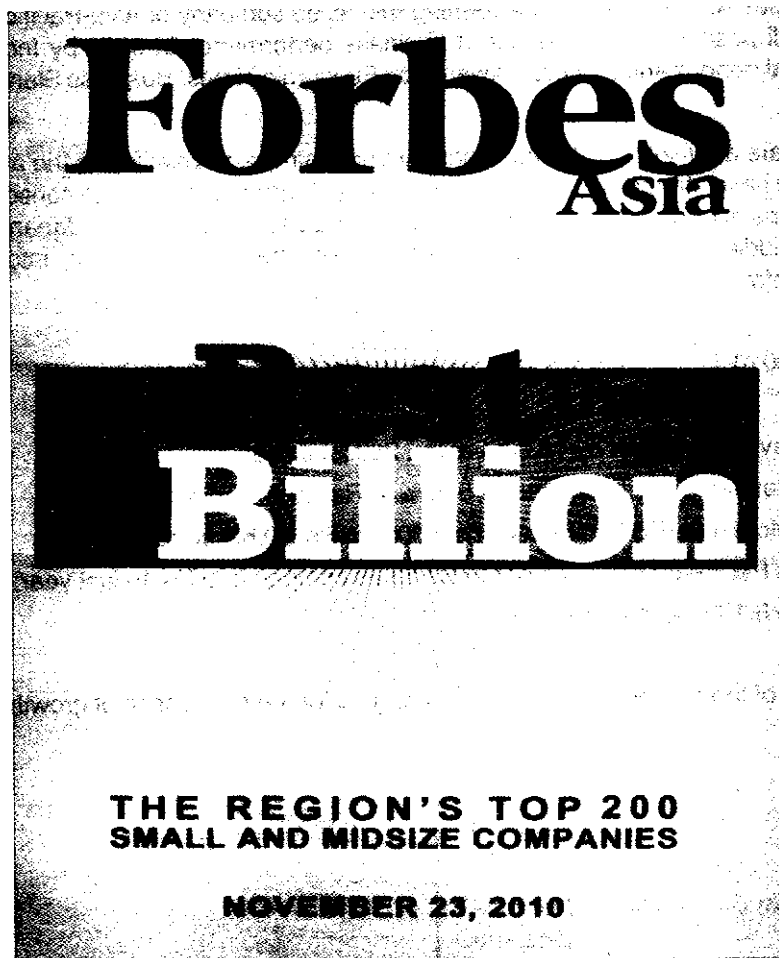




## COMPACT DISC INDIA LIMITED

Awarded to CDI



**19<sup>th</sup> Annual Report**  
**2010-11**

Dear Friends,

In the year 2010-11, Compact Disc India Ltd. (CDI) has attained accelerated growth and market leadership.

CDI is the largest animation company of South Asia and 2<sup>nd</sup> largest in Asia. The company was awarded by Forbes Asia as the best performing mid sized company of Asia-Pacific region and ranked at overall position of 28 in terms of business performance in India by Inc. Magazine alongwith several performance records/ awards by Economic Times, Business Standard etc.

The next few years are likely be characterised by uncertainty and volatility as the affects of the global slowdown have started becoming apparent. The Board has decided to consolidate all its existing operations at one single place and explore new business avenues in Japan, China and other Asian & Middle-East countries. The Board has also decided to diversify into education, healthcare and infrastructure sectors.

During the year 2010-11, CDI has reported the following achievements:

- Sales Revenues higher by 18.00% at Rs. 269.24 crore
- Profit-After-Tax (PAT) increases by 6.84% to Rs. 50.57 crore
- Profit-Before-Tax (PBT) increases by 5.30% to Rs. 50.62 crore
- Earnings Per Share (EPS) higher at Rs.53 as compared to Rs.49 last year; higher by 8.16% (annualized).

With best wishes of the shareholders, CDI is gearing up for the next phase of growth.

Warm regards,

Suresh Kumar  
**Chairman**

**BOARD OF DIRECTORS**

Mr. Suresh Kumar - Chairman and  
Managing Director  
Mrs. Rashmee Seengal - Director  
Mrs. Santosh Grover - Director

**COMPANY SECRETARY**

Mr. C.B. Gupta

**AUDITORS**

Suresh Goyal & Associates  
Chartered Accountants  
SCO 266, Second Floor,  
Sector 32 - D  
Chandigarh - 160 032

**BANKERS**

HSBC Limited  
HDFC Bank Limited  
Punjab National Bank

**REGISTERED OFFICE**

SCO 856, NAC Manimajra,  
Chandigarh - 160 101  
India

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## NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the members of Compact Disc India Limited will be held on Friday, the 30<sup>th</sup> day of September, 2011 at its Registered Office at SCO 856, NAC Manimajra, Chandigarh at 10.30 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts for the financial year ended March 31, 2011 and the reports of the Directors and Auditors thereon.
2. To appoint director in place of Mrs. Rashmee Seengal, who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint auditors for the year 2011-12 in place of Suresh Goyal & Associates, Chartered Accountants, Chandigarh, who retire at this meeting and being eligible offer themselves for re-appointment as Statutory Auditors of the company.

For and on behalf of the Board of Directors

Place : Chandigarh  
Date : August 31, 2011

Sd/-  
(Suresh Kumar)  
Chairman & Managing Director

### 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 such proxy need not be a member of the company. Members/proxies are requested to bring the attendance slips duly filled in and signed for attending the meetings along with copy of Annual Report.
2. Proxies in order to be valid must be lodged at the registered office of the company not less than 48 hours before the commencement of the meeting.
3. Members holding shares in physical form are requested to notify any change in their address to Beetal Financial & Computer Services Pvt. Ltd, Beetal House, 3<sup>rd</sup> Floor, 99, Madangir, Behind Local Shopping Complex, New Delhi-110062. The members holding shares in demat form are requested to notify any change in their bank account details to their depository participant (DP).
4. The Register of Members and Share Transfer Books of the company will remain closed from September 26, 2011 to September 29, 2011 (both days inclusive).
5. Members, who have not encashed their dividend warrants for the year ended March 31, 2008 are requested to send their dividend warrants to the company for revalidation.
6. The Ministry of Corporate Affairs has taken a 'green initiative' in Corporate Governance by allowing paperless compliances by the companies and issued circular stating that service

## **COMPACT DISC INDIA LTD.**

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of documents including Notice and Annual Report can be made by e-mail to the members. All the members of the company holding shares in demat forms are requested to register/update their email address vide their Depository Participants (DP). Members who hold shares in physical form are requested to register their e-mail address with the Registrar and Share Transfer Agent of the company. The email addresses received, will be deemed member's registered e-mail addresses for serving notice/document included those covered under section 219 of the Companies Act, 1956.

7. The company is maintaining its Investors Cell at its Registered Office at SCO 856, NAC, Manimajra, Chandigarh. All investors are advised to correspond at this address only.
8. Information under clause 49 of the Listing Agreement with Stock Exchange relating to director proposed to be re-appointed:

Mrs. Rashmee Seengal is promoter director of the company. She has over three decade of experience in managing business. She has leadership quality and 17 years experience in creation and distribution of contents for Media and Entertainment Industry.

**For and on behalf of the Board of Directors**

Place : Chandigarh  
Date : August 31, 2011

Sd/-  
(Suresh Kumar)  
**Chairman & Managing Director**

## DIRECTORS' REPORT

Dear Members,

Your directors take pleasure in presenting the Annual Report and the Audited Accounts of the company for the year ended March 31, 2011.

