



**Kome – On Communication Limited**

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**Board of Directors**

:

***Shri Bhagyesh Bhatnagar***  
Chairman & MD & CFO

***Shri Suresh N Patel***  
Director

***Shri Deepak B Mehta***  
Director

**Practicing Company Secretary**

***Shri Dilip Motwani & Co.***  
Practicing Company Secretary

**Bankers**

Sarvodaya Commercial Co-op Bank Ltd  
Canara Bank

**Auditors**

***M/s Kalpesh A Mehta & Co.***  
Chartered Accountants  
B/B/5, Sterling Park Society  
Gurukul Road  
Ahmedabad – 380 052

**Registered Office**

A/903 Fairdeal House  
Navrangpura  
Ahmedabad – 380 009

**Studio**

2 & 3 Basement, Hiranya Apartment  
Opp. Tulip Bungalows, Drive-in Road  
Thaltej, Ahmedabad 380 054

**Share Transfer Agent & Registrar**

***M/s Share Pro Services (Inida) Pvt Ltd***  
Satam Estate, 3<sup>rd</sup> Floor, Cardinal Gracious Road,  
Above Bank of Baroda, Chakala,  
Andheri (E), Mumbai 400 099

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**NOTICE**

**NOTICE** is hereby given that the **SIXTEENTH ANNUAL GENERAL MEETING of KOME – ON COMMUNICATION LIMITED** will be held on Tuesday the 29<sup>th</sup> September , 2009 at Registered office at 903 Fairdeal House , Swastik Charrasta, Navrangpura Ahmedabad - 06 at 11.00 a.m. to transact the following business :

**ORDINARY BUSINESS :**

1. To receive , consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March 2009 , the Profit and Loss account for the year ended on 31<sup>st</sup> March 2009 and the reports of Directors and Auditors thereon.
2. To appoint a Director in the place of Shri Bhagyesh G Bhatnagar who retires on rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:  
“RESOLVED THAT M/s Kalpesh A Mehta & Co., Chartered Accountants, Ahmedabad, be and is hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed by the Board of Directors.”

**Place :Ahmedabad**  
**Date :30<sup>th</sup> July, 2009**

**For and on Behalf of the Board**  
**Bhagyesh Bhatnagar**  
**Chairman & Managing Director**

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER . PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING . ‘A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING
2. Re-appointment of Director: At the ensuing Annual General Meeting, Shri Bhagyesh Bhatnagar, Director retires by rotation and being eligible, offers himself for reappointment. The details pursuant of Clause 49 of the listing agreement are furnished in the Corporate Governance Report forming part of the Annual Report and explanatory statement is annexed hereto:
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the meeting.

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**Kome – On Communication Limited**



4. The Company has notified closure of Register of Members and Transfer Books thereof from 23<sup>rd</sup> September 2009 to 29<sup>th</sup> September 2009 (both days inclusive ) as per section 154 of the Companies Act, 1956.
5. Members are requested to bring their copy of Annual Report at the meeting and produce the Attendance Slip at the Entrance , where the Annual General Meeting will be held .
6. In case of joint holders attending the meeting only such joint holder, who is higher in the order of names will be entitled to vote.
7. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the Attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
8. Members, desiring any information pertaining to account, are requested to write to the Company 10 days before the date of meeting, so that the information can be made available at the meeting.
9. Members are advised to refer to the section titled “Investor Information” provided in this Annual Report.
10. Pursuant to Circular No. SEBI/CFD/DIL/LA/2/2007/26/4 dated 26<sup>th</sup> April 2007, issued by the Securities and Exchange Board of India, the statement containing the salient features of Balance sheet, profit and loss account and auditors report (Abridged Financial Statements), is sent to the members. Any member interested in obtaining a copy of the full Annual Report may write to the Registrar and Transfer Agent of the Company.



**DIRECTORS REPORT**

**To  
The Members**

Your Directors have pleasure in presenting the Sixteenth Annual Report on the Business of the Company and the Audited Statements of Accounts for the year ended 31<sup>st</sup> March 2009 and Auditors report thereon.

**OPERATIONS:**

The Company operates its business in the field of Entertainment Industry by providing consultation to various production houses and also operates in the area of developing softwares for electronic channels and are also in the area of marketing serials, feature films and business related to entertainment.

