slips will not be issued the meeting hall.

*Applicable for investors holding share in electronics form.

----- Tear Here -----

INTERWORLD DIGITAL LIMITED

Regd. Office: 701, ARUNACHAL BUILDING, 19, BARAKHAMBHA ROAD, CONNAUGHT PLACE, NEW DELHI 110001

PROXY FORM

I/we _____ of _____ being a member/Members of **INTERWORLD DIGITAL LIMITED** hereby Appoint _____ of _____ as my / our proxy to attend and vote for me /us on my / our behalf at the **SIXTEENTH ANNUAL GENERAL MEETING** on Friday, the 30th Day of September, 2011, at **701, ARUNACHAL BUILDING, 19, BARAKHAMBHA ROAD, CONNAUGHT PLACE, NEW DELHI 110001** and at any adjournment thereof.

No. of Shares held: _____ Ledger Folio No.: _____

DP. Id No.* _____

Client Id.* _____

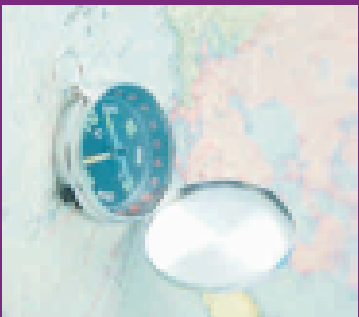
Signature:

Date :

Affix
Re. 1
Revenue
Stamp

Note: The Proxy, to be effective, should be deposited at the Company's Registered office not later than 48 Hours before the commencement of aforesaid meeting. Proxy need not be a member of the Company.

* Applicable for investors holding shares in electronic form.



InterWorld

If undelivered, please return to:
Interworld Digital Ltd.

Registered Office:

701, Arunachal Building,

Barakhamba Road, New Delhi - 110 001

Telephone : +91.11.43571045

E.mail : info@interworld.co.in

www.interworld.co.in



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