### FINANCIAL RESULTS

( Rs. in lac)

	Year Ended March 31, 2011	Year Ended March 31, 2010
Total Sales/Income	26924.34	22817.60
Total Expenditure	21822.06	17991.10
Profit before Depreciation	5102.28	4826.50
Depreciation	23.30	18.39
Interest	16.55	00.81
Profit before Taxation	5062.43	4807.30
Provision for Taxation	-	74.57
Deferred Tax	(4.73)	1.03
Profit available for appropriations	5057.70	4733.76
Appropriations:		
Provision for Bad & Doubtful Debts	-	1809.24
Proposed Dividend	-	191.41
Tax (including cess) on Dividend	-	32.53
Transfer to General Reserve	505.77	473.38
Balance carried to Balance Sheet	4551.93	2227.20

### FINANCIAL PERFORMANCE

Your company achieved a turnover of Rs. 26924.34 lac against Rs. 22817.60 lac during the previous year showing an increase of 18%. The profit after tax (PAT) of CDI grew by 6.84% to Rs. 5057.70 lac over fiscal 2009-10. The profit before tax (PBT) increased by 5.30% to Rs.5062.43 lac. The company recorded earnings per share (EPS) Rs.53 as compared to Rs. 49 last year, higher by 8.16% (annualized).

### OPERATIONS AND FUTURE PROSPECTS

CDI is the largest animation company of South Asia and 2<sup>nd</sup> largest in Asia. The company was awarded by Forbes Asia as the best performing mid sized company of Asia-Pacific region and ranked at overall position of 28 in terms of business performance in India by Inc. Magazine alongwith several performance records/ awards by Economic Times, Business Standard etc.

The next few years are likely be characterized by uncertainty and volatility as the effects of the global slowdown have started becoming apparent. The Board has decided to consolidate its all existing operations at one single place, explore new business avenues in Japan, China and other Asian & Middle-East countries. The Board has also decided to diversify into education, healthcare and infrastructure sectors.

### DIRECTORS

Mrs. Rashmee Seengal, director of the company retires by rotation and being eligible offers herself for re-appointment.

## **COMPACT DISC INDIA LTD.**

### **CORPORATE GOVERNANCE**

The company has complied with the mandatory provisions of the Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is included as a part of the Directors Report with the Auditors Certificate on its compliance.

### **AUDITORS**

Suresh Goyal & Associates, Chartered Accountants, Chandigarh, Statutory Auditors of the company, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment as Statutory Auditors of the company.

### **SUBSIDIARY COMPANY**

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the balance sheet of the company. The company will make available the annual accounts of the subsidiary companies and the related detailed information to any member of the company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will be kept open for inspection at the Registered Office of the company and that of the respective subsidiary companies. The consolidated financial statements presented by the company include the financial results of its subsidiary companies.

### **CONSOLIDATED FINANCIAL STATEMENT**

In accordance with the Accounting Standard AS-21 on consolidated financial statements read with Accounting Standard AS-23 on accounting for investments in associates, the audited consolidated financial statements are provided in Annual Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) that in preparation of the annual accounts for the financial year ended March 31, 2011, the applicable accounting standards had been followed.
- b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review.
- c) that 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.
- d) that the directors had prepared the accounts for the financial year ended March 31, 2011 on a 'going concern' basis.

### **NEW INITIATIVE**

The Board has decided to consolidate its all existing operations at one single place, explore new business avenues in Japan, China and other Asian & Middle-East countries. The board has also decided to diversify into education, healthcare and infrastructure sectors.

## **CORPORATE SOCIAL RESPONSIBILITY REPORT**

Compact Disc India Ltd. embraces its responsibility for society and community at large. CDI has donated 2 nos. fully equipped Ambulances to Kanta Seengal Memorial Charitable Trust to start Ambulance Services. It offers ambulance services to the needy people at nominal charges within 10 Kms radius of Chandigarh city.

## **FIXED DEPOSITS**

The company has not raised any fixed deposits during the year.

## **PARTICULARS REGARDING ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC.**

Since the company is not a major energy-consuming unit, particulars regarding conservation of energy etc. as prescribed under section 217(1) (e) of the Companies Act, 1956 are not applicable to the company. As the company has not absorbed any technology, research and development etc, the particulars regarding technology absorption, innovation and research & development are not applicable.

## **PARTICULARS OF EMPLOYEES**

There was no employee during the year whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

## **PERSONNEL AND INDUSTRIAL RELATIONS**

The management and employees relations remained cordial throughout the year under report.

## **MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of Listing Agreement with Stock Exchange in India, is presented in a separate section forming part of the Annual Report.

## **ACKNOWLEDGEMENT**

Your directors wish to place on record their appreciation for the continued support, encouragement and co-operation extended by State and Central Government Agencies, Company's Bankers, Business Associates, Esteemed Customers and Shareholders.

Your directors also record their appreciation for the dedicated services rendered by all ranks of the company's personnel.

**For and on behalf of the Board of Directors**

Sd/-

(Suresh Kumar)

**Chairman and Managing Director**

Place : Chandigarh

Date : August 31, 2011



**COMPACT DISC INDIA LTD.**

**Annexure to Directors' Report**

I. Statement pursuant to Section 212 of the Companies Act, 1956 relating to Company's interest in subsidiary companies for the financial year 2010-11

Sr. No.	Name of the Indian subsidiary company	CDI Infrastructure Pvt. Ltd. (Earlier known as Paradox Media Pvt. Ltd.)	CDI Media Pvt. Ltd.	CDI Education Ltd
1.	The financial year of the subsidiary company ended on	March 31, 2011	March 31, 2011	March 31, 2011
2.	Date from which they become subsidiary company	January 7, 2009	March 28, 2011	Sept 30, 2010
3.a)	Number of shares held by Compact Disc India Limited with its nominees in the subsidiary at the end of the financial year of the subsidiary company	993000 equity shares of Rs. 10/- each	49994 equity shares of Rs. 10/- each	39600 equity shares of Rs. 10/- each
3. b)	Extent of interest of holding company at the end of the financial year of the subsidiary company	99.3%	99.99%	79.2%
4.	The net aggregate amount of the subsidiary company (profit/loss) so far as it concerns the members of the holding company			
a)	Not dealt with in the holding company's accounts			
i)	For the financial year ended 31.03.2011(In Rs.)	(820033)	-	-
ii)	For the previous financial years of the subsidiary company since they become the holding company's subsidiary.(In Rs.)	(22218)	N/A	N/A
b)	Dealt with in holding company's accounts			
i)	For the financial year ended 31.03.2011	-	-	-
ii)	For the previous financial years of the subsidiary companies they became the holding company's subsidiary	-	N/A	N/A

**Name of Foreign subsidiary companies**

CDI Media LLC, USA – Looking after USA Business USA Business

CDI Media Ltd. – An International arm for all global trading activities of the company.

## REPORT ON CORPORATE GOVERNANCE

(Annexure to the Report of the Directors)

### INTRODUCTION

The Securities and Exchange Board of India (SEBI) ushered in a formal code of Corporate Governance Practices by introducing a new clause 49 in the Listing Agreement with the Stock Exchanges. Accordingly, the code was implemented by effecting amendments to the Listing Agreements of the Stock Exchanges with which the company is listed.

Your company has complied in all material respects with the features of Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges.

A report on the implementation of the Corporate Governance Code of the Listing Agreement by the company is furnished below:

#### 1. Philosophy on Code of Governance:

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency, fairness in all its transaction in the widest sense and meet its stakeholders aspirations and societal expectations. Your company besides adhering to the prescribed corporate practices as per clause 49 is constantly striving to adopt emerging best practices. It is our endeavour to achieve higher standard and provide fair and ethical business and corporate practices and transparency in its dealings and to review strengthen and upgrade its systems and processes so as to bring in transparency and efficiency in its various business segments.

