



**CINERAD COMMUNICATIONS LIMITED**

TWENTY FOURTH
A N N U A L
R E P O R T
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## **CINERAD COMMUNICATIONS LIMITED**

### **BOARD OF DIRECTORS**

**DIWAKAR GANDHI**

(CHAIRMAN)

**ABHINEET GUPTA**

(MANAGING DIRECTOR)

**MUKESH PATHAK**

(DIRECTOR)

**S.C.SACHDEVA**

(DIRECTOR)

**ASHOK KUMAR BANSAL**

(COMPANY SECRETARY)

### **AUDITORS**

RASTOGI NARAIN & CO.

Chartered Accountants

### **BANKERS**

AXIS BANK LTD.

### **REGISTERED OFFICE**

G-3, Bombay Market Apartments Co-Op Society Limited

78, Tardeo Road, Tardeo

Mumbai - 400034

### **CORPORATE OFFICE**

B-19, First Floor

Greater Kailash Enclave Part-1,

New Delhi – 110048.

### **REGISTRAR AND SHARE TRANSFER AGENTS**

System Support Services

209, Shivai Industrial Estate

89, Andheri Kurla Road

Sakinaka, Near L.I.C

Mumbai-400072



## NOTICE

Notice is hereby given that the 24<sup>th</sup> Annual General Meeting of the Members of CINERAD COMMUNICATIONS LIMITED will be held at Kilachand Conference Room, 2nd Floor, India Merchant Chambers Building, IMC Marg, Chrchugate, Mumbai-400 020, on Tuesday , 28<sup>th</sup> September, 2010 at 10.00 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To consider, approve and adopt the Audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended March 31, 2010 and the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mukesh Pathak who retires by rotation and being eligible offer himself for re appointment.
3. To appoint M/s Rastogi Narain & Co, Chartered Accountants, as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the board of directors to fix their remuneration.

### Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing a proxy should, however, be deposited at the registered office of the company not less than 48 hours before the commencement of this meeting. A proxy shall not vote except on a poll. A proxy form is appended with the admission slip.  
Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
2. The Register of Members and the Share Transfer Registers of the Company will remain closed on 28.09.2010.
3. Members are requested to notify change of address, if any, (a) to their respective Depository Participant in case of shares held in electronic form and (b) to the Company's Registrars & Share Transfer Agents, M/s System Support Services, 209, Shivai Industrial Estate, 89 Andheri Kurla Road, Sakinaka, Near L.I.C., Mumbai- 400 072, in case of shares held in physical form.
4. Any Member desirous of obtaining any information pertaining to the Accounts may forward such queries in writing to the Accounts Department at the Corporate Office of the Company at least 10 days prior to the Meeting in order to enable the Company to keep the information ready to the extent possible.
5. Members or their Authorized Representatives/Proxies are requested to bring their copies of Annual Report at the Meeting.

For and on behalf of the Board of Directors

Ashok Kumar Bansal  
Company Secretary

Registered Office:  
G-3, Bombay Market Apartments  
78, Tardeo Road  
Mumbai- 400 034  
Dated: 04.08.2010

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

#### **1. Mr. Mukesh Pathak**

Mr. Mukesh Pathak, aged 60 years, is a chartered Accountant; He has an overall experience of more than 32 years in the field of Finance, Accounts and Logistics etc.

#### **Directorship held in other Companies**

i) M. S. Support Services Pvt. Ltd.

#### **Membership in committees in other Companies**

Nil

## DIRECTORS' REPORT

Dear Members

Your Directors present the 24<sup>th</sup> Annual Report of the Company along with the Audited Accounts for the year ended 31st March 2010.

### **FINANCIAL RESULTS**

The financial results of the company are as under:

	Year ended 31-03-2010	(Rs.in Lakhs) Year ended 31-03-2009
Loss before depreciation and taxation	(56.40)	(43.84)
Less: Depreciation	19.38	18.74
Less: Provision for Taxation	-	1.17
Profit/(Loss) after depreciation & Tax	(75.78)	(63.75)
Balance brought forward from previous yr.	(629.57)	(565.82)
Balance carried forward	(705.35)	(629.57)

In view of losses incurred, the Directors do not recommend payment of dividend for the year ended 31-03-2010.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **Business Overview**

##### **Industry Structure and Development**

India has experienced rapid Growth in recent years India's GDP grew at 9.4%, 6.7% and 7.4% in fiscal 2008, 2009 and 2010 respectively. In the current fiscal, Industrial growth was driven by robust performance from Agriculture, Industry and Services sector.

