

CINERAD COMMUNICATIONS LIMITED

| |
|-------------------|
| TWENTY THIRD |
| A N N U A L |
| R E P O R T |
| 2 0 0 8 - 2 0 0 9 |

CINERAD COMMUNICATIONS LIMITED

BOARD OF DIRECTORS

DIWAKAR GANDHI
(CHAIRMAN)

ABHINEET GUPTA
(MANAGING DIRECTOR)

MUKESH PATHAK
(DIRECTOR)

S.C.SACHDEVA
(DIRECTOR)

ASHOK KUMAR BANSAL
(COMPANY SECRETARY)

AUDITORS

RASTOGI NARAIN & CO.
Chartered Accountants

BANKERS

AXIS BANK LTD.
BANK OF BARODA

REGISTERED OFFICE

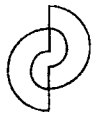
G-3, Bombay Market Apartments Co-Op Society Limited
78, Tardeo Road, Tardeo
Mumbai-400034

CORPORATE OFFICE

B-19, First Floor
Greater Kailash Enclave Part-1,
New Delhi -110048.

REGISTRARS AND SHARE TRANSFER AGENTS

System Support Services
209, Shivai Industrial Estate
89, Andheri Kurla Road
Sakinaka, Near L.I.C
Mumbai-400072



NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of CINERAD COMMUNICATIONS LIMITED will be held at Kilachand Conference Room, 2nd Floor, India Merchant Chambers Building, IMC Marg, Churugate, Mumbai-400 020, on Friday, 25th September, 2009 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at March 31, 2009 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in Place of Mr. Diwakar Gandhi who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION: -
"RESOLVED THAT Mr. Mukesh Pathak who was appointed under Section 260 of the Companies Act, 1956 as an additional director of the Company w.e.f. 25th August, 2009 and who holds office till this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is liable to retire by rotation."
5. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION: -
"RESOLVED THAT Mr. S.C. Sachdeva who was appointed under Section 260 of the Companies Act, 1956 as an additional director of the Company w.e.f. 25th August, 2009 and who holds office till this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is liable to retire by rotation."

Notes:

1. Explanatory Statement setting out all material facts relating to special business contained in item Nos. 4 to 5 as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** 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 this meeting. A proxy shall not vote except on a poll. A proxy form is appended with the admission slip.
Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual
3. The Register of Members and the Share Transfer Registers of the Company will remain closed on 25.09.2009
4. Members are requested to notify change of address, if any, (a) to their respective Depository Participant in case of shares held in electronic form and (b) to the Company's Registrars & Transfer Agents, M/s System Support Services, 209, Shivai Industrial Estate, 89 Andheri Kurla Road, Sakinaka, Near L.I.C., Mumbai- 400 072, in case of shares held in physical form.
5. Any Member desirous of obtaining any information pertaining to the Accounts may forward such queries in writing to the Accounts Department at the Corporate Office of the Company at least 10 days prior to the Meeting in order to enable the Company to keep the information ready to the extent possible.
6. Members or their Authorized Representatives/Proxies are requested to bring their copies of Annual Report at the Meeting.

For and on behalf of the Board of Directors

Ashok Kumar Bansal
Company Secretary

Registered Office:
G-3, Bombay Market Apartments
78, Tardeo Road
Mumbai- 400 034
Dated: 25.08.2009

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ANNEXED AND FORMING PART OF THE NOTICE DATED 25TH AUGUST, 2009

Item No. 4

Mr. Mukesh Pathak was appointed on 25.08.2009 as an Additional Director of the Company under Section 260 of the Companies Act, 1956. He holds office till this Annual General Meeting. A notice u/s 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- has been received from a member of the Company proposing the candidature of Mr. Mukesh Pathak as an Independent Director of the Company.

The Board also considers that it would be in the interest of the Company to have Mr. Mukesh Pathak on the Board of the Company as an independent director for his valuable contribution and members are requested to pass the said resolutions as an Ordinary resolution.

None of the Director except Mr. Mukesh Pathak is concerned or interested in this resolution.

Item No. 5

Mr. S.C. Sachdeva was appointed on 25.08.2009 as an Additional Director of the Company under Section 260 of the Companies Act, 1956. He holds office till this Annual General Meeting. A notice u/s 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- has been received from a member of the Company proposing the candidature of Mr. S.C. Sachdeva as an Independent Director of the Company.

The Board also considers that it would be in the interest of the Company to have Mr. S.C. Sachdeva on the Board of the Company for his valuable contribution and members are requested to pass the said resolutions as an Ordinary resolution.

None of the Director except Mr. S.C. Sachdeva is concerned or interested in this resolution.

For and on behalf of the Board of Directors

Ashok Kumar Bansal
Company Secretary

Registered Office:
G-3, Bombay Market Apartments
78, Tardeo Road
Mumbai- 400 034
Dated: 25.08.2009



Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking reappointment at the forthcoming Annual General Meeting

1. Mr. Diwakar B Gandhi

Mr. Diwakar B Gandhi aged 51 years, is a qualified Chartered Accountant. He is having an experience of more than 27 years of the Industry, Corporate & Financial Sector.

Directorship held in other Companies

- i) India Emerging Infrastructure Pvt Ltd.
- ii) A to Z Telecom Pvt Ltd.
- iii) Mount Arrawali Financial Services P Ltd.
- iv) Horizon Infoplay Ltd.
- v) Indiaemerging Advisors Ltd.

Membership in committees in other Companies

Nil

2. Mr. Mukesh Pathak

Mr. Mukesh Pathak, aged 58 years, is also a chartered Accountant; He has an overall experience of more than 30 years in the field of Finance, Accounts and Logistics etc.

Directorship held in other Companies

Nil

Membership in committees in other Companies

Nil

3. Mr. S.C.Sachdeva

Mr. S.C. Sachdeva aged 63 years, is M.Tech from IIT Kanpur, He has an overall experience of more than 35 years in the Petroleum Sector.

Directorship held in other Companies

- i) K. L. Projects Pvt. Ltd.
- ii) True God India Pvt. Ltd.