#### 2. Board of Directors

The composition and other details relating to the Board as on March 31, 2011 are as follows:

Sr. No.	Name of the Director	Category of Director	No. of others Directorships
1.	Mr. Suresh Kumar	Chairman, Executive	4
2.	Mrs. Santosh Grover	Independent and Non Executive	2
3.	Mr. Rashmee Seengal	Non-Executive	2

#### 3. Board Procedures

The Board of Director is the apex body constituted by the shareholders for overseeing the over all functioning of the company. The Board provides and evaluate the strategic direction of the company, management policies and their effectiveness and ensure that the long term interest of the shareholders are being served.

The Board of the company had 9 meetings during the financial year 2010-11, on 24.04.2010, 14.05.2010, 15.05.2010, 26.07.2010, 01.10.2010, 30.10.2010, 27.12.2010, 28.01.2011 and 25.02.2011. The required information was circulated to the Board of Directors.

## COMPACT DISC INDIA LTD.

Attendance of directors at the board meetings held during financial year 2010-11 and last AGM are as given below:

Sr. No.	Name of the Director	No. of Meetings held during 2010-11	No. of Meetings attended during 2010-11	Last AGM Present/ Absent
1.	Mr. Suresh Kumar	9	9	Present
2.	Mrs. Santosh Grover	9	8	Present
3.	Mrs. Rashmee Seengal	9	9	Present

The items placed at the meetings of the Board include the following:

- General notice of interest of directors.
- Appointment, remunerations and resignation of directors.
- Formation / reconstitution of board committee.
- Minutes of Audit committee and other committees of the Board.
- Dividend declaration
- Report on operations of the company.
- Business plans and analysis of variances periodically as compared to the plans.
- The Unaudited quarterly/half yearly financial results and the audited annual accounts of the company.
- Financial statements such as cash flow, sundry debtors and/or other liabilities or claims of substantial nature.
- Delegation of powers to the operational management.
- Review compliance of all laws applicable to the company, including the requirements of listing agreement signed with the Stock Exchanges and steps taken by the company to rectify instances of non compliances, if any.
- Transactions that involve substantial payment towards goodwill, or intellectual property, if any.
- Communication to the Stock Exchanges, the shareholders and the press regarding company's performance, future plans and other decision/changes of significant importance of price sensitive nature.

#### 4. Audit Committee

The Committee carries out the role as laid down in clause 49 of the Listing Agreement with Stock Exchanges as well as Section 292 A of the Companies Act, 1956.

The Committee, interalia, provides reassurance to the Board on the existence of an effective internal control system. It also consider financial disclosures compliance with all relevant statutes, safeguarding of assets and adequacy of provisions for all liabilities and generally accepted accounting principles by the company.

The Audit Committee comprises of three members. The composition of the Audit Committee as on March 31, 2011 and the details of meeting held by it during the financial year under review are as follows:

Sr. No.	Director	Position	Meetings held	Meetings Attended
1.	Mrs. Santosh Grover	Chairman	4	4
2.	Mr. Suresh Kumar	Member	4	2
3.	Mrs. Rashmee Seengal	Member	4	4

**5. Investors Grievances and Securities Transfer Committee**

The composition of committee as on March 31, 2011 is as under:

Mrs. Santosh Grover	Chairman	33	17
Mrs. Rahsmee Seengal	Member	33	27
Mr. Suresh Kumar	Member/Chairman	33	16

**6. General Body Meetings**

Location and time of the last three Annual General Meetings and the details of special resolutions passed:

For the Year	Venue	Date	Time	Special Resolutions
2007-08	Compact Disc India Ltd SCO 856, NAC Manimajra, Chandigarh	Sept 29, 2008	10.30 A.M.	-
2008-09	Compact Disc India Ltd SCO 856, NAC Manimajra, Chandigarh	Sept 30, 2009	10.30 A.M.	2
2009-10	Compact Disc India Ltd. SCO 856, NAC Manimajra, Chandigarh	Sept 30, 2010	10.30 A.M.	-

**7. Redressal of Investor Grievances:**

The company redresses all complaints and grievances expeditiously and replies are sent usually within 7-10 days except in case of dispute over facts or other legal issues.

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## COMPACT DISC INDIA LTD.

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### 8. Disclosures

There are no materially significant transactions made by the company with its promoters, directors or management, their subsidiaries or relatives etc. that may have a potential conflict with the interest of the company at large.

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

The company has been providing the Chairman of the company with the resources required to implement his role.

The company has had a code of conduct for all its directors and employees. The Board members and senior management personnel of the of the company affirm that they have complied with this code.

### 9. Means of Communication

Financial results, quarterly/half yearly results, are published within the stipulated period in English and vernacular newspapers. These results are promptly submitted to the stock exchanges.

Address of company's official website is [www.compactdisc.co.in](http://www.compactdisc.co.in) in which the above results and other official news release are also displayed.

The company from time to time presents all the relevant information as recommended by the SEBI and the Stock Exchanges to the Board in a structured manner.

### 10. General Shareholder Information

a) The 19th Annual General Meeting of the members of the company will be held on Friday, the 30<sup>th</sup> day of September, 2011 at the Registered Office of the company at SCO 856, NAC Manimajra, Chandigarh at 10.30 A.M.

b) Financial Calendar – April 1, 2010 to March 31, 2011

c) Date of Book Closure September 26, 2011 to September 29, 2011

d) Your company's shares are listed in the following Stock Exchanges

The Bombay Stock Exchange (BSE),

Phiroze Jee Jeebhoy Towers

Dalal Street,

Mumbai - 400 001

Ludhiana Stock Exchange Association Ltd.

Feroze Gandhi Market

Ludhiana - 141 001

e) Scrip Code of the Company – 526141

f) Demat ISIN no. for NSDL and CDSL - INE 821B01019

- g) Market price data - Average Monthly high low prices on the Bombay Stock Exchange, Mumbai are given below:

MONTH	HIGH (Rs.)	LOW (Rs.)
April 2010	83.85	65.50
May 2010	73.35	53.00
June 2010	64.60	52.00
July 2010	69.25	54.00
August 2010	67.80	60.50
September 2010	77.00	56.00
October 2010	67.85	55.00
November 2010	66.00	52.00
December 2010	57.70	44.30
January 2011	56.80	36.15
February 2011	49.00	37.15
March 2011	39.70	33.00

- h) Distribution of shareholding as on 31.03.2011

Sr. No.	Nominal Value Rs.	Number of Share Holders	% of Total Share holders	Share Amount Rs.	% of Total
1.	0 to 5000	27853	92.56	39172870	40.80
2.	5001 to 10000	1216	4.04	9942210	10.36
3.	10001 to 20000	524	1.74	8018320	8.35
4.	20001 to 30000	162	0.54	4141440	4.31
5.	30001 to 40000	87	0.29	3145910	3.28
6.	40001 to 50000	75	0.25	3590660	3.74
7.	50001 to 100000	112	0.37	8309760	8.66
8.	100001 and to above	64	0.21	19678830	20.50
	<b>TOTAL</b>	<b>30093</b>	<b>100.00</b>	<b>96000000</b>	<b>100.00</b>

- i) Dematerialization and Liquidity of Shares

As on March 31, 2011, 71.38% of the share capital was held in the demat mode. The company provides facility for simultaneous transfer and dematerialization of equity shares as per the procedure prescribed by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). The equity shares of the company are traded in the B2 Group.

- j) Outstanding GDR/ ADR/ Warrant/ Convertible Instruments

There were no outstanding GDR/ADR/Warrants at the end of financial year.

**11. Registrar & Share Transfer Agents**

Beetal Financial & Computer Services (P) Ltd  
 Beetal House, 3<sup>rd</sup> Floor,  
 99, Madangir, Behind Local Shopping Complex  
 New Delhi-110 062

## **COMPACT DISC INDIA LTD.**

### **12. Share Transfer System and Other Related Matters**

Shareholder/ Investor Grievances Committee also approves share transfer and meets at frequent intervals. Beetal Financial & Computer Services (P) Ltd., the company's Registrar and Share Transfer Agents process these transfers. Share transfers are registered and returned within 15 days from the date of lodgment if documents are complete in all respects. The company has signed necessary agreements with National Securities Depository Ltd. and Central Depository Services Ltd. The transfer of shares in depository mode need not be approved by the company.

