

17th ANNUAL REPORT

2008 - 2009

punjabi
TV



CHANNEL GUIDE INDIA LIMITED

A-203, 2nd Floor, Greenville, Lokhandwala Complex, Andheri (W), Mumbai - 400 053

CHANNEL GUIDE INDIA LIMITED

17th Annual Report 2008-2009

BOARD OF DIRECTORS

Mr. Rajendra Sharad Karnik
Mr. Nitin N Bhatkar
Mr. Kunal Ranjan

Managing Director
Whole Time Director
Director

BANKERS

Vijaya Bank
Mandvi Co-operative Bank Limited
Bank of Baroda
State Bank of Bikaner & Jaipur
Canara Bank

AUDIT COMMITTEE

Mr. Nitin Bhatkar
Mr. Kunal Ranjan
Mr. Rajendra Karnik

AUDITORS

Messrs. Shetty & Somani
Chartered Accountants

SHARE TRANSFER AGENT

Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Sakinaka,
Andheri (East), Mumbai – 400 072.

REGISTERED OFFICE

A-203,2nd Floor, Greenvilla, Lokhandwala Complex, Andheri (W), Mumbai - 400 053

| Contents | Page Nos. |
|---|-----------|
| Notice | 1 |
| Director's Report | 9 |
| Management Discussion & Analysis Report | 11 |
| Report on Corporate Governance | 12 |
| General Shareholders Information | 18 |
| Managing Director's Certification | 22 |
| Auditor's Report | 24 |
| Balance Sheet | 28 |
| Profit & Loss Account | 29 |
| Schedules forming part of accounts | 30 |
| Balance Sheet Abstract | 39 |
| Cash Flow Statement | 40 |

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the members of CHANNEL GUIDE INDIA LIMITED will be held at A-203, 2nd Floor, Greenville, Lokhandwala Complex, Andheri (West), Mumbai - 400053 on Monday, 17th August, 2009 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 Profit & Loss Account as on the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Nitin N. Bhatkar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the company and to fix their remuneration.

"RESOLVED THAT in view of the Consolidation of the Auditor's firm M/s Shetty & Somani, Chartered Accountants, Mumbai be and are hereby re-appointed as Auditors of the Company in place of M/s I. R. Shetty & Co to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at a remuneration to be fixed by the Board of Directors of the company in consultation with them."

SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT Mr. Kunal Ranjan who was appointed as an Additional Director of the Company by the Board of Directors on 30th June, 2009 and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of the Director, be and is hereby appointed a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("Act"), read with Schedule XIII to the Act, the Company hereby approves of the remuneration of Rs.75,000/- p.m. to Mr. Rajendra S. Karnik, Chairman & Managing Director of the Company for a period of 5 years w.e.f. 1st September, 2009 upon the terms and conditions, (including the remuneration to be paid in the event of inadequacy of profits in any financial year, as during the tenure of his appointment), with the authority of the Board of Directors or a Committee thereof to fix his salary within such maximum amount as set out in the Explanatory Statement annexed to the notice convening this meeting, with liberty to the Directors to alter and vary the terms and conditions of the said remuneration in such manner as may be agreed to between the Directors and Mr. Rajendra S. Karnik.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (“Act”), read with Schedule XIII to the Act, the Company hereby approves of the terms of remuneration of Rs.50,000/- p.m. to Mr. Nitin N. Bhatkar, Whole Time Director of the Company for a period of 5 years w.e.f. 1st September, 2009 upon the terms and conditions, (including the remuneration to be paid in the event of inadequacy of profits in any financial year, as during the tenure of his appointment), with the authority of the Board of Directors or a Committee thereof to fix his salary within such maximum amount as set out in the Explanatory Statement annexed to the notice convening this meeting, with liberty to the Directors to alter and vary the terms and conditions of the said remuneration in such manner as may be agreed to between the Directors and Mr. Nitin N. Bhatkar.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

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

“RESOLVED THAT subject to the confirmation of the Registrar of Companies, the Objects Clause of the Memorandum of Association of the Company be altered by shifting the existing Other Objects : C (186) to (189) to Main Objects Clause III A (1) to (4) and the existing Main Objects Clause III A (1) and (2) be shifted under the Head Other Objects after the last clause 185 and be re-numbered accordingly.

FURTHER RESOLVED THAT all the Ancillary and Other Object Clauses be suitably numbered.

8. To consider and if thought fit, to pass with or without modifications, the following resolution for approving the incorporation of a Subsidiary Company for the Company as an Ordinary Resolution as per the proposal prescribed in the Explanatory Statement to the Resolution:

“RESOLVED THAT pursuant to the applicable provisions of Companies Act, 1956 and Clause 37 of the Memorandum of Association of the Company, the consent be and is hereby granted for the incorporation of a subsidiary Company and the Board of Directors of the Company be and are hereby authorized to do all such acts as are necessary in this regard and to settle any question in connection therewith or incidental thereto.”

Mumbai
30th June, 2009

By Order of Board of Directors

Registered Office:
A-203, 2nd floor, Greenville
Lokhandwala Complex,
Andheri (West), Mumbai - 400053

Sd/-
(Rajendra Sharad Karnik)
Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**1. Item No. 4:**

Mr. Kunal Ranjan was appointed as an Additional Director of the Company on 30th June, 2009 by the Board of Directors. According to the provisions of the Companies Act, 1956, he holds office as a Director only upto the date of ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a notice has been received from a Member proposing the candidature of Mr. Kunal Ranjan for the office of the Director of the Company. Mr. Kunal Ranjan is a Bachelor in Fine Arts from Delhi University. The Board of Directors considers it prudent to co-opt Mr. Kunal Ranjan as a Director of the Company.

None of the Directors is interested or concerned in the resolution.

2. Item No. 5:

The Board of Directors at its meeting held on June 30, 2009 has subject to the approval of the Members, fixed the maximum salary payable to Mr. Rajendra S. Karnik to Rs. 75,000/- per month, with effect from September 1, 2009 with the authority to the Board or a Committee thereof to fix his salary within the said maximum amount. The Board is of the view that the remuneration proposed is commensurate with the responsibilities being shouldered by Mr. Rajendra S. Karnik as Chairman & Managing Director of the Company.

Mr. Rajendra Sharad Karnik joined the Company in April, 2004 and is an Engineer and has experience in the field of Computer Hardware Industry.

The main terms and conditions of the remuneration of Mr. Rajendra S. Karnik (hereinafter referred to as "CMD") are given below:

- i. Tenure : For a period of 5 years commencing from September 1, 2009.
- ii. Nature of Duties : Mr. Rajendra S. Karnik ("CMD") shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with the Company.
- iii. Remuneration : Salary @ Rs.75,000/- per month inclusive of all perks.
- iv. Minimum Remuneration : Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the CMD, the Company has no profits, or its profits are inadequate, the Company will pay remuneration by way of basic salary, as specified above.

The aggregate of the remuneration as aforesaid shall be within the maximum limits as stipulated under sections 198, 309 and all other applicable provisions, if any, of the Act read with Schedule XIII of the Act, as amended from time to time.

- v. The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion deem fit, within the maximum amounts payable to the CMD, in accordance with the provision of the Act or any amendments made hereafter in this regard and subject to such approvals as may be required.

In compliance with the provisions of section 269, 309 and other applicable provisions of the Act read with Schedule XIII of the Act, the terms of appointment and remuneration specified above are now being placed before the members for their approval.

The Directors recommend the resolution at Item No. 5 of the accompanying notice for approval of the members of the Company.

Mr. Rajendra S. Karnik is concerned or interested in Item No. 5 of the Notice.

| I General Information as required under Schedule XIII to the Companies Act, 1956 | |
|--|---|
| 1. Nature of Industry | Media – Electronic & Print |
| 2. Date or expected date of commencement of commercial production | The Company is already in the business of media. |
| 3. Financial performance and net foreign exchange collaborations | The foreign exchange outgo was upto Rs.19,06,559/- |
| 4. Foreign investments or collaborations, if any | None |
| II Information about the appointee | |
| 1. Background details | Mr. Rajendra S. Karnik, aged 43 years has a wide experience in the field of Media both Print & Electronic. He has held the position of Managing Director since last year. |
| 2. Past remuneration | None |
| 3. Recognition or awards | None |
| 4. Job profile and his suitability | His dedication and experience in the field of media is of benefit to the Company and he is a suitable candidate to hold the office of Managing Director. |
| 5. Remuneration proposed | As per the explanatory statement provided to Item No. 5 of the accompanying notice |
| 6. Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) | The remuneration paid/ to be paid to the Managing Director is in line with the industry standard of similar size of Company. |
| 7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. | None |
| III Other Information | |
| 1. Reasons of loss or inadequate profits | As the Company is in the Media business for last 1 year, it needs time to make a mark in the industry. |
| 2. Expected increase in productivity and profits in measurable terms | It is expected that the Company should do reasonably well in financial terms and increase the profitability within the next year. |
| IV Disclosures | |
| 1. The shareholders of the company shall be informed of the remuneration package of the managerial person. | Given under explanatory statement in the accompanying notice. |
| 2. The following disclosures shall be mentioned in the Board of Directors' Report under the heading 'Corporate Governance', if any, attached to the annual report :- i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pensions etc. of all the directors | Disclosed in the explanatory statement provided to item No.5 of the accompanying notice. |

3. Item No. 6:

The Board of Directors at its meeting held on June 30, 2009, has, subject to the approval of the Members, fixed the maximum salary payable to Mr. Nitin N. Bhatkar to Rs. 50,000/- per month, with effect from September 1, 2009 with the authority to the Board or a Committee thereof to fix his salary within the said maximum amount. The Board is of the view that the remuneration proposed is commensurate with the responsibilities being shouldered by Mr. Nitin N. Bhatkar as Whole Time Director of the Company.