Membership in committees in other Companies

Nil

DIRECTORS' REPORTDear Members

Your Directors present the 23rd Annual Report of the Company along with the Audited Accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

The financial results of the company are as under:

| | Year ended 31-03-2009 | (Rs.in Lakhs) Year ended 31-03-2008 |
|---|--------------------------|---|
| Loss before depreciation and taxation | (43.84) | (2.10) |
| Less: Depreciation | 18.74 | 18.08 |
| Less: Provision for Taxation | 1.17 | .12 |
| Profit/(Loss) after depreciation & Tax | (63.75) | (20.30) |
| Balance brought forward from previous yr. | (565.82) | (545.52) |
| Balance carried forward | (629.57) | (565.82) |

In view of losses incurred, the Directors do not recommend payment of dividend for the year ended 31st March-2009.

MANAGEMENT DISCUSSION AND ANALYSIS**Business Overview****Industry Structure and Development**

India has experienced rapid Growth in recent years India's GDP grew at 8.4%, 9.4% and 6.7% in fiscal 2007, 2008 and 2009 respectively. In the current fiscal, Industrial growth was driven by robust performance from Agriculture, Industry and Services sector.

Entertainment Industry

The Indian entertainment industry has out-performed the Indian economy in last few year and is one of the fastest growing sectors in India.

The Indian Media and Entertainment sector is poised to enter a golden era. One of the largest markets in the world, the industry is seeing strong growth and has the potential to garner US\$ 200 billion by 2015. The eighth Price water house Coopers Global Entertainment and Media Outlook has ranked India as the fastest growing market in the world for spends in entertainment and media in the next five years. India will be one of the key drivers in pushing the global entertainment and media industry to US\$ 2 trillion by 2011. With a compound annual growth rate (CAGR) of 18.5 per cent, the Indian entertainment and media industry is the fastest growing in the Asia-Pacific, says the study. International media giants are all vying for a stake in the segment. In the last few years, lot of foreign direct investment (FDI) has flowed into the sector and the Government approved the proposals.

The sector's growth is being propelled by a number of factors such as the corporatism of the film industry, a booming television sector, a fast growing radio sector, a growing market for print products and other technological changes. India is ready to embrace and grow along with the changes the industry is undergoing globally.

In a sector already marked by significant change in recent years, the combination of new digital distribution modalities and evolving audience consumption habits and demands will continue to challenge traditional media and entertainment (M&E) business models during 2009. It also could mark the beginning of a radical transformation that reshapes the entire M&E ecosystem.

Performance

Your Company has, in the previous year, not done much activity on operation side. During the year under review, the Company has a total income of Rs.29.17 lakhs as against Rs. 21.42 lakhs in the previous year. The Company has made an operating loss during the year of Rs. 43.84 lakhs, as against an operating loss of Rs. 2.10 lakhs for the previous year. However, the loss after depreciation and taxation for the year is Rs.63.75 lakhs, as against a loss after depreciation and taxation of Rs. 20.30 lakhs for the previous year.

The management is taking best efforts to start the operation at full scale. The management has decided to keep overhead to bare minimum till a new business plan with identified revenue streams is in Place.

Outlook

The Indian Entertainment and Media Industry has out-performed the Indian economy and is one of the fastest growing sectors in India. It is rising on the back of economic growth and rising income levels that India has been experiencing in the past years. This is significantly benefiting the entertainment and media industry in India as this is



a cyclically sensitive industry and it grows faster when the economy is expanding. An added boost to the entertainment and media industry in India is from the demographic point of view where the consumer spending is rising due to increasing disposable incomes on account of sustained growth in income levels and reduction of personal income tax over the last decade.

Segment-wise Reporting

The Company has only one segment and segment-wise reporting does not apply to it.

Internal Control & Systems

The Company maintains an adequate and effective internal control system commensurate with its size and complexity. We believe that these internal control systems provide a reasonable assurance that transactions are executed with management authorization and that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets of the company are adequately safe-guarded against significant misuse and loss. Significant findings of the Internal Auditor are brought to the notice of the Audit Committee of the Board and corrective measures recommended for implementation.

Personnel

Relations with employees remained cordial during the year. The total number of people employed in the Company on an average, during the year under review, was 10.

Increase in Share Capital

During the year, Company issued 75,00,000 warrants to the promoters on 11.07.2008 convertible into equity shares at the option of the buyer at Rs.10/- each at the premium of Rs.4/- per warrant whereas company received 10% upfront amount on the warrants and the remaining amount of 90% at the time of the conversion of the warrants into equity shares within 18 months from the date of issue of warrants.

The Authorised Capital of the Company has also been increased from Rs 10 crores to Rs. 15 crores in the Extraordinary General Meeting of the members held on 21st June 2008.

Cautionary Statement

The Statements forming part of the Director's Report may contain certain forward-looking remarks within the meaning of applicable securities laws and regulations. Many factors could cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements that may be expressed or implied by such forward looking statements.

Fixed Deposits

The Company has not accepted any Fixed Deposits from the Public during the financial year under review.

Directors

Mr. Diwakar Gandhi who was appointed as director & is liable to be retired by rotation during the year is being eligible offer himself for reappointment. Your Directors recommend his reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of annual accounts the applicable accounting standards have been followed;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2009 and the loss of the company for the year;
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the annual accounts on a 'going concern' basis.

COMPLIANCE CERTIFICATE

A separate section on Corporate Governance forming part of the Director's Report and the certificate from the Company's Auditors confirming the compliance of conditions on Corporate Governance as stipulated in 'Clause 49 of the Listing Agreement is included in the Annual Report.

AUDITORS

The Auditors M/s Rastogi Narain & Co., Chartered Accountants, retires at this Annual General Meeting and are eligible for re-appointment. They have confirmed that their appointment, if made, will be in accordance with the limits specified in Section 224(1-B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

There were no employees covered by the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules 1975, as amended.

INFORMATION PURSUANT TO SECTION 217(1)(e)

Provisions of 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 are not applicable to the Company, in respect of Conservation of Energy and Technology Absorption and Research & Development.

FOREIGN EXCHANGE EARNINGS AND OUTGO

| | (Amount in Lakhs) <u>31-03-2009</u> | (Amount in Lakhs) <u>31-03-2008</u> |
|-------------------------------|--|--|
| Total Foreign exchange earned | NIL | NIL |
| Total Foreign exchange used | 4.52 | NIL |

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the contribution of employees at all levels. Your Directors also take this opportunity to thank the Company's Bankers, Shareholders and all others concerned for their valuable support and co-operation extended to the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Diwakar Gandhi
Chairman

Place: New Delhi
Date: 29.06.2009



CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement)

Company's philosophy on Corporate Governance

The Company endeavors to comply corporate governance by adherence with utmost transparency, disclosures and fairness etc. Good corporate Governance is the ongoing process. The Company is listed on the Bombay Stock Exchange and has complied in all material respects with the features of corporate governance as specified in the Listing Agreement.

