



**CINERAD COMMUNICATIONS LIMITED**

TWENTY FIFTH
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**

Premises No. 55, Ground Floor, Om Heera Panna Premises Co-op. Society Ltd.

Oshiwara, Andheri(W), Mumbai,

Maharashtra-400053

### **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 25<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, Chruchgate, Mumbai-400 020, on Tuesday, 27<sup>th</sup> September, 2011 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, 2011 and the Profit and Loss Account for the year ended March 31, 2011 and the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S.C.Sachdeva 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.

### SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:-  
"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the Company hereby accords its approval for re-appointment of Mr. Abhineet Gupta as Managing Director of the Company for a period of three years with effect from 29<sup>th</sup> July 2011 till 28<sup>th</sup> July 2014, upon the terms & conditions including remuneration as minimum remuneration in the case of loss or inadequacy of profits in any financial year as set out in the explanatory statement, annexed to the notice convening this annual general meeting which shall be deemed to form part thereof with liberty to the Board of Directors of the Company ( hereinafter referred to as "the Board" which term shall be deemed to include any committee of the board constituted to exercise its power including powers conferred by this resolution) to alter and vary the terms and conditions of the Agreement in such manner as may be agreed to between the Board and Mr. Abhineet Gupta and in accordance with the applicable provisions of the Act and any amendment thereto or re-enactment thereof.  
"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem desirable, necessary, expedient, usual or proper to implement this resolution."

For and on behalf of the Board of Directors

Ashok Kumar Bansal  
Company Secretary

Date: 28.07.2011

Registered Office:  
Premises No. 55, Ground Floor,  
Om Heera Panna Premises Co-op. Society Ltd.,  
Oshiwara, Andheri(W), Mumbai,  
Maharashtra- 400053

### Notes:

1. Explanatory Statement setting out all material facts relating to special business contained in Item No. 4 as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing a proxy should, however, be deposited at the registered office of the company not less than 48 hours before the commencement of this meeting. A proxy shall not vote except on a poll. A proxy form is appended with the admission slip.
3. 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.
4. The Register of Members and the Share Transfer Registers of the Company will remain closed on 27.09.2011
5. Members are requested to notify change of address, if any, (a) to their respective Depository Participant in case of shares held in electronic form and (b) to the Company's Registrars & Transfer Agents, M/s System Support Services, 209, Shivai Industrial Estate, 89 Andheri Kurla Road, Sakinaka, Near L.I.C., Mumbai- 400 072, in case of shares held in physical form.

6. 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.
7. Members or their Authorized Representatives/Proxies are requested to bring their copies of Annual Report at the Meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:**

**ITEM NO. 4**

Mr. Abhineet Gupta was earlier appointed as a Managing Director of the company with effect from 30<sup>th</sup> August 2008 which was approved by the member's resolution passed at 22<sup>nd</sup> Annual General Meeting held on 27<sup>th</sup> September 2008. Upon the expiry of the current term the Board of Directors, at their meeting held on 28<sup>th</sup> July 2011, re-appointed Mr. Abhineet Gupta as Managing Director of the Company for a further period of three years with effect from 29<sup>th</sup> July 2011, subject to the approval of the shareholders in a general meeting on the following terms and conditions.

**1. Tenure:**

The appointment of Mr. Abhineet Gupta as Managing Director shall be for a period of three years from 29<sup>th</sup> July 2011. Mr. Abhineet Gupta shall be a non- rotational director till he is managing director of the company.

**2. Overall Remuneration :**

Subject to the provision of Section 198, 269 & 309 and other applicable provisions, if any, of the Companies Act 1956, the remuneration payable to the Managing Director in any financial year shall not exceed 5% (five percent of the net profit of the company) or such other limits as may be specified under the relevant legislation prevailing from time to time. Within the aforesaid ceiling, the remuneration payable to him shall be as follows:

**a. Salary**

The basic salary of Mr. Abhineet Gupta shall be in the range of Rs.25000/- to 50,000/- per month. The current salary of the Managing Director would be 28000/- per month which may be increased up to Rs 50,000/- per month by the Board of Directors of the company depending upon the performance and merit.

**b. Perquisites**

- i. In addition to above remuneration the Managing Director shall also be entitled to perquisites like furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel assistance for self and family, club fees, medical insurance etc. in accordance with the rules of the company.
- ii. Valuation of perquisites shall be done as per the Income Tax Rules, wherever applicable. In the absence of any such Rule, the perquisites shall be evaluated at actual cost.

**c. Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund shall be as per rules of the Company.**

**d. Gratuity:**

One half months salary for each completed year of service in accordance with the rules of the company.