Mr. Nitin N. Bhatkar is a B.Com Graduate. He joined the Company in August, 2006 and is the Accounts Manager and has wide experience in the field of Accounts & Finance.

The main terms and conditions of the remuneration of Mr. Nitin N. Bhatkar:

- i. Tenure : For a period of 5 years commencing from September 1, 2009.
- ii. Nature of Duties : Mr. Nitin N. Bhatkar shall devote his whole time and attention to the activities of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with the Company.
- iii. Remuneration : Salary @ Rs.50,000/- per month inclusive of all perks.
- iv. Minimum Remuneration : Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of Mr. Nitin N. Bhatkar, the Company has no profits, or its profits are inadequate, the Company will pay remuneration by way of basic salary, as specified above.

The aggregate of the remuneration as aforesaid shall be within the maximum limits as stipulated under sections 198, 309 and all other applicable provisions, if any, of the Act read with Schedule XIII of the Act, as amended from time to time.

- v. The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion deem fit, within the maximum amounts payable to Mr. Nitin N. Bhatkar, in accordance with the provision of the Act or any amendments made hereafter in this regard and subject to such approvals as may be required.

In compliance with the provisions of section 269, 309 and other applicable provisions of the Act read with Schedule XIII of the Act, the terms of appointment and remuneration specified above are now being placed before the members for their approval.

The Directors commend the resolution at Item No. 6 of the accompanying notice for approval of the members of the Company.

Mr. Nitin N. Bhatkar is concerned or interested in Item No. 6 of the Notice.

| I General Information as required under Schedule XIII to the Companies Act, 1956 | |
|--|--|
| 1. Nature of Industry | Media – Electronic & Print |
| 2. Date or expected date of commencement of commercial production | The Company is already in the business of media. |
| 3. Financial performance and net foreign exchange collaborations | The foreign exchange outgo was upto Rs.19,06,559/- |
| 4. Foreign investments or collaborations, if any | None |
| II Information about the appointee | |
| 1. Background details | Mr. Nitin N. Bhatkar, aged 36 years is a B.Com Graduate. He has been with the Company since last 4 years and held the position of Accounts Manager before his appointment as Whole Time Director. |
| 2. Past remuneration | Rs.30,000/- p.m. |
| 3. Recognition or awards | None |
| 4. Job profile and his suitability | His qualification and vast experience in the field of Accounts and Finance is of benefit to the Company and he is the suitable candidate to hold the office of Whole Time Director in the Company. |
| 5. Remuneration proposed | As per the explanatory statement provided to Item No. 5 of the accompanying notice |
| 6. Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) | The remuneration paid/ to be paid to the Whole Time Director is in line with the industry standard of similar size of Company. |
| 7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. | None |
| III Other Information | |
| 1. Reasons of loss or inadequate profits | As the Company is in the Media business for last 1 year, it needs time to make a mark in the industry. |
| 2. Expected increase in productivity and profits in measurable terms | It is expected that the Company should do reasonably well in financial terms and increase the profitability within the next year. |
| IV Disclosures | |
| 1. The shareholders of the company shall be informed of the remuneration package of the managerial person | Given under explanatory statement in the accompanying notice. |
| 2. The following disclosures shall be mentioned in the Board of Directors' Report under the heading 'Corporate Governance', if any, attached to the annual report :- i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pensions etc. of all the directors | Disclosed in the explanatory statement provided to item No.6 of the accompanying notice. |

4. Item No. 7 :

Your Company intends to expand the scope of the activities carried on and is of the opinion that the field of media is very good and encouraging, it is therefore proposed to expand the business activities by carrying on the business of media activities and rendering services in business to deal with all aspects of news, information, media, entertainment and digital/ virtual, audio, visual and audiovisual dissemination. The stated business will under the existing circumstances be carried on conveniently and advantageously. Therefore, it is proposed to amend the Main Objects clause by shifting the existing Other Objects : C (186) to (189) to Main Objects Clause III A (1) to (4) and the existing Main Objects Clause III A (1) and (2) be shifted under the Head Other Objects after the last clause 185 and be re-numbered accordingly.

The Directors recommend that the proposed Special Resolution be passed and require the approval of the shareholders. The Directors recommend that the adoption of the resolution is in the interest of the Company.

None of the Directors of the Company have an interest in the proposed resolutions except as Shareholders of the Company.

5. Item No. 8 :

On February 17, 2009 Channel Guide India Limited incorporated a company in the United Kingdom named Channel Guide (UK) Limited.

Channel Guide (UK) Limited is a wholly owned subsidiary. The financial year of Channel Guide (UK) Limited will end on March 31, 2010.

Since there were no transactions made by Channel Guide (UK) Limited upto the date for which the financial statements were prepared by the parent company, the books of accounts of the subsidiary were not made and financial statements were not prepared and audited. The financial statements of the subsidiary were not consolidated with the parent company as required by AS 21 which deals with consolidated financial statements due to absence of audited financial statements of the subsidiary. No shares have been issued to the parent company and subsidiary is due to the nature of control of the management.

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 PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
- The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under Item 4, 5, 6, 7 and 8 as stated above is annexed hereto.
- Details of the Director's appointment/ re-appointment pursuant to Clause "49" of the Listing Agreement with the Stock Exchange is annexed hereto.
- Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 11th August, 2009 to Monday, 17th August, 2009 (both days inclusive).
- The Corporate Members intending to send their duly authorized representative(s) are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.

7. The Members intending to seek any information/ clarification on the Annual Accounts are requested to write to the Company at its Registered Office at least Ten days before the date of Annual General Meeting so that the same may be complied with in time.
8. Members are hereby requested to notify change in their addresses, make correspondence and send documents of share transfers, directly to the Office of Share Transfer Agents of the Company, M/s Bigshare Services Private Limited, E- 2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai – 400 072.
9. Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.

The Following Information is being furnished in terms of Clause 49 of the Listing Agreement:

| Name of Director | Date of Birth | Date of Appointment | Qualifications | Expertise in specific functional areas | Directorships held in other Public Companies (excluding foreign companies) | Memberships/ Chairmanships of committees of other public companies (Includes only Audit and Shareholders/ Investors Grievance Committee) | Number of shares held in the Company |
|----------------------|-----------------|--|---|--|--|--|--------------------------------------|
| Mr. Nitin N. Bhatkar | 4th May, 1973 | 17th June, 2008 Re-appointed on 30th July, 2008 | Bachelor of Commerce Graduate | Wide experience in the field of Accounts and Finance | Nil | Nil | Nil |
| Mr. Kunal Ranjan | 13th July, 1976 | 30th June, 2009 | Bachelor of Fine Arts & Diploma in Accessory Design | Wide experience in the field of Art Direction | Nil | Nil | Nil |

Mumbai
30th June, 2009

By Order of Board of Directors

Registered Office:
A-203, 2nd floor, Greenville
Lokhandwala Complex,
Andheri (West), Mumbai - 400053

Sd/-
(Rajendra Sharad Karnik)
Managing Director

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their Seventeenth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2009.

1. Financial Results

| | Year Ended 31st March, 2009 (Rs. in Lacs) | Year Ended 31st March, 2008 (Rs. in Lacs) |
|--|---|---|
| Income | 199.69 | 70.38 |
| Less: Expenses | 189.96 | 46.95 |
| Profit before Financial Charges and Depreciation | 9.73 | 23.43 |
| Less: Financial Charges | 12.18 | 19.75 |
| Cash Profit/(Loss) | (2.45) | 3.68 |
| Less: Depreciation/Amortisation | 54.04 | 32.67 |
| Prior Period Expenses/Income (net) | 0.39 | — |
| Profit/(Loss) after Depreciation/Amortisation | (56.88) | (28.99) |
| Less: Provision for Tax | 0.75 | 4.71 |
| Net Profit/(Loss) after Tax | (57.63) | (24.28) |
| Balance b/f from Previous Year | (38.04) | (13.76) |
| Net Profit/(Loss) c/f to Balance Sheet | (95.67) | (38.04) |

2. Dividend

Owing to the loss incurred by the Company, your Directors do not recommend any Dividend for the financial year ended March 31, 2009.

3. Directors

Mr. Devendralal Thakur resigned from the Board on 15th June 2009 due to his pre-occupation.

Pursuant to the provisions of section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company, Mr. Kunal Ranjan was appointed as Additional Director on 30th June 2009 your directors recommend his appointment at the ensuing Annual General Meeting.

A brief profile of the Director is furnished as part of the Notice.

4. Corporate Governance Report

Your Company is committed to good corporate governance practices. The Report on Corporate Governance alongwith the Auditor's Certificate regarding compliance of the conditions of Corporate Governance pursuant to clause 49 of the Listing Agreement are annexed hereto.

5. Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors, based on the representations received from operating management and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have in the selection of the accounting policies consulted the statutory auditors and those have been applied consistently. Reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the profit or loss of the Company for the year ended on that date.
- (iii) proper and sufficient care has been taken 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; and
- (iv) the annual accounts have been prepared on a going concern basis.

6. Auditors

In view of the Consolidation of the Auditor's firm M/s Shetty & Somani, Chartered Accountants, Mumbai is hereby re-appointed as Auditors of the Company in place of M/s I.R. Shetty & Co at the forthcoming Annual General Meeting. The Members are recommended to appoint them as Auditors of the Company for the current year and fix their remuneration.

As required under the provisions of Section 224 (1B) of the Companies Act, 1956, the Company has obtained a written certificate from the above Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

The Board of Directors recommends their re-appointment as Statutory Auditors.