Board of Directors

During the year under review, 7 Board Meetings were held on the following dates: May 21, 2008; June 30, 2008, July 11, 2008; July 28, 2008, August 30, 2008, October 25, 2008, January 30, 2009.

The composition of the Board, attendance of Board Meetings (BM) held during the financial year under review and at the last Annual General Meeting (AGM), numbers of Directorships and memberships / chairmanships in public companies (including the Company) are given below:

| Name of Director | Category | F.Y. 2008-09 Attendance at | | No. of Directorships | As Committee Chairman | Positions as Member |
|----------------------------------|------------------------------|-------------------------------|-----|-------------------------|-----------------------------|---------------------------|
| | | BM | AGM | | | |
| Mr. Diwakar Gandhi (Chairman) | Director Non-Executive | 07 | Yes | 03 | 02 | 03 |
| Ms. Riya Gandhi | Promoter Non-Executive | 07 | No | 03 | 01 | 03 |
| Mr. Ashok Kumar Bansal | Independent Non-Executive | 07 | Yes | 01 | 00 | 03 |
| Mr. Abhineet Gupta | Director Non-Executive | 07 | Yes | 01 | 00 | 03 |

Audit Committee

The Audit Committee comprises of three members, viz; Mr. Diwakar Gandhi, Ms. Riya Gandhi, Mr. Abhineet Gupta and Mr. Ashok Kumar Bansal as Secretary to the committee. Mr. Diwakar B. Gandhi is the chairman of Audit Committee. The scope of the activities of the audit committee is as set out in clause 49 of the listing agreement with the stock exchange read with section 292A of the Companies Act, 1956. The terms of reference of the audit committee broadly are as under:

- To hold periodic discussions with the statutory and internal auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the auditors;
- To review compliance with the internal control systems;
- To review the quarterly, half yearly and annual financial results of the company before submission to the board;
- At Present to make recommendations to the board on any matter relating to the financial management of the company, including the audit report of the statutory and internal auditors.

During the period under review the audit committee met on four occasions:
June 30, 2008; July 28, 2008; October 25, 2008, January 30, 2009

Remuneration Committee

The company has set up a Remuneration Committee comprising of 3 members – Mr. Diwakar Gandhi, Ms. Riya Gandhi & Mr. Ashok Kumar Bansal to look into the matter related to the payment of remuneration to directors. Mr. Diwakar Gandhi has been elected as Chairman. All the members of Remuneration Committee have good exposure to finance as well as general management.

Shareholders / Investor Grievances Committee

Chairman : Ms. Riya Gandhi, Director
Members : Mr. Abhineet Gupta, Mr. Diwakar Gandhi
Compliance Officer : Mr. A.K. Bansal, Company Secretary
No. of Complaints received by : NIL
Company's Registrar & Share
Transfer Agents

23rd Annual Report

M/s. System Support Services
during the financial year ended
March 31, 2009

No. of pending share transfers : NIL

General Body Meetings

| AGM for The financial Year | Location of Holding AGM | Date and Time of AGM |
|----------------------------|---|---------------------------------|
| 2007-2008 | Killachand Conference Room, Second Floor, India Merchant Chambers Building, IMC Marg, Chrchgate, Mumbai-400020 | September -27, 2008 at 10.00A.M |
| 20062007 | Killachand Conference Room, Second Floor, India Merchant Chambers Building, IMC Marg, Chrchgate, Mumbai-400020 | September -28, 2007 at 9.30A.M. |
| 2005-2006 | Ashoka Hall, Arcadia Building, Gr. Floor,Opp. NCPA, Mumbai- 400021. | June, 27, 2006 at 04.00 p.m. |

Extra Ordinary General Meetings:

During the year One extra ordinary general meeting was held at Mumbai on 21 June 2008 to transact the following business:

1. Increase in Authorized Capital & consequential change in Memorandum of Association (Passed as a ordinary resolution).
2. Consequential changes in Article of Association (Passed as a special resolution).
3. Allotment of preferential warrants to promoters (Passed as a special resolution).

No special resolutions were put through postal ballot last year. This year also there is no proposal to pass special resolutions through postal ballot.

Disclosures

There are no materially significant transactions made by the company with its promoters except allotment of 75 Lacs convertible warrants to the promoters, directors or management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of the company at large. The Register of Contracts containing transactions in which directors are interested is placed before the board regularly for its approval.

During the last three years, there were no strictures or penalties imposed by either SEBI or the stock exchange or any statutory authorities for non-compliance on any matter related to the capital markets.

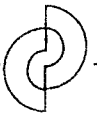
Means of Communication

Quarterly, Half yearly and Annual results of the company are published in newspapers such as Financial Express and Mumbai Lakshdeep Mahanagar. These results are properly submitted to the stock exchanges such that the same can be displayed on their website.

Management discussion and analysis form part of the Directors' Report enclosed in this annual report.

General Shareholder Information

| | |
|--|---|
| AGM date, time and venue | September 25,2009 at 10.00 A.M. at Kilachand Conference Room, 2 nd Floor, India Merchant Chambers Building, IMC Marg, Church gate, Mumbai-400020 |
| Financial Calendar | 1st April to 31 st March |
| Date of Book Closure | 25 th SEPTEMBER 2009 |
| Listing on Stock Exchanges | The Stock Exchange, Mumbai, P.J. Towers, Dalal Street, Mumbai, 400023. |
| Stock Code, The Stock Exchange, Mumbai | 530457 |
| Demat ISIN No. for CDSL and NSDL | INE959B01017 |
| Listing Fee | Paid for the year 2008-09 |



Market Price Data: High – Low During each month in the last financial year
(In Rs.)

| Month | High | Low |
|-----------------|-------|------|
| April, 2008 | 10.94 | 9.00 |
| May, 2008 | 13.36 | 8.65 |
| June, 2008 | 11.20 | 9.00 |
| July, 2008 | 11.50 | 9.10 |
| August, 2008 | 13.04 | 9.25 |
| September, 2008 | 12.45 | 9.75 |
| October, 2008 | 9.69 | 6.77 |
| November, 2008 | 7.20 | 5.88 |
| December, 2008 | 6.61 | 5.32 |
| January, 2009 | 7.10 | 5.97 |
| February, 2009 | 7.10 | 5.53 |
| March, 2009 | 5.50 | 4.50 |