### **13. Address for Correspondence**

Shareholder desiring to communicate with the company on any matter relating to the shares of the company may make correspondence at the following addresses:

- (i) Registrar and Share Transfer Agents:  
Beetal Financial & Computer Services (P) Ltd  
Beetal House, 3<sup>rd</sup> Floor,  
99, Madangir, Behind Local Shopping Complex  
New Delhi-110 062  
Phone No. 011- 22961281-82  
Email: beetal@rediffmail.com
- ii) Compact Disc India Ltd.  
SCO 856, NAC Manimajra,  
Chandigarh 160 101  
Phone No. 0172 – 2734331, 5076870  
Email: info@compactdisc.co.in

### **14. Compliance Certificate of Auditors**

A certificate from the auditors of the company regarding compliance of condition of corporate governance as stipulated under clause 49 of the listing agreement is attached to this report.

**For and on behalf of the Board of Directors**

Sd/-

(Suresh Kumar)

**Chairman and Managing Director**

Place : Chandigarh

Date : August 31, 2011

### **Declaration**

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, it is confirmed that all Board Members and Senior Management Personnel have affirmed compliance with Company's Code of Conduct for the year ended March 31, 2011.

**For and on behalf of the Board of Directors**

Sd/-

(Suresh Kumar)

**Chairman and Managing Director**

Place : Chandigarh

Date : August 31, 2011

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF COMPACT DISC INDIA LTD.**

The Members of Compact Disc India Ltd.

We have examined the compliance of conditions of Corporate Governance by Compact Disc India Ltd. for the year on 31<sup>st</sup> March 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with 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 the Corporate Governance as stipulated in the said clause. 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 and based on the representations made by the directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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 Suresh Goyal & Associates  
Chartered Accountants**

Sd/-

(CA Suresh K. Goyal)

**Membership No.084153**

Place : Chandigarh  
Dated : August 31, 2011



**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

**OVERVIEW**

Globally, the animation industry is poised to touch \$100 billion by 2012, with the Indian market expected to capture around \$1 billion of this business up from total revenue of \$494 million in 2008.

The Nasscom-Ernst & Young (EY) report titled, "The animation and gaming industry in India" estimates the industry size at INR 45.6 billion and projected to grow at a healthy CAGR of 36.5% during 2010–2012 to reach INR 85 billion by 2012. The animation industry is valued at INR 30.1 billion and has four key sub-segments: animation entertainment, animation education, custom content development multimedia/web design (CCD) and visual effect (VFX), of which CCD accounts for more than 50% of the industry's total revenues. The gaming industry is valued at INR 15.5 billion and consists of five key segments: console, mobile, PC, online and family entertainments centers, of which console gaming forms the largest (39%) revenue generator.

**KEY TRENDS IN THE INDIAN ANIMATION**

**Upward migration in value chain**

India's animation studios are migrating from low-end support work, such as clean-ups, porting and testing to higher-end tasks focused on co-production and IP rights retention.

**Local benefits**

Cost arbitrage continues to bring more work: Significant cost savings — in the range of 50%–60% — when outsourcing work to India, as compared to other countries; the availability of a large English-speaking workforce and the close cultural affinity of the Indian populace to western-style animation and gaming content continues to work in the country's favour. In addition, the global economic slowdown forced gaming and animation studios to look for opportunities to cut costs, which resulted in their outsourcing more work to India.

**Fuller exploitation of IP rights**

With an increasing focus on retaining IP rights, industry players are looking to tap alternative revenue streams to fully monetize their animated content. Animation studios are targeting revenue from licensing and merchandising, mobile downloads and home video rights. For instance, in the animation segment, short stories from story books are being published on DVDs, distributed over mobile and used for merchandise. This trend is also driven by comic publishers that are actively looking to monetize their content across platforms.

**KEY CHALLENGES FOR INDIAN ANIMATION INDUSTRY**

**Lack of talent**

The Indian animation industry is facing a significant talent crunch due to the limited number of training institutes in the country, their non-standardized curricula and low awareness among students regarding animation as a career option. This talent crunch, coupled with the rising demand for animation content, has led to wage inflation and attrition, which affects the profitability of studios.

**Cultural impediments**

Animation as an entertainment option are perceived to be restricted to children. This perception limits market growth. The industry needs to grow an awareness of such entertainment opinion to drive mainstream adoption.

### **Lack of funding**

The Industry needs funds to invest in infrastructure, develop IP, set up a pipeline, train resources and work on long-term projects such as episodic games, animated movies and TV series.

### **CDI OPERATIONS**

#### **Achievement and awards**

CDI is the largest animation company of South Asia and 2<sup>nd</sup> largest in Asia. The company was awarded by Forbes Asia as the best performing mid sized company of Asia-Pacific region and ranked at overall position of 28 in terms of business performance in India by Inc. Magazine along with several performance records/ awards by Economic Times, Business Standard etc.

#### **Expansion and diversification**

The next few years are likely be characterized by uncertainty and volatility as the effects of the global slowdown have started becoming apparent. The board has decided to consolidate its all existing operations at one single place, explore new business avenues in Japan, China and other Asian & Middle-East countries. The board has also decided to diversify into education, healthcare and infrastructure sectors.

#### **Financial highlights of CDI FY 2010-11**

Sales Revenues higher by 18.00% at Rs. 269.24 crore

Profit After Tax (PAT) increases by 6.84% to Rs. 50.57 crore

Profit Before Tax (PBT) increases by 5.30% to Rs .50.62 crore

Earnings Per Share (EPS) higher at Rs. 53 as compared to Rs. 49 last year; higher by 8.16% (annualized)

This has been complemented by CDI's successful execution of 3D animation projects, thus resulting in higher growth of key international accounts and strengthening our leadership position in the industry.

#### **Project model**

Presently Compact Disc India Ltd. is working on two different models for Animation/ Film Production namely Outsourcing Model and Production/ Co-Production Model.

#### **Outsourcing model**

Currently CDI is working on Outsourcing Model for Animation Production. Benefits such as reduced costs and improved quality associated with outsourcing business process have facilitated in building confidence among global animation production houses to outsource their work. Their underlying expectations is that outsourcing processes will result in cost savings and operational efficiencies, coupled with access to very good talent in the low wage countries.

Production houses in India are now outsourcing the pre-production and post-production stage as well. CDI's model involves outsourcing production work from the USA and European production houses on fixed payment contract basis, without sharing box office risks or Intellectual Property Rights. The major benefit in this model is a regular cash flow to the company.

**Own production / Co-production model** - CDI has to move forward in animation industry by creating its own intellectual property (IP), instead of merely doing outsourced work. The company has decided to either produce themselves or co-produce animated films with leading USA and European production houses. If CDI owned the IP, the same can cash in on the collaterals by way of merchandising, the brand etc. as animation has a universal appeal with no shelf life.

## **COMPACT DISC INDIA LTD.**

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CDI is presently working on following two animation feature films for the international market Futebol and Eternal Love.

### **FUTURE OUTLOOK FOR THE COMPANY**

The next few years are likely be characterized by uncertainty and volatility as the effects of the global slowdown have started becoming apparent. The Board has decided to consolidate its all existing operation at one single place, explore new business avenues in Japan, China and other Asian and Middle East Countries and diversified in to education, healthcare and infrastructure sectors.

### **Estimated financial projections, FY 2011-12 (Animation segment)**

**Sales Revenue** Rs. 300.00 crore.

**Net Profit** Rs. 54.00 crore

Sales revenue include revenue from subsidiaries of the company. No provisions has been made from the estimated pre-sales revenue from animation features films.

### **Investor relation cell**

CDI has set-up an investor relation cell at Chandigarh Office with a single point contact system for all investor related queries. The cell will make investors queries handling fast and accurate. For any kind of investors queries please send us an email at [info@compactdisc.co.in](mailto:info@compactdisc.co.in) and [corp.relations@compactdisc.co.in](mailto:corp.relations@compactdisc.co.in)

### **Marketing & publicity**

CDI wish to make its presence stronger and prominent among the industry leaders. We are seeking assistance from professional agencies to setup a marketing campaign which will dominate creating an awareness of CDI being the largest animation outsourcing organization in South Asia. We will be releasing advertisements, press releases and other media campaign.

### **Human resource**

The company's human resource strategy revolves around the development of the individual. The employees are encouraged to attend Seminars, Workshops and Short Term Courses. Employees are also encouraged to attain additional relevant qualifications.

### **Internal control systems**

The company has a sound internal system which ensures that all assets are protected against loss from unauthorized use and all transactions are recorded and reported correctly.

The internal control system is further supplemented by internal audit and periodical review by the management. The audit committee of the Board addresses significant issues raised by both the internal auditors and statutory auditors.

## **CERTIFICATION BY THE MANAGING DIRECTOR OF THE COMPANY**

I, Suresh Kumar, Chairman and Managing Director of Compact Disc India Limited, to the best of my knowledge and belief certify that:

- (a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my 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 presents a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and Audit Committee deficiencies in the design or operation of such operation of such material controls, if any.
- (d) I have indicated to the auditors and the Audit Committee
  - (i) significant changes in internal control over financial reporting during the year.
  - (ii) significant changes in 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 involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For and on behalf of the Board of Directors

Sd/-

(Suresh Kumar)

**Chairman and Managing Director**

Place : Chandigarh

Date : August 12, 2011

**AUDITOR'S REPORT**

The members of Compact Disc India Ltd.

1. We have audited the attached Balance Sheet of Compact Disc India Ltd. as at March 31, 2011 and also the Profit & Loss Account and Cash Flow Statement for the year ending as 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 the 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 mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of 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 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 purpose 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 those books.
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) 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.
  - (e) In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet and the Profit and Loss account read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) insofar as it relates to the Balance Sheet of the state of affairs of the Company as at March 31, 2011 and,
    - (ii) insofar as it relates to the Profit and Loss account of the Company for the year ended on that date.
5. On the basis of the written representation received from the directors, as on March 31, 2011 and according to information and explanations given to us, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Suresh Goyal & Associates**  
**Chartered Accountants**

Sd/-

(CA Suresh K. Goyal)

Membership No.084153

Place : Chandigarh  
Dated : August 12, 2011

### **Annexure: Re. Compact Disc India Ltd.**

Referred to in paragraph 3 of Our Report of even date

1. (i) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (ii) As explained to us, all the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
- (iii) No substantial part of fixed assets has been disposed off during the year, which has affected the going concern.
2. There are no inventories in the company hence the clause relating to inventories are not applicable to the company.
3. According to information and explanation given to us, the company has not taken or granted any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. In our opinion and according to information and explanation given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956, the company is not maintaining any such register as the company is of the opinion that there were no such transactions as to attract the provisions of this section.
6. In our opinion and according to information provided to us, the company has not accepted any deposits from the public.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. In our opinion and according to information and explanation given to us, the company is not required to maintain Cost Records as specified U/s 209(1) (d) of the Companies Act, 1956.
9. In our opinion and according to information and explanation given to us and records produced for our verification, undisputed statutory dues have been generally deposited regularly with the appropriate authorities.
10. In our opinion, the company has no accumulated losses as at March 31, 2011. The company has incurred cash losses during the financial year covered by our audit.
11. In our opinion and according to information and explanation given to us, the company has not defaulted in repayment of its dues to any financial institution or bank or debenture holders.
12. We are of the opinion that the company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.

**COMPACT DISC INDIA LTD.**

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13. In our opinion, the company is not a chit fund or *nidhi* mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Company (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures or other investments. Accordingly, the provisions of clause 4(xiv) of the Company (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
16. In our opinion, and as examined from the books of accounts, the company has applied the loans for the purpose for which they were obtained.
17. According to the information and explanation given to us and 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. No long-term funds have been used to finance short-term assets except permanent working capital.
18. According to information and explanation given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. In our opinion and according to information and explanation given to us, no debentures were issued by the company during the period covered by the report.
20. The management has not raised any money from public issues during the year.
21. According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For Suresh Goyal & Associates  
Chartered Accountants**

Sd/-

(CA Suresh K. Goyal)

**Membership No.084153**

Place : Chandigarh

Dated : August 12, 2011

**BALANCE SHEET AS AT MARCH 31, 2011**

(Amount in Rs.)

<b>PARTICULARS</b>	<b>Schedule</b>	<b>As at 31.03.2011</b>	<b>As at 31.03.2010</b>
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	A	95,705,000	95,705,000
Convertible Warrants	B	1,400,000	1,400,000
Reserve & Surplus	C	929,041,145	940,307,314
Deferred Tax Liability	D	591,123	754,296
Secured Loans	E	17,711,013	194,990,453
Unsecured Loans	F	22,500,000	27,000,000
		<u>1,222,948,281</u>	<u>1,260,157,063</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets (Gross Block)</b>	G	42,508,584	28,267,371
Less: Depreciation		14,416,747	12,494,815
Net Block		<u>28,091,838</u>	<u>15,772,557</u>
<b>Investments</b>	H	561,078,746	553,798,681
<b>Current Assets, Loans &amp; Advances</b>			
Sundry Debtors	I	145,963,212	146,050,006
Other Current Assets	J	646,932,873	705,953,731
Less: Current liabilities & Provisions	K	159,118,386	161,417,911
Net Current Assets		<u>633,777,698</u>	<u>690,585,825</u>
<b>Notes to Accounts</b>	P		
		<u>1,222,948,281</u>	<u>1,260,157,063</u>

The Schedules form integral part of the financial statements

As per our separate report of even date attached

**For Suresh Goyal & Associates**  
**Chartered Accountants**

Sd/-  
(CA Suresh K. Goyal)  
Membership No.084153

Place : Chandigarh  
Dated : August 12, 2011

**For and on behalf of Board of Directors**

Sd/-  
Suresh Kumar  
Chairman & Managing  
Director

Sd/-  
Santosh Grover  
Director



**COMPACT DISC INDIA LTD.**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011** (Amount in Rs.)

<b>PARTICULARS</b>	<b>Schedule</b>	<b>Year Ended 31.03.2011</b>	<b>Year Ended 31.03.2010</b>
<b>INCOME</b>			
Income from Operations /			
Other Income	L	4,495,588	2,281,760,000
<b>TOTAL(A)</b>		<u>4,495,588</u>	<u>2,281,760,000</u>
<b>EXPENDITURE</b>			
Project Development			
Expenses - Outsourcing	M	-	1,781,114,000
Administration & Other Expenses	N	12,322,056	17,979,713
Financial Expenses	O	1,680,942	97,166
Depreciation		1,921,932	1,839,233
<b>TOTAL(B)</b>		<u>15,924,931</u>	<u>1,801,030,112</u>
<b>Operating profit for the year (A-B)</b>		(11,429,343)	480,729,888
Net Profit before Tax		(11,429,343)	480,729,888
Provision for Taxation & Fringe Benefit Tax		-	7,457,041
Deferred Tax		163,173	103,165
Net Profit after Tax		(11,266,170)	473,272,847
<b>Profit of the year after tax available for appropriation</b>			
Provision for Bad & Doubtful Debts		-	180,924,000
Proposed Dividend		-	19,141,000
Tax (including cess) on Dividend		-	3,253,113
Transfer to General Reserve		-	47,337,601
Net Profit transferred to Balance Sheet		(11,266,170)	222,720,398
EPS (basic/diluted) before Tax and Dividend		(1.19)	50
EPS (basic/diluted) after Tax and before Dividend		(1.18)	49