During the year under preview, the company has taken back the stock of softwares from the clients who failed in clearing their outstanding since long and further, gave consultancy in obtaining licenses, permissions in conducting the shoot of the Tele-serials & Ad films.

During the year under preview, the Company experienced business loss as the contract of releasing feature film Kiss Se Pyar Karun produced by Siddhesh Films was terminated by the producers only for the reason that the name of the Company appearing in the list of Vanishing Companies. Being in a competitive market the Company has a threat of new creative concept to be copied by other production houses by initiating minor changes in the program. It has come to the notice of the Company, the idea of school student participation in reality programs telecast was pirated by few leading channels.

**FINANCIAL RESULTS:**

| SR.NO. | PARTICULARS                                    | Financial Year Ended<br>2008 – 2009<br>(Rupees) | Financial Year Ended<br>2007 – 2008<br>(Rupees) |
|--------|--|---|---|
| 1.     | Gross Income                                   | 1150000.00                                      | 1420810.00                                      |
| 2.     | Profit before Tax<br>Interest and Depreciation | 531507.50                                       | 615074.60                                       |
| 3.     | Gross Profit                                   | 531507.50                                       | 615074.60                                       |
| 4.     | Depreciation                                   | 448991.00                                       | 448991.00                                       |
| 5.     | Net Profit before tax                          | 82516.50  | 166083.60                                       |
| 6.     | Provision for Tax                              | 30400.00  | 53000.00  |
| 7.     | Profit after Tax                               | 52116.50  | 113083.60                                       |
| 8.     | Profit/(loss) b/f from previous year           | (191260.52)                                     | (304344.12)                                     |
| 9.     | Profit available for appropriation.            | (139144.02)                                     | (191260.52)                                     |
| 10.    | Profit carried to Balance Sheet                | (139144.02)                                     | (191260.52)                                     |



**Kome – On Communication Limited**



**FINANCIAL PERFORMANCE:**

During the year under review, your Company has earned total income of Rs. 1150000.00 against Rs. 1420810.00 in the previous year. The Company earned net profit of Rs. 52116.50 compared to Rs. 113083.60 in the previous year.

**DIVIDEND:**

Your Directors deliberated at length and could not consider declaring dividend to the equity shareholders of the company in view of the inadequate profits. Your Directors resolved to put in every effort to declare and pay dividend to the equity shareholders of the Company at the earliest.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the listing agreement with the Stock Exchanges in India is presented as Annexure – I forming part of the Annual Report.

**FINANCE:**

Because of low turnover and nominal profit recorded this year, the Company was unable to pay interest, principle amount to SIDBI against the term loan but the Company is in process to clear the secured loan in near future. The Company in consultation with SIDBI submitted proposal under OTS scheme. The Company has proposed to pay Rs. 51 Lacs against the principle amount of Rs. 42 Lacs. confirmation in this regard from SIDBI is awaited.

**FIXED DEPOSITS:**

During the year under review, the company has not accepted any Fixed Deposit from Public within the meaning of section 58-A of the Companies Act, 1956.

**DIRECTORS:**

Your Directors dedicate themselves to the principles and ideals to meet the expectation of the stakeholders of the company. During the fiscal year this there is no change in the Directors of the Company as on this date.

In terms of the provisions of the Companies Act, 1956, Shri Bhagyesh G. Bhatnagar, Director of the Company retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.

A brief resume of the Director retiring by rotation at the ensuing Annual General Meeting, nature of expertise in specific functional areas and names of companies in which he holds Directorship and/or Membership/Chaimanship of Committees of the Board, as stipulated under Clause – 49 of the listing agreement with the Stock Exchanges in India, is given in the section on Corporate Governance forming part of the Annual Report.



**DIRECTORS REMUNERATION:**

None of the Directors are drawing salary in view of low turnover of the Company except Shri Bhagyesh G Bhatnagar whose entitlement is of Rs. 15,000/- but he also is drawing Rs. 13,000/-. Hence the detailed list of directors drawing salaries is not provided in the report. The Board of Directors has fixed Rs. 15,000/- as remuneration to Shri Bhagyesh Bhatnagar for the financial year, if and only if Company makes profit.