Distribution of share holding on March 31, 2009

| No. of Equity Shares held From to | Shareholder | | Shareholding | |
|--------------------------------------|-------------|---------------|----------------|---------------|
| | Nos. | % | Nos. | % |
| 1 – 500 | 1848 | 78.57 | 338963 | 6.52 |
| 501 – 1000 | 225 | 9.57 | 196719 | 3.78 |
| 1001 – 5000 | 211 | 8.97 | 476143 | 9.16 |
| 5001 – 10000 | 27 | 1.15 | 199395 | 3.84 |
| 10001 – 100000 | 34 | 1.44 | 1025658 | 19.72 |
| 100001 & above | 7 | 0.30 | 2963122 | 56.98 |
| SHARES IN TRANSIT | | | 0 | 0.00 |
| TOTALS | 2352 | 100.00 | 5200000 | 100.00 |

Shareholding Pattern as on March 31, 2009

| Category | No. of equity shares held | Percentage of shareholding |
|---|---------------------------|----------------------------|
| A Promoter's holding | | |
| 1 Promoters | | |
| - Indian Promoters | 20,19,316 | 38.83 |
| - Foreign Promoters | - | - |
| Sub – Total | 20,19,316 | 38.83 |
| B Non – Promoters Holding | | |
| 2 Institutional investors | | |
| A Mutual Funds and UTI | 5,700 | 0.11 |
| B Banks, Financial Institutions, Insurance Companies (Central/state Govt. Institutions / Non-government Institutions) | - | - |
| C FIIS | - | - |
| Sub –Total | 5,700 | 0.11 |
| 3 Others | | |
| A Private Corporate Bodies | 10,94,924 | 21.06 |
| B Indian Public | 20,75,912 | 39.92 |
| C NRIs / OCBs | 4148 | 0.08 |
| D Any other – In transit (Demat) | - | - |
| Sub – Total | 31,74,984 | 61.06 |
| Grand Total | 52,00,000 | 100.00 |

Registrar and Share Transfer Agents

SYSTEM SUPPORT SERVICES

209, Shivali Industrial Estate

89, Andheri Kurla Road,

Sakinaka Near L.I.C.:

Mumbai- 400 072

Telephone Numbers: 2850 0385

Fax Number: 2850 1438

Share Transfer System

Shareholders/Investors grievance committee also approves share transfers and meets at frequent intervals. System Support Services, Company's registrars and share transfer agents process these transfers. Share transfers are registered and returned within 15 days from the date of lodgment if documents are complete in all respects.

Secretarial Audit

A qualified practicing company secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services India limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Dematerialization of Shares and Liquidity

Based on SEBI directive,

Company's shares are traded in dematerialized form.

As on March 31, 2009, 85.89% of the

paid up share capital of the Company was in dematerialized form.

Address for Correspondence Shareholders should address their correspondence to the company's Registrar and Share Transfer Agents at the address mentioned above, contact person: Mr. Mahendra Mehta.

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

Auditors' Certificate on compliance of conditions of Corporate Governance to the Members of Cinerad Communications Limited

We have examined the compliance of corporate governance by **CINERAD COMMUNICATIONS LIMITED** for the year ended 31st March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with the 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 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 Clause of listing Agreement.

On the basis of our verification of the records maintained by the Company and presented to the investors, Grievance Committee, we have to state that no investor grievances were remaining unattended/pending for more than thirty days.

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

For Rastogi Narain & Co.
Chartered Accountants

Shanti Narain
Partner,
Membership No. 87370.

Place: New Delhi,

Date: 29.06.2009



AUDITORS' REPORT

To
THE MEMBERS OF
CINERAD COMMUNICATIONS LIMITED

1. We have audited the attached Balance Sheet of Cinerad Communications Ltd. as at 31st March 2009 and also the Profit and Loss Account and Cash Flow Statement 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 from any material misstatement. An audit 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 (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956. We enclose in the Annexure a statement specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - (i) 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;
 - (ii) 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 those books;
 - (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
 - (iv) In our opinion the Balance Sheet and Profit and Loss Account and Cash Flow Statement comply with the accounting standards as referred to in Section 211(3C) of the Companies Act, 1956.
 - (v) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, the Profit and Loss Account and Cash Flow Statement read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009; and
 - (b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.
 - (c) in the case of the Cash Flow Statement, of the Cash Flow Statement for the year ended on that date.

For Rastogi **Narain & Co.**
Chartered Accountants

(SHANTI NARAIN)
Partner
M. No. 87370

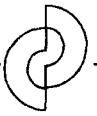
Place: New Delhi
Date: 29.06.2009

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date to the members of **CINERAD COMMUNICATIONS LIMITED** for the year ended 31st March 2009)

On the basis of such checks as we considered appropriate and in terms of information and explanation and explanations given to us, we state that:

1. a) The Company has maintained proper records, showing full particulars including quantitative details and situation of fixed assets. However updating of the fixed assets register is under process.
b) As explained to us, the fixed assets have been physically verified by the management in accordance with a phased programme of verification which in our opinion is reasonable considering the size and nature of its business. No discrepancies were noticed on the assets physically verified by the Management.
c) In our opinion, a substantial part of fixed assets have not been disposed off by the company during the year
2. The company has no inventory at the end of the year.
3. 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 Companies Act, 1956 and accordingly, paragraph (iii)(a), (iii)(b), (iii)(c) (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to purchases of fixed assets and stores/spare parts inventory. The nature of business of the Company do not involve any sale of goods. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, 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 and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register maintained under Section 301 in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the Public within the meaning of section 58A & 58AA or any other relevant provisions of the Act, 1956 and rules framed thereunder.
7. The Company has a paid up capital exceeding Rs. 50 lacs. Though the company does not have a specific internal audit system, but the company has implemented checks commensurate with their size of operations to check their implementation and transactions.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of Cost Records under Clause (d) of subsection 1 of section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9. a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employee's state insurance, Income tax, Wealth Tax, and other material statutory Dues applicable to it. There were no arrears as at 31st March 2009 for a period of more than six months from the date they become payable.
b) According to the information and explanation given to us there are no disputed dues in respect of income tax and other statutory dues applicable to the company.
10. In our opinion, the accumulated losses of the company at the end of the financial year are more than fifty percent of its net worth. The company has incurred cash losses in the current year and in the financial year immediately preceding current financial year.
11. According to the information and explanations given to us, the Company has not borrowed any loans from Banks and financial institutions and there are no debentures issued by the Company. Therefore Clause 4 (xi) of Companies (Auditor's Report) Order, 2003 is not applicable.