The Schedules form integral part of the financial statements

As per our separate report of even date attached

**For Suresh Goyal & Associates**  
**Chartered Accountants**

Sd/-  
(CA Suresh K. Goyal)  
Membership No.084153

Place : Chandigarh  
Dated : August 12, 2011

**For and on behalf of Board of Directors**

Sd/-  
Suresh Kumar  
Chairman & Managing  
Director

Sd/-  
Santosh Grover  
Director

**CASH FLOW STATEMENT AS ON MARCH 31, 2011** Amount in (Rs.) 000

PARTICULARS	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax And Extraordinary Items	(11,429)	480,730
Adjustment For:		
Depreciation	1,922	1,839
Dividend cum Dividend Tax Paid	-	-
Preoperative Expenditure	-	-
Profit (Loss) before Working Capital Changes	<u>(9,507)</u>	<u>482,569</u>
Adjustment for:		
Net Changes in Operating Assets & Liabilities		
Trade & Other Receivable	52,084	(588,791)
Trade & Other Payables	<u>(2,300)</u>	<u>75,770</u>
	<u>49,785</u>	<u>(513,021)</u>
Net Cash Flow from Operating Activities	40,277	(30,452)
<b>B. CASH FLOW FROM LENDING AND INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(14,241)	(3,277)
Increase/Decrease in Investments	<u>(7,280)</u>	<u>-</u>
Net Cash Used in Lending And Investing Activities	<u>(21,521)</u>	<u>(3,277)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings (Net of Repayments)		
Secured	(21,279)	39,874
Unsecured	(4,500)	-
Proceeds from Share Warrants & Premium	<u>-</u>	<u>-</u>
	<u>(25,779)</u>	<u>39,874</u>
Net Cash Flow after Financing Activities	(7,023)	6,144
Cash and Cash Equivalent at the Beginning of the Year	9,328	3,184
Cash and Cash Equivalents at the End of the Year.	<u>2,305</u>	<u>9,328</u>

For and on behalf of Board of Directors

Sd/-

Suresh Kumar

**Chairman & Managing**

**Director**

Sd/-

Santosh Grover

**Director**

Place : Chandigarh  
Dated : August 12, 2011

**AUDITOR'S CERTIFICATE**

We have examined the Cash Flow Statement of Compact Disc India Limited for the year ended 31st March 2011. The Statement has been prepared by the company in accordance with the requirement of listing agreement clause 32 with stock exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report of even date to the members of the company.

**For Suresh Goyal & Associates**  
**Chartered Accountants**

Sd/-

(CA Suresh K. Goyal)

**Membership No.084153**

Place : Chandigarh  
Dated : August 12, 2011

**COMPACT DISC INDIA LTD.**

(Amount in Rs.)

PARTICULARS	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
1,50,00,000 Equity Shares of Rs10/-each	150,000,000	150,000,000
<b>Issued, Subscribed &amp; Paid up</b>		
96,00,000 Equity Shares of Rs 10/- each fully paid up	96,000,000	96,000,000
Less : Calls Unpaid - by others	295,000	295,000
	<u>95,705,000</u>	<u>95,705,000</u>
<b>SCHEDULE - B</b>		
<b>CONVERTIBLE WARRANTS</b>		
14,00,000 Convertible Warrants of Rs. 10/- each Paid-up Re. 1/- each	1,400,000	1,400,000
	<u>1,400,000</u>	<u>1,400,000</u>
<b>SCHEDULE - C</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Profit &amp; Loss Account</b>		
Opening Balance	815,897,850	593,177,451
Add: Profit (Loss) for the year	(11,266,170)	222,720,398
Closing Balance	804,631,680	815,897,850
<b>General Reserve</b>		
Opening Balance	124,409,465	77,071,864
Transfer during the year	-	47,337,601
Closing Balance	124,409,465	124,409,465
	<u>929,041,145</u>	<u>940,307,315</u>
<b>SCHEDULE -D</b>		
<b>DEFERRED TAX LIABILITY</b>		
Opening Balance	754,296	857,461
Less: Deferred Tax	(163,173)	(103,165)
Closing Balance	<u>5,91,123</u>	<u>7,54,296</u>

**SCHEDULE - 'G'**  
**FIXED ASSETS**

(Amount in Rs.)

Particulars	Depreciation Rate	Cost as on 01.04.2010	GROSS BLOCK		DEPRECIATION			NET BLOCK		
			Additions during the yr.	Sale/Adj during the yr.	Total cost as on 31.03.2011	Provided upto 31.03.2010	Sale/Adj	During the yr. 31.03.2011	Total upto 31.03.2011	W.D.V as on 31.03.2011
Land	0%	4,665,429	15,334,137	1,260,000	19,760,566	-	-	-	18,760,566	4,686,429
Office Machinery & Equipments	4.75%	1,461,575	-	-	1,461,575	1,009,174	69,425	1,078,598	382,977	452,401
Furniture & Fixtures	6.33%	2,230,572	94,100	-	2,324,672	2,079,462	145,630	2,225,322	99,350	151,060
Vehicles	9.50%	12,640,624	-	-	12,640,624	4,665,013	1,200,959	5,865,672	6,774,752	7,975,611
Animation/Computer Software	7.07%	7,078,181	72,976	-	7,151,157	4,587,223	504,363	5,091,586	2,059,571	2,490,958
Software for Website	16.21%	147,000	-	-	147,000	147,000	-	147,000	-	-
Camera	6.33%	22,990	-	-	22,990	6,912	1,455	8,368	14,622	16,078
<b>Total</b>		<b>28,287,371</b>	<b>15,501,213</b>	<b>1,260,000</b>	<b>42,508,584</b>	<b>12,484,815</b>	<b>1,921,932</b>	<b>14,416,747</b>	<b>28,091,838</b>	<b>15,772,557</b>

**COMPACT DISC INDIA LTD.**

(Amount in Rs.)

<b>PARTICULARS</b>	<b>As at 31.03.2011</b>	<b>As at 31.03.2010</b>
<b>SCHEDULE - E</b>		
<b>SECURED LOANS</b>		
Car Loans	-	559,604
Packing Limit	160,926,596	180,926,596
Term Loan	12,784,417	13,504,253
	<u>173,711,013</u>	<u>194,990,453</u>
<b>SCHEDULE - F</b>		
<b>UNSECURED LOANS</b>		
Mr. Gurpal Singh	22,500,000	27,000,000
	<u>22,500,000</u>	<u>27,000,000</u>
<b>SCHEDULE - H</b>		
<b>INVESTMENTS</b>		
<b>In Equity Shares - Unquoted, fully paid up</b>		
Laser Infomedia Ltd	6,993,000	6,993,000
699,300 Equity Shares of Rs10/-each		
Seengal Animation Pvt Ltd	9,930,000	9,930,000
993,000 Equity Shares of Rs10/-each (Subsidiary Company)		
Seengal Animation Pvt Ltd	7,000,000	7,000,000
Share Application Money		
CDI Education Pvt. Ltd.	396,000	-
(39,600 Equity Shares of Rs.10/-each) (Subsidiary Company)		
CDI Media Pvt. Ltd. (Subsidiary Company)	499,940	-
Investment in Foreign Subsidiary Companies	4,914,800	-
Eternal Love	201,661,257	200,891,357
Futebol	329,683,749	328,984,324
	<u>561,078,746</u>	<u>563,798,681</u>
<b>SCHEDULE - I</b>		
<b>SUNDRY DEBTORS</b>		
Less than six months	-	137,941,879
More than six months	146,050,006	188,945,333
HSI IDC	(86,794)	86,794
	<u>145,963,212</u>	<u>326,974,006</u>
Less : Provision for Bad & Doubtful Debts	-	180,924,000
Closing Balance	<u>145,963,212</u>	<u>146,050,006</u>

(Amount in Rs.)

