



InterWorld

DIGITAL CINEMA

Redefining

NexGen 3D Entertainment

100 Years of Bollywood



Interworld Digital Ltd.

Digital Cinema - Mobile Communication - New Media



Annual Report 2011 - 2012

Passion – Commitment – Integrity – Innovation – Service

Contents

17TH ANNUAL REPORT **2011-2012**

1.	Corporate Information	1
2.	Letter To Shareholders	2
3.	Notice	3
4.	Directors Report	7
5.	Management Discussion and Analysis Report	10
6.	Report on Corporate Governance	15
7.	Auditor Certificate on Corporate Governance	24
8.	Confirmation of Compliance	24
9.	Auditor Report	25
10.	Balance Sheet	28
11.	Statement Profit and Loss	29
12.	Cash Flow Statement	30
13.	Note forming part of the Financial Statements	31
14.	Significant Accounting Policies	35

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, BARAKHAMBA 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.

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

:: Exclusive Services for Exclusive Advertisers

On Screen Advertising



100%

interaction with audience

Off Screen Advertising



More visibility

Social Media Advertising



Powerful Than Print

On Mobile Advertising



Everything Everywhere



3D Naked eye Signage



Led Advertising



LBA



Online Ad spending to surpass Print for First Time in 2012
Give your business a relevant competitive edge with Digital 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, Bhiwara 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:

