

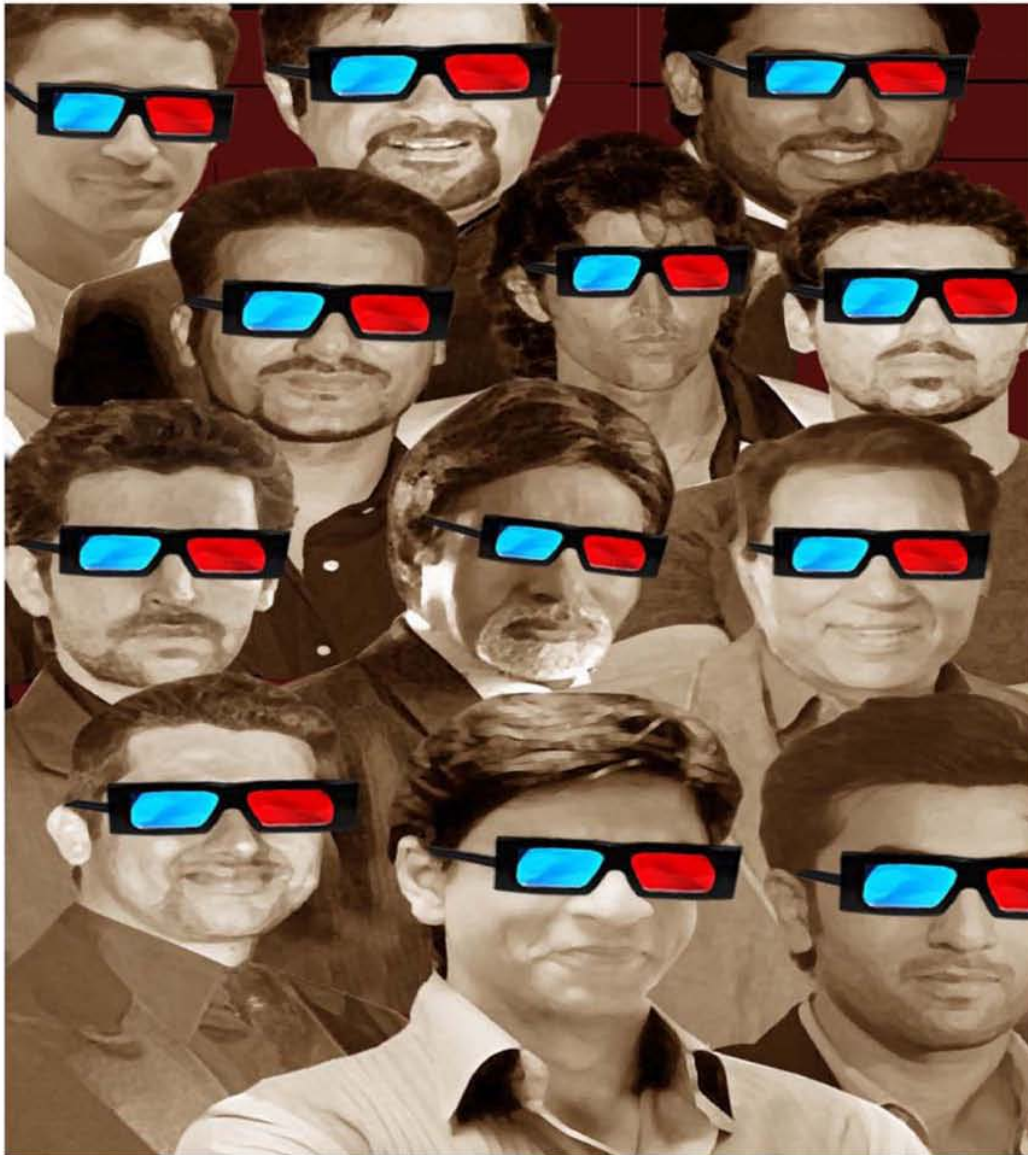


InterWorld

DIGITAL CINEMA

Redefining

# NexGen 3D Entertainment



## Interworld Digital Ltd.

Digital Cinema - Mobile Communication - New Media



Annual Report 2009 - 2010

Passion – Commitment – Integrity – Innovation – Service

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# **CORPORATE INFORMATION**

## **BOARD OF DIRECTORS**

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

Managing Director  
Director  
Director  
Director

## **COMPLIANCE OFFICER**

Sujata Jayant  
Company Secretary

## **AUDITORS**

M/s . RMA & Associates,  
Chartered Accountants

## **BANKERS**

Vijaya Bank  
Bank of India

## **REGISTRAR & SHARE TRANSFER AGENTS**

Skyline Financial Services Private Limited  
Registrar & Share Transfer Agents

## **REGISTERED OFFICE**

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

## **MUMBAI OFFICE**

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

## **From Chairman**

To  
Dear Shareholders

I write to you at the close of this very challenging and tough year which has been a true test of investor confidence and the strength of the business models of capital market participants.

In such turbulent times, we continued to lead our clients to find a right path in this journey. We continue to expand our client base across business segments and remain fully committed to the trust we have developed over the years, by working towards a better financial future for each of our clients.

A focused approach, strong balance sheet, consistent margins, a successful time tested business model and well diversified income streams helped your company deliver sound results in challenging times. Our constant focus to rationalize costs and maintain our margins (and thus returns) for the businesses delivered results. Our plans for existing as well as new business lines are well in place to capture the long term growth potential, while striking the right balance between current profitability and investing for future.

I am pleased to present an ambitious plan to become the Digital Cinema and communication eminent player in India. I tried my level best to think and cover strongly, the focus on Digital Cinema and Mobile Communication, Capital and leadership restructuring and implementation of highest standards of corporate governance.

In racing to define this new era, pundits and professionals have been coining catchphrases ranging from the "knowledge economy" and the "innovation era" to the "conversation age." But, from where does knowledge, innovation and conversation stem?

We were pleased to begin the Digital Cinema journey by exhibiting digitally Yash Raj Film's TASHAN at one of the largest seating capacity theater JAYA at Borivali the suburb of Mumbai. During the last one year, we digitally released more than 85 movies in our network theaters.

Interworld's Management would like to address their Vision and Strategy "VISION DCC 2010" as a challenge.

Our exciting and ambitious new Vision was agreed in April 2008. We have now embarked on the task of making that Vision a reality by focusing on two key objectives. As we work to achieve each of them, this Corporate Plan sets out a number of intermediate goals ('milestones') for each of the next three years. For each key objective, we summarize our starting position and then list a number of strategies, which we shall employ to achieve the given objectives. Our aim has been to set targets, which are stretching, but realistic.

It is my belief that you cannot manage from the present to the future, but that you will have to manage the present from the future. We at Interworld Destination Management have already put Vision 2010 in place. It is this long-term vision of how we want ourselves to be in three years and beyond, which is determining the changes.

The management assures to implement highest standards of corporate governance in the company.

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

# **INTERWORLD DIGITAL LIMITED**

Regd. Office: 701, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi - 110001

## **NOTICE**

### **FIFTEENTH ANNUAL GENERAL MEETING**

Notice is hereby given that the Fifteenth annual general meeting of the members of interworld digital limited will be held on thursday, the 30<sup>th</sup> day of september, 2010, at 701, arunachal building, 19, barakhamba road, connaught place, new delhi-110 001 at 09:30 a.m.to transact the following businesses:

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#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2010, Profit & Loss Account for the period ended on that date and the Reports of the Board of Directors & Auditors thereon.
2. To appoint a Director in place of Mr. Sanjay Kumar Gupta who retires by rotation at this meeting and being eligible, offer himself for re-appointment.
3. To appoint auditors from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration as may be decide by the Board.

#### **SPECIAL BUSINESS.**

##### **4. REAPPOINTMENT OF MR. MAN MOHAN GUPTA AS MANAGING DIRECTOR**

To reappoint Mr. Man Mohan Gupta as the Managing Director of the Company and to pass with or without modification, the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 311 and read with Article No. 111 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as the ‘Act’) read with Schedule XIII of the Act and subject to the approval of Central Government if any and such other consent/s, permission/s and approval/s as may be required, if any, the Board hereby re-appoints Mr. Manmohan Gupta as Managing Director of the company for a period of three years with effect from 01.09.2010 on a remuneration and on such other terms and conditions as laid in the Memorandum of understanding (MOU)/Agreement dated 1<sup>st</sup> September, 2010 and set out in the Explanatory statement attached to the Notice of the Annual General Meeting, with the liberty to the Board of Directors (herein after referred to as the “Board” which term shall be deemed to mean and include one or more committee (s) thereof)/Remuneration Committee) to alter and vary the terms and conditions of the said remuneration in such manner as may be agreed to between the Board/Remuneration Committee and Mr. Man Mohan Gupta (“the appointee”).