PARTICULARS	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - J</b>		
<b>OTHER CURRENT ASSETS</b>		
Cash and Bank Balances	2,305,578	9,328,806
HDFC-Unpaid Dividend Account	1,976,584	1,997,533
Advance-Directors	22,311,052	24,917,236
Films Rights in Stock	460,663,000	460,663,000
Loans/Film Finance	44,843,938	94,374,738
Paradox Media Pvt Ltd	12,577,031	13,524,789
Prepaid Expenses	62,527	62,682
Security Deposits	1,027,375	1,027,375
Security-KINFRA Land	1,358,400	1,358,400
Radiant Films Ltd.	60,800,260	60,151,660
Prime Licenciamentos EP Ltd.	-	4,931,000
Premier Brands Pvt. Ltd.	1,385,011	6,285,011
Laser Infomedia Ltd.	21,830,787	-
Kanta Seengal Educational Foundation	620,000	-
Global Resorts & Spa Ltd.	570,400	-
Advance for Equipments	10,000,000	10,000,000
V C Hunt Advisor Pvt Ltd.	1,500,000	-
CDI Media LLC, USA	91,352	-
Imprest	174,150	-
Raman Gandhi	75,000	-
Investment - IT Park Chandigarh	763,065	15,334,137
Investment - Kinfra Project	1,997,363	1,997,363
	<b>646,932,873</b>	<b>705,953,731</b>

**SCHEDULE - K****CURRENT LIABILITIES & PROVISIONS**

Sundry Creditors	56,445,964	56,445,964
Beetal Fin. & Computer System Ltd.	52,931	26,252.00
Rashmee Seengal	3,474,220	-
Expenses Payable	40,250	484,458
Advance & Deposits	2,600,000	2,600,000
Advance Against Rent	202,266	-
TDS Payable	41,582	714,464
Salary & Wages Payable	834,883	4,862,176
Shareholders Account for Advertisements	-	6,529
Dividend and Dividend Tax Payable	44,788,026	44,788,026
Unpaid Dividend	1,976,584	1,997,533
Provision for Taxation	36,270,847	36,950,925
Rent Payable	1,090,125	860,625
CICB Consulting Group.	10,852,000	10,852,000
Listing Fees Payable	373,708	316,000
Audit Fees Payable	35,000	35,000
KPMG Ltd.	-	477,959
FCCI	40,000	-
	<b>159,118,386</b>	<b>161,417,911</b>

**COMPACT DISC INDIA LTD.**

PARTICULARS	Amount in (Rs.)	
	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>SCHEDULE - L</b>		
<b>INCOME FROM OPERATIONS/OTHER INCOME</b>		
Income from Operations	-	2,269,589,879
Animation Income (Non-Film)	-	12,020,000
Other Income	44,95,588	150,121
	<u>44,95,588</u>	<u>2,281,760,000</u>
<b>SCHEDULE - M</b>		
<b>PROJECT DEVELOPMENT EXPENSES</b>		
Project Development Expenses - Outsourcing	-	1,781,114,000
	<u>-</u>	<u>1,781,114,000</u>
<b>SCHEDULE - N</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Advertisement & Publicity	252,629	373,124
News Papers/Books & Periodicals	3,061	3,170
Business Promotion	55,410	89,816
Consultancy Charges	-	99,270
Traveling Expenses	397,366	677,583
Telephone & Communication	179,643	249,748
Electricity & Water Charges	72,378	58,413
Auditors' Remuneration	35,000	35,000
Legal & Professional Charges	256,500	987,744
Listing Fees/ Membership Fees	255,294	173,674
Salary & Wages	6,685,754	14,015,770
Staff Welfare	57,870	46,870
Postage & Telegram	114,614	171,410
Printing & Stationary	192,583	277,925
Rent	229,500	229,500
Office Running & Maintenance	26,806	30,541
Vehicle Running & Maintenance	199,704	216,781
Insurance Premium	117,618	154,179
Depository Expenses	90,930	79,146
Rate Fee & Taxes	13,929	10,049
Loan Processing Fee PNB	1,825,468	-
Other Expenses	1,260,000	-
	<u>12,322,056</u>	<u>17,979,713</u>
<b>SCHEDULE - O</b>		
<b>FINANCIAL CHARGES</b>		
Interest	1,653,969	80,955
Bank Charges	25,973	16,211
	<u>1,680,942</u>	<u>97,166</u>

## SCHEDULE - P

### NOTES ON ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

- a) **Accounting Convention:** The accounts are prepared under the historical cost convention and materially complied with mandatory accounting standards.
- b) **Recognition of Income & Expenditure:** Items of Income and Expenditure are recognized only on accrual basis unless referred otherwise.
- c) **Fixed Assets:** The fixed assets are stated at historical cost including directly attributable costs of bringing the assets to their working condition.
- d) **Depreciation:** Depreciation is provided on fixed assets on straight line method, pro rata basis as per rates prescribed in schedule XIV of the Companies Act, 1956. Depreciation on Assets Disposed/Acquired during the year has been provided on month end balances.
- e) **Inventories:** There are no inventories.
- f) **Foreign Currency Transactions:** Foreign Currency Transactions are recorded at the exchange rate prevailing on the date of transaction.
- g) **Tax on Income:**
  - (i) Current Corporate Tax is provided on the basis of profit for the year after considering applicable tax rates and laws.
  - (ii) Deferred Tax is provided on timing differences between tax and accounting treatments that originate in one period and are expected to be reversed or settled in subsequent periods. Deferred Tax Assets and Liability are measured using the enacted or substantively enacted tax rates for continuing operations. Deferred Tax Assets are reviewed only if there is reasonable certainty that they will be realised and are reviewed for there respective carrying value at each balance sheet date.
- h) **Earning Per Share:** In determining Earning Per Share (EPS), the company considers the net profit before tax and net profit after tax. The number of shares used in computing basic and diluted EPS is the weighted average number of shares outstanding during the period.
- i) **Contingent Liabilities:** Contingent Liabilities are not provided and are disclosed in the notes to accounts.

#### 2. NOTES ON ACCOUNTS

- a) Figures of previous year have been regrouped and reclassified wherever necessary to make them comparable.
- b) The current assets and loans and advances are approximately of the value stated in the Balance Sheet, if realized in the ordinary course of business.
- c) **Related Party Transactions:**

As per Accounting Standard (AS-18) 'Related Party Disclosures', notified in the Companies (Accounting Standards) Rules-2006, the disclosure of Transactions with the related parties are given below:

##### (i) Key Management Personal:

Sr. No.	Name of Related Party	Relationship
1	Suresh Kumar	Chairman of the Company
2	Rashmee Seengal	Director



## COMPACT DISC INDIA LTD.

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**(ii) Indian Subsidiary Companies:**

1. CDI Infrastructure Pvt. Ltd. (Earlier known as Paradox Media Pvt. Ltd.)
2. CDI Media Pvt Ltd
3. CDI Education Ltd

**Foreign Subsidiary Companies:**

1. CDI Media LLC, USA
2. CDI Media Ltd.

**(iii) Associate Companies:**

1. Interactive Creative Media Pte. Ltd., Singapore  
(Now known as Golden Games Pte. Ltd)
2. Premier Brands Pvt. Ltd.

**(iv) Transactions with related party: Nil**

**d) Auditor's Remuneration**

	Current Year (Rs.)	Previous Year (Rs.)
As Statutory Auditor	35,000	35,000

- e) The balances of sundry debtors and sundry creditors are subject to confirmation by the respective parties. The figures included in the financial statements are as certified by management.
- f) All receipts and expenditures(including traveling expenses) received / incurred in foreign currency have been properly accounted in respective heads i.e. Income From Operations, Project Development Expenses and Traveling Expenses (Head Office).
- g) There was no revenue generated from own film production business during the year.
- h) The accounting of investment in Films has been made as per International Accounting Standards.
- i) As per Accounting Standards 21 on "Consolidated Financial Statements" issued by ICAI the company has presented consolidate financial separately including subsidiary, in this annual return.
- j) Deferred Tax Adjustment for the current year amounted to Rs. 163172.89
- k) Additional information pursuant to provision of part II of schedule VI of the Companies Act, 1956 (to the extent applicable). The income from operation of the Company comprises of to develop, produce and market animation films. The nature of which is such that it is not possible to give details regarding capacity, quantitative details of turnover, purchase and stocks.

