



InterWorld

DIGITAL CINEMA

Redefining

# NexGen 3D Entertainment



100 Years Bollywo

## Interworld Digital Ltd.

Digital Cinema - Mobile Communication - New Media



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# **CORPORATE INFORMATION'S**

## **BOARD OF DIRECTORS**

Mr. Man Mohan Gupta

Mr. Peeyush Kumar Aggarwal

Mr. Shiv Nandan Sharma

Mr. Sanjay Kumar Gupta

Managing Director

Director

Director

Director

## **COMPANY SECRETARY**

Ms. Heena Jain

Company Secretary & Compliance Officer

## **AUDITORS**

M/s . RMA & Associates,  
Chartered Accountants

## **BANKERS**

Vijaya Bank  
Bank of India

## **REGISTERED OFFICE**

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

## **CORPORATE OFFICE**

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

## **REGISTRAR & SHARE TRANSFER AGENTS**

Skyline Financial Services Private Limited

D-153/A, 1st Floor , Okhla Industrial Area, Phase -1 , New Delhi-110020.

# LETTER TO SHAREHOLDERS

To

**Dear Fellow Shareholders,**

It gives me immense pleasure to communicate with you on the occasion of the Seventeenth Annual General Meeting, scheduled to be held on 29th September, 2012.

I am happy to inform that your company has achieved an impressive performance in 2011-12. We want to sustain this progress to ensure that the company continues on its growth trajectory.

The Current economic environment requires a quest to succeed against odds and pursuit for efficiency in everything we do.

Your Company, continue to emerge stronger through constant innovation, Services launches, marketing and creating relationship with consumers on an ongoing basis .We have further added Services in line with our philosophy to being a trusted Advertisement brand. We would please to know that the consumers have warmly accepted the Services. We apprehend a similar growth trajectory in the current year as well. I am happy to share with you some important milestones that your company reached pursuit of its vision.

You would be pleased to know that apart from the Digital Cinema, Company has focused on Digital Advertising. Your company is now empanelled with DAVP, Ministry of Information & Broadcasting to accept the advertisement from various Govt. Departments and Ministries. Your Company has also got ISO 9001:2008 Certification in Social Media and Digital Advertising. We have also tied up with Master Image 3D, PLC. UK for providing 3D system in India to the theaters.

As in the past, I, on behalf of our entire team, assure you of our singular commitment to the growth of Company with ethics and integrity.

I would like to thank the Board for the imagination, the Employees for the inspiration and the shareholders for their support to help us stay focused on building a company that keeps on delivering strong results year on year and in all its endeavors, stays Committed, Confident and keeps Creating Quality and Winning Trust.

I look forward to your continuing patronage and trust in our mission.

Sd/-

**Man Mohan Gupta**  
**(Chairman & Managing Director)**

# NOTICE

**NOTICE IS HEREBY GIVEN THAT THE 17TH ANNUAL GENERAL MEETING OF THE MEMBERS OF INTERWORLD DIGITAL LIMITED WILL BE HELD ON SATURDAY, THE 29TH DAY OF SEPTEMBER, 2012, AT 701, ARUNACHAL BUILDING, 19, BARAKHAMBHA ROAD, CONNAUGHT PLACE, NEW DELHI-110 001 AT 09:30 A.M. TO TRANSACT THE FOLLOWING BUSINESS:**

## **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the company as on 31st March, 2012, Profit & Loss Account for the financial year ended on that date and the Reports of the Board of Directors & Auditors thereon.
2. To appoint a Director in place of Mr. Shiv Nandan Sharma, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors of the Company and in this connection to consider, and, if thought fit, to pass the following resolution, as an Ordinary Resolution:

“RESOLVED THAT M/s RMA & Associates, Chartered Accountants, New Delhi, the Company's retiring auditors, being eligible and offering themselves for reappointment, be and are hereby reappointed as the Statutory Auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company.”

## **SPECIAL BUSINESS:**

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

“RESOLVED THAT pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956 and other enabling provisions, if any, consent of the members be and is hereby accorded to the Board of Directors of the Company for borrowing any sum or sums of moneys for and on behalf of the Company, from time to time from any one or more persons, firms, bodies corporate, bankers, financial institutions, or from others by way of advances, deposits, loans or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties, whether movable or immovable or stock-in process and debts and advances notwithstanding that the sum or sums of moneys so borrowed together with moneys, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves which have not been set apart for any specific purpose, provided that the total amount upto which the moneys maybe borrowed shall not exceed Rupees Two Hundred Crores (Rs 200 Crores) at any point of time on account of the principal.”

**For and on behalf of the Board**

**Sd/-  
Heena Jain  
(Company Secretary)**

**Place : New Delhi  
Date : 01.09.2012**

## **NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS ENCLOSED. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, relating to Special Business to be transacted at Annual General Meeting is annexed herewith.
3. The Register of Members and the Share Transfer books of the Company will remain closed on 26th September, 2012 to 29th September, 2012 (both days Inclusive) for the purpose of Annual General Meeting.
4. Members/proxies should bring their copy of the Annual Report for reference at the meeting & also the attendance slip duly filled in for attending the meeting.
5. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.
6. Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
7. Members holding equity shares in physical form are requested to notify the change of address, if any, to the Company's Registrar and Share Transfer Agent, Skyline Financial Services Private Limited. Members holding equity shares in dematerialized form are requested to notify change of their address / Bank account details with their Depository Participants.
8. The Ministry of Corporate Affairs ("Ministry") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. We therefore, request you to provide your email ID to our Registrar and Share Transfer Agent (RTA) which is Skyline Financial Services Private Limited having its Corporate Office at D-153/A, 1st Floor, Okhla Industrial Area, Phase -1, New Delhi-110020. We intend using email addresses provided by you to the Depositories viz. NSDL/CDSL and available to the Company from time to time, to send various notices/documents, etc.
9. Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary seven days in advance of the meeting so as to enable the Management to keep the information ready at the meeting.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent or the Company.
11. Under Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No.2B in duplicate (which will be made available on request) to Skyline Financial Services Private Limited.
12. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 2 P.M. to 4 P.M. upto the date of the Annual General Meeting.

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

The following Explanatory Statements, as required by Section 173 of the Companies Act, 1956, set out all Material facts relating to the business under Item No. 4 mentioned in the accompanying Notice dated 01.09.2012

##### **Item No 4.**

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board can borrow money subject to the condition that the money to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed the aggregate, for the time being, of the paid-up share capital and free reserves, that is to say, reserves not set apart for any specific purpose unless the Shareholders have authorized the Board to borrow the monies upto some higher limits.

Now, in order to finance the growth in the business of the Company (present and future), it is proposed to enhance the power of Board of Directors to borrow upto a sum not exceeding Rs.200 crores in terms of Section 293(1)(d) of the Companies Act, 1956. Hence, the approval of the members of the Company is being sought for the resolution set-out under Item no 4 by way of Ordinary Resolution.

The Board of Directors of your Company recommends the passing of the resolution set-out under Item No 4 of the Notice as Ordinary Resolutions in terms of Section 293(1)(d) of the Companies Act, 1956.

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

**For and on behalf of the Board**

**Sd/-  
Heena Jain  
(Company Secretary)**

**Place : New Delhi  
Date : 01.09.2012**





# Digital Advertising

Marketing Services for Business

On Screen Advertising

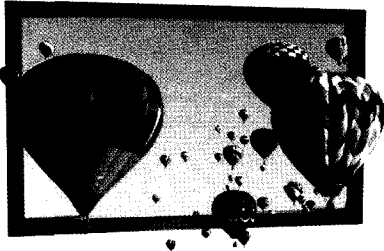
100%  
interaction  
with  
audience



Social Media Advertising

SOCIAL  
MEDIA

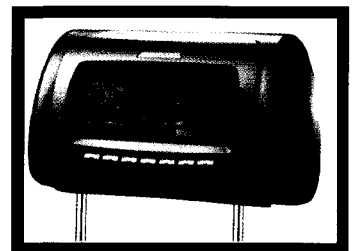
Powerful  
Than  
Print



3D Naked eye Signage



Led Advertising



LBA



idldigi is a leading provider of marketing services for business. We offer a wide range of digital advertising solutions, including social media advertising, on-screen advertising, and 3D advertising.



# DIRECTORS' REPORT

To,  
The Members,

I am privileged to present, on behalf of the Board of Directors, 17th Annual Report on the business and operations of your Company for the Financial Year ended on 31st March , 2012 together with Audited Statement of Accounts, Auditor's Report for the period ended on 31st March 2012.

## **FINANCIAL RESULTS**

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

Rs. (in Lacs)

Particulars	Current Year 2011-12	Previous Year 2010-11
Income from Operations	1152.14	1142.72
Other Income	17.39	9.27
Total Income	1169.53	1151.99
Total Expenditure	1032.87	1036.08
Profit before Depreciation, Interest & Tax (PBDIT)	136.66	115.91
Interest	3.73	-
Depreciation	93.73	77.28
Profit before tax	39.20	38.63
Provision for taxation	7.47	7.16
Deferred Tax	13.49	11.01
Profit after tax (PAT)	18.24	20.45
Profit brought forward from previous year	269.69	249.23
Balance carried to Balance Sheet	287.93	269.69
Paid-up equity share capital	783.77	738.00
Reserves & Surplus	1477.45	1429.00

## **OPERATIONS**

During the year, company was engaged in expansion of business activities and also undertook some new projects for expansion of its business activities worldwide and implementation of the same is going on. Now the Company also moved on to Digital Advertisement Segment. Digital advertising refers to marketing media that is digitally displayed.