- 12 Based on our examination of the records and the information & explanations given to us, the company has not granted any loans and / or advances on the security by way of pledge of shares, debentures and other securities.
- 13 Clause (xiii) of the order is not applicable to the company, as the company is not a chit fund company or nidhi / mutual benefit fund / society.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- 15 According to the information and explanations given to us, the company has not given guarantee for loans taken by others from banks and financial institutions.
- 16 The company has not obtained any term loan during the current year.
- 17 According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that during the year as there were no funds raised on short-term. Clause 4(xvii) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- 18 During the year the company has made preferential allotment of convertible warrants to a company covered in the register maintained under Section 301 of the Act. In our opinion the prices at which the convertible warrants have been issued is not prejudicial to the interest of the company.
- 19 The company has not issued any debentures during the year
- 20 The Company has not raised any money by public issues during the year.
- 21 During the course of our examination of the books and records of the company, carried out in accordance with generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management.

For **Rastogi Narain & Co.**
Chartered Accountants

(SHANTI NARAIN)
Partner
M. No. 87370

Place: New Delhi
Date: 29.06.2009

BALANCE SHEET AS AT 31ST MARCH, 2009

| | SCH NO. | AS AT 31/3/2009 Rs. | AS AT 31/3/2008 Rs. |
|--|------------|---------------------------|---------------------------|
| SHAREHOLDERS FUND | | | |
| Share Capital | 1 | 59,500,000 | 52,000,000 |
| Reserves & Surplus | 2 | 44,434,148 | 41,574,188 |
| | | <u>103,934,148</u> | <u>93,574,188</u> |
| FIXED ASSETS | | | |
| Gross Block | 3 | 46,898,198 | 46,594,298 |
| Less : Depreciation | | <u>27,341,353</u> | <u>25,326,556</u> |
| Net Block | | 19,556,845 | 21,267,742 |
| INVESTMENTS (at cost) | 4 | 20,038,256 | 695,310 |
| NET CURRENT ASSETS | | | |
| Current Assets, Loans & Advances | 5 | 2,732,989 | 16,059,444 |
| Current Liabilities & Provisions | 6 | <u>(1,351,671)</u> | <u>(1,030,014)</u> |
| Net Current Assets | | 1,381,318 | 15,029,430 |
| MISCELLANEOUS EXPENDITURE (To the extent not written /off or adjusted) | 7 | 62,957,729 | 56,581,705 |
| | | <u>103,934,148</u> | <u>93,574,188</u> |
| Accounting Policies and Notes to Accounts | 10 | | |

As per our Audit report of even date

For Rastogi Narain & Co.

Chartered Accountants

Shanti Narain

Partner

M.No.: 87370

Ashok Kumar Bansal

Company Secretary

Abhineet Gupta

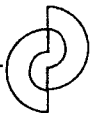
Managing Director

Riya Gandhi

Director

Place : New Delhi

Dated : 29.06.2009



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

| | SCHEDULE NO. | AS AT 31.03.09 Rs. | AS AT 31.03.08 Rs. |
|--|-----------------|--------------------------|--------------------------|
| INCOME | | | |
| Job Income | | 200,250 | 208,000 |
| Other Income | 8 | 2,716,973 | 1,934,702 |
| | | <u>2,917,223</u> | <u>2,142,702</u> |
| EXPENDITURE | | | |
| Job Work | | 1,825,000 | - |
| Administrative & General Expenses | 9 | 5,476,476 | 2,352,646 |
| Depreciation | 2,014,796 | | |
| Less: Transferred to Revaluation Reserve | <u>140,040</u> | <u>1,874,756</u> | <u>1,807,976</u> |
| | | <u>9,176,232</u> | <u>4,160,622</u> |
| PROFIT BEFORE TAX | | (6,259,009) | (2,017,919) |
| Tax Expense | | | |
| Fringe Benefit Tax | | (117,015) | (11,642) |
| PROFIT AFTER TAX | | (6,376,024) | (2,029,561) |
| Balance brought forward | | (56,581,705) | (54,552,144) |
| Balance Transferred to Profit & Loss Account | | <u>(62,957,729)</u> | <u>(56,581,705)</u> |
| Basic and Diluted Earnings Per Share (Equity Shares of Face value of Rs.10/- each) | | (1.23) | (0.39) |
| Number of shares used in computing earning per share | | 5,200,000 | 5,200,000 |

Accounting Policies and Notes to Accounts 10

As per our Audit report of even date

For Rastogi Narain & Co.

Chartered Accountants

Shanti Narain

Partner

M.No.: 87370

Ashok Kumar Bansal

Company Secretary

Abhineet Gupta

Managing Director

Riya Gandhi

Director

Place : New Delhi

Dated : 29.06.2009

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2009

| | AS AT 31/3/2009 | AS AT 31/3/2008 |
|---|--------------------------|--------------------|
| SCHEDULE - 1 : SHARE CAPITAL | | |
| AUTHORISED | | |
| 15,000,000 Equity shares of Rs. 10/- each (Previous Year 10,000,000 Equity shares of Rs. 10/- each) | <u>150,000,000</u> | <u>100,000,000</u> |
| ISSUED, SUBSCRIBED & PAID UP | | |
| 5,200,000 (Previous Year : 5,200,000) Equity Shares of Rs. 10/- (Previous Year Rs. 10/-) each | 52,000,000 | 52,000,000 |
| 7,500,000 Convertible Warrants of Rs. 10/- each at a premium of Rs. 4 per share issued to M/s India Emerging Capital Private Limited (Promoter Shareholder) Convertible into 7,500,000 Equity Shares of 10/ each at the option of allottee within 18 months from the date of allotment after making balance payment Called up & paid up Rs. 1.4 per warrant (including premium of Rs.0.4 per warrant) | <u>7,500,000</u> | - |
| TOTAL | <u>59,500,000</u> | <u>52,000,000</u> |
| SCHEDULE - 2 : RESERVES AND SURPLUS | | |
| <u>Share Premium</u> | 39,788,290 | 39,788,290 |
| Add: Received during the year on Share Warrants issued | <u>3,000,000</u> | - |
| | 42,788,290 | 39,788,290 |
| <u>Revaluation Reserve</u> | 2,512,362 | 2,652,402 |
| Less: Depreciation | <u>140,040</u> | 140,040 |
| | 2,372,322 | 2,512,362 |
| <u>General Reserve</u> | | |
| Opening Balance | (726,464) | (726,464) |
| TOTAL | <u>44,434,148</u> | <u>41,574,188</u> |