**THE DIRECTORS RESPONSIBILITY STATEMENT (UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956.**

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

- 1) In the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2009, the applicable accounting Standards have been followed along with proper explanation relating to material departures, if any.
- 2) The Directors had selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the profit of the Company for that Period.
- 3) 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.
- 4) The Directors had prepared the accounts for the financial year ended on 31st March 2009 on a 'going concern' basis.

**GROUP**

Pursuant to intimation received from the Promoters, the names of the Promoters and entities comprising 'group' as defined under the Monopolies and Restrictive Trade Practices Act, 1969 are disclosed in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

**AUDITORS:**

The Company has appointed M/s Kalpesh A Mehta & Co., in place of M/s Anil G Gupta & Co. w.e.f. from 13<sup>th</sup> April 2009 due to resignation of existing statutory auditors in the month of April 2009. M/s Kalpesh A Mehta & Co., Chartered Accountants, were appointed as Statutory Auditors for the financial year 2008-09 to fill the said vacancy and to hold office until the conclusion of the ensuing Annual General Meeting. Being eligible the Board recommends their re appointment as Statutory Auditors for the Financial Year 2009-10.

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**Kome – On Communication Limited**



The Company has received letters from M/s Kalpesh A Mehta & Co., Chartered Accountants, to the effect that their appointment if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES:**

There was no employee in the Company drawing salary of Rs. 2,00,000/- p.m. and Rs. 24,00,000/- for the whole of the year. Hence particulars of employees as required under section 217(2A) read with the Companies (Particulars of Employees) Rule 1975 have not been given.

**PROSPECTS:**

The Board of Directors of the Company is regularly putting its effort to take appropriate measures for redeeming the ruined reputation of the Company, its Promoters and Directors due to false cases filed against the Company and their Promoters/Directors. The Company has entered into film productions, releasing, marketing etc. The Directors with their imaginative vision, foresee good volume of business from Mumbai and accordingly started giving time in exploring business from Mumbai. The Company begged contract of releasing three feature films and due to the name appearing in the list of vanishing companies, the Company had to wash hands from the said prospective business and the contract was terminated by the producer. The Company is facing problems in exploring new business in the field of productions and marketing the said productions thereto because of name appearing in the list of vanishing companies on the web site of Ministry of Corporate Affairs further forcing the Company to do business in low profile. The Company hopes that the name of the Company will soon be deleted from the list of Vanishing Companies.

**CAUTIONARY STATEMENT**

Statements in the Management discussion and Analysis.

**STOCK EXCHANGE LISTINGS:**

The Company confirms that it has not paid the Annual Listing Fees to ASE & MSE, NSDL & CDSL for the financial year 2008-2009. The Company has done several correspondences with ASE for resuming the Trading on the Exchange in the interest of Shareholders As our Company is only listed on ASE and MSE there is no platform left for the shareholders, investors, members to trade. The Company is trying to approach other working Exchanges in India for listing to provide better platform, for the shareholders.

**DEMATERIALISATION OF SHARES:**

The Company's Registrar & Transferring Agent (both for Physical & Electronic Transfer) are M/s Sharepro Services, Satam Estate, 3<sup>rd</sup> Floor, Cardinal Graiacious Road, Chakala, Andheri (East), Mumbai 400 099 have established connectivity to both the Depositories to facilitate trading in the electronic mode. As on 31.3.2009, 84.58% of Equity shares were dematerialized.



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**AUDIT COMMITTEE CONSTITUTION:**

In compliance with the provisions of the Section 292A of the Companies Act, 1956 and the listing agreement entered into with the stock exchanges, the company had constituted an Audit Committee consisting of highly qualified and experienced members from various fields. The committee meets periodically to review the quarterly financial statements and recommends its findings to the Board apart from taking action independently whenever required. The Secretary attends and participates in the Audit Committee Meetings.

**DISCLOSURES:**

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:**

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the company keeping in view the nature of business carried out by the company.

The Foreign Exchange earnings and out go is: C.Y Nil PY. Nil

**CORPORATE GOVERNANCE:**

Your company firmly believes that building a culture of compliance is more than meeting regulations and standards. Your company is always proactive in meeting mandated standards and practicing corporate governance in spirit and not just the letter of the law.