7. Particulars as per section 217 of the Companies Act, 1956

The Company does not have employees with the remuneration of not less than Rs. 24,00,000/-

8. Conservation of energy, technology absorption, foreign exchange earnings and outgo

Since the Company does not own any manufacturing facility the other particulars relating to Conservation of energy and technology absorption stipulated in the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

During the year the foreign exchange outgo was Rs. 19,06,559/- and foreign exchange earnings were NIL.

9. Acknowledgements:

Your Directors place on record their sincere appreciation for the assistance and co-operation received from the Shareholders, Bankers, Clients, Viewers, Suppliers and Principals.

Your Directors also sincerely acknowledge the valuable contributions made by the Employees at all levels and for their dedicated services to the Company.

Mumbai
30th June, 2009

By Order of Board of Directors

Registered Office:
A-203, 2nd floor, Greenville
Lokhandwala Complex,
Andheri (West), Mumbai - 400053

Sd/-
(Rajendra Sharad Karnik)
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

Channel Guide India Limited is in the business of Producing, distributing, broadcasting, marketing and recording of television programs and informing and entertaining through the medium of television.

Opportunities and Threats

Opportunity that was identified by the Company to be in niche sector of broadcasting, where there is no other GEC channel in Punjabi has worked well. International audience in particular punjabis have responded very warmly to the concept. As a first mover for GEC segment, the Company has partnered with some of the best international DTH operators and distribution companies. This will give strength to the brand as it will not be easy for other entrants to enter due to capacity constraints in niche broadcasting segment. Interest in the viewers towards the channel will build up gradually as it is the initial stage and the next stage will decide the exponential growth in subscription.

Outlook

The media industry is among the highest growth rate industry and international audience for media products from back home have gathered considerable momentum in past and the trend is continuing. Back in India also the story is the same where many new channels with niche contents are in offerings to cater the ever increasing demand of the viewer in the terms of content and choice.

Risks and Concerns

International currency fluctuations where large part of the business is built on international currencies whereas programming costs are out of India.

Internal control systems

The Company has adequate internal control system commensurate with size and nature of its business. Management is taking necessary steps to improve and strengthen internal control system and procedures in areas of reconciliation of balances and debtors to safeguard the assets and to ensure reliability of financial records.

Human Resources

The company believes that human resources are a key asset that provides a competitive edge in the current business environment. The Company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition and sharing, skill building, creativity and responsibility and performance based compensation.

The employees' relation during the year under review was cordial and harmonious and the productivity improved in all the areas.

Cautionary Statement

Certain statements in the 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 from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and materials availability, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments with India and the countries in which other incidental factors.

REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy on code of Corporate Governance

Your Company is fully committed to the principles of good Corporate Governance and endeavours to implement the Code of Corporate Governance in its true spirit. Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and efficient management of an organization. Good Corporate Governance ensures transparency in operations, makes disclosures and enhances shareholders value without compromising in any way compliance with applicable laws and regulations.

Your Company believes that good governance brings about sustained corporate growth and long term benefits to all stakeholders.

Your Company also believes that Corporate Governance must balance individual interest with corporate goals and must operate within accepted norms of propriety, equity, fair play and sense of justice.

This Chapter, along with the Chapters on Management Discussion & Analysis and Additional Shareholders' Information, reports the Company's compliance with Clause 49 of the Listing Agreement with the Stock Exchange.

II. Board of Directors

The Board of Directors as at 30th June, 2009 consisted of 3 Directors of which one is a non-executive director. The Company has optimum combination of executive and non-executive directors. The composition of the Board is in conformity with Clause "49" of the Listing Agreement.

(a) Number of Board Meetings:

Five Board Meetings were held during the period 1st April, 2008 to 31st March, 2009 on the following dates:

- (i) 5th June, 2008, (ii) 17th June, 2008; (iii) 30th June, 2008, (iv) 2nd September, 2008 and (v) 13th February, 2009.

(b) Composition, Status and Attendance at the Board Meetings and at the last AGM.

| Name of Director | No. of Board Meeting attended | Attendance at previous AGM on 30th July, 2008 | Category (Executive/ Non-Executive Independent) | No. of outside Directorship held # | No. of Membership/ Chairmanship in other Board Committee ## |
|--|-------------------------------|---|---|------------------------------------|---|
| Mr. Rajesh (Resigned on 17/06/2008) | 2 | N.A. | Executive (Promoter) | 1 | 1 |
| Mr. Bharat Bhatt (Resigned on 05/06/2008) | 1 | N.A. | Non-Executive & Independent Director | NIL | 3 |
| Mr. Sunil Golecha (Resigned on 17/06/2008) | 2 | N.A. | Non-Executive & Independent Director | NIL | 3 |
| Mr. Vinod Kothari (Resigned on 05/06/2008) | 1 | N.A. | Non-Executive & Independent Director | NIL | 3 |
| Mr. Rajendra S. Karnik Managing Director (Re-appointed on 30/06/2008) | 4 | Present | Executive (Promoter) | 2 | - |
| Mr. Nitin N. Bhatkar Whole-Time Director (Re-appointed on 30/07/2008) | 4 | Present | Executive & Whole-time Director | NIL | - |
| Mr. Devendralal Thakur (Re-appointed on 30/07/2008) and (Resigned on 15/06/2009) | 5 | Present | Independent & Non-Executive | 4 | - |
| Mr. Kunal Ranjan (Appointed on 30/06/2009) | - | N.A. | Independent Non-Executive | NIL | - |

Excludes alternate directorship and Directorship in foreign companies and private companies which are neither a subsidiary nor a holding company of a public company.

Excludes Committees other than Audit Committee, Shareholders / Investors Grievance Committee and remuneration Committee, Share Transfer Committee and Companies other than public limited companies.

Code of Conduct

All the Board members and senior management personnel have affirmed compliance with the said Code of Conduct for the financial year ended March 31, 2009. A declaration to this effect signed by Mr. Rajendra S. Karnik, Managing Director is enclosed at the end of this Report forms a part of this Annual Report.

III. Committees of the Board

The Board has constituted the following two Committees of Directors:

- a) Audit Committee
- b) Shareholders / Investors' Grievance and Share Transfer Committee

(a) Audit Committee

The Audit Committee of your Company presently comprises of two Executive and one Independent Director. Three meetings of the Committee were held during the period 1st April, 2008 to 31st March, 2009 on the following dates :-

- (i) 30th June, 2008, (ii) 2nd September, 2008 and (iii) 13th February, 2009

The status of the attendance of the Meetings of the Members is as under:

| Name of the Member | Status | No. of Meetings | |
|------------------------|----------|-----------------|----------|
| | | Held | Attended |
| Mr. Nitin N. Bhatkar | Chairman | 3 | 3 |
| Mr. Devendralal Thakur | Member | 3 | 3 |
| Mr. Rajendra S. Karnik | Member | 3 | 3 |

Terms of Reference:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, the re-appointment and if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d. Reviewing, with the management, the annual financial statement before submission to the board for approval, with particular reference to:
 1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 2. Changes, if any, in accounting policies and reasons for the same.
 3. Major accounting entries involving estimates based on the exercise of judgment by management.

4. Significant adjustments made in the financial statements arising out of audit findings.
 5. Compliance with listing and other legal requirements relating to financial statements
 6. Disclosure of any related party transactions.
 7. Qualification in the draft audit report.
 8. The going concern assumption.
 9. Any related party transaction.
- e. Reviewing, with the management, quarterly financial statements before submissions to the Board for approval.
- f. Reviewing the management, performance of statutory and internal auditors, adequacy of the internal control.
- g. Reviewing of the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage.
- h. Discussion with the internal auditors any significant findings and follow up there on.
- i. Reviewing the findings of any internal investigations by the internal auditors into the matters where there is any suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- j. Discussion with the Statutory Auditors before the audit commences, about the nature and scope for audit as well as cost control discussion to ascertain any area of concern.
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- l. To carry out any other function as is mentioned in the terms of the reference the Audit Committee.

The Audit Committee has been granted powers as prescribed under clause 49 (II) (C). Further as per the requirements of clause 49 (II) (E) the Audit Committee shall make mandatory review of the following information:

1. Management discussion and analysis of financial conditions and results of operations;
2. Statements of significant related party transactions (as defined by the Audit Committee), submitted by the management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal Audit Reports related to internal control weakness; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

(b) Shareholders' / Investors Grievance and Share Transfer Committee:

The Shareholders' / Investors Grievance and Share Transfer Committee is comprising of 1 Non Executive Independent Director and 2 Executive Directors.

Terms of reference

To look into various issues relating to shareholders including redressal of complaints from the shareholders relating to transfer of shares, non-receipt of Balance Sheets, Dividends, etc. The Committee approves the shares transfers, transposition etc. based on the reports obtained from the Registrar and share transfer agent.

Status of complaints received for the year ended 2008-09

| | | |
|----------------------------|---|-----|
| No. of Complaints received | — | 4 |
| No. of Complaints resolved | — | 4 |
| No. of Complaints pending | — | NIL |

All valid requests for the shares transfer received during the year have been acted upon and no such transfer is pending.

Quorum

Quorum for Board as well as Committee Meetings is one third or two directors / Members of Committee, as the case maybe, whichever is higher.

IV. Remuneration Committee

The Board has not appointed Remuneration Committee.