Your directors wish to inform you that during the year under review, your Company performed well as compared to the previous year's performance. During the year under review, your company's total income was 1169.53 Lacs in as compared to Rs 1151.99 Lacs in the previous financial year. The operating profit for the year ended March 31, 2012 is Rs. 39.20 Lacs as compared to Rs. 38.63 Lacs in the preceding financial year. The profit after tax in 2011-12 is Rs.18.24 Lacs and was Rs.20.45 Lacs in 2010-11.

## **SHARE CAPITAL**

During the financial year 2011-12, there has been no change in the Authorised Share capital of the Company.

However, Board of Directors at its Meeting held on April 4, 2011 has approved the allotment of 45,77,000 Equity Shares to person belonging to promoters group. This allotment was made pursuant to conversion of

Fully Convertible Warrants into Equity Shares. Hence, as on 31.03.2012, the paid up share capital of the company is Rs. 7,83,77,000.

### **DIRECTORS**

Mr. Shiv Nandan Sharma, Director of the Company retires by rotation at the ensuing Annual General Meeting of your Company and, being eligible, has offered himself for re-appointment.

Mr. Shiv Nandan Sharma is a Science Graduate and a Fellow Member of the Institute of Chartered Accountants of India with his professional career spanning over 25 years, covering the key areas of finance, legal, strategic planning, project planning & execution. His multi-faceted professional acumen has been recognized at a Global level, through his Nomination in the 30th Edition of "Marquis Who's Who in Finance and Industry", a USA based publication. During his illustrious career he has held key positions with large corporate houses like the Oswal Group, Bhilwara Group, Polar Group, Jumbo Global Ltd. and the DCM Group. His specialization is in turn around and restructuring, with his last assignment being associated with the Madhya Pradesh Government as a nominee of MP Govt, Indian Financial Institutions and the State Bank Group. He is the Managing Director of Global IT Options Ltd. and a Director of DCM International Ltd. and Hi-End Training (P) Ltd. He headed the Parsvnath SEZ Ltd.

Your Board recommends his re-appointment.

### **PUBLIC DEPOSIT**

During the year, your Company has not accepted any Deposits under Section 58A and Section 58AA of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

### **AUDITORS**

Statutory Auditors M/s. RMA & Associates, Chartered Accountants, New Delhi retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

### **DIVIDEND**

The Board is of the view that the Company should take advantage of the tremendous growth potential. Accordingly, the directors do not recommend any dividend for the year ended March 31, 2012.

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

Pursuant to Section 217(2AA) of the Companies (Amendment Act), 2000, the Directors of your Company would like to inform the members that the Audited accounts for the Financial Year ended 31st March 2012 are in full conformity with the requirement of the Companies Act 1956. The Directors further confirm that:

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

### **PARTICULARS OF EMPLOYEES**

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

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

Information required to be provided under 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 in relation to Conservation of Energy and Technology Absorption are currently not applicable to the Company and therefore particulars in connection therewith are as under:

- Conservation of Energy- Nil
- Technology Absorption- Nil

#### **FOREIGN EXCHANGE EARNINGS & OUTGO**

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

#### **CORPORATE GOVERNANCE**

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

A separate report on Corporate Governance together with Auditors' Certificate on compliance is attached to this Annual Report as also a Management Discussion and Analysis Statement.

#### **ACKNOWLEDGEMENTS & APPRECIATION**

The Board places on record its appreciation for the continued co-operation and support extended to the Company by Banks, Stock Exchanges, NSDL and CDSL. The Board wishes to express its grateful appreciation for the assistance and co-operation received from customers, banks, auditors, legal advisors, consultants, and other business associates.

The Board deeply acknowledges the trust and confidence placed by the consumers of the Company and, above all, the shareholders. The Board of Directors would particularly like to place on record its appreciation for the dedicated efforts of the employees at all levels.

**On Behalf of the Board of Directors**

**Place : New Delhi**  
**Date : 01.09.2012**

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

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

## INDUSTRY STRUCTURE AND GROWTH

Indian film industry has witnessed the arrival of digital technology in cinema over the past two-three years. Digital cinema replaces celluloid films with digital projection. Movies are filmed and then stored on digital media such as hard disks or servers. These are then distributed through physical media such as external hdds or are transmitted to digital cinema with the help of high-speed networks (satellite or optical fiber). At cinemas, these movies are beamed using special digital projectors. This technology implies several advantages for the film industry. The theater server has the capacity to store multiple digital movies, thus allowing flexibility to run multiple movies even for single screen theaters. In addition, cost per copy of digital print-at-inr 3,500-5,000- is much less as against cost per copy of physical print, which stands at INR 65,000-70,000 (excluding the cost of the projector). Moreover this streamlines the distribution of cinema through satellite technology to geographically remote places. This reduces the scope of piracy and more number of people get to see the original print in lesser amount of time. The industry thus, could derive significant economic benefits from the digitization process.

Indian M&E industry is largely represented by the country's music and films. Where on one hand, the year 2010 saw structural shift from physical formats to digital ones, the year 2011 witnessed a wider range of viable options for music consumption through different digital platforms, on the other. The Indian music industry registered a growth of 5 per cent in 2011 over 2010, achieving revenues of Rs 9 billion (US\$ 158.66 million) in the year.

Hindi film industry is also getting experimental and international in its approach. The momentum gained in 2011 is expected to continue in 2012 wherein several high budget releases are lined up for viewers. The Indian film industry is anticipated to grow at a CAGR of 10.1 per cent to touch Rs 150 billion (US\$ 2.63 billion) by 2016. The industry is estimated to have garnered revenues of around Rs 93 billion (US\$ 1.63 billion) in 2011, reflecting a growth of 11.5 per cent vis-à-vis 2010.

Entertainment Industry in India has registered an explosive growth in last two decades making it one of the fastest emerging industries in India. Television itself witnessed its transformation from a single government owned channels to a medium telecasting more than 300 national and regional channels. At present Indian film industry or Bollywood is a perfect combination of entertainment and commercial sector, producing close to thousand movies in a year in various Indian languages. Indian film industry supersedes Hollywood in terms of movie production quantity by more than three times.

As per the recent report by Price water house Coopers (PwC), Indians are likely to spend more on entertainment in the coming years with a steady growth in their disposable income. And as per the combined survey report by KMPG and FICCI, the entertainment industry in India is expected to expand by 12.5% every year and is likely to reach US\$ 20.09 billion by the year 2013.

2011- 12 was described as the "year of recovery, interrupted." With a somber global outlook, sustained slowdown in Indian GDP growth, high inflation, elevated deficits and low investor confidence, the current year has been testing for the Indian economy. While the GDP achieved of 6.9% was low as compared to that of previous years, comparatively it still put India in the top five economies of the world. In 2011, the Indian Media & Entertainment (M&E) Industry registered a growth of 12 percent over 2010, to reach INR 728 billion, says the FICCI-KPMG report. Overall, the industry is expected to register a CAGR of 15 percent to touch INR 1,457 billion by 2016. Music, radio, digital media are some of the other fastest growing sectors in the Indian entertainment industry. With the Indian film industry having recorded three billion admissions last year and being boosted by public issues, especially at multiplex cinemas, huge growth was possible in this field.

The Indian movie lovers have handsomely contributed to the cause of Indian cinema, which is targeting not only the Indian diaspora but also international cinema lovers with the potential to more than double its size in the next five years. The digital cinema space is also still waiting to be tapped to its fullest.

Like the rest of the world, in India too, the industry will have to contend with rising demand for the digital experience. The digital experience goes beyond providing just good content and includes providing it on the device of choice as well as on demand. The industry will also have to contend with the modernization across platforms as well as devices, central to their existence. It is being increasingly recognized that the digital experience cannot be delivered without multi party collaboration. As a result, there is an upsurge in collaborative partnering-heralding the transformation of the E&M industry over the next five years into a

digital collaborative ecosystem.

Your Company's mission is to best satisfy the customers' needs for digital delivery of multimedia information to all forms of display technologies which enhance the multimedia experience, improve the multimedia communication and reduce the cost of bringing the best quality multimedia display to the people.

## **SWOT ANALYSIS OF ENTERTAINMENT INDUSTRY**

### **STRENGTHS:**

- ❖ Media and Entertainment is one of the most booming sectors in India due to its vast customer reach. The various segments of the Media And Entertainment industry like television and film industry have a large customer base.
- ❖ The growing middle class with higher disposable income has become the strength of the Media And Entertainment industry.
- ❖ Change in the lifestyle and spending patterns of the Indian masses on entertainment.
- ❖ Technological innovations like online distribution channels, web-stores, multi- and mega-plexes are complementing the ongoing revolution and the growth of the sector.
- ❖ Indian film industry is second largest in the world and the largest in terms of the films produced and tickets sold.
- ❖ The low cost of production and high revenues ensure a good return on investment for Indian Media And Entertainment industry.
- ❖ Bollywood is no more a 'Made in India' brand; Bollywood has become an international brand having its global presence in Asia, Africa, Europe, America and Australia.
- ❖ Bollywood produces more than 1000 films per year and has more than fourteen million viewers who visit theatres daily to watch Bollywood movies all over the world.
- ❖ Bollywood movies compete with Hollywood movies for their slots in theatres. The volume of Bollywood movies released worldwide has become twice the number of Hollywood movies
- ❖ Bollywood gives employment to many lacks of people around the world.