A separate report on Corporate Governance as stipulated under clause 49 of the listing agreement with the Stock Exchanges, is furnished as a part of the Annual Report along with the Auditors Certificate on its Compliance (Annexure – II).

Under clause 49 of the Listing Agreement, your Directors are pleased to inform that your Company has implemented all the major stipulations prescribed under clause 49 of the Listing Agreement with the Stock Exchanges. A certificate from the Practicing Company Secretary M/s D. N. Motwani & Co in the line with clause 49 is annexed to and forms part of the Director’s Report.

**ACKNOWLEDGEMENT:**

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

**Place: Ahmedabad**  
**Date :July 30th, 2009**

**Sd/-**  
**On behalf of the Board**  
**Bhagyesh Bhatnagar**  
**Chairman & Managing Director**





**MANAGEMENT DISCUSSION AND ANALYSIS**  
**ANNEXURE – 1 OF DIRECTORS REPORT**

**A) FAST FORWARD LOOKING STATEMENTS:**

Statements in this Management Discussion and Analysis of Financial Condition and results of Operations of the Company describing the Company’s objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company’s operations include such charges and levies by the regulatory authority, changes in government regulations, tax laws, economic developments within the country and such other factors.

The financial statements are prepared on accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 (the Act) and comply with the Accounting Standards read with Companies (Accounting Standards). The Management of Kome-on Communication Limited has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profits for the year. The following discussions on our financial condition and results of operations should be read together with financial statements and the notes to these statements included in the Annual Report.

Unless otherwise specified or the context otherwise requires, all references herein to ‘we’, ‘us’, ‘our’, ‘the company’, ‘Kome-on’, ‘kcl’ are to Kome-on Communication Limited.

**B) INDUSTRY STRUCTURE AND DEVELOPMENTS, OPPORTUNITY AND THREATS, PERFORMANCE OUTLOOK AND RISKS AND CONCERNS.**

The philosophy is backed by principles of concern, commitment, ethics, excellence and learning in all its acts and relationships with stakeholders, customers, associates and community at large which has always propelled the Group towards higher horizons.

The exploration activities in the Electronic Media Industry had shown signs of improvement in Domestic market of event & reality based program followed by public responses through SMS, Telephones, Emails etc. which has great mileage in the viewer ship of channels. It is being observed that very next program shown on the channels is event & reality based. Therefore, looking to the great demand, Company has eventually entered into making event & reality based programs whose scripts are being called for from reputed script & screenplay writers from different part of India.



The Company has entered in the area of feature film productions, marketing & distribution. This shall lead in fetching new business area in the Media Industry.

The Company faces threat due to high domestic & international competitors & regular advancement in technology. The Company also faces threat from piracy, coping of creative idea, by an individual, company or any person related to the field.

As per the threat & fear indicated in last Annual Report, few channels have started children competition based programs and started promos on their channel.

**C) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Internal Control System comprises of exercising controls at various stages and is established in order to provide reasonable assurance for:

- i) Safeguarding Assets and their usage.
- ii) Maintenance of Proper Accounting Records and
- iii) Adequacy and Reliability of Information used for carrying on Business Operations.

**The Key elements of the system are as follows:**

- a) Existence of Authority Manuals and periodical updating of the same for all Functions.
- b) Existence of Clearly defined Organizational Structure and Authority.
- c) Existence of Corporate Policies for Financial reporting and Accounting.
- d) Existence of Management Information System updated from time to time as may be required
- e) Existence of Annual Budgets and Long Term Business Plans.
- f) Periodical Review of Opportunities and Risk Factors depending on the Global/Domestic Scenario and to undertake measures as may be necessary

**D) HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS:**

The Company continued with its Policy of Human Resources Development and retention. To enrich the skills of employees and enrich their experience, the Company arranges practical training courses by internal faculty. The Company is maintaining good employee relations and no man days are lost during the year due to employee's unrest.

**Place: Ahmedabad**  
**Date : July 30th, 2009**

Sd/-  
**By the order of the Board of Directors**  
**Bhagyesh Bhatnagar**  
**Chairman & Managing Director**



**ANNEXURE TO DIRECTORS REPORT**

**ANNEXURE – II**

**REPORT ON CORPORATE GOVERNANCE**

**a) Company’s Philosophy**

The philosophy is backed by principles of concern, commitment, ethics, excellence and learning in all its acts and relationships with stakeholders, customers, associates and community at large which has always propelled the Group towards higher horizons.