V. Remuneration paid to the Directors:

The detailed information of Directors' remuneration as at 31st March, 2009 is set forth below:

(Amount in Rupees)

| Name of the Director | Category | Sitting Fees | Salary and Perquisites | Commission | Superannuation and Provident Fund | Total |
|----------------------|-----------|--------------|------------------------|------------|-----------------------------------|-------------|
| Mr. Nitin N: Bhatkar | Executive | — | 30,000 p.m. | N.A. | N.A. | 30,000 p.m. |

Stock Options

Presently the Company does not have any plan of stock options.

No. of equity shares held by Non-Executive Directors

| Name of Director | No. of Equity Shares Held |
|-------------------------|---------------------------|
| Mr. Thakur Devendra Lal | Nil |

VI. General Body of Meetings :
Annual General Meetings

Details of Annual / Extra-Ordinary General Meetings held during past three years:

| YEAR | DATE | LOCATION | TIME |
|------|------------|---|------------|
| 2006 | 20/09/2006 | Bokadia Mension, 3rd Floor, 229, Princess Street, Mumbai - 400 022 | 10.30 a.m. |
| 2007 | 20/09/2007 | Bokadia Mension, 3rd Floor, 229, Princess Street, Mumbai - 400 022 | 10.30 a.m. |
| 2008 | 20/07/2008 | A-203, 2nd Floor, Green Ville, Lokhandwala Complex, Andheri (Wst), Mumbai - 400 053 | 10.30 a.m. |

Details of Special Resolution(s) passed in Annual / Extra-Ordinary General Meeting held during the past three years:

| YEAR | AGM / EGM | DATE | Special resolution passed |
|------|-----------|------------|--|
| 2006 | AGM | 29/09/2006 | Authority to borrow in excess of Paid up Capital & Free Reserves of the Company from Rs.25 crore to Rs.50 crore |
| 2009 | EGM | 16/03/2009 | 1) Increase in Authorised to Capital from Rs.3.5 Crores Rs. 7 Crores. 2) Issue of Share warrants on Preferential basis. |

Postal Ballot

No special resolution was passed through Postal Ballot at the last Annual General Meeting. No special resolution through Postal Ballot at the forthcoming Annual General Meeting.

VII. Disclosures :

- a. There are no materially significant related party transactions i.e. transaction, material in nature, with its promoters, directors, their relatives or management, subsidiaries of the Company etc. having potential conflict with the interest of the Company at large.
- b. No penalties or structures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

- c. Though the Company does not have a Whistle Blower Policy in place, the Company encourages the employees to freely express their views on various issues faced by them and the HR head follow up the same for necessary resolution of it. The employees have access to the Audit Committee.
- d. All the mandatory items of Clause 49 have been complied with and covered in this report. In respect of Non Mandatory requirement of Clause 49, the Company has complied with appointment of the two Non executive Directors as members of Remuneration Committee. The composition of this Committee has been detailed earlier in this report.

VIII. Managing Director's Certification :

The CEO / CFO certification of the financial statements and the cash flow statements for the financial year ended March 31, 2009 issued to the Board of Directors is enclosed at the end of this Report and forms part of this Annual Report.

IX. Note on Appointment or Re-appointment of Directors:

Particulars of directors to be appointed or re-appointed at the ensuing Annual General Meeting is given under the heading Details of Directors Seeking Appointment/ Re-Appointment at the Annual General Meeting of the Notice convening the meeting.

X. Means of Communication

Quarterly, Half Yearly and Annual Results are being published in an English daily (The Financial Express) and a vernacular (Apla Mahanagar). All official news releases and financial results are communicated by the Company through Bombay Stock Exchange website www.bseindia.com

The Management Discussion and Analysis Report forms part of this Annual Report.

XI. General Shareholders Information

| | |
|--|--|
| Date, Time and Venue of AGM | : 17 th August, 2009 at 4.00 p.m. at A-203, Greenvilla, Lokhandwala Complex, Andheri (West), Mumbai – 400 053 |
| Dates of Book Closures | : 11 th August, 2009 to 17 th August, 2009 (both days inclusive) |
| Financial Year | : 1 st April – 31 st March |
| Dividend payment date | : N.A. |
| Listing on stock exchange | : The Company's equity shares are listed on The Bombay Stock Exchange Limited. |
| Stock Code | : BSE 531337 |
| ISIN No. | : INE 974C0102 |
| Email ID for Investor Grievance pursuant to Clause 47(f) of the Listing Agreement | : investor@punjjabi.tv |

Market Price Data at The Bombay Stock Exchange Limited (BSE)

| Month | SHARE PRICE | | BASE INDEX | |
|-----------------|-------------|-------|------------|-----------|
| | HIGH | LOW | HIGH | LOW |
| April, 2008 | 31.10 | 22.15 | 17,480.74 | 15,297.96 |
| May, 2008 | 31.40 | 24.70 | 17,735.70 | 16,196.02 |
| June, 2008 | 29.35 | 18.60 | 16,632.72 | 13,405.54 |
| July, 2008 | 22.35 | 15.05 | 15,130.09 | 12,514.02 |
| August, 2008 | 20.10 | 13.85 | 15,579.78 | 14,002.43 |
| September, 2008 | 18.20 | 8.80 | 15,107.01 | 12,153.55 |
| October, 2008 | 9.70 | 4.23 | 13,203.86 | 7,697.39 |
| November, 2008 | 4.36 | 2.92 | 10,945.41 | 8,316.39 |
| December, 2008 | 5.05 | 3.14 | 10,188.54 | 8,467.43 |
| January, 2009 | 6.00 | 5.15 | 10,469.72 | 8,631.60 |
| February, 2009 | 12.50 | 5.20 | 9,724.87 | 8,619.22 |
| March, 2009 | 15.17 | 11.70 | 10,127.09 | 8,047.17 |

REGISTRARS:

Bigshare Services Private Limited

E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai- 400 072

Dematerialisation & Liquidity :

| Type of Holding | Percentage to share capital |
|-----------------|-----------------------------|
| Physical | 11.69% |
| Demat | 88.31% |
| Total | 100% |

In Terms of notification issued by SEBI, trading in the equity shares of the Company is permitted only in dematerialized form w.e.f. 5th July 2002.

| Shareholding of Nominal Values of Rs. | No. of Shareholder | % of Shareholders | No. of Shares | Total Value | % of No. of Shares |
|---------------------------------------|--------------------|-------------------|---------------|-------------|--------------------|
| Upto Rs. 5000 | 1,853 | 84.84432 | 5773960 | 2886980.00 | 9.62327 |
| 5001-10000 | 145 | 6.63919 | 252474 | 1262370.00 | 4.20790 |
| 10001-20000 | 76 | 3.47985 | 226953 | 1134765.00 | 3.78255 |
| 20001-30000 | 32 | 1.46520 | 162047 | 810235.00 | 2.70078 |
| 30001-40000 | 14 | 0.64103 | 98402 | 492010.00 | 1.64003 |
| 40001-50000 | 10 | 0.45788 | 92250 | 461250.00 | 1.53750 |
| 50001-100000 | 20 | 0.91575 | 247422 | 1237110.00 | 4.12370 |
| 100001-999999 | 34 | 1.55678 | 4343056 | 21715280.00 | 72.38427 |

Shareholding Pattern as on 31st March, 2009

| Category | No. of Shares held | % of Share holding |
|---|--------------------|--------------------|
| 1) Promoters | | |
| - Indian promoters | 1237587 | 20.6265 |
| - Foreign Promoters | NIL | NIL |
| 2) Persons acting in concert | NIL | NIL |
| 3) Institutional Investors | | |
| - Mutual Funds and UTI | NIL | NIL |
| - Banks, Financial Institutions | NIL | NI |
| - Insurance Companies (Central / State Government Institutions/ Non - government institutions) | NIL | NIL |
| 4) Foreign Institutional Investors | NIL | NIL |
| 5) Private Corporate Bodies | 881185 | 14.6864 |
| 6) Indian Public | 3746863 | 62.4477 |
| 7) NRIs / OCBs / Foreign Nationals | 75651 | 1.2609 |
| 8) Any other (shares in Transit) | 58714 | 0.9786 |
| Grand Total | 6000000 | 100 |

Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, conversion date and impact on equity :

The Company has not issued any GDRs/ ADRs/ Warrants or any Convertible instruments.

Address for Correspondence:

Shareholding related queries

Bigshare Services Private Limited

E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki naka, Andheri(East) Mumbai- 400072

General Correspondence:

Mr. Nitin N. Bhatkar

Channel Guide India Limited

A-203, 2nd Floor, Greenvilla, Lokhandwala Complex,
Andheri (West), Mumbai - 400053



AUDITORS' CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

The Members of
Channel Guide India Limited,

We have examined the compliance of the conditions of Corporate Governance by Channel Guide India Limited for the year ended 31st March 2009 as stipulated in clause 49 of the Listing Agreement of said company with the Stock Exchanges in India.

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 Listing Agreement.

We state that as certified by the Registrar and Share Transfer Agent of the company and as taken on record by the Shareholders' & Investors' Grievance Committee there were no investor grievance(s) unattended or pending against the company as on 31st March 2009 for a period exceeding one month.

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 **I. R. SHETTY & CO.,**
CHARTERED ACCOUNTANTS

I. R. SHETTY
Proprietor
Membership No. 038415

Place: Mumbai
Dated: 30 June, 2009

MANAGING DIRECTOR'S CERTIFICATION

The Managing Director and the Whole Time Director heading the finance function have certified to the Board that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief.
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance while existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the period which are fraudulent, illegal or violative of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls and they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit committee:
 - (i) significant changes in internal control during the year.
 - (ii) significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvements therein, if any, of the management or an employee having a significant role in the company's internal control system.

Sd/-
Managing Director

Sd/-
Whole-Time Director

Place : Mumbai
Date : 30.06.2009



DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to inform that the company has adopted a Code of Conduct for its Board members and senior management personnel. This code is available on the company's web site.