- l) There was not any employee who was paid remuneration exceeding the prescribed limit under section 217 (2A) of the Companies Act, 1956 during the year.
- m) Two entries in the name of Enternal Love amounting to Rs.201,661,257/- and Futebol Rs.329,683,749/- re-classified under the head of investments by shifting from other current assets.
- n) Total demand of Rs.688,875,185/- raised by the ITAT for Assessment Year 2007-08 Rs.441,524,048/- and for Assessment Year 2008-09 Rs.247,351,137/- against which the proceedings are pending before authorities.

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

**For Suresh Goyal & Associates  
Chartered Accountants**

Sd/-  
(CA Suresh K. Goyal)  
Membership No. 084153

Place : Chandigarh  
Dated : August 12, 2011

**For and on behalf of Board of Directors**

Sd/-  
Suresh Kumar  
Chairman & Managing  
Director

Sd/-  
Santosh Grover  
Director

**COMPACT DISC INDIA LTD.**

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

<b>1. Registration Details</b>		
Registration No. 12254		State Code 53
Balance Sheet Date	31-03-2011	
<b>2. Capital Raised During the Year (Amount in Rs. Thousand)</b>		
	Public Issue	Right Issue
	NIL	NIL
	Bonus Issue	Private Placement
	NIL	NIL
		Preferential Allotment
		Nil
<b>3. Position of Mobilization and Deployment of Funds (Amount in Rs. Thousand)</b>		
	Total Liabilities	Total Assets
	1,222,948	1,222,948
<b>SOURCE OF FUNDS</b>		
	Paid-up Capital	Reserve & Surplus
	95,705	929,041
	Secured Loans	Unsecured Loans
	173,711	22,500
<b>APPLICATION OF FUNDS</b>		
	Net Fixed Assets	Investments
	28,092	561,079
	Net Current Assets	Misc. Expenditure
	633,778	NIL
	Accumulated Losses	
	NIL	
<b>4. Performance of Company (Amount in Rs. Thousand)</b>		
	Turnover including other income	Total Expenditure
	4,496	15,925
	Profit/Loss before Tax	Profit/Loss After Tax
	(11,429)	(11,266)
	Earnings per Share (in Rs.)	Dividend Rate
	-1.19	N.A.
<b>5. Generic Names of Three Principal Products/Services of Company (As per Monetary Terms)</b>		
Item Code No. (ITC Code)		
Product Description		Animation Films & Outsourcing

As per our separate report of even date attached

**For Suresh Goyal & Associates  
Chartered Accountants**

Sd/-  
(CA Suresh K. Goyal)  
Membership No.084153

Place : Chandigarh  
Dated : August 12, 2011

**For and on behalf of Board of Directors**

Sd/-  
Suresh Kumar  
Chairman & Managing  
Director

Sd/-  
Santosh Grover  
Director

### Financial Information of Subsidiary Companies

Name of Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover Total Income	Profit before Taxation	Provision for Taxation	Profit after Taxation	Country
CDI Infrastructure Pvt. Ltd. (formerly known as Paradox Media Pvt. Ltd.)	INR	17000000	-	29577031	29577031	-	-	(820033)	-	(820033)	India
CDI Media Pvt. Ltd.	INR	500000	-	500000	500000	-	-	-	-	-	India
CDI Education Ltd.	INR	500000	-	500000	500000	-	-	-	-	-	India
CDI Media Ltd. (Foreign company)	INR	446800	-	523058168	523058168	2687938412	518590168	-	-	-	
CDI Media LLC. (Foreign company)	INR	446800	-	446800	446800	-	-	-	-	-	

**COMPACT DISC INDIA LTD.**

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**AUDITOR'S REPORT**

On Consolidated Financial Statements

To the Board of Directors  
Compact Disc India Ltd.

We have examined the attached consolidated Balance Sheet of Compact Disc India Ltd. ("the company") and its subsidiary as at March 31, 2011 and the Consolidated Profit and Loss Account for the year then ended annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date. 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 report that the consolidated financial statements have been prepared by the company in accordance with the requirement of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the company and its subsidiaries included in the consolidated financial statements,

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of the company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in the conformity with the accounting principles generally accepted in India:

- a) In the case of consolidated Balance Sheet, of the consolidated state of affairs of the company and its subsidiaries as at March 31, 2011;
- b) In the case of Consolidated Profit and Loss Account, of the consolidated result of operations of the company and its subsidiaries for the year then ended and
- c) In the case of the Consolidated Cash Flow Statements, of the consolidated cash flows of the company and its subsidiaries for the year then ended.

Place : Chandigarh  
Dated : August 12, 2011

**For Suresh Goyal & Associates**  
**Chartered Accountants**  
**Sd/-**  
**(CA Suresh K. Goyal)**  
**Membership No.084153**

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

(Amount in Rs.)

<b>PARTICULARS</b>	<b>Schedule</b>	<b>As at 31.03.2011</b>	<b>As at 31.03.2010</b>
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	<b>A</b>	95,879,060	95,775,000
Convertible Warrants	<b>B</b>	1,400,000	1,400,000
Reserve & Surplus	<b>C</b>	1,445,991,424	940,220,926
Deferred Tax Liability	<b>D</b>	1,227,111	754,296
Secured Loans	<b>E</b>	173,711,013	194,990,453
Unsecured Loans	<b>F</b>	22,500,000	27,000,000
		<u>1,740,708,608</u>	<u>1,260,140,675</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets (Gross Block)</b>	<b>G</b>	68,809,749	55,140,897
Less: Depreciation		14,834,035	12,358,103
Net Block		<u>53,975,714</u>	<u>42,782,794</u>
<b>Investments</b>	<b>H</b>	538,338,006	536,868,681
<b>Current Assets, Loans &amp; Advances</b>			
Sundry Debtors	<b>I</b>	669,306,167	146,298,256
Other Current Assets	<b>J</b>	638,773,727	697,622,050
<b>Less: Current liabilities &amp; Provisions</b>	<b>K</b>	161,091,299	164,405,598
Net Current Assets		<u>1,146,988,595</u>	<u>679,514,707</u>
Preoperative Expenses		1,406,294	974,492
<b>Notes to Accounts</b>	<b>P</b>	<u>1,740,708,608</u>	<u>1,260,140,675</u>

The Schedules form integral part of the financial statements

As per our separate report of even date attached

**For Suresh Goyal & Associates**  
**Chartered Accountants**

Sd/-  
(CA Suresh K. Goyal)  
Membership No. 084153

Place : Chandigarh  
Dated : August 12, 2011

**For and on behalf of Board of Directors**

Sd/-  
Suresh Kumar  
Chairman & Managing  
Director

Sd/-  
Santosh Grover  
Director