The Company is driven by the fundamental objective of maximizing shareholder value by employing its assets and resources in opportunities that generate the greatest returns and position it for sustained growth in the long-term guided by the promise of “Caring, Sharing, Growing”.

We will with utmost care forth environment, continue to enhance value; for our customers by providing innovative ideas and economically efficient solutions; and for our shareholders through sales growth, cost effectiveness and wise investment of resources.”

In line with the above mentioned promise, your Company has adopted a comprehensive Corporate Sustainability Management System that focuses on triple bottom line reporting on economic, environment and society. We believe that it is not the latest technology or management proactive (as important as they are) that makes an organization successful as it ought to be. However, what makes it an enterprise worthy of emulation is that it shapes up the environment in which it grows. And to achieve this, we strive to be a learning organization where creativity, innovative, entrepreneurship and knowledge sharing are encouraged and fostered actively.

We believe in the principles of trusteeship, fair play and transparency in all our dealings. The best example is nothing but as you all are aware off, the Company made an presentation to Regional Director (WR), Mumbai, Registrar of Companies, Gujarat & Ministry of Corporate Affairs, Delhi for deleting the name of the Company from the list of Vanishing Companies in the year 2006. Accordingly, in the meeting of the Task Force Committee (WR), Mumbai on July 2007, the task force committee decided on the presentation and the case was recommended to the Ministry of Corporate Affairs Monitoring Committee for deletion of name of the Company from Vanishing List, but unfortunately till date the Central Monitoring Committee has taken to decision. The Company has full faith on the system and expects that fair justice is given in the interest of the shareholders, investors.

During the year, a case under section 138 of IPC was dismissed by the H’able court which was in the favour of the Company.



During the year under review, the Company significantly ramped up its sustainability reporting by covering all the parameters as per Indian standards. The Company has a stated policy on sustainability which clearly articulates its approach towards sustainable development through a well laid process for identification of stakeholders and a formal program for interaction with them to take their feedback and take action to mitigate the risks indicated through such interactions. This will not only ensure long term sustainability of the Company but would also help in enhancing shareholder value.

The Company believes in transparency in reporting. It recognizes the importance of sustained and constructive communication with all stakeholders including investors, lenders, vendors, customers and the community surrounding its operating facilities as a key element in the overall Corporate Governance framework. Kome – On Communication, through multiple forms of corporate and financial communication such as Annual Reports, Results, Announcements, Media Releases, implements continuous, efficient and relevant communication to all its stake holders, and business associates.

### **OUR GOVERNANCE PHILOSOPHY**

Your company firmly believes that building a culture of compliance is more than meeting regulations and standards. Your company is always proactive in meeting mandated standards and practicing Corporate Governance in spirit and not just the letter of the law.

Your company’s philosophy on Corporate Governance is based on following principles:

- i) Preserving core values and ethical business conduct.
- ii) Commitment to maximizing shareholder value on a sustained basis.
- iii) To enhance the efficacy of the Board and inculcate a culture of transparency, accountability and integrity across the company.
- iv) Perceiving and mitigating the various risks that impact the company.
- v) Make timely and transparent disclosures.
- vi) Legal and statutory compliances in its true spirit.

Your company’s contributory factor is self regulatory system of prompt reporting, monitoring, certification and voluntary code of practice and standards which improves management effectiveness, supervision and accountability to stakeholders.

### **DATE OF REPORT**

The information provided in the Corporate Governance Report for the purpose of unanimity is as on March 31, 2009.

**b) BOARD OF DIRECTORS**

**PECUNIARY RELATIONSHIP**

Non executive Directors/Independent Directors are committed to high level of Corporate Governance and as such they do not have any material pecuniary relationship with the company except as stated in the Corporate Governance Report.

**COMPOSITION:**

The Board of Directors of the company consists of an optimum combination of Executive and Non Executive Directors, from eminent fields. The composition of the Board is in conformity with the Clause 49 of the Listing Agreement, which stipulates that not less than fifty percent of the Board of Directors should comprise of Non-Executive Directors and where the Chairman of the Board is an Executive Director, at least half of the Board should comprise of Independent Directors.