### **WEAKNESSES:**

- ❖ The Media And Entertainment sector in India is highly fragmented.
- ❖ When referring to "Value vs. Volume" growth, Bollywood has more volume of movies released every year but very few movies get back their return on investments
- ❖ Many movies fail to make even a little impact to the audience as the movie release per month is very high
- ❖ Repetition of story script and duplication of music tracks seldom makes people to lose interest for movies
- ❖ Bollywood movies spoil the rich Indian values and sentiments and inflict wrong culture in younger generation's mind by influencing western practices and lifestyle.
- ❖ Small producers can't shell out more money for their movie promotions and advertisements

### **OPPORTUNITIES:**

- ❖ The concept of crossover movies, such as Bend It Like Beckham has helped open up new doors to the crossover audience and offers immense potential for development.
- ❖ The increasing interest of the global investors in the sector.
- ❖ Viewers for Bollywood movie are increasing every year
- ❖ The overall Indian movie market is expected to grow at a rate of 14% YOY.
- ❖ Ficci-KPMG report has mentioned in its report that the revenues from Media and Entertainment (M&E) would reach INR 1.3 Trillion by the year 2015.
- ❖ Marketing in M&E has become very powerful with the help of viral marketing, for instance "Why this Kolaveri" was a straight away success.
- ❖ Rapid de-regulation in the Industry

- ❖ Rise in the viewership and the advertising expenditure.
- ❖ Technological innovations like animations, multiplexes, etc and new distribution channels like mobiles and Internet have opened up the doors of new opportunities in the sector

#### **THREATS:**

- ❖ Piracy, violation of intellectual property rights pose a major threat to the Media And Entertainment companies. Pirated CDs and DVDs impose a major threat for this industry.
- ❖ Lack of quality content has emerged as a major concern because of the 'Quick- buck' route being followed in the industry.
- ❖ Government and sensor board regulations are becoming high due to the increase of adulthood and violence scenes in movies.
- ❖ Movies are watched and shared across internet. Many movies face legal issues and threats from political parties during their releases.
- ❖ Negative reviews on websites and social media are major threats.
- ❖ High rates of entertainment tax and lack of uniformity in levy structures across states are inhibiting growth of film industry in India but it could be addressed through adoption of GST. "Adoption of the goods and services tax (GST), subsuming service tax and entertainment tax, could promote growth of the film industry," according to the Economic Survey 2011-12.

#### **FUTURE OUTLOOK**

The Indian entertainment industry is on a high growth path. Domestic majors are finding better earnings potential in the huge overseas markets. At the same time, corporatization is finally starting to emerge in this highly unorganized industry. This is likely to instill a greater discipline in the functioning of the industry and lead to greater consolidation in the future. The domestic consumer will opt for more sophisticated technology in the near future. Consequently, domestic majors will have to redefine their product offerings.

With literacy levels forecasted to increase in the future, the publishing industry will continue to witness growth. Advent of new technologies such as e-book etc will take a longer time to have an impact on the domestic market when compared to the global markets. While piracy levels are declining slowly, better copyright laws and the rapid implementation of the same are imperative to preserve the creative talent in this industry. The government needs to implement the same in order to facilitate the high growth in this industry.

The Indian Media & Entertainment (M&E) sector is a sunrise industry. The momentum of spends on leisure and entertainment is higher than the economic growth, owing to favourable demographics and rising disposable incomes. With new media, or rather digital media, making a rage, the Indian M&E industry is standing at a new inflection point.

Rise in digital content consumption, launch of innovative content delivery platforms, higher penetration in tier II and tier III cities, enhancing reach of regional media and regulatory shifts are major factors that are driving the growth of the sector. The entire M&E landscape is witnessing a shift; thanks to cable digitisation, wireless broadband penetration, increasing direct-to-home (DTH) penetration, digitisation of film distribution and growing internet usage.

Your Directors and Management always have the clear views to strengthen the base and consistent future growth of the Company. The various steps were initiated in current year of reporting or even in the previous year also to achieve the higher growth of the Company. The Management has always strived to add more Services in its basket to make it grand and to expand the Company's reach to most parts of the world.

For the past few years, your company has been working to capture the immense opportunity of businesses involved in mobile communication. We would further like to inform you that your Company is taking sincere efforts towards growth and developments of such projects and shall be able to add the outputs and benefits from these projects to the main course of business, very soon.

Apart from Digital Cinema, Your Company has focused on Digital Advertising. Digital Advertising is a way of promoting brands and products, using various online features. With the growing popularity of the Internet, customers began to form communities and discuss about the brands they are interested in. Today most customers either buy their stuff online or consult a review website or community before making a purchase.

Your Directors by taking such prominent steps have always kept the generous thought for their shareholders and their successors to 'Building Tomorrows' for them.



## **COMPANY'S OUTLOOK**

### **TECHNOLOGY**

DigiCine is technological version of conventional cinema. Technology improves the theatrical entertainment experience from the existing boring to new heights of sensational experience. The technology developed and used by Interworld is an state of art for high experience of Indian audience in all Indian climatic and environmental conditions. The self-explanatory picture will give you a complete idea of Digital Cinema system.

### **OUR SERVICES**

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

- ◆ Digital Cinema
- ◆ Digital Advertisement
- ◆ Out of Home (OOH)
- ◆ IPO Communication
- ◆ Digital & Social Media
- ◆ 360 Image Building
- ◆ Services with Innovation
- ◆ Mobile communication consisting of
  - ★ Mobile Marketing and advertising
  - ★ 3G Services and VAS services
  - ★ SMS Solution for Brokers and enterprises
  - ★ Web based Bulk SMS service

### **RISKS MANAGEMENT**

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

**Risk identification:** External and internal risk events, that must be managed and identified in the context of nature and its impact on business. These risk events are assessed by management and prioritized for development of risk mitigation.

**Risk mitigation:** This step comprises developing of a mitigation plan for the risks identified and to be treated on priority.

**Risk monitoring and assurance:** Key risks are managed through a structure that cascades across the corporate and business. At the corporate level, management is responsible for the risk management process and reviewing the implementation and effectiveness of mitigation plans.

### **INTERNAL CONTROL SYSTEM**

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

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

### **HUMAN RESOURCES**

Your Board believes that to build a sound and growing business in a difficult and complex industry, Employees are vital to the Company. The talent base of your Company has steadily increased and your Company has created a favorable work environment, which encourages innovation and meritocracy.

The Company's Human Resource processes ensure building a competent team of motivated employees. It is the Company's first priority to enrich its employees by promoting learning and enhancing their knowledge

with special emphasis on internal and external training. The proper synchronization between the goals of the individual and that of the organization is a critical aspect and is delicately managed by the HR department.

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

#### **SEGMENT-WISE PERFORMANCE**

The Company is into single reportable segment only.

#### **CAUTIONARY STATEMENT**

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

**On Behalf of the Board of Directors**

**Sd/-**

**Man Mohan Gupta  
( Chairman & Managing Director )**

**Place : New Delhi**

**Place : 01.09.2012**

# CORPORATE GOVERNANCE

## 1. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

Interworld Digital Limited defines corporate governance strategically, which encompasses not only what we do as a company with our profits, but also how we make them. It goes beyond philanthropy and compliance and addresses how your company manages its economic, social, and environmental impacts, as well as its relationships in all key spheres of influence: the workplace, the market, the supply chain, the community, and the public policy realm.

Corporate governance as practiced by your company translates into being fair and civic-minded, fulfilling its duties to the entire spectrum of stakeholders, and, most importantly, making integrity an article of faith across all its operations. We started on sound and straightforward business principles, considering the interests of our stakeholders and welfare of our employees as foundation of our long term success. In addition to unwavering adherence to its philosophy and values, the Company conforms to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges stipulating Corporate Governance compliances.

## 2. BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of executive and non-executive directors with not less than fifty percent of the Board comprising of non-executive directors. The Board's composition meets the stipulated requirements of Clause 49 of the listing Agreement of the Stock Exchange.

As on 31st March, 2012, your Company's Board has a strength of 4 (Four) Directors comprising 1(One) Executive and 3 (Three) Non-Executive & Independent Directors.

The members of the Board are drawn from various fields having considerable expertise in their respective areas. Together they bring diverse experience, varied perspectives, complementary skills and vast expertise.

During the financial year under review Ten (10) Board meetings were held on April 4, 2011, May 13, 2011, May 18, 2011, June 14, 2011, July 07, 2011, August 11, 2011, September 02, 2011, September 30, 2011, November 14, 2011 and February 14, 2012

The Authorised Person in consultation with the Chairman drafts the Agenda of the Board Meetings. Agenda papers alongwith relevant details are circulated to all Directors, well in advance of the date of the Board Meeting. The Directors actively participated in the deliberations of the Board.

Board Members have complete and unfettered access to any information within the Company.

Details of attendance of each Director at various meetings of the Company are summarized as under.

S.No.	Name of the Director	Category	Designation	No. of Board Meeting attended	Last AGM Attended
1	Mr. Man Mohan Gupta	Executive Director	Managing Director	9	Yes
2	Mr. Peeyush Kumar Aggarwal	Independent Director	Director	10	Yes
3	Mr. Shiv Nandan Sharma	Independent Director	Director	9	Yes
4	Mr. Sanjay Kumar Gupta	Independent Director	Director	10	Yes

The Independent Directors does not have any pecuniary relationships of transaction with the Company, promoters, management that may affect their judgment in any manner.

### 3. COMMITTEES OF THE BOARD

#### A. AUDIT COMMITTEE

The Company has constituted a qualified and independent audit committee as required under Section 292A of the Companies Act, 1956 as also in fulfillment of the requirements of Clause 49 of the Listing Agreement. The Committee comprises 2 (Two) Non- Executive Directors and 1 (One) Executive Director as members. All members are financially literate, possess sound knowledge of accounts, finance, and audit matters. The Company Secretary of the Companies Acts as Secretary to the Audit Committee. The Internal Auditors of the Company attend the meetings of the Audit Committee on invitation of the Chairman of the Committee.