**RESOLVED FURTHER THAT** in the event wherein any financial year during the currency of tenure of Mr. Man Mohan Gupta, the Company has no profits or its profits are inadequate, the Company will pay remuneration as set out in the Explanatory statement attached to the Notice of the Extra Ordinary General Meeting to Mr. Man Mohan Gupta as a minimum remuneration for a period of 3 yrs with effect from 01<sup>st</sup> September, 2010 as laid in the Memorandum of Understanding (MOU)/Agreement as referred herein before.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to take such steps and do all such act/s, deed/s, matter/s and thing/s as may be necessary, expedient or desirable to give effect to the above resolution.”

**For and On behalf of Interworld Digital Limited**

Sd/-

**Man Mohan Gupta  
Chairman & Managing Director**

**Place** : New Delhi

**Date** : 02.09.2010

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS ENCLOSED. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. All documents referred to in the notice are open for inspection at the Registered Office of the Company between working hours on all working days upto the date of Annual General Meeting.
3. The Register of Members and the Share Transfer books of the Company will remain closed on 27th September 2010 to 30th September 2010 (both days Inclusive) for the purpose of Annual General Meeting.
4. Members/proxies should bring their copy of the Annual Report for reference at the meeting & also the attendance slip duly filled in for attending the meeting.
5. Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
6. The communication address of our Registrar and Share Transfer Agent (RTA) is Skyline Financial Services Private Limited having its Corporate Office at 246, Sant Nagar, East of Kailash, New Delhi- 110065
7. The members are requested to intimate changes if any, in their registered address to the Registrar & Share Transfer Agents for shares held in physical form & to their respective Depository participants for shares held in electronic form.

**ANNEXURE TO THE NOTICE**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE  
COMPANIES ACT, 1956**

**Item No. 4.**

Mr. Man Mohan Gupta, aged 54 years, has vast experience of more than 17 years in International Business. Mr. Gupta is involved in development of various products from the inception of idea stage and marketing them worldwide. He handled large quantities of photographic films manufactured by Kodak, Fuji and Konica. Mr. Man Mohan Gupta has more than 30 years of domain expertise in techno-commercial ventures including stints at, M/s M.M. Commodities Private Limited a commodities trading enterprise. He has founded MMG Foundation, to facilitate opportunities to young and talented persons in the field of Animation, Entertainment, Advertising, IT, Music and education.

The tenure of Mr. Man Mohan Gupta as Managing Director shall be for a period of 3 years w.e.f. 01<sup>st</sup> September, 2010 subject to the approval of the Shareholders in the ensuing Annual General Meeting. The Board of Directors had at its Meeting held on 2<sup>nd</sup> September, 2010, pursuant to the approval of the remuneration committee, approved the re-appointment of Mr. Man Mohan Gupta as Managing Director of the Company for a period of 3 years w.e.f. 01.09.2010.

Briefly, the terms and conditions of the re-appointment and remuneration of Mr. Man Mohan Gupta are as follows:

1. He shall carry out such duties as may be entrusted to her subject to the supervision of the Board of Directors.
2. The re-appointment shall be for a period of 3 years w.e.f. 01.09.2010
3. Remuneration:

(Rs. p.m.)

Basic	1,48,750
HRA	50,000
Medical Allowance	1,250
Other Allowance	50,000
<b>Total Fixed</b>	<b>2,50,000</b>

Additionally, the Company shall pay towards commission an amount not exceeding 3% of the total turnover achieved by the Company for every completed financial year or part thereof to Mr. Man Mohan Gupta. The proposed remuneration will be within overall limit of Schedule XIII of the Companies Act, 1956

**Additional information relevant for the Approval of the remuneration payable to Mr. Man Mohan Gupta as required by Schedule XIII to the Companies Act, 1956 as per notification dated 16th January, 2002 issued by the Department of company Affairs.**

- I. **GENERAL INFORMATION** (As required under Part II (C) of Schedule XIII in respect of – Mr. Man Mohan Gupta



**(1) Nature of Industry:**

The Company is one of the pioneer Company in the sector of Online Insurance and Digital Cinema in India. The Company has invested more than 2 years in developing digital cinema system architecture of equipment, finalisation and tie-up with OEM manufacturing of Digital Projectors in Norway.

- (2) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable
- (3) Financial performance based on given indicators - Based on audited financial results for the accounting year ended 31st March, 2010:

<b>Particulars</b>	<b>Rs.</b>
Turnover and other income	9,63,44,450
Net Profit/(Loss) before tax as per profit and Loss account	27,53,173
Net worth	20,52,46,289

- (4) Export performance and net foreign exchange collaborations Foreign Exchange earnings for the financial year ended 31st March, 2010 is NIL

- (5) Foreign investments or collaborators, if any: NIL

**II. INFORMATION ABOUT THE APPOINTEE****( 1 ) Background**

Mr. Man Mohan Gupta aged 54 years has vast experience of more than 17 years in International Business. Mr. Gupta was involved in development of various products from the inception of idea stage and marketing them worldwide. He handled large quantities of photographic films manufactured by Kodak, Fuji and Konica. Mr. Man Mohan Gupta has more than 30 years of domain expertise in techno-commercial ventures including stints at M/s M.M. Commodities Private Limited a commodities trading enterprise. He has founded MMG Foundation, to facilitate opportunities to young and talented persons in the field of Animation, Entertainment, Advertising, IT, Music and education.

**(2) Past remuneration for period of last 3 years are as follows:**

The appointee has been paid the following remuneration during the past 3 years:

<b>Sl. No.</b>	<b>Financial Year</b>	<b>Remuneration Per Annum (in Rs.)</b>
<b>1</b>	2007-08	NIL
<b>2.</b>	2008-09	3,00,000
<b>3.</b>	2009-10	3,00,000

**(3) Recognition or awards : None**

**(4) Job profile and his suitability**

Mr. Man Mohan Gupta is the promoter of the Company and is responsible for overall business of the Company subject to the supervision and control of the Board of Directors. This involves formulating business strategies, day-to-day operations, monitoring of financial and operational results. They are also responsible to perform such other duties as may from time to time be entrusted by the Board. Taking into consideration the qualifications and expertise, Mr. Man Mohan Gupta is best suited for the responsibilities assigned to them by the Board of Directors.

**(5) Remuneration proposed to be paid to Mr. Man Mohan Gupta**

**Remuneration**

	(Rs. P.M.)
Basic	1,48,750
HRA	50,000
Medical Allowance	1,250
Other Allowance	50,000
Total Fixed	<u>2,50,000</u>

Additionally, the Company shall pay towards commission an amount not exceeding 3% of the total turnover achieved by the Company for every completed financial year or part thereof to Mr. Man Mohan Gupta.

Minimum Remuneration in case of inadequacy of profits during any financial year : **As stated herein**

**(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):**

Taking into consideration the size of the Company, the profile of the appointee the responsibilities shouldered by him, the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar top/senior level appointee in other companies.

**(7)Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:**

Mr. Man Mohan Gupta is holding 52,64,530 equity shares in the Company. Besides the remuneration proposed, he does not have any other pecuniary relationship with the Company.

**III. OTHER INFORMATION:**

**(1)Reasons for Inadequate Profits / (Loss):**

With the entry of big sized Companies in this segment the margins are squeezed in past years which led to stiff competition in the business segment. The Company has now completed the transition phase.

**(2) Steps taken or proposed to be taken for improvement.**

The Company has now in its kitty many more digitized theatres

**(3) Expected increase in productivity and profits in measurable terms.**

In current year i.e. 2009-2010, the total turnover of the company is approx. Rs. 964.44 Lacs and have reserves of Rs. 1368.99 Lacs approximately. We have identified 300 theaters in Mumbai Film Circuit to bring them in our Digital Cinema Network. As per our New Vision 2010 it is expected that in near future If everything goes well, we will become the biggest Digital Cinema player of Bollywood's largest territory.

This explanation together with the accompanying Notice is and should be treated as an abstract of the terms of remuneration to be paid to Mr. Man Mohan Gupta with effect from 1<sup>st</sup> September, 2010.

The proposed resolution is required to be passed as a Special Resolution as required under the amended Schedule XIII to the Companies Act, 1956 and as such, the Directors commend your approval. Copy of the terms and conditions governing the appointment is available for inspection by members during business hours on any working day before the date of annual general meeting.

None of the Directors of the Company, except Mr. Man Mohan Gupta is concerned or interested in the Resolution.

Your Directors recommend the Special Resolution for the approval of the members.

# **DIRECTORS' REPORT**

**To,**

**The Members,**

Your Directors take pleasure in presenting the 15th Annual Report and Audited Statement of Accounts of the Company for the year ended on 31st March 2010.

## **FINANCIAL RESULTS**

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

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Income from Operations	960.69	840.14
Other Income	2.75	0.92
Total Income	963.44	841.06
Total Expenditure	869.03	751.63
Profit before Depreciation, Interest & Tax (PBDIT)	94.41	89.42
Interest	-	-
Depreciation	66.88	63.94
Profit before tax	27.53	25.48
Provision for taxation	6.59	3.27
Deferred Tax	4.80	(24.42)
Profit after tax (PAT)	16.15	46.63
Profit brought forward from previous year	233.08	186.45
Balance carried to Balance Sheet	249.23	233.08
Paid-up equity share capital	689.50	704.00
Reserves & Surplus	1368.99	1133.96

## **OPERATIONS**

During the year, company was engaged in expansion of business activity and indulges in processes to derive the synergies and optimize the use of available resources. Your directors wish to inform you that during the year company well performed as compare previous year performance.

During the year under review, your company's total income was Rs. 963.44 Lacs in 31.03.2010 as compared to Rs 841.06 Lacs in the previous financial year. The operating profit for the year ended March 31, 2010 was Rs. 27.53 Lacs as compared to Rs. 25.48 Lacs in the preceding financial year. The profit after tax is Rs. 16.14 Lacs and was Rs. 46.63 Lacs in the previous financial year.

## **SHARE CAPITAL**

During the financial year 2009-2010, there has been increase in the Authorized Share Capital of the Company. The Company's authorized share capital was increased from Rs. 11,00,00,000 (Rupees Eleven Crore) divided into 11,00,00,000 Equity shares of Re. 1/- each to Rs. 21,00,00,000 (Twenty One Crore) divided into 21,00,00,000 Equity shares of Re. 1/- each under review.

As per directions of Bombay Stock Exchange (BSE), the Company had duly obtained the approval of its shareholders at its annual general meeting held on 30/09/2008 to reduce its paid up share capital by Rs. 2,00,00,000 which could not be listed by the BSE despite of several efforts made by the company to get the same listed. The Company further filed a petition to Hon'ble High Court of Delhi and the Hon'ble High Court vide its order dated October 27, 2009 approved the aforesaid reduction of capital of the Company by Rs. 2,00,00,000. The aforesaid reduction of capital was also approved by ROC, NCT of Delhi & Haryana on December 15, 2009 and consequently, the paid up share capital of the company was reduced from Rs. 7,04,00,000 to Rs. 5,04,00,000.

Further, the Company at extraordinary general meetings of its shareholders held on July 4, 2009 & October 16, 2009 had issued 2,00,00,000 & 2,96,38,600 Convertible Equity Warrants respectively on preferential basis to the prospective investors belonging to promoters and non promoters group.

Thereafter, pursuant to conversion of aforesaid fully convertible warrants into equity shares, the Board of Directors at its Meetings held on December 15, 2009 and March 29, 2010 has approved the conversion of 1,37,67,030 and 47,82,769 warrants respectively into the similar number of equity shares thereby increasing the total paid up capital to Rs. 6,89,49,799. Hence, the paid up share capital of the company as on March 31, 2010 is Rs. 6,89,49,799.

## **DIRECTORS**

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

Your Board has recommended his re-appointment.

## **PUBLIC DEPOSIT**

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

## **AUDITORS**

Statutory Auditors M/s. RMA & Associates, Chartered Accountants, New Delhi retires at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The company has obtained a certificate from them u/s 224(1B) of the Companies Act, 1956 confirming that their reappointment, if made, will be within the limits provided under the aforesaid Section.

## **DIVIDEND**

The Board is of the view that the Company should take advantage of the tremendous growth potential. Accordingly, the directors do not recommend any dividend for the year ended March 31, 2010.

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

Pursuant to Section 217(2AA) of the Companies (Amendment Act), 2000, the Directors of your Company would like to inform the members that the Audited accounts for the Financial Year ended 31<sup>st</sup> March, 2010 are in full conformity with the requirement of the Companies Act 1956. The Directors further confirm that:

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

## **PARTICULARS OF EMPLOYEES**

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

## **CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION, ADATATION AND INNOVATION**

Since the Company does not own any manufacturing facility, the provision of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, are not applicable.

## **FOREIGN EXCHANGE EARNINGS & OUTGO**

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

## **CORPORATE GOVERNANCE**

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

A separate report on Corporate Governance together with Auditors' Certificate on its compliance is attached to this Annual Report.

## **ACKNOWLEDGEMENT**

Your Board of Directors wishes their sincere thanks to Shareholders, Customers, Dealers, Bankers, Agencies and Business Associates who have extended their continued support.

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

**Place : New Delhi  
Date : 02.09.2010**

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

# **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

## **1. INDUSTRIAL SCENE**

Indian film industry over the past few years has been receptive towards foreign Investments. This has paved way for many international production firms to make their debut in Bollywood along with opening their offices in the country. As per FICCI-KPMG report, Indian film industry is worth US\$ 2.11 billion and is likely to witness a 9.1% growth till 2013.

World's largest film industry in terms of production volume is undergoing a massive international presence with Reliance ADA Group signing a production pact with DreamWorks Studios, endorsed by Steven Spielberg, a well known Hollywood director, to produce movies with the preliminary investment of US\$ 825million. In this context Digital technology is small as in microchips and DVDs but digital Business is huge. Digital Cinema, widely known as D - Cinema is simply new approach to making and screening films. The basic idea is to use bits & bytes then using chemicals on films.

This new generation digital technology offers the complete range of the latest post-production infrastructure to make a full feature film without depending on other states" Mr Joseph John, Managing director, Megamedia Films and Studios.

The Filmed entertainment sector is estimated to have grown at a CAGR of 17.7% over the past 3 years. The industry is estimated to have reached at a size of INR 109.9 Billion in 2008, a growth of 13.4% over 2007. The performance was mainly driven by increased realizations from the home video market as well as cable and Satellite rights; which have been estimated to grow by 23% and 15% respectively over the past year. The industry is projected to grow at the

## **2. COMPANY'S OUTLOOK**

Your company presently focuses into digital cinema business & Mobile Communication. In this regard, we have an ambitious plan to become the Digital Cinema and communication king. On 8th June 2009 we have launched our "**NEW VISION DCC 2010**" plan. The plan will cover strongly, the focus on Digital Cinema and Mobile Communication, Capital and leadership restructuring and implementation of highest standards of corporate governance.

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

<b>Operation of</b>	<b>Product and services provided</b>
<b>Digital cinema</b>	DigiCine, latest equipments



<b>Mobile communication</b>	SMS Marketing SMS Solution for Banks SMS Solution for Brokers SMS Solution for Depository Participants SMS Solution for Insurance Agents Stock Price & News Alerts Service Web based Bulk SMS service
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### **About Digital Cinema**

Digital Cinema, widely known as D-Cinema is simply a new approach to making and screening films. The basic idea is to use bits & bytes (strings of 1's and 0's) to record, transmit and replay images rather than using chemicals on films. D-Cinema is about the digital transformation of celluloid film based production, distribution and exhibition systems. In common parlance, D-Cinema refers to the high quality projection, playback of electronic media content such as films, advertisements, events etc. produced either in the digital format or by using the commonly used 16mm or 35 mm print format. The content is played back using high definition equipment and projectors resulting in better quality cinematic output. Digital movies get superior image quality over traditional films by replacing dirt, scratches, jitter and drift with stunning color reproduction that is identical to that of the original film master. Thus using digital systems degradation at a much lower distribution cost.

### **About Mobile Communication**

Mobile communication has grown a lot in past few years, major reasons for rapid advancements in mobile network technology and its popularity among public so that company also able to take commercial advantages.

Interworld provides the ability for corporate and brands to communicate with large groups of people instantaneously anytime and anywhere via their mobile phone. Services include content delivery to mobile devices, mobile advertising, premium SMS, mobile sweepstakes, TXT2Screen, Txt N' Win and wireless consulting.

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

Interworld maintains a professional approach and will do everything to manage expectations and achieve the results you expect. The company is dedicated to delivering the right mobile experience for both you and your customers, and linking them to your brand, products and services.

## **3. OPPORTUNITIES AND THREATS**

### **Opportunities**

According to the Motion Picture Association of America (the "MPAA"), on average, there were approximately 600 new movie releases for each of the past two years

with 150-175 of those major movie releases receiving wide distribution to theaters. The average major movie is released to approximately 4,000 screens in the United States and 8,000 screens worldwide. According to the National Association of Theatre Owners, there are approximately 107,000 screens worldwide that play major movie releases, with approximately 39,000 screens located in the United States.

We believe that:

- The demand for digital content delivery will increase as the movie, advertising and entertainment industries continue to convert to a digital format in order to achieve cost savings, greater flexibility and/or improved image quality;
- Digital content delivery eventually will replace, or at least become more prevalent than, the current method used for film delivery since existing film delivery generally involves the time-consuming, somewhat expensive and cumbersome process of receiving bulk printed film, rebuilding the film into shipping reels, packaging the film reels into canisters and physically delivering the film reels by traditional ground modes of transportation to movie theatres. The cost to deliver digital movies to movie theatres will be much less than the cost to print and deliver analog movie prints;
- The expanding use of digital content delivery will lead to an increasing need for digital content delivery, as the movie exhibition industry now has the capability to present advertisements, trailers and alternative entertainment in a digital format and in a commercially viable manner;
- Theatrical exhibitors may be able to profit from the presentation of new and/or additional advertising in their movie theatres and that alternative entertainment at movie theatres may both expand their hours of operation and increase their occupancy rates; and
- Digital content delivery will help reduce the cost of illegal off-the-screen recording of movies with hand held camcorders due to the watermark technology being utilized in content distributed through digital cinema (according to the MPAA, this costs the worldwide movie exhibition industry an estimated \$6.1 billion annually).

### **Government Policies towards upliftment of Entertainment Sector –**

The Government has introduced some reform policies to trigger the growth of entertainment industry in India. They are:

- Allowing 100% FDI on advertising and film industry through regular channels
- Authorizing 49% foreign stake in DTH and cable TV
- Allowing establishment of up linking destinations to private TV broadcasters for satellite up linking from India
- Certifying the repute of an industry to the movie sector

- It has given its consent on the guidelines for Headend-in-the-Sky (HITS) operators, an equipment that will offer electronic cable content to Indian viewers
- Permitting Foreign Direct Investment (FDI) in FM radio industry with a 20% restriction
- Paving way for FM Radio functioning to the private sector
- Including development projects of film industry in its five-year plans and allocating US\$ 50.13 million to it.

## **THREATS**

### **Economic Threats**

As per latest survey it found that illegal motion picture is a thriving international enterprise. The Motion Picture Association (MPA) estimates that its member companies lose approximately US\$1.2 billion each year in potential revenue in the Asia-Pacific region alone, and US\$6.1 billion globally. In many countries, MPA member company losses are far outstripped by production, theatrical exhibition, home video distribution losses to local industry, as well as losses to governments in uncollected tax revenues. Consumer spending losses on filmed entertainment worldwide are estimated at US\$18.2 billion.

In 2007, the MPA's operations in the Asia-Pacific region investigated more than 36,200 cases of piracy and assisted law enforcement officials in conducting nearly 13,000 raids. These activities resulted in the seizure of more than 31 million illegal optical discs, 40 factory optical disc production lines and 6,400 optical disc burners, as well as the initiation of more than 10,000 legal actions.

In 2007, the average cost to make and market a major studio movie in the United States was \$104 million (plus millions more to market internationally). Six out of ten movies never recoup their original investment. Fewer movies will be made and fewer creative risks will be taken if piracy continues to rob those who invest in movies.

For consumers to continue to experience the variety and quality of movies they expect, piracy must be controlled. The entertainment industry recognizes the potential of technology to deliver content in new and exciting ways. However, the looming threat of piracy can thwart innovation.

### **Other Threats**

People often download movies on the Internet because they believe they are anonymous and will not be held responsible for their actions. They are wrong. The illegal downloading and swapping of movie files is a serious crime. Pirates and their affiliates can and will be tracked for engaging in Internet piracy.

Some threat is describe as follow:

## **1. INTERNET PIRACY**

Downloading a movie off from the Internet is the same as taking a DVD off a store shelf without paying for it. Making movies is an expensive business, and it is a risky business because of the potential low rate of return on investment.

## **2. THEATRICAL CAMCORDER PIRACY**

Once a camcorder copy is made, illegal movies often appear online within hours or days of a movie premiere. Pirates sell these "master recordings" to illicit "source labs" where they are illegally duplicated, packaged and prepared for sale on the black Market, then distributed to bootleg "dealers" across the country and overseas. Consequently, the film appears in street markets around the world just days after the US theatrical release and well before its international debut.

## **3. OPTICAL DISC PIRACY**

Optical disc piracy is the illegal manufacturing, sale, distribution or trading of copies of motion pictures in digital disc formats including DVD, DVD-R, CD, CD-R and VCD. These illegal hard goods are sold on websites, online auction sites, via e-mail solicitation and by street vendors and flea markets around the world. Much like downloadable media, the pirated motion pictures in hard goods format are typically poor quality video camera recordings.

While the majority of pirated optical disc products seized by law enforcement worldwide are made on advanced commercial replication lines, the low cost of disc burning hardware and blank discs has led to the proliferation of DVD-R and CD-R burner labs.

## **4. THEATRICAL PRINT THEFT**

Theft of an actual film print (35 or 16 mm) from a theater, film depot, courier service or other industry-related facility for the purpose of making illegal copies is one of the most serious forms of piracy. This type of theft allows the pirate to make a relatively high quality videotape from the theatrical print, which then serves as the master for the duplication of unauthorized videocassettes. Fortunately, this type of theft is extremely rare due to the difficulty in obtaining the prints illegally and also in transferring the print to another format, such as videocassettes.

## **5. SIGNAL THEFT**

Signal theft refers to the act of illegally tapping into cable TV systems as well as receiving satellite signals without authorization. In addition, pirates have supplied consumers with illegal cable decoders or satellite descramblers. Internationally, the problem becomes more acute when programs not licensed to a particular country are pirated from satellites and then re-transmitted in that country either by cable or broadcast TV.

## **6. BROADCAST PIRACY**

Like signal theft, broadcast piracy is piracy involving over-the-air broadcasts. However, instead of stealing signals, the illegal act may be the on-air broadcasting of films or television programs without permission from the copyright holder.

## 7. **PARALLEL IMPORT**

Parallel imports describes the importation of goods authorized for manufacture or distribution in the exporting country but imported without authority of the copyright or trademark owner. (Parallel Importation may or may not be lawful under local laws).

## 8. **SCREENERS:**

Illegal copies are sometimes made from legitimate advance copies used for screening and marketing purposes.

## 4. **RISKS MANAGEMENT**

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

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

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

## 5. **INTERNAL CONTROL SYSTEM**

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

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

## **6. HUMAN RESOURCES**

The Company strongly believes in manpower being superior to money power and therefore, recognizes and respects the individual capacities and capabilities of its employees.

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

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

## **7. SEGMENT-WISE PERFORMANCE**

The Company is into single reportable segment only.

## **8. CAUTIONARY STATEMENT**

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

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

**Sd/-**

**Man Mohan Gupta  
Chairman & Managing Director**

**Place : New Delhi  
Date : 02.09.2010**

# **CORPORATE GOVERNANCE REPORT**

## **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

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

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

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

## **2. BOARD OF DIRECTORS**

### **COMPOSITION OF THE BOARD**

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

Out of Four Directors, 2 (Two) are independent Directors and the Audit and Remuneration Committees of the Board comprises of majority of Independent Directors.

At present, the Board consists of four members i.e., Mr. Man Mohan Gupta ( Managing Director), Mr. Peeyush Kumar Aggarwal ( Director), Mr. Shiv Nandan Sharma (Director) and Mr. Sanjay Kumar Gupta (Director). The Independent Directors does not have any pecuniary relationships of transaction with the Company, promoters, management that may affect their judgment in any manner.

During the financial year under review Thirteen **(13)** Board meetings were held on 30.04.2009, 08.06.2009, 31.07.2009, 02.09.2009, 03.09.2009, 07.09.2009, 21.09.2009, 30.10.2009, 14.12.2009, 15.12.2009, 18.12.2009 ,30.01.2010 & 29.03.2010 and the attendance of each of the Director in the Board meetings is as follows:

<b>S. No.</b>	<b>Name of the Director</b>	<b>Designation</b>	<b>No. of Board Meeting attended</b>	<b>Status of the Director</b>
1	Mr. Man Mohan Gupta	Managing Director	8	Promoter Director
2	Mr. Peeyush Kumar Aggarwal	Director	11	Non Independent Director
3	Mr. Sanjay Kumar Gupta	Director	10	Independent Director
4	Mr. Shiv Nandan Gupta	Director	9	Independent Director

### **3 AUDIT COMMITTEE**

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

#### **Primary Objective:**

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

- Oversight of Company's financial reporting process and disclosure of its financial information.
- Review with the management, quarterly and annual financial statements.
- Review of related party transactions.
- Review of Company's financial and risk management policies.
- Review with the management, statutory and internal auditors, adequacy of internal control systems.
- Recommend to the Board the appointment, re-appointment and removal of the statutory auditor, fixation of their remuneration.



- Discussion with Statutory Auditors about the nature and scope of audit as well as post audit discussion to ascertain any area of concern and internal control weaknesses observed by the Statutory Auditors.
- Discussion of Internal Audit Reports with Internal Auditors and significant findings and follow up there on and in particular internal control weaknesses.

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

#### **4 REMUNERATION COMMITTEE**

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

#### **5 SHARE TRANSFER & SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE**

The Share Transfer & Shareholders/ Investors Grievance Committee provide assistance to the Board of Directors in ensuring that the transfer of shares takes place within the stipulated period. The Committee is headed by Mr. Sanjay Kumar Gupta, to look after all matters pertaining to share transfers, transmissions, issuance of duplicate shares, transpositions etc & also to provide the shareholders of the company with additional assurance that sufficient information is being provided to enable them to form a reasoned opinion on the working of the company & to ensure speedy redressal of their grievances pertaining to share related issues. The Committee is consisting of 3 members i.e. Mr. Sanjay Kumar Gupta as Chairman, Mr. Man Mohan Gupta and Mr. Shiv Nandan Gupta as members.

The Committee frames the policy & look into the redressal of shareholders & Investors grievances pertaining to:

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

#### **6 GENERAL BODY MEETING**

Details of Annual General Meeting (AGM) for the last Three Years:

<b>Descripti on of Meeting</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>

12th AGM	Sep. 29, 2007	9.30 A.M.	308, Pratap Chambers, Gurudwara Road, Karol Bagh, New Delhi – 110 005.
13th AGM	Sep. 30, 2008	9.30 A.M.	308, Pratap Chambers, Gurudwara Road, Karol Bagh, New Delhi – 110 005.
14th AGM	Dec. 30, 2009	9.30 A.M.	308, Pratap Chambers, Gurudwara Road, Karol Bagh, New Delhi – 110 005.

During the year under review, three special resolutions were passed at the duly convened extraordinary general meetings of the shareholders held on 04/07/2010 and 16/10/2009. No Resolution was put through vote by Postal Ballot during the year 2009-2010.

## **7. DISCLOSURES**

- a. There are no materially significant related party transactions having potential conflict with the interest of the company at large.
- b. The company is in compliance with the various requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters relating to Capital Markets during last three years.
- c. The Code of Conduct applicable to all Directors and senior management personnel of the company have confirmed their adherence to the provisions of the said code.
- d. It is confirmed that no personnel has been denied access to the Audit Committee.
- e. It is confirmed that the mandatory requirements are complied with and the non – mandatory provisions are adopted wherever necessary.

## **8. MEANS OF COMMUNICATION**

Complying with provision of the Listing Agreement, norms, Guidelines and Circulars etc. and Information like Quarterly Financial results and other significant developments in the Company has been made available from time to time to the press and had also been submitted to the Stock Exchanges to enable them to put them on their websites.

## **9. CEO/CFO CERTIFICATION**

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

## **10. SHAREHOLDERS' INFORMATION**

Annual General Meeting : **15th Annual General Meeting**

Day Date : **Thursday, 30<sup>th</sup> September 2010**

Location : **701, ARUNACHAL BUILDING, 19, BARAKHAMBA ROAD, CONNAUGHT PLACE, NEW DELHI 110001**

Time

: 09:30 A.M.

### Date of Book Closure

From 27th September 2010 to 30th September 2010 (both days Inclusive) for the purpose of Annual General Meeting.

### Listing on Stock Exchanges:

- The Bombay Stock Exchange, Mumbai  
25<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai.

### Stock Code

ISIN No. : INE177D01020

Scrip Code : 532072 at Bombay Stock Exchange

### Capital Structure

As on 31.03.2010, the Authorized Share Capital of the Company was Rs. 21 Crores and paid up share Capital was Rs. 6,89,49,799/-. The shareholding pattern of the Company as on 31.03.2010 is as follows:

S. No	Category of Shareholder	Total No. of Shares	% of shareholding
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>		
	<b>Indian</b>		
1.	Individuals / Hindu Undivided Family	5,790,000	8.4
2.	Bodies Corporate	6,174,908	8.96
3.	Foreign	NIL	NIL
	<b>Total shareholding of Promoter and Promoter Group (A)</b>	<b>11,964,908</b>	<b>17.35</b>
<b>(B)</b>	<b>Public Shareholding</b>		
1.	Institutions	NIL	NIL
2.	Non-Institutions		
	Bodies Corporate	19,759,924	28.66
3.	Individuals		
	Individual shareholders holding nominal share capital up to Rs. 1 lakh	16,796,140	24.36
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	20,227,627	29.34
4.	Any Others (Specify)		
	Non Resident Indians	201,200	0.29
	<b>Total Public shareholding (B)</b>	<b>56,984,891</b>	<b>82.65</b>
	<b>Total (A)+(B)</b>	<b>68,949,799</b>	<b>100.00</b>

## Distribution of Shareholding – As on 31.03.2010

SHAREHOLDING OF NOMINAL VALUE OF RS.	% TO TOTAL	NO. OF SHAREHOLDERS	NO. OF SHARES	AMOUNT IN RS. Rs. 1/	% TO TOTAL
1 to 100	7.79	465	28941	28941	0.04
101 to 500	24.01	1433	569073	569073	0.83
501 to 1000	25.57	1526	1475010	1475010	2.14
1001 to 5000	29.85	1781	5085372	5085372	7.38
5001 to 10000	6.35	379	3220826	3220826	4.67
10001 and above	6.43	384	58570577	58570577	84.94
<b>Total</b>	<b>100.00</b>	<b>5968</b>	<b>68949799</b>	<b>68949799</b>	<b>100.00</b>

### Market Price Data

The Company's equity shares are listed at Bombay Stock Exchange (BSE). The monthly high and low quotations of equity shares traded on the Bombay Stock Exchange Limited during the financial year 2009-10 is as follows:

Year 2009-2010	Face Value (In Rs.)	BSE		
		High (Rs.)	Low (Rs.)	No of shares Traded
Month				
Apr-09	1.00	1.7	1.33	251347
May-09	1.00	2.32	1.45	399117
Jun-09	1.00	2.54	1.77	383928
Jul-09	1.00	2.04	1.36	453942
Aug-09	1.00	1.65	1.1	976236
Sep-09	1.00	1.97	1.22	1072511
Oct-09	1.00	3.79	1.95	6564987
Nov-09	1.00	3.59	2.86	4867784
Dec-09	1.00	5.37	2.67	7466397
Jan-10	1.00	5.1	3.09	5814592
Feb-10	1.00	4.2	3.24	3678857
Mar-10	1.00	4.17	2.73	10355205

\*Source: [www.bseindia.com](http://www.bseindia.com)

### Dematerialisation of Shares

Company has entered into an agreement with **NSDL and CDSL** whereby the shareholders have the option to dematerialize their shares with either of depositories.

Status of Issued Share Capital as on 31.03.2010

Total Issued Capital	No. of Shares	% of Total Capital
Demat Form - NSDL	31576495	45.80

CDSL	18363305	26.63
Physical Form	19009999	27.57
<b>Total</b>	<b>68949799</b>	<b>100.00</b>

**Registered office**

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

**Corporate office**

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

**REGISTRAR AND SHARE TRANSFER AGENT**

Skyline Financial Services Private Limited,

246, Sant Nagar,

East of Kailash,

New Delhi - 110065

Phone: 011- 26292680/81/82/83.

Fax: 011-26292681

# **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**To,**  
The Members of  
**INTERWORLD DIGITAL LIMITED**

We have examined the compliance of conditions of Corporate Governance by **INTERWORLD DIGITAL LIMITED** for the period ended on **31<sup>st</sup> March 2010**, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

**Place: New Delhi  
Dated: 02/09/2010**

**Sd/-  
Pankaj Chander  
Partner  
Membership No. 89065**

## **Confirmation of compliance of Code of Conduct and Ethics**

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

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

**For Interworld Digital Ltd**

Sd/-

**Man Mohan Gupta  
Chairman & Mg. Director**

**Place: New Delhi**

**Dated: 2nd September, 2010**

## **AUDITORS' REPORT**

**The Members,  
INTERWORLD DIGITAL LIMITED**

1. We have audited the attached Balance Sheet of **INTERWORLD DIGITAL LIMITED** as at 31<sup>st</sup> March 2010, the Profit & Loss Account and Cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
  - (c) The Balance Sheet, the Profit & Loss Account and the Cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Profit & Loss account and the Cash flow statement dealt with by this report complies with the mandatory Accounting Standards referred in section 211 [3C] of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as at 31.03.2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2010 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



- (f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
  - (ii) In the case of the Profit & Loss Account, of the profit of the company for the year ended on that date; and
  - (iii) In the case of Cash Flow Statement, of the cash flow of the company for the year ended on that date.

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

**Place: New Delhi  
Dated: 2<sup>nd</sup> September, 2010**

**Sd/-  
Pankaj Chander  
Partner  
M. No. 89065**

## ANNEXURE TO THE AUDITORS' REPORT

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

- (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified at reasonable intervals by the management and no material discrepancy was noticed on such verification.
- (c) The company has not disposed off a substantial part of its fixed assets during the year.
- (ii) (a) The company is not dealing in any goods therefore there is no inventory.
- (b) As already stated, since the company is not dealing any goods, there is no question of procedure of physical verification of inventory.
- (c) As already mentioned, the company is not dealing in any goods and therefore there is no question proper records of inventory.
- (iii) (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase fixed assets and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
- (b) In our opinion, transactions if any made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Act.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
- (ix) According to the information and explanations given to us, and on the basis of our examination of the books of account, undisputed statutory dues including income-tax, service tax, wealth tax and any other statutory dues applicable to the company have generally been regularly deposited by it with the appropriate authorities during the year.