**3. Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956 as may be amended from time to time.

**4. Functions**

Subject to the superintendence, control and direction of the Board of Directors of the Company the Managing director shall have substantial powers of management including day to day affairs of the Company and shall exercise other duties and functions as may be delegated/ assigned to him by the Board of Directors/ Committee of Directors from time to time.

**5. Sitting Fee**

He shall not be paid any sitting fee for attending the Meeting of Board or Committee thereof.

6. He shall not, so long as he functions as a Managing Director, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company. This Explanatory Statement together with the accompanying Notice may be regarded as an abstract of terms of contract or variations and memorandum of concern or interest under Section 302 of the Companies Act, 1956. The Board of Directors recommends the resolution for approval of Members. Apart from Mr. Abhineet Gupta no other director be deemed to be considered as interested in the resolution.



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

**1. Mr. S.C.Sachdeva**

Mr. S.C.Sachdeva, aged 65 years, is M.Tech from IIT Kanpur. He has an overall experience of more than 37 years in the Petroleum Sector.

**Directorship held in other Companies**

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

**Membership in committees in other Companies**

Nil

**2. Mr. Abhineet Gupta**

Mr. Abhineet Gupta, aged 32 years, is a Master in Commerce from Mohanlal Sukhadiya University. He has an overall experience of over 10 years in the field of Finance, Accounts.

**Directorship held in other Companies**

- i) Mount Arrawali Financial Services Pvt. Ltd.
- ii) Riverbank Hotels Pvt. Ltd.
- iii) Riverwood Infrastructure Pvt. Ltd.
- iv) Indiaemerging Alternate energy Pvt. Ltd.
- v) Anurag Fincap Services Pvt. Ltd.

**Membership in committees in other Companies**

Nil

## DIRECTORS' REPORT

Dear Members

Your Directors present the 25<sup>th</sup> Annual Report of the Company along with the Audited Accounts for the year ended 31st March 2011.

### FINANCIAL RESULTS

The financial results of the company are as under:

	Year ended 31-03-2011	(Rs.in Lakhs) Year ended 31-03-2010
Profit /Loss before depreciation and taxation	23.72	(56.40)
Less: Depreciation	20.01	19.38
Less: Provision for Taxation	-	-
Profit/(Loss) after depreciation & Tax	3.71	(75.78)
Balance brought forward from previous yr.	(705.35 )	(629.57)
Balance carried forward	(701.64 )	(705.35)

In view of Negligible profit, the Directors do not recommend payment of dividend for the year ended 31-03-2011.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Business Overview

##### Industry Structure and Development

Going by figures, India GDP has already crossed the trillion-dollar mark, other peers in this sphere being US, Japan, Germany, China, UK, France, Italy, Spain, Canada, Brazil and Russia. India's GDP (purchasing power parity) in 2010 was \$4.046 trillion & GDP - composition by sector was Services: 55.3%, Industry: 28.6% Agriculture: 16.1%. Economic growth, as measured by the Gross Domestic Product, improved to 8.5 per cent in 2010-11 from 8 per cent in 2009-10 due to better farm output and construction activities and financial services performance.

##### Growth Forecast for Media & Entertainment Industry

The Media and Entertainment (M&E) industry is one of the fastest growing sectors in India. The industry primarily involves the creation, aggregation and distribution of content, products and services, news and information, advertising and entertainment through various channels and platforms such as Television, Print, Radio, and Films. Poised to grow at a compounded rate of 14 per cent to touch US\$ 28 billion by 2015, the sector registered a growth of 11 per cent in 2010 over 2009 garnering US\$ 14.54 billion in revenue, according to a report released by KPMG and a leading industry body in March 2011. The report estimates the industry to achieve 13 per cent growth rate in 2011. While television and print continued to dominate the Indian M&E industry, sectors such as gaming, digital advertising, and animation VFX grew at a faster rate and show tremendous potential in the coming years. In 2010, advertising spends grew by 17 per cent to US\$ 5.93 billion and accounted for 41 per cent of overall industry size. Revenues from television advertising and subscription are expected to touch US\$ 4.8 billion and US\$ respectively during 2015, according to the report.

##### 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.76.93 lakhs as against Rs. 10.26 lakhs in the previous year. The Company has made an operating profit during the year of Rs. 23.72 lakhs, as against an operating loss of Rs. 56.40 lakhs for the previous year. However, the Profit after depreciation and taxation for the year is Rs. 3.71 lakhs, as against a loss after depreciation and taxation of Rs. 75.78 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 10.

### 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. S.C.Sachdeva 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, 2011 and the profit 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 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

	31-03-2011	(Amount in Lakhs) 31-03-2010
Total Foreign exchange earned	NIL	NIL
Total Foreign exchange used	NIL	NIL

**ACKNOWLEDGEMENT**

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

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Diwakar Gandhi**  
Chairman

Place: New Delhi  
Date: 30.05.2011