##### Entertainment Industry

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

The Indian Media and Entertainment (M&E) industry stood at US\$ 12.9 billion in 2009 registering a 1.4 per cent growth over last year, according to a joint report by KPMG and an industry chamber. Over the next five years, the industry is projected to grow at a compound annual growth rate (CAGR) of 13 per cent to reach the size of US\$ 24.04 billion by 2014, the report stated. Additionally, the gaming segment is expected to be the fastest growing sector in the M&E industry. The sector showed a 22 per cent growth in 2009 and is expected to grow at a CAGR of 32 per cent to reach US\$ 705.2 million by 2014, while the animation segment is expected to record a CAGR of 18.7 per cent in the next five years as per the joint report.

International media giants are all vying for a stake in the segment. In the last few years, lot of foreign direct investment (FDI) has flowed into the sector and the Government approved the proposals.

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

#### **Performance**

Your Company has, in the previous year, not done much activity on operation side.

During the year under review, the Company has a total income of Rs.10.26 lakhs as against Rs. 29.17 lakhs in the previous year. The Company has made an operating loss during the year of Rs. 56.40 lakhs, as against an operating loss of Rs. 43.84 lakhs for the previous year. However, the loss after depreciation and taxation for the year is Rs. 75.78 lakhs, as against a loss after depreciation and taxation of Rs. 63.75 lakhs for the previous year.

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

#### **Outlook**

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

**Segment-wise Reporting**

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

**Internal Control & Systems**

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

**Personnel**

Relations with employees remained cordial during the year. The total number of people employed in the Company on an average, during the year under review, was 11.

**Forfeiture of warrants**

The company has forfeited Rs. 1,05,00,000( One Crore Five lakhs only) which was received as 10% upfront payment towards allotment of 75,00,000 convertible warrants of Rs.10/- each at the premium of Rs.4 per warrant , due to non-payment of balance 90% payment within 18 months from the date of allotment of warrants.

**Cautionary Statement**

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

**Fixed Deposits**

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

**Directors**

Mr. Mukesh Pathak who was appointed as director & is liable to retire by rotation during the year is being eligible offer himself for reappointment. Your Directors recommend his reappointment.

***DIRECTORS' RESPONSIBILITY STATEMENT***

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

- In the preparation of annual accounts the applicable accounting standards have been followed;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31<sup>st</sup> March, 2010 and the loss of the company for the year;
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the annual accounts on a 'going concern' basis.

**COMPLIANCE CERTIFICATE**

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

**AUDITORS**

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

**PARTICULARS OF EMPLOYEES**

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

**INFORMATION PURSUANT TO SECTION 217(1)(e)**

Provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in

the Report of the Board of Directors) Rules, 1988 are not applicable to the Company, in respect of Conservation of Energy and Technology Absorption and Research & Development.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Amount in Lakhs) 31-03-2010	(Amount in Lakhs) 31-03-2009
Total Foreign exchange earned	NIL	NIL
Total Foreign exchange used	NIL	4.52

#### ACKNOWLEDGEMENT

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Diwakar Gandhi  
Chairman

Place: New Delhi  
Date: 29.05.2010



## **CORPORATE GOVERNANCE REPORT**

(Pursuant to Clause 49 of the Listing Agreement)

### **Company's philosophy on Corporate Governance**

At Cinerad Communications Ltd. it is our belief that our corporate governance standards must be at par with best practices worldwide. The Company endeavors to comply corporate governance by adherence with utmost transparency, disclosures and fairness etc. Good corporate Governance is the ongoing process. The Company is listed on the Bombay Stock Exchange and has complied in all material respects with the features of corporate governance as specified in the Listing Agreement.

### **Board of Directors**

During the year under review, 6 Board Meetings were held on the following dates: June 29, 2009; July 30, 2009; August 25, 2009; October 30, 2009; January 15, 2010; January 30, 2010.

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

Name of Director	Category	F.Y.2009-10 Attendance at		No. of Directorships	As Committee Chairman	Positions as Member
		BM	Last AGM			
Mr. Diwakar Gandhi	Director Non-Executive	06	Yes	02	02	03
Mr. Abhineet Gupta	Director Executive	06	Yes	Nil	00	00
Mr. Mukesh Pathak	Independent Non-Executive	04	No	Nil	01	03
Mr. S. C. Sachdeva	Independent Non-Executive	04	No	Nil	00	03

### **Audit Committee**

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

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

During the period under review the audit committee met on four occasions:

June 29, 2009; July 30, 2009; October 30,2009, January 30,2010

### **Attendance of each Member at the Audit Committee meetings held during the year**

<b>Name of the Committee Member</b>	<b>No. of meetings held</b>	<b>No. of meetings attended</b>
Mr. Mukesh Pathak	4	2
Mr. Diwakar Gandhi	4	4
Mr. S.C.Sachdeva	4	2

### **Remuneration Committee**

The company has set up a Remuneration Committee comprising of 3 members – Mr. Diwakar Gandhi, Mr. S.C.Sachdeva and Mr. Mukesh Pathak to look into the matter related to the payment of remuneration to directors. Mr. Diwakar Gandhi has been elected as Chairman. All the members of Remuneration Committee have good exposure to finance as well as general management.