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

**SCHEDULE 3
FIXED ASSETS**

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|----------------------|-------------------|------------------|-------------------|--------------------|-------------------|-----------------|-------------|--------------------|--------------------|--------------------|
| | As on 1.4.2008 | During the year | | As on 31.3.2009 | As on 1.4.2008 | For the Year | Adjustments | As on 31.3.2009 | As on 31.3.2009 | As on 31.3.2008 |
| | Rs. | Additions Rs. | Deductions Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Premises | 12,871,101 | - | - | 12,871,101 | 5,478,749 | 429,895 | - | 5,908,644 | 6,962,457 | 7,392,352 |
| Office Equipment | 246,333 | 129,500 | - | 375,833 | 99,010 | 16,538 | - | 115,548 | 260,285 | 147,323 |
| Computers | 1,703,446 | 174,400 | - | 1,877,846 | 1,703,446 | 58,863 | - | 1,762,309 | 115,537 | - |
| Plant & Machinery | 30,061,895 | - | - | 30,061,895 | 16,861,487 | 1,427,940 | - | 18,289,427 | 11,772,468 | 13,200,408 |
| Air conditioner | 621,400 | - | - | 621,400 | 330,720 | 29,517 | - | 360,237 | 261,164 | 290,681 |
| Furniture & fixtures | 822,173 | - | - | 822,173 | 585,195 | 52,044 | - | 637,239 | 184,934 | 236,978 |
| Copyrights | 267,950 | - | - | 267,950 | 267,950 | - | - | 267,950 | - | - |
| Total | 46,594,298 | 303,900 | - | 46,898,198 | 25,326,556 | 2,014,796 | - | 27,341,353 | 19,556,845 | 21,267,742 |
| Previous Year | 46,518,503 | 75,795 | - | 46,594,298 | 23,378,539 | 1,948,016 | - | 25,326,556 | 21,267,742 | 23,139,964 |

Note : Depreciation for the year ended 31.3.2009 is Rs. 2,014,796
 Depreciation on account of Revaluation Reserve adjusted Rs. 140,040
1,874,756



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2009

| | AS AT 31/3/2009 | AS AT 31/3/2008 |
|--|--------------------|--------------------|
| SCHEDULE - 4 : INVESTMENTS | | |
| 6622 Equity Shares of Rural Electrification Ltd (Previous year M.V Rs. 702,594/-) | - | 695,310 |
| 1172136 units of Reliance Medium Term Fund (M.V Rs 20,038,255) | 20,038,256 | - |
| | 20,038,256 | 695,310 |
| SCHEDULE - 5 : CURRENT ASSETS, LOANS & ADVANCES | | |
| CURRENT ASSETS | | |
| <u>Cash & Bank Balances</u> | | |
| Cash in hand and Shooting Accounts | 191,546 | 215,761 |
| Balance With Scheduled Banks | | |
| In Current Accounts | 38,261 | 1,209,763 |
| In Deposit Account | - | 13,500,000 |
| | 229,807 | 14,925,524 |
| LOANS AND ADVANCES | | |
| (Unsecured considered good) | | |
| Rent Receivable | 1,011,240 | - |
| Interest Receivable | - | 7,880 |
| Advance for Expenses | 1,667 | - |
| Advance Tax Paid | 1,340,241 | 979,006 |
| Telephone Deposit/ Electricity Deposit | 150,034 | 147,034 |
| | 2,503,182 | 1,133,920 |
| TOTAL | 2,732,989 | 16,059,444 |
| SCHEDULE - 6 : CURRENT LIABILITIES & PROVISIONS | | |
| CURRENT LIABILITIES | | |
| Advance rent received | 450,000 | 450,000 |
| Security Deposit Refundable | 450,000 | 450,000 |
| Outstanding Expenses | 238,341 | 24,140 |
| Duties & Taxes | 96,315 | 94,396 |
| PROVISIONS | | |
| Provision for FBT | 117,015 | 11,478 |
| TOTAL | 1,351,671 | 1,030,014 |
| SCHEDULE - 7 : MISCELLANEOUS EXPENDITURE | | |
| Debit Balance in Profit & Loss A/c | 62,957,729 | 56,581,705 |
| | 62,957,729 | 56,581,705 |



**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2009**

| | <u>AS AT</u> <u>31/3/2009</u> | <u>AS AT</u> <u>31/3/2008</u> |
|---|----------------------------------|----------------------------------|
| SCHEDULE - 8 : OTHER INCOME | | |
| Interest on FDR's with Banks | 104,551 | 22,085 |
| Interest on Income Tax Refund | - | 43,133 |
| Dividend | 1,051,356 | 846,909 |
| Rent Received | 1,866,002 | 838,084 |
| Profit/(Loss) on sale of Shares | (304,936) | 184,492 |
| | <u>2,716,973</u> | <u>1,934,702</u> |
| SCHEDULE - 9 : ADMINISTRATIVE & GENERAL EXPENSES | | |
| Advertisement Expenses | 15,932 | 17,206 |
| Audit Fees | 22,600 | 22,472 |
| Bank Charges | 2,725 | 3,091 |
| Books & Periodicals | 26,524 | 1,988 |
| Business Promotion | 578,790 | 7,865 |
| Electricity Charges | - | 27,439 |
| Membership & Subscription | 27,235 | 37,472 |
| Miscellaneous Expenses | 117,222 | 65,623 |
| Postage & Telephone | 29,291 | 26,940 |
| Printing & Stationery | 85,440 | 109,151 |
| Professional Charges | 618,595 | 105,366 |
| Rent, Rates & Taxes | 447 | 5,768 |
| Repairs & Maintenance | 83,850 | 21,642 |
| Salaries | 1,714,584 | 1,374,645 |
| Staff Welfare | 19,215 | 18,071 |
| Security Expenses | 358,548 | - |
| Travelling & Conveyance Expenses | 1,775,478 | 507,906 |
| | <u>5,476,476</u> | <u>2,352,646</u> |