During the financial year 2011-12, Audit Committee met 5(Five) times to deliberate and review the mandatory matters and other matters as are materially significant and important. Attendance record of Audit Committee members for meetings held during FY 2011-12 is given below

<b>Name of Director</b>	<b>Designation</b>	<b>No of Meetings Attended</b>
Mr. Sanjay Kumar Gupta	Chairman	5
Mr. Man Mohan Gupta	Member	5
Mr. Shiv Nandan Sharma	Member	5

#### **Primary Objective:**

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

- › Oversight of Company's financial reporting process and disclosure of its financial information.
- › Review with the management, quarterly and annual financial statements.
- › Review of related party transactions.
- › Review of Company's financial and risk management policies.
- › Review with the management, statutory and internal auditors, adequacy of internal control systems.
- › Recommend to the Board the appointment, re-appointment and removal of the statutory auditor, fixation of their remuneration.
- › Discussion with Statutory Auditors about the nature and scope of audit as well as post audit discussion to ascertain any area of concern and internal control weaknesses observed by the Statutory Auditors.
- › Discussion of Internal Audit Reports with Internal Auditors and significant findings and follow up there on and in particular internal control weaknesses.

#### B. REMUNERATION COMMITTEE

The Company has constituted a Remuneration Committee in conformity with the requirements of Clause 49 of the Listing Agreement. The Committee comprises three Non-Executive Directors, the Chairman being Non-Executive and Independent. The Company Secretary of the Companies Acts as Secretary to the Remuneration Committee.

During the financial year 2011-12, Remuneration Committee met once on 27th May 2011. Attendance record of Remuneration Committee members for the meeting held during Financial Year 2011-12 is given below:

<b>Name of Director</b>	<b>Designation</b>	<b>No of Meeting Attended</b>
Mr. Sanjay Kumar Gupta	Chairman	1
Mr. Peeyush Kumar Aggarwal	Member	1
Mr. Shiv Nandan Sharma	Member	1

### **Role of Remuneration Committee**

The Remuneration Committee of the Company determines on behalf of Board and on behalf of the shareholders, the Company's policy governing remuneration payable to Executive Directors including pension rights and compensation payment.

### **Remuneration Policy**

The Remuneration Policy of the Company for managerial personnel is primarily based on the following criteria:

- Performance of the Company.
- Track record, potential and performance of individual managers and
- External competitive environment

### **Remuneration of Directors**

The remuneration to the Managing Director is paid on the scale determined by the Remuneration Committee and approved by the Shareholders at the General Meeting. Non-Executive Directors are not paid any remuneration. However, Non-Executive Independent Directors are entitled to sitting fees for attending meetings of the Shareholders, Board and Committees thereof.

The Company does not have any Employee Stock Option Scheme.

### **C. SHARE TRANSFER & SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE**

The Company has constituted a Shareholders' & Investors' Grievance Committee and Share Transfer Committee in conformity with the requirement of Clause 49 of the Listing Agreement. The Committee comprises one Executive Director and two Non- Executive Directors. Mr. Sanjay Kumar Gupta being Non-Executive Director is the Chairman of the Committee.

#### **Role of Shareholders' & Investors' grievance Committee**

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

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

#### **4. COMPLIANCE OFFICER**

Ms. Heena Jain, Company Secretary is the Compliance Officer under Clause 47 of the Listing Agreement.

#### **5. CODE OF CONDUCT**

In compliance with the Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct for the Board and the Senior Management of the Company. The Board and Senior Management personnel affirm the compliance of the code of conduct annually.

#### **6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

This is included as a separate section in this Annual Report.

#### **7. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

As required by Clause 49 of the Listing Agreement, the Statutory Auditors' Certificate is provided in this Annual Report.

## **8. CEO/CFO CERTIFICATION**

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

## **9. DISCLOSURES**

### **A. Related Party Transactions**

Related party transactions during the year have been disclosed as required under the Accounting Standard 18 of the Company (Accounting Standards) Rules, 2006. There was no transaction of material nature with the directors or the management or their subsidiaries or relatives during the year.

### **B. Disclosure of Compliances by the Company**

During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on matters related to capital markets.

### **C. Disclosure of Accounting Treatment**

In the preparation of financial statements, the Company has followed the Accounting Standards as notified under Companies (Accounting Standards), Rules 2006, as applicable.

### **D. Risk Management**

The Company has a procedure to inform the Board about the risk assessment and minimization procedures. The Board of Directors periodically reviews the risk management framework of the Company.

The Company has complied with all the mandatory requirements and has adopted non-mandatory requirements as per details given below:

#### **(A) Chairman office**

The Corporate Office of the Company supports the Chairman in discharging the responsibilities.

#### **(B) Remuneration Committee**

The Company has constituted Compensation Committee as detailed in hereinabove. The Chairman of the Compensation Committee is an independent director and was present at the last Annual General Meeting.

#### **(C) Shareholders Rights**

The quarterly financial results are published in the newspapers as mentioned under the heading "Means of Communication" herein below and also displayed on the website of the Company. The results are not separately circulated to the shareholders.

#### **(D) Audit qualifications**

There are no audit qualifications in the Company's financial statements for the year under reference.

#### **(E) Training of Board Members**

No specific training program was arranged for Board members. However, at the Board/Committee meetings Professionals, Consultants as well as Senior Executives of the Company on the business related matters, risk assessment, strategy, effect of the regulatory changes etc, make detailed presentations.

#### **(F) Mechanism for evaluating Non-Executive Board Members**

The Company has not adopted any mechanism for evaluating individual performance of Non-Executive Directors.

#### **(G) Postal Ballot**

The provisions relating to Postal Ballot will be complied with in respect of matters, where applicable.

## (H) Whistle Blower Policy

The Board of Directors of the Company at its meeting has approved Whistle Blower Policy of the Company and issuance of the same is under process. Further, no person has approached the Audit Committee of the Company during the year. The Company has also laid down a Code of Conduct for all its employees across the Organisation. The Code of Conduct of the Company lays down that the employees shall promptly report any concern or breach and suggests not to hesitate in reporting a violation or raising a policy concern to the Code Compliance Cell or concerned superior. The Code provides that the Company shall support and protect employees for doing so.

## 10. CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

In December 2009, the Ministry of Corporate Affairs had issued the Guidelines on the voluntary adoption of Corporate Governance Practices. The Company follows the Guidelines such as constitution of Remuneration Committee which determines remuneration policy, providing timely information to Board of Directors for quality decision making, identification of risks, review of internal controls and constitution and functioning of Audit Committee. While some of these Guidelines like maximum tenure of independent directors, rotation of audit firm etc. have not yet become due and the Guidelines on payment of remuneration to Independent Directors would require amendment to the Companies Act. Further, evaluations of Directors, conducting their training etc. are yet to be adopted by the Company.

## 11. SHAREHOLDERS' INFORMATION

### (I) DETAILS OF 17TH ANNUAL GENERAL MEETING OF THE COMPANY

**Day Date** : Saturday, 29th September, 2012  
**Venue** : 701, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi 110001  
**Time** : 09:30 A.M.

### (II) FINANCIAL CALENDAR

The financial year covers the period from 1st April, 2012, to 31st March, 2013.  
Calendar for the financial year ending 31st March, 2013

Financial Reporting for the	Tentative time frame
First quarter ended 30th June, 2012	Within the period as stipulated Under the Listing Agreement with the Stock Exchange from time to time.
Second quarter ending 30th September, 2012	
Third quarter ending 31st December, 2012	
Fourth quarter ending 31st March, 2013	

### (III) GENERAL BODY MEETING

Details of Annual General Meeting (AGM) held during last Three Years:

Description of Meeting	Date	Time	Venue
14th AGM	December 30, 2009	9.30 A.M.	308, Pratap Chambers, Gurudwara Road, Karol Bagh, New Delhi - 110 005.
15th AGM	September 30, 2010	9.30 A.M.	701, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi- 110 001
16th AGM	September 30, 2011	9.30 A.M.	701, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi-110 001

During the year under review, no Special Resolution was passed at any general meeting of the Shareholders and no consent of the members was sought through Postal Ballot.

### (IV) DATE OF BOOK CLOSURE

From 26th September 2012 to 29th September 2012 (both days Inclusive) for the purpose of Annual General Meeting.

## (V) LISTING ON STOCK EXCHANGES

The Equity Shares of the Company as on March 31, 2012 were listed on the Bombay Stock Exchange Ltd. The Company confirms that it has paid annual listing fees due to the Bombay Stock Exchange for the Financial Year 2012-2013.

## (VI) STOCK CODE/ISIN NO.

Bombay Stock Exchange : 532072 (Scrip Code)

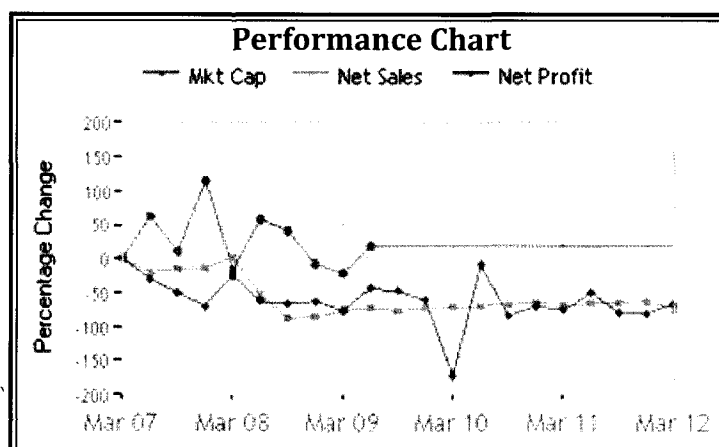
Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares: INE177D01020