I confirm that, for the financial year ended on March 31, 2009, as per the requirement of Clause 49(I)(D)(ii) of the Listing Agreement with the Bombay Stock Exchange, all the members of the Board and senior management personnel of the company have confirmed Compliance with the code of Conduct of the Company for its Board members and senior management personnel as applicable to them.

FOR CHANNEL GUIDE INDIA LIMITED

Sd/-
RAJENDRA SHARAD KARNIK
Managing Director

Place: Mumbai
Dated: 30th June, 2009

AUDITOR'S REPORT

To

The members of

CHANNEL GUIDE INDIA LIMITED,

We have audited the attached Balance Sheet of **CHANNEL GUIDE INDIA LIMITED** as at 31st March, 2009, the Profit & Loss Account and also the 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.

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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's 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.

Further to our comments in the Annexure referred to 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable *other than Accounting Standard 15 regarding employee benefits which has been modified, Accounting Standard 21 regarding presentation of consolidated financial statements and Accounting Standard 28 regarding impairment of assets which have not been fully adhered to;*
- (v) In our opinion, and on the basis of the records of the company made available to us and further information and explanation given to us, 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 cess payable by the company under section 441A of the Companies Act, 1956 has not been determined by the company in absence of notification of Rules to be made by the Central Government in this behalf for implementation thereof;
- (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and Notes thereon and *subject to note no. 2 given in the Notes to Accounts regarding the quality of sundry debtors and the non-expensing of a sum of Rs. 94,25,087 and note no. 18 regarding impairment of assets*, 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:
 - (i) In the case of the Balance Sheet, of the state of affairs of the company as at **31st March, 2009**;
 - (ii) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **I. R. SHETTY & CO.**,
CHARTERED ACCOUNTANTS

I. R. SHETTY

Proprietor

Membership No. 038415

Place: Mumbai

Dated: 30 June, 2009

ANNEXURE REFERRED TO IN OUR AUDIT REPORT OF EVEN DATE ON THE ACCOUNTS OF CHANNEL GUIDE INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH, 2009

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

- (i) (a) The company has *not* maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the assets have *not* been physically verified by the management during the year while some assets have been so verified. Material discrepancies which were noticed on verification have been properly dealt with in the books of accounts. However, no documents or reports in the matter were made available for our verification.
- (c) As per the books of accounts the company has written off certain fixed assets during the year as these assets were not in existence. As explained to us, the going concern status of the company has remained unaffected due to these write-offs and this did not have any impact on the continuity of the business of the company.
- (ii) As explained to us, the company holds no inventories. As such, the provisions of clause 4 (ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003, as amended, are not applicable.
- (iii) (a) The company has granted unsecured loans its subsidiary company to the extent of Rs. 41,71,530 as on 31st March 2009. There are no stipulations as regard to payment of interest and principal as these are the expenses incurred on behalf of its subsidiary floated for conducting business in UK and hence is not prima facie prejudicial to the interest of the company.
- (b) The company has taken unsecured loans from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The balance repayable as on 31st March 2009 to these parties is Rs. 2,45,27,470 and there are no stipulations with respect to interest and repayments of these loans as these are in the nature of current accounts and are not prima facie prejudicial to the interest of the company.
- (iv) 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 regard to purchases of fixed assets and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are unable to form an opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 for the year ended 31st March 2009 that need to be entered into the register maintained under that section have been so entered as the said register has not been made available to us for our inspection.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the financial year have been made

at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) In our opinion, and according to the information and explanations given to us, the company has not accepted any deposits during the year other than in the form of a current account from its director and an associate company. No order, in this behalf, has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the company does *not* have an internal audit system commensurate with the size and nature of its business and no internal audit as such has been conducted.
- (viii) In our opinion, maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government for the services rendered by the company and hence the provisions of clause 4 (viii) of the Companies (Auditor's Report) Order, 2003, as amended, are not applicable.
- (ix) (a) The company is generally *not* regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no overdue arrears of statutory dues for a period of more than six months from the date they became payable as at the last date of the financial year covered by our audit except the following undisputed dues:

| Nature of Dues | Period | Amount (Rs.) |
|------------------------|------------------|--------------|
| Profession Tax | 2008-2009 | 12,790 |
| Tax Deducted at Source | Before 2008-2009 | 29,445 |
| Tax Deducted at Source | 2008-2009 | 3,38,439 |

- (b) According to the information and explanations given to us, there are no dues of Sales tax, Income tax, Customs duty, Wealth tax, Service tax, Excise duty, and cess, which have not been deposited on account of any dispute as at 31st March, 2009 and pending for a period of more than six months from the date they became payable.
- (x) In our opinion, the accumulated losses of the company are less than fifty percent of its net worth. The company has incurred cash losses during the financial year covered by our audit but not in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company *has defaulted* in repayment of dues to a bank. However, we are unable to ascertain the period and extent of default due to absence of relevant data with the company.
- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of 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. As such the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 as amended are not applicable.

- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. As such the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 as amended are not applicable.
- (xv) According to the information and explanations given to us the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the company has not raised any term loans during the financial year covered by our audit.
- (xvii) According to the information and explanations given to us and based on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year covered by our audit to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. However, the Company has issued convertible share warrants on preferential basis and has received subscription for 58,00,000 convertible share warrants convertible at a premium of Rs. 5 per share and part application monies therefor. The allotments are pending as on 31st March 2009.
- (xix) According to the information and explanations given to us, during the year covered by our audit report, the company had not issued any debentures.
- (xx) In our opinion the company has not raised monies by public issues during the year 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 **I. R. SHETTY & CO.,**
CHARTERED ACCOUNTANTS

I. R. SHETTY
Proprietor
Membership No. 038415

Place: Mumbai
Dated: 30 June, 2009

BALANCE SHEET AS ON 31ST MARCH, 2009

| | SCHEDULES | As at 31/03/2009 RUPEES | As at 31/03/2008 RUPEES |
|---|-----------|-------------------------------|-------------------------------|
| SOURCES OF FUNDS | | | |
| SHARE HOLDERS' FUNDS | | | |
| Share Capital | 1 | 30,000,000 | 30,000,000 |
| Share Warrants Application Money | | 11,905,000 | - |
| Secured Loans | 2 | 4,456,011 | 8,872,045 |
| Unsecured loans | 3 | 24,527,470 | - |
| | | 70,888,481 | 38,872,045 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | 4 | 42,560,538 | 29,393,910 |
| Less : Depreciation | | 18,997,729 | 17,003,689 |
| NET BLOCK | | 23,562,809 | 12,390,221 |
| Capital Work In Progress | | 3,807,766 | - |
| INVESTMENTS | 5 | 20,000 | 20,000 |
| DEFERRED TAX ASSET | | 1,007,113 | 1,007,113 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Current Assets | | | |
| Sundry Debtors | 6 | 32,713,529 | 22,880,075 |
| Cash & Bank Balances | | 5,059,164 | 15,751 |
| LOANS AND ADVANCES | 7 | 16,253,075 | 4,383,116 |
| | | 54,025,768 | 27,278,942 |
| CURRENT LIABILITIES & PROVISIONS | | | |
| Current Liabilities | 8 | 20,955,123 | 5,620,582 |
| Provisions | 9 | 147,317 | 7,778 |
| | | 21,102,440 | 5,628,360 |
| NET CURRENT ASSETS | | 32,923,328 | 21,650,582 |
| MISCELLANEOUS EXPENDITURE & LOSSES | | | |
| (To the extent not written off or adjusted) | | | |
| Profit & Loss Account | | 9,567,465 | 3,804,129 |
| | | 70,888,481 | 38,872,045 |
| Significant Accounting Policies and Notes to Accounts | 13 | | |

Schedules 1 to 13 annexed hereto form an integral part of the Accounts

As per our report of even date

For **I. R. Shetty & Co.**
Chartered Accountants**I. R. Shetty**
Proprietor
Membership No.038415Place : Mumbai
Date : 30 June, 2009For **CHANNEL GUIDE INDIA LIMITED****Rajendra S. Karnik**
Managing Director**Nitin N. Bhatkar**
Director



CHANNEL GUIDE INDIA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | SCHEDULES | As at 31/03/2009 RUPEES | As at 31/03/2008 RUPEES |
|---|-----------|-------------------------------|-------------------------------|
| INCOME | | | |
| Sales, Services and Subscription | | 15,756,834 | 2,500,000 |
| Studio Hire Charges | | 75,000 | - |
| Other Income | 10 | 4,136,961 | 4,538,506 |
| | | 19,968,795 | 7,038,506 |
| EXPENDITURE | | | |
| Administrative Expenses | 11 | 15,174,289 | 4,280,360 |
| Selling & Distribution Expenses | 12 | 3,400,933 | - |
| Financial Charges | | 1,218,234 | 1,975,014 |
| Loss of sale/Discard/Disposal of Fixed Assets | | 420,800 | 414,984 |
| | | 20,214,256 | 6,670,358 |
| Profit/(Loss) before Prior Period Adjustments | | (245,461) | 368,148 |
| Depreciation/Amortisation | | 5,403,907 | 3,266,992 |
| Prior Period Adjustments | | 38,756 | - |
| Net Profit before Tax | | (5,688,124) | (2,898,844) |
| Current Tax | | - | - |
| Fringe Benefit Tax | | 75,212 | 8,348 |
| Excess Provision for A.Y. 07-08 Reversed | | - | 479,313 |
| Net Profit after Tax | | (5,763,336) | (2,427,879) |
| Balance as per Last Balance Sheet | | (3,804,129) | (1,376,250) |
| Balance carried to Balance Sheet | | (9,567,465) | (3,804,129) |
| Earning per share (Basic) | | (0.96) | (0.40) |
| Earning per share (Diluted) | | (0.96) | (0.40) |
| Number of Equity shares (Basic) | | 60,00,000 | 60,00,000 |
| Number of Equity shares (Diluted) | | 60,00,000 | 60,00,000 |
| Significant Accounting Policies and Notes to Accounts | 13 | | |