SCHEDULE 10**NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009****1. Significant Accounting Policies:****a) System of Accounting**

The Company follows the mercantile basis of accounting both as to income and expenditure except in case of items with significant uncertainties. Financial statements are based on historical costs, convention and in accordance with applicable Accounting Standards referred in section 211 (3C) of the Companies act 1956 and generally accepted accounting principles.

b) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and costs during the reporting period. Examples of such estimates include estimated costs to be incurred on contracts, provision for doubtful debt, future obligations under employee retirement benefit plan and estimated useful life of assets. Actual results could differ from those estimates. Any revision to accounting estimates shall be recognized prospectively in current and future periods.

c) Provisions and contingencies

The Company recognises a provision when there is present obligation as a result of past event and it is more likely than not that there will be an outflow of resources to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are not discounted to their present value and are determined based on the management's best estimate of the amount of obligation at the year-end. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company. Contingent liabilities are also disclosed for present obligations in respect of which it is not probable that there will be an outflow of resources or a reliable estimate of the amount of obligation cannot be made.

When there is a possible obligation or a present obligation where the likelihood of an outflow of resources is remote, no disclosure or provision is made.

d) Fixed Assets

(i) All fixed assets except referred to in 1(d) (ii) (b) below are valued at cost of acquisition less accumulated depreciation thereon.

(ii) Depreciation: -

(a) The Company has provided for depreciation on all assets under Straight-line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

(b) Revaluation of Company's Premises at Tardeo, Mumbai 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 has been credited to Revaluation Reserve. Depreciation of this resultant increase has been reduced from Revaluation Reserve.

(c) Depreciation on additions to assets or sale or disposal of assets is calculated on pro-rata basis from/ to the date of addition/ deduction.

e) Intangible Assets

Intangible assets are recognised if :

It is probable that the future economic benefits that are attributable to the assets will flow to the company, and the cost /fair value of the assets can be measured reliably.

f) Foreign Currency Transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of the transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences are recognised in the profit and loss account.

g) Income Taxes

Tax expense for the year, comprising current tax and deferred tax is included in determining the net profit for the year.

Deferred tax assets are recognized, subject to the consideration of prudence, for all deductible timing differences and carried forward to the extent it is probable that future taxable profit will be available against with such deferred tax assets can be realized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Consequent to the introduction of Fringe Benefits Tax ("FBT") effective 1 April 2005, in accordance with the



guidance note on accounting for FBT issued by the Institute of Chartered Accountants of India, the Company has made a provision for FBT in accordance with the provisions of the Income Tax Act, 1961.

h) Impairment of assets

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of the future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the assets net selling price and present value as determined above. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is recorded only to the extent that assets carrying cost does not exceed the carrying amount that would have been determined net of depreciation and amortization, if no impairment loss has been recognized.

i) Post employment and other benefits

Short- term employee benefits:

All employee benefits payable wholly within twelve months of rendering service are classified as short-term employee benefits. Benefits such as salaries, allowances, short-term compensated absences and the expected cost of other benefits is recognized in the period in which the employee renders the related serviced

Post employment benefits:

Defined benefit plan in respect of leave encashment: The present value of leave encashment obligation under such defined benefit plans is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Statement of Expenditure. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

j) Earnings per share

Basic earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

B. NOTES FORMING PART OF ACCOUNTS

1. Contingent Liabilities:

Claims against the company not acknowledged as debts: Nil.

2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. Nil

3. In the opinion of the Board, Current Assets, Loans and Advances have a value of at least equal to the amounts shown in the Balance sheet, if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

4. The Company has no long term or post employment benefit as the company did not have the minimum employees as required under the provisions of Employees Provident Fund Act and Employee State Insurance Act (defined contribution plans), hence it is not liable to make contributions under the above mentioned acts. Further, the Payment of Gratuity Act, 1972 (defined benefit plan) is not applicable to the Company due to the reasons mentioned above.

5. In some of the cases debtors/creditors remained unconfirmed.

6. Additional information pursuant to the Provisions of Schedule VI of the Companies Act, 1956 to the extent applicable is given :-

i) Salaries & Allowances in Schedule 9 includes Managerial Remuneration as under:

| | Current Year (Rs.) | Previous Year (Rs.) |
|--|--------------------|---------------------|
| Salary | 2,16,000 | 2,16,000 |
| ii) Earnings in Foreign Exchange | | |
| Job Income | NIL | NIL |
| iii) Expenditure in Foreign Currency | | |
| During the financial year on account of | | |
| Traveling and other Expenses | 4,52,213 | NIL |

iv) Amount paid to Auditors:

| | Current year (Rs.) | Previous Year (Rs.) |
|----------------------------------|--------------------|---------------------|
| Audit Fees* | 22,600 | 22,472 |
| Certification Fees | 20,000 | - |
| Income Tax & Company Law matters | 20,000 | - |
| Total | 62,600 | 22,472 |
| Inclusive of Service Tax | | |

7 The Company is in the process of identifying suppliers who have registered themselves under "The Micro, Small and Medium Enterprises Development Act 2006". As of date the Company has not received confirmation in this regard from any of its registered suppliers. Therefore, the information in this regard has not been disclosed.

8 Related Party Disclosures

a. List of related parties

Parties where control exists:

| | | |
|---------------------------------|---|---|
| Promoter Shareholder | : | India Emerging Capital Pvt Ltd. |
| <i>Key managerial personnel</i> | : | Abhineet Gupta (Managing Director) Riya Gandhi (Director) Diwakar Gandhi (Director) |

b. Transactions with related parties

| Name of related party | Nature of relationship | Nature of transactions | Volume of transactions during the year |
|------------------------------------|--------------------------|-----------------------------------|--|
| Abhineet Gupta (Managing Director) | Key Management Personnel | Remuneration | Rs.2.16 lacs (Rs. 2.16 lacs) |
| Indiaemerging Capital Pvt Ltd | Promoter Shareholder | Preferential Convertible Warrants | Rs. 105.00 lacs (NIL) |