## (VII) MARKET PRICE DATA

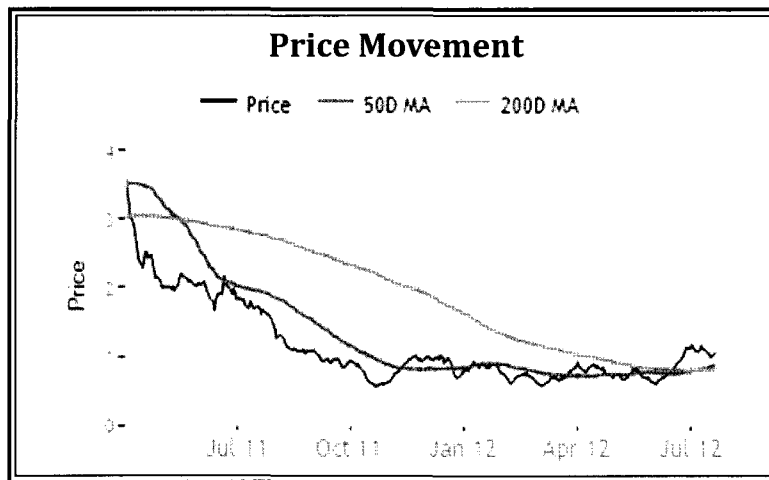
The Company's equity shares are listed at Bombay Stock Exchange (BSE). The monthly high and low quotations of equity shares traded on the Bombay Stock Exchange Limited during the financial year 2011-12 is as follows:

Month	Face Value(In Rs.)	BSE		
		High(Rs.)	Low(Rs.)	No of shares Traded
Apr-11	1.00	4.51	3.2	8834566
May-11	1.00	3.85	2.02	1956083
Jun-11	1.00	2.28	1.92	1251451
Jul-11	1.00	2.24	1.65	1396067
Aug-11	1.00	1.97	1.27	854050
Sep-11	1.00	1.33	1	2834091
Oct-11	1.00	1.08	0.81	748892
Nov-11	1.00	0.95	0.54	1453679
Dec-11	1.00	1.06	0.69	545470
Jan-12	1.00	1.08	0.66	380675
Feb-12	1.00	0.95	0.69	223843
Mar-12	1.00	4.19	2.71	1422617

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







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

#### (VIII) REGISTRAR AND SHARE TRANSFER AGENT

Skyline Financial Services Private Limited, D-153/A, 1st Floor ,Okhla Industrial Area, Phase -1 , New Delhi-110020 is the Registrar and Share Transfer Agent for physical shares of the Company. Skyline is also the depository interface of the Company with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

#### (IX) SHARE TRANSFER SYSTEM

With a view to expedite the process of share transfers, the Board of Directors of the Company has delegated the power of share transfer time to time. The delegated Person(s) attend(s) to the share transfer formalities once in a fortnight. The shares for transfers received in physical form are transfer expeditiously, provided the documents are complete and the shares under transfer are not under any dispute. The share certificates duly endorsed and returned immediately to shareholders. Confirmation in respect of the requests for dematerialization of shares is sent to the respective depositories i.e. NSDL and CDSL expeditiously.

#### (X) DEMATERIALISATION OF SHARES

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both NSDL and CDSL. International Securities Identification Number - INE177D01020 (with NSDL and CDSL)

#### Status of Issued Share Capital as on 31.03.2012

Total Issued Capital	No. of Shares	% of Total Capital
Demat Form - NSDL	58983641	75.26
CDSL	18480159	23.58
Physical Form	913200	1.17
<b>Total</b>	<b>78377000</b>	<b>100.00</b>

#### (XI) SHAREHOLDING PATTERN AS ON 31.03.2012

As on 31.03.2012, the Authorized Share Capital of the Company was Rs. 70 Crores and paid up share Capital was Rs. 7,83,77,000/- consisting of 78377000 equity shares of Re 1/- each. The shareholding pattern of the Company as on 31.03.2012 is as follows:

S.No	Category of Shareholder	Total No. of Shares	% of shareholding
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>		
	<b>Indian</b>		
1.	Individuals / Hindu Undivided Family	162873	0.21
2.	Bodies Corporate	19351048	24.69
3.	Foreign	NIL	NIL
	<b>Total shareholding of Promoter and Promoter Group (A)</b>	<b>19513921</b>	<b>24.90</b>
<b>(B)</b>	<b>Public Shareholding</b>		
1.	Institutions	NIL	NIL
2.	Non-Institutions		
	Bodies Corporate	15656845	19.98
3.	Individuals		
	Individual shareholders holding nominal share capital up to Rs. 1 lakh	23201957	29.60
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	19738703	25.18
4.	Any Others (Specify)		
	Non Resident Indians	265574	0.34
	<b>Total Public shareholding (B)</b>	<b>58863079</b>	<b>75.10</b>
	<b>Total (A)+(B)</b>	<b>78377000</b>	<b>100.00</b>

#### Distribution of Shareholding - As on 31.03.2012

SHAREHOLDING OF NOMINAL VALUE OF RS.	NO. OF SHAREHOLDERS	% TO TOTAL NUMBER	TOTAL SHARES	AMOUNT IN Rs. 1/	% TO TOTAL
Upto 500	1941	29.98	601123	601123	0.77
From 501 upto 1000	1522	23.51	1468877	1468877	1.87
From 1001 upto 2000	918	14.18	1665473	1665473	2.12
From 2001 upto 3000	418	6.46	1144746	1144746	1.46
From 3001 upto 4000	155	2.39	575468	575468	0.73
From 4001 upto 5000	462	7.14	2283260	2283260	2.91
From 5001 upto 10000	504	7.78	4179684	4179684	5.33
From 10001 & above	554	8.56	66458369	66458369	84.79
<b>TOTAL</b>	<b>6474</b>	<b>100</b>	<b>78377000</b>	<b>78377000</b>	<b>100</b>

## **12. MEANS OF COMMUNICATION**

The quarterly/ half-yearly/ annual financial results are published in Financial Express (English Daily) and Jansatta (Hindi Daily). The financial results and the official news releases are also placed on the Company's website [www.interworld.co.in](http://www.interworld.co.in).

The Company has an exclusive email id – [info@interworld.co.in](mailto:info@interworld.co.in) dedicated for prompt redressal of shareholders' queries, grievances etc.

The Company holds analysts calls in each quarter, to apprise and make public the information relating to the Company's working and future outlook.

## **13. ADDRESS FOR CORRESPONDENCE**

### **Registered office:**

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

### **Corporate office;**

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

**On Behalf of the Board of Directors**

Sd/-

**Man Mohan Gupta**  
**( Chairman & Managing Director )**

**Place : New Delhi**

**Place : 01.09.2012**

# **AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

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

We have examined the compliance of conditions of Corporate Governance by **INTERWORLD DIGITAL LIMITED** for the period ended on **31st March 2012**, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

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

**Place: New Delhi  
Dated: 01.09.2012**

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## **CERTIFICATE PURSUANT TO CLAUSE 49 V OF THE LISTING AGREEMENT**

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

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

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

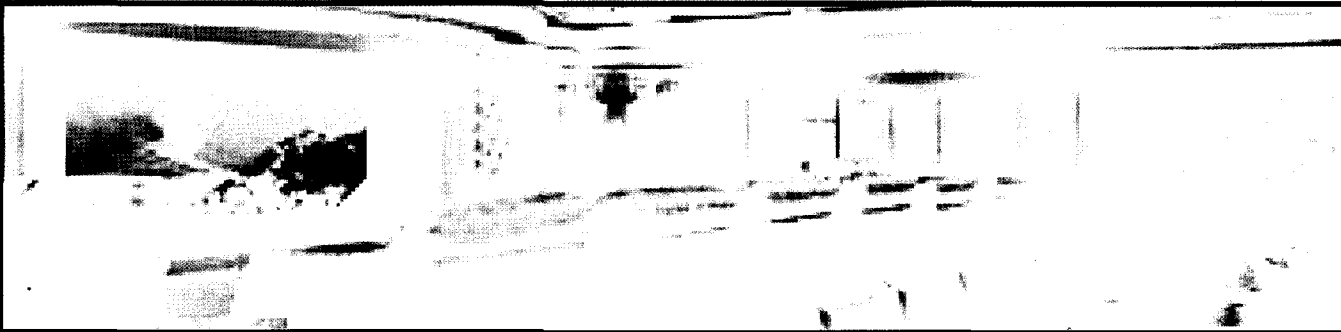
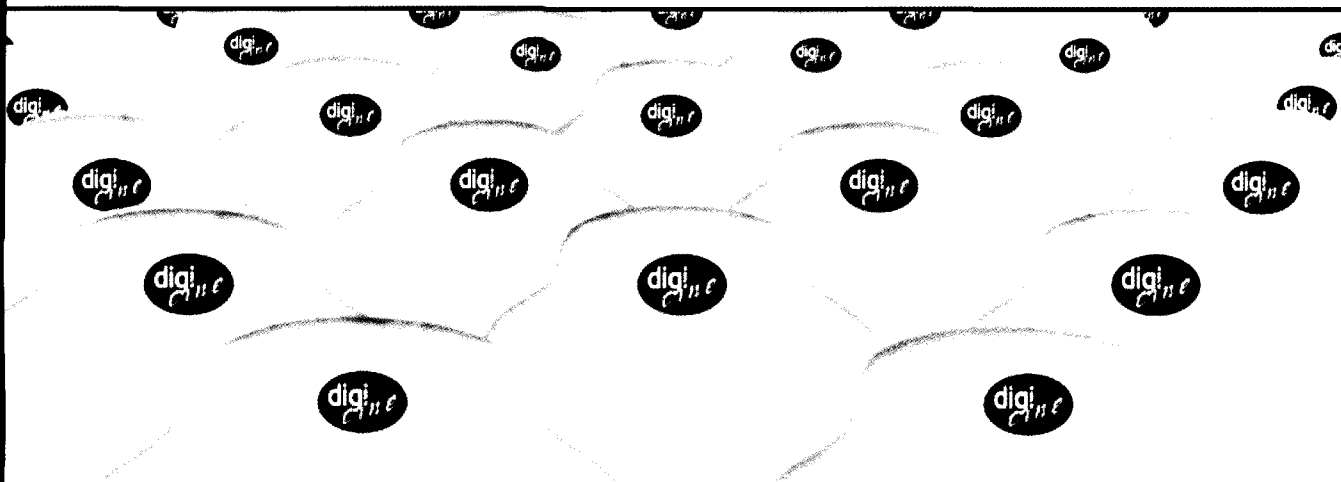
**For Interworld Digital Limited**

**Place: New Delhi  
Dated: 01.09.2012**

**Sd/-  
Man Mohan Gupta  
(Chairman & Mg. Director)**

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# AUDITORS' REPORT



**RMA & Associates** (ISO 9001:2000 Firm)  
Chartered Accountants

**The Members,  
INTERWORLD DIGITAL LIMITED**

1. We have audited the attached Balance Sheet of INTERWORLD DIGITAL LIMITED as at 31st March 2012, the Statement of Profit & Loss and Cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
  - (c) The Balance Sheet, the Statement of Profit & Loss and the Cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit & Loss and the Cash flow statement dealt with by this report complies with the mandatory Accounting Standards referred in section 211 [3C] of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as at 31.03.2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2011 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
    - (ii) In the case of the Statement of Profit & Loss, of the profit of the company for the year ended on that date; and
    - (iii) In the case of Cash Flow Statement, of the cash flow of the company for the year ended on that date.