Schedules 1 to 13 annexed hereto form an integral part of the Accounts

As per our report of even date

For **I. R. Shetty & Co.**
Chartered Accountants

I. R. Shetty
Proprietor
Membership No.038415

Place : Mumbai
Date : 30 June, 2009

For **CHANNEL GUIDE INDIA LIMITED**

Rajendra S. Karnik
Managing Director

Nitin N. Bhatkar
Director

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
AS ON 31ST MARCH, 2009**

| | As at 31/03/2009 RUPEES | As at 31/03/2008 RUPEES |
|---|-------------------------------|-------------------------------|
| SCHEDULE 1 : SHARE CAPITAL | | |
| AUTHORISED: | | |
| 1,40,00,000 (70,00,000) Equity shares of Rs. 5/- each | 70,000,000 | 35,000,000 |
| ISSUED, SUBSCRIBED & PAID UP: | | |
| 60,00,000 (60,00,000) Equity shares of Rs. 5/- each fully paid up | 30,000,000 | 30,000,000 |
| | <u>30,000,000</u> | <u>30,000,000</u> |
| SCHEDULE 2 : SECURED LOANS | | |
| Hire Purchase Loan (ICICI BANK) | | |
| (Against Hypothecation of Car & Computer) | | 53,760 |
| Canara Bank - Term Loan | | |
| (Hypothecation of Plant & Machinery, Equipments & Other systems) | 4,455,431 | 8,837,515 |
| Canara Bank - Cash Credit | | |
| (Hypothecation of Book Debts & Stock, Further collaterally secured by mortgage of Cooper bldg. & personal guarantee of two erstwhile Directors) | 580 | (19,230) |
| | <u>4,456,011</u> | <u>8,872,045</u> |
| SCHEDULE 3 : UNSECURED LOANS | | |
| From Associates | 1,690,470 | |
| From Directors | 22,837,000 | |
| | <u>24,527,470</u> | |

SCHEDULE 4 : FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---------------------------------|-----------------------|---------------------------|----------------------------|-----------------------|-------------------|------------------|----------------------------|-------------------|-------------------|-------------------|
| | Cost As on 01/04/2008 | ADDITIONS During the Year | Deductions During the Year | Cost As on 31/03/2009 | Upto 01/04/2008 | For the Year | Deductions During the Year | As on 31/03/2009 | As on 31/03/2009 | As on 31/03/2008 |
| 1) INTANGIBLE ASSETS | 5,883,000 | 16,567,820 | - | 22,450,820 | 4,792,974 | 3,851,329 | - | 8,644,303 | 13,806,517 | 1,090,026 |
| Film Rights | 5,883,000 | - | - | 5,883,000 | 4,792,974 | 1,090,026 | - | 5,883,000 | - | 1,090,026 |
| TV Serials | - | 16,567,820 | - | 16,567,820 | - | 2,761,303 | - | 2,761,303 | 13,806,517 | - |
| 2) TANGIBLE ASSETS | | | | | | | | | | |
| Plant & Machinery | 22,416,240 | 429,475 | 2,735,997 | 20,109,718 | 11,232,580 | 1,552,578 | 2,431,732 | 10,353,426 | 9,756,292 | 11,183,661 |
| Computer | 2,576,582 | - | 2,576,582 | - | 2,306,677 | - | 2,306,677 | - | - | 269,905 |
| Telephone | 115,615 | - | 115,615 | - | 100,339 | - | 100,339 | - | - | 15,276 |
| Playout Equipments | 5,462,000 | - | - | 5,462,000 | 2,430,356 | 421,702 | - | 2,852,058 | 2,609,942 | 3,031,644 |
| Playout & Studio Equipments | 3,525,279 | - | - | 3,525,279 | 1,555,590 | 273,984 | - | 1,829,574 | 1,695,705 | 1,969,689 |
| Television | 43,800 | - | 43,800 | - | 24,716 | - | 24,716 | - | - | 19,084 |
| Editing Systems | 1,224,548 | - | - | 1,224,548 | 754,193 | 65,427 | - | 819,620 | 404,928 | 470,356 |
| Tape Less Server | 4,300,000 | - | - | 4,300,000 | 1,913,316 | 331,988 | - | 2,245,304 | 2,054,696 | 2,386,684 |
| Satellite Server | 365,745 | - | - | 365,745 | 158,387 | 28,843 | - | 187,230 | 178,515 | 207,358 |
| Encryption System | 4,802,671 | - | - | 4,802,671 | 1,989,006 | 391,381 | - | 2,380,387 | 2,422,284 | 2,813,665 |
| Air Conditioner | - | 49,475 | - | 49,475 | - | 4,014 | - | 4,014 | 45,461 | - |
| FCP Machine | - | 380,000 | - | 380,000 | - | 35,239 | - | 35,239 | 344,761 | - |
| FURNITURE & FIXTURES | 1,094,670 | - | 1,094,670 | - | 978,136 | - | 978,136 | - | - | 116,534 |
| TOTAL | 29,393,910 | 16,997,295 | 3,830,667 | 42,560,538 | 17,003,690 | 5,403,907 | 3,409,868 | 18,997,729 | 23,562,809 | 12,390,221 |
| PREVIOUS YEAR | 37,610,250 | 450,000 | 8,666,340 | 29,393,910 | 17,834,630 | 3,266,992 | 4,097,933 | 17,003,689 | 12,390,221 | 19,775,620 |

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
AS ON 31ST MARCH, 2009**

| | As at 31/03/2009 RUPEES | As at 31/03/2008 RUPEES |
|---|-------------------------------|-------------------------------|
| SCHEDULE 5 : | | |
| INVESTMENTS (FULLY PAID, AT COST) | | |
| UNQUOTED | | |
| 2000 Equity Shares Of Rs.10/- each of Mandvi Co-op. Bank Ltd. | 20,000 | 20,000 |
| TOTAL | 20,000 | 20,000 |
| SCHEDULE 6 : CURRENT ASSETS | | |
| SUNDRY DEBTORS | | |
| <u>Unsecured and Considered Good</u> | | |
| Outstanding, for more than Six Months | 29,479,359 | - |
| Others | 3,234,170 | 22,880,075 |
| | 32,713,529 | 22,880,075 |
| <u>Cash & Bank Balances</u> | | |
| Cash on Hand | 553,744 | 3,603 |
| Balance with Scheduled Banks on - Current Account | 4,505,420 | 12,148 |
| | 5,059,164 | 15,751 |
| SCHEDULE 7 : LOANS & ADVANCES | | |
| Advances recoverable in Cash or in Kind | 14,677,927 | 2,710,000 |
| Advance Tax & Tax Deducted at Source | 573,116 | 573,116 |
| Deposits | 342,530 | 1,100,000 |
| TDS A.Y- 2009-10 | 9,297 | |
| Service Tax Credit | 650,205 | |
| | 16,253,075 | 4,383,116 |
| SCHEDULE 8 : CURRENT LIABILITIES | | |
| <u>Sundry Creditors</u> | | |
| For Expenses | 17,845,476 | 3,738,681 |
| <u>Statutory Liabilities</u> | | |
| Profession Tax | 27,055 | |
| TDS | 1,230,136 | 29,445 |
| Service Tax | 1,852,456 | 1,852,456 |
| | 20,955,123 | 5,620,582 |
| SCHEDULE 9 : PROVISIONS | | |
| Provision for FBT (A:Y 08-09) | 7,778 | 7,778 |
| Provision for FBT (A:Y 09-10) | 75,212 | |
| Provision for Gratuity | 64,327 | |
| | 147,317 | 7,778 |

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
AS ON 31ST MARCH, 2009**

| | As at 31/03/2009 RUPEES | As at 31/03/2008 RUPEES |
|---|-------------------------------|-------------------------------|
| SCHEDULE 10 : OTHER INCOME | | |
| Commission | 4,000,000 | - |
| Dividend | 4,000 | 3,760 |
| Foreign Exchange Adjustments | 79,189 | - |
| Profit on Sale of Plant & Machineries | - | 2,165,846 |
| Sundry Creditors W/back | 53,772 | 2,368,900 |
| | 4,136,961 | 4,538,506 |
| SCHEDULE 11: ADMINISTRATIVE EXPENSES | | |
| Audit Fees | 175,000 | 50,000 |
| Bank Charges | 17,347 | - |
| Commission Charges | 509,682 | - |
| Conveyance Expenses | 55,904 | - |
| Directors Remuneration | 330,000 | 28,000 |
| Electricity Expenses | 876,139 | - |
| Gratuity | 64,327 | - |
| Internet Expenses | 67,462 | - |
| Legal & Professional fees | 230,151 | 32,325 |
| Listing Fees & Filing Fees | 151,101 | - |
| Miscellaneous Expenditure | 9,910 | 239,502 |
| Music License Fee | 595,000 | - |
| NOCC Charges | 233,333 | - |
| Office Expenses | 231,471 | - |
| Office Rent | 779,560 | - |
| Postage & Courier | 109,688 | 28,090 |
| Printing & Stationery | 210,714 | - |
| Professional Charges | 6,343,580 | - |
| Repair & Maintenance | 331,410 | 51,670 |
| Right Issue exp. | - | 167,500 |
| Salaries & Wages | 2,224,969 | 1,056,256 |
| Security Charges | 501,863 | - |
| Staff Welfare Expenses | 57,107 | - |
| Subscription Charges | 5,000 | - |
| Sundry Debtors Written Off | - | 2,604,798 |
| Telephone Expenses | 252,294 | - |
| Travelling Expenses | 595,277 | 22,220 |
| Web Designing Charges | 75,000 | - |
| WPC Charges | 141,000 | - |
| | 15,174,289 | 4,280,360 |
| SCHEDULE 12: SELLING & DISTRIBUTION EXPENSES | | |
| Business Promotion Expenses | 24,336 | - |
| Channel Launch Expenses | 1,906,559 | - |
| Marketing & Distribution Expenses | 1,166,666 | - |
| Public Relation Activity | 303,372 | - |
| | 3,400,933 | - |

SCHEDULE: 13**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009 & PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009.****SIGNIFICANT ACCOUNTING POLICIES****A) Basis of Preparation of Financial Statements**

- a) The financial statements have been prepared under the historical cost convention in accordance with accounting principles generally accepted in India and are in line with the provisions of the Companies Act, 1956 as well as the applicable Accounting Standards and guidelines issued by the Institute of Chartered Accountants of India from time to time.
- b) Method of accounting employed by the firm is on accrual basis both as to expenditure and income by following the concept of materiality.