Notes:-

- Related party relationship is as identified by the Company and relied upon by the auditors.
 - Previous year figures are given in bracket.
- Since the company has not carried activities consisting of production of advertising and promotional films and documentaries for television and video post production services. There has been no segment reporting in accordance with the Accounting standard 17 of the ICAI.
 - In the absence of Taxable Income during the year and in view of brought forward losses, no provision for Income Tax has been made. Further the Deferred Tax Assets has also not been recognized as there is no virtual certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.
 - According to Accounting standard- As 20 issued by the Institute of Chartered Accountants of India on Earning per share the details are: -

| Particulars | Current Year (Rs.) | Previous Year (Rs.) |
|--|--------------------|---------------------|
| Calculation of Weighted Average number of Equity shares of Rs. 10 each | | |
| Number of shares at the beginning of the year | 52,00,000 | 52,00,000 |
| Total number of equity shares Outstanding at the end the year | | |
| Weighted Average number of equity shares Outstanding during the year | 52,00,000 | 52,00,000 |
| Net Profit/ (Loss) after tax available for equity shareholder | (6,376,024) | (2,029,561) |
| Basic and Diluted Earning per share | (1.23) | (0.39) |
| Nominal Value per share | 10 | 10 |

12 The figures for the previous year have been regrouped/recast as far as practicable to make them comparable with those of the current year.

For Rastogi Narain & Co.
Chartered Accountants

For Cinerad Communications Ltd.

Shanti Narain
Partner
Membership No.87370

Ashok Kumar Bansal
Company Secretary

Abhineet Gupta
Managing Director

Riya Gandhi
Director

Place: New Delhi
Dated: 29.06.09



**CASH FLOW STATEMENT FORMAT AS PER CLAUSE 32
OF THE LISTING AGREEMENT**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

| | For the Year ended 31.03.2009 | For the Year ended 31.03.2008 |
|---|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax and extraordinary items | (6,259,009) | (2,017,919) |
| Adjustment for : Depreciation | <u>1,874,756</u> | <u>1,807,976</u> |
| | (4,384,253) | (209,943) |
| Deduct: Other Income | (2,716,973) | (1,934,702) |
| Operating Profit before working capital changes | (7,101,226) | (2,144,645) |
| Adjustment for : | | |
| (Increase)/Decrease in Trade and other receivables | (1,369,262) | 149,746 |
| Increase/(Decrease) in Trade Payables | <u>321,657</u> | <u>666,531</u> |
| Cash generated from operations | (8,148,831) | (1,328,368) |
| Cash flow before extraordinary items | (8,148,831) | (1,328,368) |
| Fringe Benefit Tax | (117,015) | (11,642) |
| Net Cash Inflow/ (Outflow) from Operating Activities (A) | <u>(8,265,846)</u> | <u>(1,340,010)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Outflow: | | |
| Investment in Shares & Mutual fund | 20,038,255 | 695,310 |
| Purchase of Fixed Asset | 303,898 | 75,795 |
| Inflow: | | |
| (a) Sale of Fixed Assets/Investment | 695,310 | 14,885,624 |
| (b) Other income Received | <u>2,716,973</u> | <u>1,934,702</u> |
| Net Cash Inflow/ (Outflow) from Investing Activities (B) | <u>(16,929,870)</u> | <u>16,049,222</u> |
| CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Inflow | - | - |
| Preferential Convertible Warrant | 10,500,000 | |
| Outflow | <u>-</u> | <u>-</u> |
| Net Cash Inflow/ (Outflow) from Financing Activities (C) | <u>10,500,000</u> | - |
| Net increase in cash and cash equivalents (A+B+C) | (14,695,716) | 14,709,212 |
| Add : Cash and Cash Equivalents (Opening Balance) | <u>14,925,523</u> | <u>216,311</u> |
| Cash and Cash Equivalents (Closing Balance) | <u>229,808</u> | <u>14,925,523</u> |

Previous year's figures have been restated, wherever necessary, to confirm to this year's classification.

For **Rastogi Narain & Co.**
Chartered Accountants

For **Cinerad Communications Ltd.**

Shanti Narain
Partner
M.No.: 87370

Ashok Kumar Bansal
Company Secretary

Abhineet Gupta
Managing Director

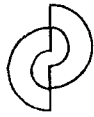
Riya Gandhi
Director

Place : New Delhi
Dated : 29.06.2009

Place : New Delhi
Dated : 29.06.2009

Place : New Delhi
Dated : 29.06.2009

Place : New Delhi
Dated : 29.06.2009



CINERAD COMMUNICATIONS LIMITED

Regd. Office : G-3, Bombay Market Apartments, 78, Tardeo Road, Tardeo, Mumbai-400 034.

FORM OF PROXY

I/We _____
of _____ being a member/members of **Cinerad Communications Limited**
hereby appoint _____
of _____ or failing him/her _____
of _____ as my/our proxy to vote for me/us and on my/our
behalf at the 23rd Annual General Meeting of the Company to be held on Friday, 25th September, 2009 at 10.00
A.M. at Kilachand Conference Room, 2nd Floor, India Merchant Chambers Building, IMC Marg, Chrchugate,
Mumbai-400 020.

Signed this _____ day of _____ 2009.

Reference Folio _____ D. P. ID No. _____

No. of Shares _____ Client ID No. _____

| |
|-----------------------------------|
| Affix Revenue Stamp here |
|-----------------------------------|

NOTE : This form, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.



CINERAD COMMUNICATIONS LIMITED

Regd. Office : G-3, Bombay Market Apartments, 78, Tardeo Road, Tardeo, Mumbai-400 034.

ATTENDANCE CARD

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.
I hereby record my presence at the 23rd Annual General Meeting of the Company on Friday, 25th September, 2009
at 10.00 A.M. at Kilachand Conference Room, 2nd Floor, India Merchant Chambers Building, IMC Marg, Chrchugate,
Mumbai-400 020.

Name of Member (IN BLOCK LETTERS) _____

Name of proxy (IN BLOCK LETTERS) _____

(To be filled in if the proxy attends instead of the Member)

Regd. Folio No. _____ D. P. ID No. _____

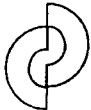
No. of Shares _____ Client ID No. _____

Signature of Shareholder / Proxy

Note : Please complete this attendance card and handover it at the entrance of the meeting hall.

BOOK-POST

If Undelivered, please return to :



Cinerad Communications Limited

G-3, Bombay Market Apartments,
78, Tardeo Road,
Tardeo, Mumbai - 400 034.

B-19, First Floor,
Greater Kailash Enclave,
Part -1, New Delhi-110048.

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