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

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

**Place: New Delhi  
Dated: 01.09.2012**

## **ANNEXURE TO THE AUDITORS' REPORT**

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

- (I) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified at reasonable intervals by the management and no material discrepancy was noticed on such verification.
- (c) The company has not disposed off a substantial part of its fixed assets during the year.
  
- (ii) (a) The company is not dealing in any goods therefore there is no inventory.
- (b) As already stated, since the company is not dealing any goods, there is no question of procedure of physical verification of inventory.
- (c) As already mentioned, the company is not dealing in any goods and therefore there is no question of proper records of inventory.
  
- (iii) (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act.
  
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase fixed assets and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
  
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
- (b) In our opinion, transactions if any made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
  
- (vi) The company has not accepted deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Act.
  
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
  
- (viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
  
- (ix) According to the information and explanation given to us, no undisputed dues in respect of provident fund, employees state insurance, income tax, wealth tax, service tax, sales tax, custom duty, excise duty, cess and other statutory dues were outstanding at the yearend for a period of more than six months from the date they become payable except as service tax of Rs. 29,43,976.
  
- (x) The company does not have any accumulated losses at the end of the financial year covered by our audit and has not incurred cash losses in the financial year and in the immediately preceding financial year.
  
- (xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues of the loan taken from bank. The company has neither taken any loan from a financial institution nor issued any debentures.
  
- (xii) The company has not granted any loan or advance against the security by way of pledge of shares, debentures and other securities.



- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us, the company has not obtained any term loans.
- (xvii) According to the information and explanations given to us, we report that no short term funds have been used for long term investment.
- (xviii) According to the information and explanations given to us, the company has made preferential allotment of convertible warrants to the following company covered in the register maintained under section 301 of the Act:

S. No.	Name of the Company	No. of Convertible warrants
1.	M. M. Commodities Private Limited	2,57,00,000

- (xix) The company has not issued debentures during the period covered by our audit.
- (xx) The company has not raised money by way of public issues during the period covered by our audit.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

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

**Place : New Delhi  
Place : 01.09.2012**

**INTERWORLD DIGITAL LIMITED**

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

**BALANCE SHEET AS AT 31ST MARCH, 2012**

(Amounts in Rs)

Source of Fund	Notes	As At March 31, 2012	As At March 31, 2011
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	7,83,77,000	7,38,00,000
(b) Reserves and Surplus	2	15,67,34,173	14,29,00,030
(c) Money received against share warrants		51,06,13,842	29,83,02,228
<b>(2) Share Application money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	2,52,05,342	2,69,13,287
(b) Deferred Tax Liabilities (Net)		1,24,43,688	1,10,94,069
<b>(4) Current Liabilities</b>			
(a) Trade Payables		67,28,455	1,26,83,724
(b) Other Current Liabilities	4	1,29,28,950	1,30,68,338
(c) Short-Term Provisions	5	7,47,034	7,16,124
<b>Total</b>		<b>80,37,78,484</b>	<b>57,94,77,800</b>
<b>Application of Fund</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed Assets</b>	6		
(i) Tangible Assets		1,13,41,542	1,09,50,989
(ii) Intangible Assets		4,82,16,823	4,28,21,766
(iii) Capital work-in-progress		64,23,14,646	42,02,39,646
<b>(b) Other non-current assets</b>	7	35,00,000	31,75,000
<b>(2) Current Assets</b>			
(a) Inventories		40,26,387	-
(b) Trade receivables	8	7,79,10,618	8,88,03,679
(c) Cash and cash equivalents	9	12,23,342	5,05,728
(d) Short-term loans and advances	10	1,30,05,028	99,14,361
(e) Other current assets	11	22,40,098	30,66,630
<b>Total</b>		<b>80,37,78,484</b>	<b>57,94,77,800</b>

See accompanying notes forming part of the financial statement

**Auditors' Report**

As per our separate report of even date attached:

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

For and on behalf of the Board of Directors

Sd/-  
Pankaj Chander  
Partner  
M. No. 89065

Sd/-  
(Man Mohan Gupta)  
Managing Director

Sd/-  
(Peeyush Aggarwai)  
Director

Sd/-  
(Heena Jain)  
Company Secretary

Place: New Delhi  
Dated: 1st September, 2012

**INTERWORLD DIGITAL LIMITED**

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

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2012**

(Amounts in Rs)

	Notes	As At March 31, 2012	As At March 31, 2011
<b>INCOME</b>			
Revenue from operations	12	11,52,14,124	11,42,72,299
Other Income	13	17,39,257	9,26,487
<b>Total</b>		<b>11,69,53,381</b>	<b>11,51,98,786</b>
<b>EXPENSES</b>			
Purchase of Stock-in-Trade & Service	14	9,72,72,005	9,60,69,357
Changes in inventories of Finished Goods,WIP & Stock	15	(4026387)	-
Employee Benefit Expenses	16	53,73,077	37,02,688
Financial Costs	17	3,72,656	1,38,054
Depreciation and Amortization Expense	18	1,01,99,953	85,54,474
Other Administrative Expenses	19	38,41,667	28,71,622
<b>Total</b>		<b>11,30,32,971</b>	<b>11,13,36,195</b>
Profit before exceptional & extraordinary items & tax		39,20,410	38,62,591
Exceptional Items		-	-
Profit before extraordinary items and tax		39,20,410	38,62,591
Extraordinary Items		-	-
<b>Profit before tax</b>		<b>39,20,410</b>	<b>38,62,591</b>
<b>Tax expense:</b>			
(1) Provision for Current Tax		7,47,034	7,16,124
(2) Deferred tax provision		13,49,619	11,01,164
Profit(Loss) from the period from continuing operations		18,23,757	20,45,303
Tax expense of discontinued operations		-	-
<b>Profit/(Loss) for the period</b>		<b>18,23,757</b>	<b>20,45,303</b>
<b>Earning per equity share:</b>			
(1) Basic		0.02	0.03
(2) Diluted		0.02	0.02

See accompanying notes forming part of the financial statement

**Auditors' Report**

As per our separate report of even date attached

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

For and on behalf of the Board of Directors

Sd/-  
Pankaj Chander  
Partner  
M. No. 89065

Sd/-  
(Man Mohan Gupta)  
Managing Director

Sd/-  
(Peeyush Aggarwal)  
Director

Sd/-  
(Heena Jain)  
Company Secretary

Place: New Delhi  
Dated: 1st September, 2012

# INTERWORLD DIGITAL LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

(Rs. in Thousand)

Particulars	As At March 31,2012	As At March 31,2011
<b>A. Cash Flow From Operating Activities:</b>		
Net Profit before tax and extraordinary items	3,920	3,863
Adjustments for:		
Interest income	-	-
Depreciation	9,373	7,728
Interest & Finance Charges	-	-
Preliminary & Share Issue expenses written off	827	827
<b>Operating cash flow before changes in working capital</b>	<b>14,120</b>	<b>12,417</b>
Cash Flow in Working Capital Activities:		
(Increase)/Decrease in Sundry Debtors	10,893	(26,465)
(Increase)/Decrease in Inventories	(4,026)	-
(Increase)/Decrease in Loans & Advances	(3,416)	(5,536)
Increase/(Decrease) in Current Liabilities	(6,064)	9,103
<b>Cash provided by / (used in) operating activities</b>	<b>11,508</b>	<b>(10,480)</b>
Less: Income Tax Paid	747	716
<b>Net cash provided by / (used in) operating activities</b>	<b>10,761</b>	<b>(11,196)</b>
<b>B. Cash Flow From Investing Activities:</b>		
Sale/(Purchase) of fixed assets	(15,159)	(17,218)
(Increase)/Decrease in Capital work in progress	(222,075)	(266,960)
(Increase)/Decrease in investments	-	-
Interest received	-	-
<b>Net cash provided by / (used in) investing activities</b>	<b>(237,234)</b>	<b>(284,177)</b>
<b>C. Cash Flow From Financing Activities:</b>		
Increase in capital	216,889	288,541
Proceeds from Long Term Borrowings	-	5,633
Increase in Share Premium	12,010	3,955
Interest and Finance Charges	-	-
Repayment of Long Term Borrowings	(1,708)	-
Miscellaneous Expenditure	-	(3,290)
<b>Net cash provided by / (used in) financing activities</b>	<b>227,191</b>	<b>294,840</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year [(A) + (B) + (C)]</b>	<b>717</b>	<b>(534)</b>
<b>Cash and Cash Equivalents:</b>		
Opening Balance	506	1,040
<b>Closing Balance</b>	<b>1,223</b>	<b>506</b>

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

For and on behalf of the Board of Directors

Sd/-  
Pankaj Chander  
Partner  
M. No. 89065

Sd/-  
(Man Mohan Gupta)  
Managing Director

Sd/-  
(Peeyush Aggarwal)  
Director

Sd/-  
(Heena Jain)  
Company Secretary

Place: New Delhi  
Dated: 1st September, 2012

# INTERWORLD DIGITAL LIMITED

## NOTES ON FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2012

Note No.	Particulars	As At March 31,2012	As At March 31,2011
1	<b>Share Capital</b> Authorized Share Capital : 70,00,00,000 ( 70,00,00,000) Equity Shares of Re 1/- each	70,00,00,000	70,00,00,000
	Issued , Subscribed and fully paid up shares 78377000 ( 73800000) Equity Shares of Re 1/- each fully paid up	7,83,77,000	7,38,00,000
	<b>Total</b>	<b>7,83,77,000</b>	<b>7,38,00,000</b>

### Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As At March 31,2012	As At March 31,2011
At the beginning of the period	7,38,00,000	6,89,49,799
Issued during the period	45,77,000	48,50,201
At the end of the period	7,83,77,000	7,38,00,000

- The Company has only one class of Equity share having a par value of Re 1/- each per share. Each holder of equity share is entitled to one vote per share.
- The Company has its increased Authorized Capital from Rs. 21,00,00,000 divided into 21,00,00,000 Equity shares of Rs. 1 each to Rs. 70,00,00,000 divided into 70,00,00,000 Equity shares of Rs. 1 each by creation of 49,00,00,000 additional equity shares of Rs. 1 each in accordance with the provision of Section 94, and other applicable provisions if any, of The Companies Act, 1956
- In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company after discharging the liabilities of the Company.
- In terms of the resolution passed under section 81(1A) of the companies act 1956 at the Extra Ordinary General Meeting of the company held on 07.09.2010 and in-principle approval received from stock exchange, The Board has allotted 400000000 convertible share warrants into equal number of equity shares at a price Rs 2.55/- each at a premium of Rs 1.55/- per warrant, in the board meeting held on 07.09.2010 on preferential basis to promoters and non-promoters category. Pursuant to allotment of convertible share warrants, the company during the financial year 2010-2011 and 2011-2012, has received monies aggregating to Rs 51.06 crores out of Rs. 102.00 crores.

### Details of Shareholders holding more than 5% equity shares in the company

Name of Shareholders	As At March 31,2012	As At March 31,2011
M M Commodities Private Limited	11426600(14.58%)	6849600 (9.28%)

(Amount in Rs.)

Note No.	Particulars	As At March 31,2012	As At March 31,2011
2	<b>Reserves &amp; Surplus</b> Security Premium Account : Opening Balance :	11,58,44,000	11,58,44,000
	Add : additions During the year Closing Balance	30,20,820 11,88,64,820	- 11,58,44,000
	Surplus During the year Shares Forfeiture Account Add : Additions During the year	87,500 89,89,566 90,77,066	87,500 - 87,500
	Balance as per last financial statements Profit (-Loss) after tax for the year	2,69,68,530 18,23,757	2,49,23,227 20,45,303
	Closing Balance	2,87,92,287	2,69,68,530
	<b>Total</b>	<b>15,67,34,173</b>	<b>14,29,00,030</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
3	<b>Long Term Borrowings</b>		
	Secured HDFC Bank Ltd. (Car Loan)	31,07,342	37,98,287
	Unsecured Loans from corporates	2,20,98,000	2,31,15,000
	<b>Total</b>	<b>2,52,05,342</b>	<b>2,69,13,287</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
4	<b>Other Current Liabilities</b>		
	Security (Theatre & Video)	62,19,755	55,20,000
	Expenses Payable	35,42,471	36,28,781
	Others Liabilities	25,18,744	19,37,846
	Other Advance	13,353	16,75,000
	Advance from Customers	6,34,627	3,06,711
	<b>Total</b>	<b>1,29,28,950</b>	<b>1,30,68,338</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
5	<b>Short-Term Provision</b>		
	Provision for taxation (A.Y. 2011-12)	-	7,16,124
	Provision for taxation (A.Y. 2012-13)	747034	-
	<b>Total</b>	<b>747034</b>	<b>7,16,124</b>

(Statement showing depreciation forming part of Financial Statement as on 31-03-2012 as per company Act, 1956)

**Note No. - 6**

**FIXED ASSETS**

S. No.	Description	Rate	← GROSS BLOCK →				← DEPRECIATION/AMORTISATION →				< NET BLOCK >	
			As on 1.4.2011	Addition during the Year	Sales/adjust during the Year	Total as on 31-03-2012	Up to 31-03-2011	For the year	Adjustment during the Year	Up to 31-03-2012	As on 31-03-2012	As on 31-03-2011
	<b>A. Tangible</b>											
1	Building		3,000,000	-	-	3,000,000	-	-	-	-	3,000,000	3,000,000
2	Computers	60.00%	23,626,221	6,050	-	23,632,271	23,589,196	25,020	-	23,614,216	18,055	37,025
3	Furniture & Fixture	6.33%	794,868	-	-	794,868	239,821	50,315	-	290,136	504,732	555,047
4	Office Equipment	4.75%	593,878	11,490	-	605,368	200,593	28,718	-	229,311	376,057	393,285
5	UPS	4.75%	1,097,206	-	-	1,097,206	118,865	52,117	-	170,982	926,224	978,341
6	Vehicles	9.50%	6,418,447	-	-	6,418,447	1,346,522	609,752	-	1,956,274	4,462,173	5,071,925
7	Machinery and Plant	7.07%	1,289,180	1,266,491	-	2,555,671	373,814	127,556	-	501,370	2,054,301	915,366
	<b>Sub-Total (A)</b>		<b>36,819,800</b>	<b>1,284,031</b>	-	<b>38,103,831</b>	<b>25,868,811</b>	<b>893,478</b>	-	<b>26,762,289</b>	<b>11,341,542</b>	<b>10,950,989</b>
	<b>B. Intangible</b>											
1	Software & Intellectual Property Rights	10.00%	77,258,653	13,875,000	-	91,133,653	34,586,887	8,449,943	-	43,036,830	48,096,823	42,671,766
2	Copy Right	10.00%	300,000	-	-	300,000	150,000	30,000	-	180,000	120,000	150,000
	<b>Sub-Total (B)</b>		<b>77,558,653</b>	<b>13,875,000</b>	-	<b>91,433,653</b>	<b>34,736,887</b>	<b>8,479,943</b>	-	<b>43,216,830</b>	<b>48,216,823</b>	<b>42,821,766</b>
	<b>TOTAL (A+B)</b>		<b>114,378,453</b>	<b>15,159,031</b>	-	<b>129,537,484</b>	<b>60,605,698</b>	<b>9,373,421</b>	-	<b>69,979,119</b>	<b>59,558,365</b>	<b>53,772,756</b>
	Capital Work in Progress		93,301,790	-	13,875,000	79,426,790	-	-	-	-	79,426,790	93,301,790
	Development Exp.		374,056	-	-	374,056	-	-	-	-	374,056	374,056
	Computer Systems, Hardware and Networking		326,563,800	235,950,000	-	562,513,800	-	-	-	-	562,513,800	326,563,800
	<b>Sub-Total (C)</b>		<b>420,239,646</b>	<b>235,950,000</b>	<b>13,875,000</b>	<b>642,314,646</b>	-	-	-	-	<b>642,314,646</b>	<b>420,239,646</b>
	<b>GRAND TOTAL(A+B+C)</b>		<b>534,618,099</b>	<b>251,109,031</b>	<b>13,875,000</b>	<b>771,852,130</b>	<b>60,605,698</b>	<b>9,373,421</b>	-	<b>69,979,119</b>	<b>701,873,011</b>	<b>474,012,402</b>
	Previous Year		250,440,652	296,402,897	12,225,450	534,618,099	52,877,755	7,727,942	-	60,605,697	474,012,402	-

Note No.	Particulars	As At March 31.2012	As At March 31.2011
7	<b>Other non-current assets</b>		
	Security Deposit	35,00,000	31,75,000
	<b>Total</b>	<b>35,00,000</b>	<b>31,75,000</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
8	<b>Trade receivables</b>		
	Sundry Debtors (Unsecured, Considered Good)	2,19,55,849	1,90,84,889
	Outstanding for more than six months		
	Others	5,59,54,769	6,97,18,790
	<b>Total</b>	<b>7,79,10,618</b>	<b>8,88,03,679</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
9	<b>Cash &amp; Cash Equivalent</b>		
	Cash on Hand	11,60,699	4,11,265
	Balance with Scheduled bank	62,643	94,463
	<b>Total</b>	<b>12,23,342</b>	<b>5,05,728</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
10	<b>Short-term loans and advances</b>		
	Advance recoverable in cash or in kind or for value to be received	96,23,817	81,89,608
	TDS/ Advance Tax/ Self Assessment tax	30,45,053	13,45,217
	Prepaid Expenses	90,532	4,498
	Advance to suppliers	7,924	-
	Income Tax Refund	2,37,702	3,75,038
	<b>Total</b>	<b>1,30,05,028</b>	<b>99,14,361</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
11	<b>Other current assets</b>		
	Miscellaneous Expenditure to the extent not written off		
	Opening Balance	30,66,630	6,03,000
	Add: Addition during the year	-	32,90,162
		30,66,630	38,93,162
Less: Written off during the year	8,26,532	8,26,532	
	<b>Total</b>	<b>22,40,098</b>	<b>30,66,630</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
12	<b>Revenue from operations</b>		
	Sales & Services Charges	11,52,14,124	11,42,72,299
	<b>Total</b>	<b>11,52,14,124</b>	<b>11,42,72,299</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
13	<b>Other Income</b>		
	Interest on Loans	15,02,465	7,51,487
	Miscellaneous Income	2,36,792	1,75,000
	<b>Total</b>	<b>17,39,257</b>	<b>9,26,487</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
14	<b>Purchase of Stock-in-Trade</b>		
	Purchases & Services	9,72,72,005	9,60,69,357
	<b>Total</b>	<b>9,72,72,005</b>	<b>9,60,69,357</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
15	<b>Changes in inventories</b>		
	Opening Stock	-	-
	Closing Stock	40,26,387	-
	<b>Total</b>	<b>4,026,387</b>	<b>-</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
<b>16</b>	<b>Employee Benefit Expenses</b>		
	Salaries and other allowances	37,35,258	28,42,886
	Director's Remuneration	15,20,000	7,80,000
	Staff Welfare Expenses	1,17,819	79,802
	<b>Total</b>	<b>53,73,077</b>	<b>37,02,688</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
<b>17</b>	<b>Financial Cost</b>		
	Bank Charges & Commission	14,246	10,217
	Interest	3,58,410	1,27,837
	<b>Total</b>	<b>3,72,656</b>	<b>1,38,054</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
<b>18</b>	<b>Depreciation &amp; Amortised Cost</b>		
	Depreciation	93,73,421	77,27,942
	Preliminary & Share Issue expenses written off	8,26,532	8,26,532
	<b>Total</b>	<b>1,01,99,953</b>	<b>85,54,474</b>