The Board comprises of three Directors out of which one Managing Director, two Independent Directors. During the year under review,

| <b>CATEGORY</b>                                 | <b>NO OF DIRECTORS</b> | <b>% OF TOTAL NO OF DIRECTORS</b> |
|---|------------------------|-----------------------------------|
| Executive Directors                             | 1                      | 33.33                             |
| Non Executive Directors & Independent Directors | 2                      | 66.67                             |

**BOARD MEETINGS HELD DURING THE YEAR:**

The Board of Directors met five times during the year on 13<sup>th</sup> April 2008, 28<sup>th</sup> June 2008, 28<sup>th</sup> July 2008, 10<sup>th</sup> October 2008, and 09<sup>th</sup> January 2009 respectively. The maximum gap between two meetings was less than four months.

**DIRECTORS ATTENDANCE AND DIRECTORSHIP HELD:**

None of the Directors of your company are Directors on the Board of more than fifteen Companies or ten Board level Committees or Chairman in more than five Committees, across all companies in which they are Directors.

The composition of the Board of Directors and attendance of Directors at the Board meeting, Annual General Meeting and also number of other directorships/committee memberships including Chairmanships in Indian Public Limited Companies are as follows:

  
**Annual Report 2008 – 2009**

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| Sr No | Name                   | DIN NO.  | Category  | Board Meeting | Last AGM | Other Directorship | Committee Membership | Committee Chairmanship |
|-------|------------------------|----------|-----------|---------------|----------|--------------------|----------------------|------------------------|
| 1     | Mr. Bhagyesh Bhatnagar | 00480210 | CMD & CFO | 5/5           | Yes      | -                  | -                    | -                      |
| 2     | Mr. Deepak B Mehta     | 00481863 | Ind. Dir  | 4/5           | Yes      | -                  | 2                    | 1                      |
| 3     | Mr. Suresh N Patel     | 02138391 | IND       | 5/5           | Yes      | Yes                | 1                    | 2                      |

CMD - Chairman & Managing Director, Ind. Director – Independent Director.

**BOARD AGENDA AND MINUTES:**

Agenda papers are generally circulated to the Board members well in advance before the Meeting of the Board of Directors. All material information is incorporated in the agenda papers for facilitating focused discussions at the Meeting.

Matters of urgent nature are approved by the Board by passing resolutions through circulation.

**INFORMATION TO THE BOARD:**

The Board has complete access to all information with the company. Inter alia the following information is regularly provided to the Board as part of the agenda papers.

- Monthly operations Report and Quarterly results of the company.
- Annual operating plans, budgets, capital budgets, updates and all variances.
- Materially important show cause notices, demand, prosecutions or other legal notices if any.
- Materially relevant default in financial obligations to and by the company.
- Compliance of any regulatory, statutory nature or listing requirements.
- Minutes of the Meeting of the Board of directors and Committees of the Board of Directors.
- Details of Related Party Transactions if any.
- Quarterly Compliance Report on Clause 49 and other non-compliance.

**REVIEW OF LEGAL COMPLIANCE REPORTS:**

The Board periodically reviews during the year the Compliance Reports in respect of the various Statutory enactment's applicable to the company.

**DETAIL OF REMUNERATION OF DIRECTORS:**

The Non Executive Directors of the company, whether Independent or Non Independent, are paid sitting fees for attending the Meetings of the Board of Directors/Committees of Board of Directors.

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**Kome – On Communication Limited**

None of the Directors are drawing salary in view of low turnover of the Company except Shri Bhagyesh Bhatnagar whose gross entitlement is of Rs. 15,000/- but is also drawing gross Rs. 13,000/- gross inclusive of all perks. He has drawn Rs.156000/- in the current fiscal year 2008 –2009. Therefore detailed list of directors drawing salaries is not provided in the report. The Board of Directors have decided to pay Rs. 15,000/- for this financial to Shri Bhagyesh Bhatnagar if and only if Company makes profit.

The Company during the year 2008-2009 did not advance any loans to any of its Directors.

There is no additional payment being made towards performance of any executives.