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

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

**Place: New Delhi  
Dated: 2<sup>nd</sup> September, 2010**

**Sd/-  
Pankaj Chander  
Partner  
M. No. 89065**

# Interworld Digital Ltd 360° New Media Venture



<p><b>Malls</b></p>	<p><b>Billboards/ Hoardings</b></p>	<p><b>Multiplexes/ On Screen</b></p>	<p><b>Bus Shelters</b></p>
<p><b>Branding</b></p>	<p><b>Unipoles/ Kiosks</b></p>	<p><b>Branding</b></p>	<p><b>Bus Wraps</b></p>

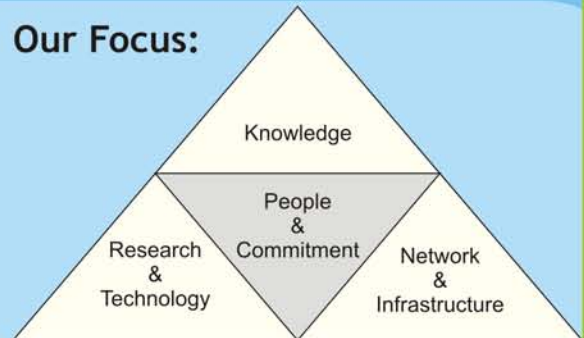
## IPO Branding & Marketing

“ Reputation Management ” -The Impressive Array For Your IPO  
 Pump up Your Upcoming IPO - Broaden Your Market Reach  
 Engage Your Audience & more.

### Our USP:

- Media presence across India
- Accurate & timely Monitoring across all cities
- Optimum quality standards of Media & Services
- Focus on Customer Satisfaction
- Innovative Solutions
- Value Based Services
- Optimization of budgets
- Accountability of budgets
- Huge talent pool and knowledge bank in the OOH Space!

### Our Focus:



### Our Current Media Initiatives include:

<p>In Theater &amp; Ambient Advertising Across DigiCine Theater.</p>	<p>Mobile Marketing ShortCode &amp; Bulk SMS Base Activities.</p>	<p>New Media Blogger Engagement, Issue Advocacy, online Intelligence, Reputation Management, Social Media, Viral Video, Word of Mouth Marketing.</p>
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“ Bring The Brand To Life In A Way Cutomers Can See And Feel ”

**INTERWORLD DIGITAL LIMITED**

**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule	As at 31st March, 2010(Rs.)	As at 31st March, 2009(Rs.)
<b>SOURCES OF FUNDS</b>			
<b>Share holder's funds</b>			
a) Share Capital	1	68,949,799	70,400,000
b) Convertible Warrants (Refer to note 11 of 'notes to accoutns' in Schedule 14)		13,090,380	-
c) Share Application Money		1,520,732	-
d) Reserves & Surplus	2	136,899,490	113,396,097
<b>LOAN FUNDS</b>			
a) Unsecured Loans	3	21,280,000	1,198,484
<b>Deferred Tax</b>			
a) Deferred Tax Liability		9,992,905	9,512,904
<b>Total</b>		<u>251,733,306</u>	<u>194,507,485</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
a) Gross Block	4	144,913,412	91,918,648
b) Less:Depreciation		<u>52,877,755</u>	<u>46,189,667</u>
Net Block		92,035,657	45,728,981
Capital Work in Progress		105,527,240	93,791,800
<b>Current Assets, Loans &amp; Advances:</b>			
a) Cash & Bank Balances	5	1,039,789	369,773
b) Sundry Debtors	6	62,339,170	45,094,335
c) Loans & Advances	7	7,553,511	18,376,477
Total Current Assets		<u>70,932,470</u>	<u>63,840,585</u>
<b>Current liabilities &amp; Provisions:</b>			
a) Current liabilities	8	16,939,696	7,972,206
b) Provisions	9	425,365	1,003,175
Total Current Liabilities		<u>17,365,061</u>	<u>8,975,381</u>
<b>Net current Assets</b>		53,567,409	54,865,204
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	10	603,000	121,500
<b>Total</b>		<u>251,733,306</u>	<u>194,507,485</u>
Notes to Accounts & Significant Accounting Policies	14		

**Auditors' Report**

As per our report of even date attached

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

For Interworld Digital Limited

Sd/-  
Pankaj Chander  
Partner  
M. No. 89065

Sd/-  
Mg. Director

Sd/-  
Director

Sd/-  
Company Secretary

Place: New Delhi  
Dated: 2nd September, 2010

**INTERWORLD DIGITAL LIMITED****PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST MARCH, 2010**

	Schedule	31st MARCH, 2010(Rs.)	31st MARCH, 2009(Rs.)
<b>INCOME</b>			
Sales & Service Charges		96,069,450	84,014,250
Other Income		299,366	92,071
		<u>96,368,816</u>	<u>84,106,321</u>
<b>EXPENDITURE</b>			
Purchase and Service Charges		68,878,109	68,126,502
Personnel Expenses	11	2,779,278	2,027,388
Operating & Administration Exp.	12	15,249,377	5,002,710
Financial Expenses	13	20,792	6,992
Depreciation	4	6,688,087	6,394,334
		<u>93,615,643</u>	<u>81,557,926</u>
<b>NET PROFIT</b>		2,753,173	2,548,395
<b>Provision for</b>			
Current Tax		425,365	258,330
Fringe Benefit Tax		-	40,332
Deferred Tax		480,001	(2,442,196)
Short Provision for Earlier Year		233,177	28,535
Profit after tax		1,614,630	4,663,394
Profit/(Loss) brought forward		23,308,597	18,645,203
		<u>24,923,227</u>	<u>23,308,597</u>

Notes to Accounts & Significant  
Accounting Policies

14

**Auditors' Report**

As per our report of even date attached

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

For Interworld Digital Limited

Sd/-  
Pankaj Chander  
Partner  
M. No. 89065

Sd/-  
Mg. Director

Sd/-  
Director

Sd/-  
Company Secretary

Place: New Delhi  
Dated: 2nd September, 2010

**INTERWORLD DIGITAL LIMITED****SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON AND  
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010**

<b>DESCRIPTION</b>	<b>31st MARCH, 2010(Rs.)</b>	<b>31st MARCH, 2009(Rs.)</b>
<b>1 SHARE CAPITAL</b>		
Authorized: 21000000 (11000000) Equity Shares of Re. 1 each	<u>210,000,000</u>	<u>110,000,000</u>
Issued, Subscribed & paid-up 68949799 (70400000) Equity Shares of Re. 1/- each, fully paid up [Refer to note 11 of 'notes to accoutns' in Schedule 14]	<u>68,949,799</u>	<u>70,400,000</u>
	<b><u>68,949,799</u></b>	<b><u>70,400,000</u></b>
<b>2 RESERVES &amp; SURPLUS</b>		
Share Premium Account		
Opening Balance	90,000,000	90,000,000
Add: Addition	<u>21,888,763</u>	<u>-</u>
Closing Balance	111,888,763	90,000,000
Share Forfeiture Account	87,500	87,500
Profit and Loss Account	24,923,227	23,308,597
	<b><u>136,899,490</u></b>	<b><u>113,396,097</u></b>
<b>3 UNSECURED LOANS</b>		
Loans from Corporates	<u>21,280,000</u>	<u>1,198,484</u>
	<b><u>21,280,000</u></b>	<b><u>1,198,484</u></b>

For Interworld Digital Ltd.

Sd/-  
Mg. Director

Sd/-  
Director

**INTERWORLD DIGITAL LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON AND  
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010**

DESCRIPTION	31st MARCH, 2010(Rs.)	31st MARCH, 2009 (Rs.)
<b>5 CASH &amp; BANK BALANCES</b>		
Cash-in-hand	346,029	349,710
Balance with Scheduled banks in Current Accounts	693,760	20,063
	<u>1,039,789</u>	<u>369,773</u>
<b>6 SUNDRY DEBTORS</b>		
(Unsecured, Considered Good)		
Outstanding for more than six months	12,126,240	-
Others	50,212,930	45,094,335
	<u>62,339,170</u>	<u>45,094,335</u>
<b>7 LOANS &amp; ADVANCES</b>		
(Unsecured, Considered Good)		
(Recoverable in cash or in kind or for value to be received)		
Loans & Advances	4,022,848	18,291,500
Security Deposit	2,725,000	-
TDS / Advance tax / Self-assessment tax	800,403	70,917
Prepaid Expenses	5,260	6,526
Service Tax Input	-	7,534
	<u>7,553,511</u>	<u>18,376,477</u>
<b>8 CURRENT LIABILITIES</b>		
Sundry Creditors	7,981,524	4,093,572
Security (Treatre & Video)	4,550,000	2,650,000
Expenses Payable	929,190	607,270
Other Liabilities	13,353	13,353
Other Advance	1,688,625	500,000
Advance from Customers	422,743	-
Duties & Taxes		
Service Tax Billed	12,161	23,586
TDS Payable	1,342,100	84,425
	<u>16,939,696</u>	<u>7,972,206</u>

**For Interworld Digital Ltd.**

Sd/-  
Mg. Director

Sd/-  
Director



**INTERWORLD DIGITAL LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON AND  
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010**