B) Fixed Assets

- a) **Intangible Assets:** Intangible assets comprise of cost of television serials produced and film rights purchased.
- b) **Tangible Fixed Assets:** Fixed assets are stated at historical cost less accumulated depreciation. Cost means cost of acquisition inclusive of expenses.
- c) **Capital Work in Progress:** These represent under production TV serials and other assets of like nature.

C) Depreciation and Amortisation

- a) **Intangible Assets:** Amortisation has been made at 25 % on written down value of the assets, being television serials, acquired/created in the current year. For opening intangible assets, being film rights, the same has been written off at 100% of the opening written down value as the useful life of the assets are over.
- b) **Tangible Fixed Assets:** Depreciation is provided on written down value method as per Schedule XIV of the Companies Act, 1956. For all assets acquired during the year, depreciation has been provided on pro-rata basis other than on those assets whose actual cost did not exceed rupees five thousand on which depreciation has been provided at the rate of hundred per cent. No depreciation has been provided on assets sold or discarded during the year.

D) Revenue Recognition

Revenue from production and sale of rights (films, programme, TV serials, etc.) and advertisement revenue is recognised on accrual basis.

E) Investments

Long Term unquoted investments are valued at cost.

F) Foreign Exchange Transactions

Foreign-exchange transactions are recorded at the rate of exchange prevailing on the date of the transactions. Gains or losses due to difference in rate of exchange at the time of payments

are recognised. Provisions for gains/losses for year-end monetary assets or liabilities in foreign exchange have been recognised at the rates prevailing as at the balance sheet date.

G) Employee Benefits

Liability in respect of employee benefits as required under AS-15 is provided and charged to the profit and loss account as under:

- (i) **Gratuity:** Liability in respect of gratuity to employees has been provided on estimated basis with the assumption that all employees retire at the end of the year and not actuarially determined in accordance with AS – 15 issued by the Institute of Chartered Accountants of India. This, however, has no material affect on the results of the year.
- (ii) **Leave Encashment :** Liability in respect of leave to the credit of the employees and not availed or encashed by them upto 31st March 2009 has not been provided due to the absence of any policy on leave matters and is not determined in accordance with AS – 15 issued by the Institute of Chartered Accountants of India. This, however, has no material affect on the results of the year.

H) Taxation

- (i) No provision for taxation has been made for current year as the company has incurred losses for the current year and has brought forward business losses and unabsorbed depreciation. The company is also not required to make provision under section 115 JB of the Income Tax Act 1961 as there are no book profits.
- (ii) The operations of the company have resulted in erosion of its net worth. The Company has unabsorbed depreciation and carried forwarded business losses available for set off under the Income Tax Act 1961. However, in view of the present uncertainty regarding generation of sufficient future income, additional net deferred assets at the end of the year has not been recognised in these accounts on prudent basis.
- (iii) Provision for fringe benefit tax has been made as per the applicable provisions of the Income Tax Act, 1961.

I) Impairment of Assets

The company has made an assessment of the carrying value of some of its assets as to ascertain whether any asset has been impaired as at the Balance Sheet date and in the case of indication of impairment, necessary adjustments have been made in the accounts in the current year including writing off of assets which no longer exist or has any economic value. However, all assets have not been so evaluated.

J) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes to accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

K) General Accounting Policies

General Accounting Policies not specifically referred to are consistent with generally accepted accounting practices.

NOTES TO ACCOUNTS

1. Previous year figures of the Balance Sheet have been regrouped and reclassified wherever necessary for the purposes of comparison. The amounts have been rounded off to the nearest rupee.
2. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business. Provisions for depreciation and all known liabilities are adequate and not in excess of the amount reasonably necessary. However, in the opinion of the auditors, the current assets in the form of sundry debtors are non-moving and should have been classified as doubtful. Further, in the opinion of the auditors, an amount of Rs. 94,25,087 represented as Advances Recoverable in Cash or in Kind should have been treated as expenses of the accounting period and not carried forward to be adjusted against incomes of the future periods. To that extent the loss has been understated and the current assets have been overstated.

3. Balances of creditors, debtors, loans and advances are subject to confirmation by the respective parties.

4. Contingent Liabilities not provided for:

For A.Y. 2002-2003 penalty proceedings u/s. 271(1)(c) of Income-tax Act, 1961 is initiated in assessment order passed u/s. 143(3) dated 19.2.2005. However, the same was stayed as the company was in appeal before the Commissioner of Income Tax (Appeals) against the order. The CIT (Appeals) by his order dated 08.11.2005 has upheld the order of Assessing Officer. The company is in appeal before the ITAT against the order of CIT (Appeals) and the matter is pending till date and is yet to be heard.

No liabilities have been provided for interest and penalties that may be payable for violation of the laws applicable for irregular and non-payment of TDS and for delays in meeting statutory provisions of other taxation laws applicable to the company.

5. The company has not received any intimation, as on 31st March, 2009, from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

6. Auditors' fees are inclusive of service tax.

7. Payments made towards Directors' Remuneration

| | <u>2008-2009</u> | <u>2007-2008</u> |
|--------------|------------------|------------------|
| | Rs. | Rs. |
| Remuneration | 3,30,000 | 28,000 |

8. The computation of net profit for the purpose of calculation of directors' remuneration u/s 349 of the Companies Act, 1956 has not been made in view that no commission is payable or has been paid to the directors of the company for the year.

9. As the company has no manufacturing activity there is no information to be provided for licenced, installed and other quantitative details.
10. Expenditure on employees in receipt of remuneration of not less than Rs. 24,00,000 per annum or at the rate of not less than Rs. 2,00,000 per month
- | | |
|------------------|------------------|
| <u>2008-2009</u> | <u>2007-2008</u> |
| NIL | NIL |
11. Due to the losses incurred during the year there is no provision made for current tax. As per AS-22 the deferred tax asset resulting from timing difference is not recognised due to uncertainty regarding generation of sufficient future income.
12. The related parties as required under AS-18 are:

| S. No. | Party | Relationship |
|--------|------------------------------|--------------------------|
| 1. | Radiance Network (P) Limited | Associate Company |
| 2. | Channel Guide (UK) Limited | Subsidiary Company |
| 3. | Rajendra S. Karnik | Key Management Personnel |
| 4. | Nitin Bhatkar | Key Management Personnel |

13. Transactions during the reporting period with related parties are as under:

| S. No. | Party | Nature of Transaction | Amount (Rupees) | Outstanding as on 31/03/2009 (Rupees) |
|--------|----------------------------|-----------------------|-----------------|---------------------------------------|
| 1. | Radiance Network (P) Ltd. | Unsecured Loans taken | | 16,90,470 |
| 2. | Channel Guide (UK) Limited | Loans & Advances made | | 41,71,530 |
| 3. | Rajendra S. Karnik | Unsecured Loans taken | | 2,28,37,000 |
| 4. | Nitin Bhatkar | Remuneration | 3,30,000 | |

14. Earnings Per Share:

Basic: (-) Rs. 0.96

Diluted: (-) Rs. 0.96

In calculating the diluted earning per share, the company has not considered the issue of share warrants on preferential basis as the same were not allotted.

15. During the year, the company has incorporated a subsidiary in the United Kingdom on 17th February, 2009 as a private company with the name Channel Guide (UK) Limited. Since there were no transactions made by Channel Guide (UK) Limited upto the date for which the financial statements were prepared by the parent company, the books of accounts of the subsidiary were not made and financial statements were not prepared and audited. The financial statements of the subsidiary were not consolidated with the parent company as required by AS 21 which deals with consolidated financial statements due to absence of audited financial statements of the subsidiary. No shares have been issued to the parent company and subsidiary is due to the nature of control of the management.

- | | <u>2008-2009</u> | <u>2007-2008</u> |
|---|------------------|------------------|
| 16. Expenditure incurred in Foreign Currency | | |
| Channel Launch Expenses | 19,06,559 | NIL |
| (Expenditure incurred on behalf of subsidiary in foreign exchange has been treated as loans to the subsidiary and hence not shown here) | | |
| 17. During the year 2007-08, company had transferred car alongwith the corresponding ICICI Bank Loan to Rakesh Synthetics. However, in the books, the ICICI loan account continued to be shown as a liability to the extent of Rs. 53,760. This amount of has been written back to profit and loss account as prior period adjustments as not payable by the company. | | |
| 18. During the year company has written off certain fixed assets on the recommendation of management of the company as those assets were no longer in existence. This is done as per the requirement of AS 28 on impairment of assets. However, full assessment of impairment of assets has not been done due to non-verification of all assets by the management. | | |
| 19. The company increased it authorised share capital from Rs. 3,50,00,000 to Rs. 7,00,00,000 vide resolution passed in Extraordinary General Meeting of members held on March 16, 2009. The related ROC compliances were completed on May 13, 2009. | | |
| 20. As per the Extraordinary General Meeting held on March 16, 2009 the company has decided to raise the capital through preferential allotment of convertible share warrants. The company issued 60,00,000 share warrants of Rs. 5 each at a premium of Rs. 5 with an option to convert them into one equity share for one share warrant within eighteen months from the date of allotment. Accordingly the company has received application for 58,00,000 share warrants with application money aggregating to Rs. 1,19,05,000 as of March 31, 2009. The company is yet to make allotment for the share warrants. | | |
| 21. The company has not filed any service tax returns with the appropriate authorities for the year ended March 31, 2009. | | |
| 22. The company has invested in the 2,000 unquoted equity shares of Rs. 10 each of Mandvi Co-op Bank Ltd. However, the company does not have the physical share certificates representing the shares. | | |
| 23. The Company has one business segment of Selling & Broadcasting of TV/Film Programme rights, spot sales, etc., during the year including commission on such sales. Hence no separate segmentation has been made. | | |
| 24. Additional information required under Part-IV of Schedule VI of the Companies Act, 1956 is given as Annexure - I. | | |

Signatures to Schedules 1 to 13

As per our report of even date
For **I. R. SHETTY & Co.,**
CHARTERED ACCOUNTANTS

I. R. SHETTY
Proprietor
M. No. 038415

MUMBAI
Date: 30th June 2009

For **CHANNEL GUIDE INDIA LIMITED,**

RAJENDRA S. KARNIK **NITIN N. BHATKAR**
MANAGING DIRECTOR DIRECTOR

MUMBAI
Date: 30th June 2009

ANNEXURE - I
**INFORMATION PURSUANT TO THE PROVISIONS OF PART - IV OF SCHEDULE - VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

| | | | |
|------|--|---|--------------------------|
| I. | Registration No. 67841 | State Code : 11 (Maharashtra) | |
| | Balance Sheet Date : 31st March, 2009 | | |
| II. | Capital Raised during the year (Amount Rs. in Thousand) | | |
| | Public Issue | Rights Issue | Bonus Issue. |
| | Nil | Nil | Nil |
| | Private Placement | | |
| | 11,905 (Share Warrant Application Monies) | | |
| III. | Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands) | | |
| | Total Liabilities | Total Assets | |
| | 70888 | 70888 | |
| | Sources of Funds | | |
| | Paid up Capital | Reserves & Surplus | Secured Loans |
| | 30000 | 0 | 4456 |
| | Unsecured Loans | Share Warrant Application Money | |
| | 24527 | 11905 | |
| | Application of Funds | | |
| | Net Fixed Assets | Investments | Net Current Assets |
| | 27371 | 20 | 32923 |
| | Accumulated Losses | Deferred Tax Asset | |
| | 9567 | 1007 | |
| IV. | Performance of Company (Rs. in Thousands) | | |
| | Turnover | Total Expenditure | Profit/(Loss) before Tax |
| | 19969 | 25657 | - 5688 |
| | Profit/(Loss) after Tax | Earning Per Share (in Rs.) | Dividend Rate (in %) |
| | - 5763 | Basic & Diluted : (-) Rs. 0.96 | NIL |
| V. | Generic Names of Three Principal Products / Services of Company | | |
| | Item Code No. (ITC Code) | Not Applicable | |
| | Product Description : | Media & Entertainment | |
| | Item Code No. (ITC Code) | Not Applicable | |
| | Product Description : | Not Applicable | |
| | Item Code No. (ITC Code) | Not Applicable | |
| | Product Description : | Not Applicable | |

As per our report of even date

 For **I. R. Shetty & Co.**
Chartered Accountants

I. R. Shetty
Proprietor
Membership No.038415

 Place : Mumbai
Date : 30 June, 2009

 For **CHANNEL GUIDE INDIA LIMITED**
Rajendra S. Karnik
Managing Director

Nitin N. Bhatkar
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

| | 2008-2009 | | 2007-2008 | |
|---|---------------|---------------|---------------|---------------|
| | Amount Rs. | Amount Rs. | Amount Rs. | Amount Rs. |
| A. Cash flow from Operating Activities: | | | | |
| Net Profit before taxation and extraordinary items | (5,688,124) | | (2,898,844) | |
| Adjustments for: | | | | |
| Depreciation/Amortisation | 5,403,907 | | 3,266,992 | |
| Dividend Income | (4,000) | | (3,760) | |
| Provisions for Gratuity | 64,327 | | - | |
| Loss on Sale/Discard/Disposal of Fixed Assets | 420,800 | | 414,984 | |
| Profit on sale of Plant & Machinery | - | | (2,165,846) | |
| Write-offs | 53,760 | | | |
| Excess Tax provision reversed | - | | 478,743 | |
| Interest expenses | 1,218,234 | | 1,975,014 | |
| Operating Profit before working capital changes | 1,468,904 | | 1,067,283 | |
| Decrease/(Increase) in Sundry Debtors | (9,833,454) | | 14,928,200 | |
| Decrease/(Increase) in Loan & Advances | (11,869,959) | | (2,356,142) | |
| (Decrease)/Increase in Sundry Creditors | 15,334,541 | | (2,388,416) | |
| Cash generated from operations | (4,899,968) | | 11,250,925 | |
| Income Tax Paid | - | | (1,660,905) | |
| Cash flow before extraordinary item | (4,899,968) | | 9,590,020 | |
| Incurred Extraordinary item | - | | - | |
| Net Cash flow from Operating Activities | | (4,899,968) | | 9,590,020 |
| B. Cash flow from Investing activities: | | | | |
| Purchase of Fixed Assets | (16,997,295) | | (450,000) | |
| Sale of Assets | - | | 6,319,268 | |
| Increase in Work-in-Progress | (3,807,766) | | - | |
| Dividend received | 4,000 | | 3,760 | |
| Net Cash used in Investing activities | | (20,801,061) | | 5,873,028 |
| C. Cash flow from financing activities: | | | | |
| Proceeds of Share Warrant application | 11,905,000 | | - | |
| Repayment of long term borrowings | (4,469,794) | | (13,538,433) | |
| Proceeds from long term borrowing | 24,527,470 | | - | |
| Interest paid | (1,218,234) | | (1,975,014) | |
| Dividend paid | - | | - | |
| Net Cash used in financing activities | | 30,744,442 | | (15,513,447) |
| D. Net increase in cash and cash equivalents | | 5,043,413 | | (50,399) |
| Cash and cash equivalents at beginning of period | | 15,751 | | 66,150 |
| Cash and cash equivalents at end of period | | 5,059,164 | | 15,751 |

Signatures to Schedules 1 to 13

As per our report of even date

For **I. R. Shetty & Co.**
Chartered Accountants**I. R. Shetty**
Proprietor
Membership No.038415Place : Mumbai
Date : 30 June, 2009For **CHANNEL GUIDE INDIA LIMITED****Rajendra S. Karnik**
Managing Director**Nitin N. Bhatkar**
Director

CHANNEL GUIDE INDIA LIMITED

Registered Office : A-203,2nd Floor, Greenvilla, Lokhandwala Complex, Andheri (W), Mumbai - 400 053

PROXY FORM

I/we _____
of _____ in the district of _____
being a member/members of the above named
Company hereby appoint _____
of _____ in the
district of _____ of failing him
_____ of _____
_____ in the district of _____
_____ as my/our proxy to vote for me / us on my/
our behalf at the 17th Annual General Meeting of the Company to be held on Monday, the 17th August 2009 at 4.00
p.m. and at any adjournment thereof.

Signed this _____ day of _____ 2009

Signed by the said _____

Reg. Folio No. _____

* Client ID No. _____

* DP ID No. _____

No. of Shares held _____



Note : The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited at the Registered Office of the company not less than FORTY EIGHT hours before the time for holding the meeting.

* Applicable for investors holding shares in electronic form.

CHANNEL GUIDE INDIA LIMITED

Registered Office : A-203,2nd Floor, Greenvilla, Lokhandwala Complex, Andheri (W), Mumbai - 400 053

ATTENDANCE SLIP

I hereby record my presence at the Seventeenth Annual General Meeting held at A-203, 2nd Floor, Greenvilla, Lokhandwala Complex, Andheri (W), Mumbai - 400 053 on Monday, the 17th August 2009, at 4.00 p.m.

Name of the Shareholder(s) (in Block Capitals) _____

Name of The Proxy or Company Representative (in Block Capitals) _____

Signature of the Shareholder or Proxy or Company Representative _____

Note : 1. A proxy attending on behalf of a Shareholder should please write the name of the Shareholder from whom he holds Proxy.

2. Members are requested to bring their copy of the Annual Report with them to the Meeting as additional copies of the same will not be made available at the Meeting.

Reg.Folio No. _____

* Client ID No. _____

* DP ID No. _____

No. of Shares held _____

* Applicable for investors holding shares in electronic form

if undelivered, please return to :



CHANNEL GUIDE INDIA LIMITED

Regd. Office : A-203, 2nd Floor, Greenvilla, Lokhandwala Complex, Andheri (W), Mumbai - 400 053