The Company does not have any stock option scheme for the managerial personnel.

**RE-APPOINTMENT OF THE DIRECTORS:**

According to the Articles of Association of the company one third of the Directors are liable to retire every year and if eligible, offer them-selves for re-appointment at every Annual General Meeting.

The table below shows the list of the Directors retiring by rotation and being re-appointed and the Directors whose tenure of Directorship is extended.

| Name of the Directors   | Date of Birth | Last Re-appoint ment Date | Qualifications & Experience  | Directorship in other Companies (Only Public Cos.) | Membership of committee of the Board in other Companies |
|-------------------------|---------------|---------------------------|--|--|---|
| Shri Bhagyesh Bhatnagar | 16-03-66      | 27-09-07                  | <b>B.Sc. (Hons) Physics<br/>Bachelor in Performing Arts</b><br>Has over 18 years of experience in production of Serials, Ad films, documentaries & Films | NIL  | NIL   |

**RETIREMENT POLICY OF THE DIRECTORS:**

The Company does not have a Retirement Policy for the members of the Board of Directors of the Company. They retire under section 255 read with section 256 of the Companies Act,1956.

**RESPONSIBILITY OF THE DIRECTORS:**

**Responsibilities of the Board:**

The primary role of the Board is that of trusteeship to protect and enhance shareholders value. As trustee, the Board ensures that the company has clear goals and policies for achievement. The Board oversees the company’s strategic direction, reviews corporate performance, authorizes and monitors strategic decision, ensures regulatory compliance and safeguards interests of the stakeholders.

**Responsibilities of the Chairman and Managing Director:**

The Board of Directors at their Meeting held on 13<sup>th</sup> April 2009 delegated the powers to Shri Bhagyesh Bhatnagar, Chairman & Managing Director to enable him carry out the day to day operations of the company. The powers encompasses all areas such as finance, personnel, legal, general and miscellaneous powers and to act as CFO of the company.

**SHARES HELD BY EXECUTIVE AND NON –EXECUTIVE DIRECTORS:**

The table below shows the shares held by Executive Directors of the company as on March 31, 2009.

| Name of the Director      | Shares Held |
|---------------------------|-------------|
| Shri Bhagyesh G Bhatnagar | 334501      |

None of the Non Executive Directors were holding any shares in the company.

**PLEDGE OF SHARES**

The Company in compliance of the amended SEBI (Substantial acquisition of shares and takeovers) Regulations, 1997 made necessary disclosures to the Stock Exchanges intimating the details of the shares pledged by the promoter and every person forming part of the promoter group.

**CODE OF CONDUCT AND ETHICS:**

The Company adopted the Code of Conduct and Ethics for Directors. The Code has been circulated to all the members of the Board.

The Board of Directors has affirmed their compliance with the Code and a declaration along with certificate of compliance appears in the annexure to the Corporate Governance.

**TRAINING FOR THE BOARD**

As part of ongoing knowledge sharing and updation, the Board of Directors are updated with relevant statutory amendments and landmark judicial pronouncements encompassing important laws such as Company Law, SEBI Law, Income Tax Law etc, at meetings of the Board of Directors.

**COMMITTEES TO THE BOARD:**

The Board of Directors has constituted various Committees with adequate delegation to focus on specific areas and take decisions so as to discharge day to day affairs of the company. Each Committee is guided by its charter, which defines the composition, scope and powers of the committee. All decisions and recommendations of the Committees are placed before the Board of Directors.

The Committees constituted by the Board as on date are: (a) Audit Committee, (b) Investors Grievance Committee (c) Remuneration Committee. The Committees meet as per the business needs.



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**(A) AUDIT COMMITTEE**

The Audit Committee of Directors consists of well-qualified and Independent Directors. The scope of activities of the Committee are in conformity as are set out in Clause 49 II (D) of the Listing Agreement with Stock Exchanges read with the Companies Act, 1956. All the members of the committee possesses adequate knowledge of finance and accounts. The scope of the activities of the committee, are in conformity as are set out in clause 49 II (D) of the listing agreement with stock exchanges read with section 292A of the Companies Act, 1956.