DESCRIPTION	31st MARCH, 2010(Rs.)	31st MARCH, 2009 (Rs.)
<b>9 PROVISIONS</b>		
Provision for Taxation	425,365	909,941
Provision for Fringe Benefit Tax	-	93,234
	<u>425,365</u>	<u>1,003,175</u>
<b>10 MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)		
<b><u>Preliminary &amp; Share Issue Expenses</u></b>		
Opening Balance	121,500	160,000
Add: Addition during the year	650,000	
Less: Written off during the year	168,500	38,500
	<u>603,000</u>	<u>121,500</u>
<b>11 PERSONNEL EXPENSES</b>		
Salaries and other allowances	2,727,816	1,987,896
Food & Beverages Exp.	51,462	39,492
	<u>2,779,278</u>	<u>2,027,388</u>
<b>12 OPERATING AND ADMINISTRATION EXPENSES</b>		
Film Distribution Expenses	13,049,316	3,367,017
Printing & stationery	120,411	84,816
AGM / EGM Expenses	105,910	72,340
Auditors' Remuneration	18,200	18,200
Office Expenses	42,280	123,021
Postage & Courier Expenses	98,509	101,396
Internet & Commuicaion Expenses	20,977	29,093
Fees & Subscription	237,456	86,857
Legal & Professional Charges	180,000	114,535
Business Promotion Exp.	32,625	24,807
Membership Fee & Subscription	8,550	4,300
Conveyance expenses	53,015	31,555
Repairs & Maintenance expenses	225,871	83,648
Vehicle running & maintenance expenses	118,581	112,315
Advertisement exp.	40,710	43,658
Office Rent	114,000	114,000
Insurance Exp.	9,071	33,607
Misc. Expenses	27,313	14,604
Preliminary & Share Issue expenses written off	168,500	38,500
Telephone Expenses	257,046	116,153
Travelling Expenses	252,527	333,182
Water & Electricity Exp.	68,509	55,106
	<u>15,249,377</u>	<u>5,002,710</u>
<b>13 FINANCIAL EXPENSES</b>		
Bank Charges & Commission	20,792	6,992
	<u>20,792</u>	<u>6,992</u>

**For Interworld Digital Ltd.**

**Sd/-  
Mg. Director**

**Sd/-  
Director**

**INTERWORLD DIGITAL LIMITED**

**4. FIXED ASSETS**

S. No.	Description	Rate	GROSS BLOCK			DEPRECIATION/AMORTISATION			(Amount in Rupees)		
			As on 1.4.2009	Addition during the year	Sales/adjust during the year	Total as on 31.03.2010	Up to 31.03.2009	For the year	Adjustment during the year	As on 31.03.2010	on As on 31.03.2009
	<b>A. Tangible</b>										
1	Land & Building		3,000,000	-	-	3,000,000	-	-	-	3,000,000	3,000,000
2	Computers	60.00%	23,595,221	-	-	23,595,221	23,492,272	61,769	23,554,041	41,180	102,949
3	Furniture & Fixture	6.33%	794,868	-	-	794,868	139,191	50,315	189,506	605,362	655,677
4	Office Equipment	4.75%	577,878	-	-	577,878	145,253	27,449	172,702	405,176	432,625
5	UPS	4.75%	1,037,302	59,904	-	1,097,206	14,685	52,063	66,748	1,030,458	1,022,617
6	Vehicles	9.50%	1,473,000	-	-	1,473,000	908,330	139,935	1,048,265	424,735	564,670
7	Machinery and Plant	7.07%	1,289,180	-	-	1,289,180	191,524	91,145	282,669	1,006,511	1,097,656
	<b>Sub-Total (A)</b>		<b>31,767,449</b>	<b>59,904</b>	-	<b>31,827,353</b>	<b>24,891,255</b>	<b>422,676</b>	<b>25,313,931</b>	<b>6,513,422</b>	<b>6,876,194</b>
	<b>B. Intangible</b>										
1	Software & Intellectual Property Rights	10.00%	59,477,143	5,556,060	-	65,033,203	21,208,412	6,235,412	27,443,824	37,589,379	38,268,731
2	Copy Right	10.00%	300,000	-	-	300,000	90,000	30,000	120,000	180,000	210,000
	<b>Sub-Total (B)</b>		<b>59,777,143</b>	<b>5,556,060</b>	-	<b>65,333,203</b>	<b>21,298,412</b>	<b>6,265,412</b>	<b>27,563,824</b>	<b>37,769,379</b>	<b>38,478,731</b>
	<b>TOTAL (A+B)</b>		<b>91,544,592</b>	<b>5,615,964</b>	-	<b>97,160,556</b>	<b>46,189,667</b>	<b>6,688,087</b>	<b>52,877,755</b>	<b>44,282,801</b>	<b>45,354,925</b>
	Development Exp. Computer Networking, Softwares		374,056	-	-	374,056	-	-	-	374,056	374,056
			-	47,378,800	-	47,378,800	-	-	-	47,378,800	-
	<b>GRAND TOTAL</b>		<b>91,918,648</b>	<b>52,994,764</b>	-	<b>144,913,412</b>	<b>46,189,667</b>	<b>6,688,087</b>	<b>52,877,755</b>	<b>92,035,657</b>	<b>45,728,981</b>
	Capital Work in Progress Previous Year		93,791,800	17,291,500	5,556,060	105,527,240	-	-	-	105,527,240	-
			90,355,197	1,563,451	-	91,918,648	39,795,333	6,394,334	46,189,667	45,728,981	-

For Interworld Digital Limited

Mg. Director

Sd/-  
Director

# INTERWORLD DIGITAL LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS AS ON 31.03.2010

### SCHEDULE: 14

#### A) **SIGNIFICANT ACCOUNTING POLICIES:**

##### 1. **Accounting Convention**

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

##### 2. **Use of Estimates**

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

##### 3. **Revenue Recognition**

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

##### 4. **Expenditure**

All expenses have been accounted for on accrual basis.

##### 5. **Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation.

##### 6. **Intangible Assets**

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

##### 7. **Depreciation**

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

##### 8. **Investments**

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

**9. Income Tax**

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

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

**10. Impairment of Assets**

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

**11. Miscellaneous Expenditure**

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

**12. Contingent Liabilities**

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

**B) NOTES TO ACCOUNTS:**

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

2. Deferred Tax Assets & Deferred Tax Liabilities:

**Amount in Rs.**

Particulars	Deferred Tax Liability as at 01.04.2009	Current Year Charge	Deferred Tax Liability as at 31.03.2010
On account of difference Between wdv as on 31.03.2010 As per Income tax & Companies Act	95,12,904	4,80,001	99,92,905
<b>Total</b>	<b>95,12,904</b>	<b>4,80,001</b>	<b>99,92,905</b>

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

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

4. Allocation of Development expenses is pending to fixed assets.

5. Contingent Liabilities not provided for Bank Guarantees outstanding Rs. NIL (Rs. Nil ).

6. Adoption of Accounting Standard 28 on impairment of assets does not have any impact either on the profit for the year or on the net assets of the company as at the year end.
7. Auditors' Remuneration:
- |                     | 2009-10<br>(Rs.) | 2008-09<br>(Rs.) |
|---------------------|------------------|------------------|
| Statutory Audit fee | 11,000           | 11,000           |
| Tax Audit fee       | 5,500            | 5,500            |
| Others              | 1,700            | 1,700            |
|                     | -----            | -----            |
|                     | 18,200           | 18,200           |
|                     | -----            | -----            |
8. Directors' Remuneration Rs. 3,00,000/- (Previous Year Rs. 3,00,000).
9. Segment Reporting: The company has only one reportable segment.
10. Related Party Disclosures:

List of related parties with whom the company has transacted:

**a. Key Managerial Personnel**

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

	2009-10 (Rs.)	2008-09 (Rs.)
Related Party Transactions:	-----	-----
A. Transactions during the year		
Mr. Man Mohan Gupta Remuneration	3,00,000	3,00,000
Mr. Man Mohan Gupta Rent paid	1,14,000	1,14,000
B. Outstanding Balances with related parties	NIL	NIL

11. During the year the company has made reduction of capital by Rs. 2,00,00,000 (2,00,00,000 Equity shares of Re. 1 each) pursuant to orders of Hon'ble High Court at New Delhi dated 27<sup>th</sup> October, 2009. Further, during the year, the company has allotted 4,96,38,600 convertible warrants with an option to convert such warrants into equity number of equity shares of Re. 1/- each on preferential basis. Out of the total warrants so issued, 1,85,49,799 were converted into equal number of equity shares at a premium of Rs. 1.18/- per equity share. As at March 31, 2010, 1,30,90,380 warrants are yet to be converted into equal number of equity shares.
12. Previous year figures have been regrouped / rearranged / reconsidered, wherever considered necessary.