Note No.	Particulars	As At March 31.2012	As At March 31.2011
<b>19</b>	<b>Other Administrative Expenses</b>		
	Advertisement exp.	3,95,876	3,61,347
	AGM / EGM Expenses	71,550	82,590
	Auditors' Remuneration	56,180	55,150
	Business Promotion Expenses	19,779	14,617
	Conveyance expenses	1,80,192	85,958
	Fees & Subscription	2,88,713	2,34,022
	Insurance Exp.	54,225	7,436
	Internet & Communication Expenses	11,573	9,700
	Legal & Professional Charges	1,59,158	2,91,035
	Rebate and Discount	1,02,833	-
	Misc. Expenses	1,47,632	38,791
	Office Expenses	2,80,102	84,307
	Office Rent	1,32,000	1,72,500
	Postage & Courier Expenses	1,65,429	1,02,825
	Printing & stationery	58,078	2,36,961
	Repairs & Maintenance expenses	2,01,297	2,47,435
	Telephone Expenses	4,51,239	3,23,761
	Travelling Expenses	8,61,919	3,23,854
	Vehicle running & maintenance expenses	1,37,250	1,26,845
	Water & Electricity Exp.	66,642	72,488
	<b>Total</b>	<b>38,41,667</b>	<b>28,71,622</b>

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

For and on behalf of the Board of Directors

Sd/-  
Pankaj Chander  
Partner  
M. No. 89065

Sd/-  
(Man Mohan Gupta)  
Managing Director

Sd/-  
(Peeyush Aggarwal)  
Director

Sd/-  
(Heena Jain)  
Company Secretary

Place: New Delhi  
Dated: 1st September, 2012



# INTERWORLD DIGITAL LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENT

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. Corporate Information

**INTERWORLD DIGITAL LIMITED** is a Public Limited Company incorporated under the provisions of the Companies Act, 1956. The company is engaged in IT enabled services, Digital Cinema etc.

#### 2. Basis of preparation

- The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP).
- The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956.
- The company follows the Mercantile System of Accounting recognizing Income and Expenditure on accrual basis.
- The directors have certified that there are no outstanding expenses not provided for and nor there are income which have fallen due but not accounted for. The accounts are prepared on historical cost basis and as a going concern.
- The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### 3. Summary of significant accounting policies

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### 4. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### 5. Fixed Assets

Fixed Assets are stated at cost. Depreciation of fixed assets is calculated at the rates prescribed under Schedule XIV to the Companies Act, 1956.

#### 6. Depreciation

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

#### 7. Intangible Assets

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

## 8. Investment

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

## 9. Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. Work in progress and finished goods are valued at lower of cost and net realizable value.

## 10. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

## 11. Income tax

- a. Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- b. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years.

## 12. Impairment of Assets

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

- **Miscellaneous Expenditure**

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

- **Contingent Liabilities**

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

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

## 14. Deferred Tax Assets & Deferred Tax Liabilities:

Amount in Rs.

Particulars	Deferred Tax Liability as at 01.04.2011	Current Year Charge	Deferred Tax Liability as at 31.03.2012
On account of difference Between W.D.V as on 31.03.2012 As per Income tax & Companies Act	1,10,94,069	13,49,619	1,24,43,688
<b>Total</b>	<b>1,10,94,069</b>	<b>13,49,619</b>	<b>1,24,43,688</b>

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

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

**16. Preferential Allotment**

(a) In terms of the resolution passed under section 81 (1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of the Company held on 07.09.2010 and the in-principle approval received from BSE, the Board has allotted 400000000 convertible warrants into equal number of equity shares of Re. 1/- each at a premium of Rs. 1.55/- per warrant, in the Board meeting held on 09.11.2010 on preferential basis to promoters and non-promoters category. Pursuant to allotment of Convertible warrants, the Company, during the financial year 2010-11, has received monies aggregating to Rs. 25.50 crores out of Rs. 102 Crores.

(b) The company has allotted 4,96,38,600 convertible warrants with an option to convert such warrants into equity number of equity shares of Re. 1/- each on preferential basis. Out of the total warrants so issued, 1,85,49,799 were converted into equal number of equity shares at a premium of Rs. 1.18/- per equity share. As at March 31,2010. Further 34,00,000 convertible warrants were converted into equal number of equity shares at a premium of RS 0.66/ per equity shares (Face Value Rs. 1/-) and 1450201 convertible share warrant into equal number of equity share at a premium of Rs. 1.18/- per equity shares (F.V Re. 1/- per share) during the financial year 2010-2011.

(c) During 2011-12, the Company has allotted 45,77,000 equity shares pursuant to conversion of equal no of convertible warrants issued at a premium of Rs. 0.66/ per equity share (Face Value).

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

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

19. Adoption of Accounting Standard 28 on impairment of assets does not have any impact either on the profit for the year or on the net assets of the company as at the year end.

<b>20. Auditors' Remuneration:</b>	<b>2011-12</b>	<b>2010-11</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
	-----	-----
Statutory Audit fee	35,000	35,000
Tax Audit fee	15,000	15,000
Others	6,180	5,150
	-----	-----
	56,180	55,150
	-----	-----

21. Directors' Remuneration Rs. 15,20,000/- (Previous Year Rs. 7,80,000).

22. Segment Reporting: The company has only one reportable segment.

**23. Related Party Disclosures:**

List of related parties with whom the company has transacted:

**a. Key Managerial Personnel**

Mr. Man Mohan Gupta

Mr. Peeyush Kumar Aggarwal

Mr. S. N. Sharma

Mr. Sanjay Gupta

**Related Party Transactions:**

		2011-12	2010-11
		(Rs.)	(Rs.)
		-----	-----
A.	Transactions during the year		
	Mr. Man Mohan Gupta	Remuneration	15,20,000
	Mr. Man Mohan Gupta	Rent paid	7,80,000
		1,32,000	1,32,000
B.	Outstanding Balances with related parties	NIL	NIL

24. Previous year figures have been regrouped / rearranged / reconsidered, wherever considered necessary.

25. Earning per share (EPS): (As per A.S.-20)	2011-12	2010-11
a) Weighted average no. of equity shares Outstanding during the year (Face value: Re. 1/- per share)	7,83,77,000	7,38,00,000
b) Net Profit after tax (Rs.)	20,77,669	20,45,303
c) Basic Earnings Per Share	0.03	0.03
Diluted Earnings per share (Rs.)	0.02	0.02

26. As per information available with the company, there are no outstanding dues to Small Scale Ancillary Industrial Undertakings as at 31.03.2012.

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

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

1. Raw Materials Consumed	:	Nil
2. Value of imported and indigenous Materials consumed	:	Nil
3. CIF value of imports	:	Nil
4. Expenditure in foreign currency	:	6,08,378/-
5. Earnings in foreign currency	:	Nil

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

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

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

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

**Sd/-  
(Peeyush Aggarwal)  
Director**

**Sd/-  
(Heena Jain)  
Company Secretary**

**Place: New Delhi  
Dated: 1st September, 2012**

## **INTERWORLD DIGITAL LIMITED**

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

### **ATTENDANCE SLIP**

### **17TH ANNUAL GENERAL MEETING**

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

Name of the attending member (In block letters)

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

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

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

I hereby record my presence at the **SEVENTEENTH ANNUAL GENERAL MEETING** on Saturday, the 29th Day of September, 2012, at **701, ARUNACHAL BUILDING, 19, BARAKHAMBHA ROAD, CONNAUGHT PLACE, NEW DELHI 110001** at **9:30 A.M.**

\_\_\_\_\_  
Member's Signature

\_\_\_\_\_  
Proxy's Signature

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

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## **INTERWORLD DIGITAL LIMITED**

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

### **PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/Members of **INTERWORLD DIGITAL LIMITED** hereby Appoint \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy to attend and vote for me / us on my / our behalf at the **SEVENTEENTH ANNUAL GENERAL MEETING** on Saturday, the 29th Day of September, 2012, at **701, ARUNACHAL BUILDING, 19, BARAKHAMBHA ROAD, CONNAUGHT PLACE, NEW DELHI 110001** and at any adjournment thereof.

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

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

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

Signature:

Date :

Affix Re. 1 Revenue Stamp
------------------------------------

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

\* Applicable for investors holding shares in electronic form.



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