13. Earning per share (EPS):	<u>2009-10</u>	<u>2008-09</u>
a) Weighted average no. of equity shares Outstanding during the year (Face value: Re. 1/- per share)	6,86,12,111	7,04,00,000
b) Net Profit after tax (Rs.)	16,14,630	46,63,394
c) Basic / Diluted Earning per share (Rs.)	0.02	0.07

14. As per information available with the company, there are no outstanding dues to Small Scale Ancillary Industrial Undertakings as at 31.03.2010.

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

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

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

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

**For Interworld Digital Limited**

**Sd/-**  
**Pankaj Chander**  
**Partner**  
**M.No. 89065**

**Sd/-**  
**Mg. Director**

**Sd/-**  
**Director**

**Place: New Delhi**  
**Dated: 2nd September, 2010**

# Interworld Digital Ltd 360° New Media Venture



<p><b>Malls</b></p>	<p><b>Billboards/ Hoardings</b></p>	<p><b>Multiplexes/ On Screen</b></p>	<p><b>Bus Shelters</b></p>
<p><b>Branding</b></p>	<p><b>Unipoles/ Kiosks</b></p>	<p><b>Branding</b></p>	<p><b>Bus Wraps</b></p>

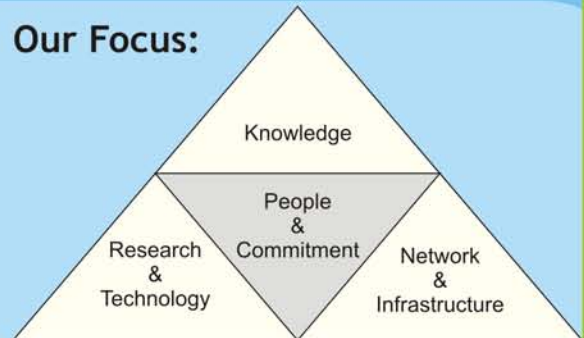
## IPO Branding & Marketing

“ Reputation Management ” -The Impressive Array For Your IPO  
 Pump up Your Upcoming IPO - Broaden Your Market Reach  
 Engage Your Audience & more.

### Our USP:

- Media presence across India
- Accurate & timely Monitoring across all cities
- Optimum quality standards of Media & Services
- Focus on Customer Satisfaction
- Innovative Solutions
- Value Based Services
- Optimization of budgets
- Accountability of budgets
- Huge talent pool and knowledge bank in the OOH Space!

### Our Focus:



### Our Current Media Initiatives include:

<p>In Theater &amp; Ambient Advertising Across DigiCine Theater.</p>	<p>Mobile Marketing ShortCode &amp; Bulk SMS Base Activities.</p>	<p>New Media Blogger Engagement, Issue Advocacy, online Intelligence, Reputation Management, Social Media, Viral Video, Word of Mouth Marketing.</p>
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“ Bring The Brand To Life In A Way Cutomers Can See And Feel ”

## INTERWORLD DIGITAL LIMITED

### Balance Sheet Abstract and A Company's General Business Profile

1 Registration Details

Registration No. L72900DL1995PLC067808  
Balance Sheet Date 31.03.2010  
State Code 55

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

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	185.50

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

Total Liabilities	2371.22	Total Assets	2517.33
<u>Source of Fund</u>		<u>Application of Funds</u>	
Paid Up Capital	689.50	Net Fixed Assets	920.36
Reserve & Surplus	1368.99	Capital W.I.P.	1055.27
Secured Loans	0.00	Net Current Assets	535.67
Unsecured Loans	212.80	Investment	0.00
Deferred Tax Liability	99.93	Misc. Expenditure	6.03

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

Turnover	963.69	Total Expenditure	936.16
Profit/Loss before Tax	27.53	Profit/Loss after Tax	16.15
Earning Per Share	0.02	Dividend	0.00

5 Generic names of three principal product/service of the company (as per monetary terms)

Film Production, IT Enabled Services, Domain Sales & SMS

#### **Auditors' Report**

**As per our report of even date attached**

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

**For Interworld Digital Limited**

**Sd/-**  
**Pankaj Chander**  
**Partner**  
**M. No. 89065**

**Sd/-**  
**Mg. Director**

**Sd/-**  
**Director**

**Place: New Delhi**  
**Dated: 2nd September, 2010**



**INTERWORLD DIGITAL LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010**

	(Rs. in Thousand)	
	Year ended March 31,	
	<u>2010</u>	<u>2009</u>
<b>A. Cash Flow From Operating Activities:</b>		
Net Profit before tax and extraordinary items	2,753	2,548
Adjustments for:		
Interest income	-	-
Depreciation	6,688	6,394
Interest & Finance Charges	-	-
Preliminary & Share Issue expenses written off	169	39
<b>Operating cash flow before changes in working capital</b>	<u>9,610</u>	<u>8,981</u>
Cash Flow in Working Capital Activities:		
(Increase)/Decrease in Sundry Debtors	(17,245)	21,557
(Increase)/Decrease in Loans & Advances	10,823	3,688
Increase/(Decrease) in Current Liabilities	8,390	(33,307)
<b>Cash provided by / (used in) operating activities</b>	<u>11,578</u>	<u>919</u>
Less: Income Tax Paid	659	327
<b>Net cash provided by / (used in) operating activities</b>	<u>10,919</u>	<u>592</u>
<b>B. Cash Flow From Investing Activities:</b>		
Sale/(Purchase) of fixed assets	(52,995)	(1,563)
(Increase)/Decrease in Capital work in progress	(11,735)	-
(Increase)/Decrease in investments	-	-
Interest received	-	-
<b>Net cash provided by / (used in) investing activities</b>	<u>(64,730)</u>	<u>(1,563)</u>
<b>C. Cash Flow From Financing Activities:</b>		
Increase in capital	(1,450)	-
Proceeds from Long Term Borrowings	20,082	1,198
Increase in Share Premium	21,889	-
Interest and Finance Charges	-	-
Repayment of Long Term Borrowings	-	-
Miscellaneous Expenditure	(650)	-
<b>Net cash provided by / (used in) financing activities</b>	<u>39,870</u>	<u>1,198</u>
<b>Net increase / (decrease) in cash and cash equivalents during the year [(A) + (B) + (C)]</b>	<b>(13,941)</b>	<b>227</b>
<b>Cash and Cash Equivalents:</b>		
Opening Balance	370	143
Closing Balance	(13,571)	370

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

**For Interworld Digital Limited**

Sd/-  
**Pankaj Chander**  
 Partner  
 M. No. 89065

Sd/-  
**Mg. Director**

Sd/-  
**Director**

**Place: New Delhi**  
**Dated: 2nd September, 2010**

**INTERWORLD DIGITAL LIMITED**

**Regd. Office:**

**701, ARUNACHAL BUILDING, 19, BARAKHAMBA ROAD, CONNAUGHT PLACE, NEW DELHI 110001**

**ATTENDENCE SLIP**

**15<sup>TH</sup> ANNUAL GENERAL MEETING**

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

Name of the attending member (In block letters)

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

No. of shares held: \_\_\_\_\_ Ledger Folio No. \_\_\_\_\_

DP Id No.\* \_\_\_\_\_ Client Id.\* \_\_\_\_\_

I hereby record my presence at the **FIFTEENTH ANNUAL GENERAL MEETING** on Thursday, the 30<sup>th</sup> Day of September, 2010, at **701, ARUNACHAL BUILDING, 19, BARAKHAMBA ROAD, CONNAUGHT PLACE, NEW DELHI 110001.**

-----  
Member's Signature

-----  
Proxy's Signature

- Note: 1. Shareholders / proxies are requested to bring the attendance slip with them.  
 2. Additional/Duplicates attendance slips will not be issued the meeting hall.  
 \*Applicable for investors holding share in electronics form.

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**INTERWORLD DIGITAL LIMITED**

**Regd. Office:**

**701, ARUNACHAL BUILDING, 19, BARAKHAMBA ROAD, CONNAUGHT PLACE, NEW DELHI 110001**

**PROXY FORM**

I/we \_\_\_\_\_ of \_\_\_\_\_ being a member/Members of **INTERWORLD DIGITAL LIMITED** hereby Appoint \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy to attend and vote for me /us on my / our behalf at the **FIFTEENTH ANNUAL GENERAL MEETING** on Thursday, the 30<sup>th</sup> Day of September, 2010,, at **701, ARUNACHAL BUILDING, 19, BARAKHAMBA ROAD, CONNAUGHT PLACE, NEW DELHI 110001** and at any adjournment thereof.

No. of Shares held: \_\_\_\_\_ Ledger Folio no.: \_\_\_\_\_

Dp. Id No.\* \_\_\_\_\_

Client Id.\* \_\_\_\_\_

Signature:

Date :

Affix  
Rs. 1  
Revenue  
Stamp

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

\* Applicable for investors holding shares in electronic form.

U.P.C.



**InterWorld**

If undelivered, please return to:  
**Interworld Digital Ltd.**  
Registered Office:  
701, Arunachal Building,  
Barakhamba Road, New Delhi - 110 001  
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