**COMPOSITION:**

The Committee comprises of 2 Non-Executive Directors of which 2 are independent. The Executive Directors are the permanent invitees. The Secretary of the Company also acts as Secretary to the Committee. The External Auditors are also invited to attend the meetings of the Committee. The Committee met 5 times in the financial year 2008 – 2009. The attendance of members at the meetings was as follows:

The table shows the list of members of Audit Committee and attendance in particular.

| <b>Name of the Member</b> | <b>Status</b> | <b>No. of meetings attended</b> |
|---------------------------|---------------|---------------------------------|
| Mr. Deepak B Mehta        | Chairman      | 5                               |
| Mr. Suresh Patel          | Member        | 5                               |

**Terms of reference:**

To review all matters specified in clause 49 of the Listing Agreement, section 292A of the Companies Act 1956, such as to,

- oversee the Company’s financial reporting system and process and disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and the fixation of Audit Fees.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing with the management the Annual Financial Statements before submission to the Board for approval with particular reference to:
  - a) Matter required to be included in the Directors Responsibility statement to be included in the Board’s Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgement by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualifications in the draft Audit Report.
  - h) Review regarding the going concern assumption and compliance with the accounting standards.

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- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management performance of the Statutory and internal Auditors and discuss their findings, suggestions, internal control systems, scope of audit, observations of the auditors and other related matters etc.,
- The minutes of the Audit Committee meeting are circulated to the Board of Directors.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- To review the company’s financial and risk management policies.

**The Audit Committee is empowered, pursuant to its terms of reference, to:**

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- Obtain legal or other independent professional advice and to ensure the attendance of outsiders with relevant experience and expertise, when considered necessary.

**Report of the Audit Committee of Directors for the year ended on March 31, 2009**

To the shareholder of Kome-on Communication Limited.

- During the year under review, the Statutory Auditors audited the company’s accounts and the reports placed before the Audit committee for consideration.
- The audits were carried out pursuant to an Audit Calendar and approved by the Audit Committee in the beginning of the year.
- The Audit Committee noted the Audit Report the view of the Audit and the Management.
- The Audit committee’s suggestions from time to time were implemented by the company during the course of the year.
- The Audit Committee sought clarifications from the Auditors and the Management of the company, whenever required, in relation to the financial matters of the company as per the scope and powers of the Audit Committee.
- The Audit Committee meetings were interactive.
- The Committee is recommending to the Board the reappointment of M/s Kalpesh A Mehta & Co., Chartered Accountants as statutory auditors of the Company, to carry out audit of the accounts of the Company for the financial year 2009-2010.

**INVESTORS GRIEVANCE COMMITTEE**

The investor Grievances Committee of Directors met twice during the financial year 2008-2009.

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**Composition**

The Committee comprises of 2 Independent Directors viz. Mr. Deepak B Mehta & Mr. Suresh N Patel, whereas Mr. Suresh N Patel is the Chairman of the Committee.

**Terms of reference:**

- (a) The committee, inter alia looks into shareholder/investors grievances relating to transfer/transmission of shares
- (b) issue of duplicate certificates
- (c) non-receipt of balance sheet and
- (d) all such complaints directly concerning the shareholders/investors as stakeholders of the company.
- (e) And such other matters that may be considered necessary in relation to shareholders of the company.

**Disclosure**

During the year Company has received no shares for transfer in physical form and in view of NIL trading on Ahmedabad Stock Exchange and Madras Stock Exchange. The Company has received one complaints in this financial year from the shareholders through Ministry of Corporate Affair and the said complaint was answered through a proper channel which was resolved within fortnight.

No shares are pending for transfer as on 31.3.2009 as per the intimation received from the Registrar.

**REMUNERATION COMMITTEE**

**Terms of reference:**

The Committee is empowered to decide and approve the remuneration of the Managerial Personnel from time to time.

**Composition**

The Committee comprises of 2 independent Directors namely Mr. Suresh N Patel & Mr. Deepak B Mehta. Mr. Deepak B Mehta is the Chairman of the Committee.

The Committee had no occasion to meet during the year to review whether to pay remuneration as decided to Shri Bhagyesh Bhatnagar and decided to pay part as found convenient looking towards the profit of the Company.

**REMUNERATION COMMITTEE REPORT FOR THE YEAR ENDED MARCH 31, 2009**

To the shareholders of Kome –on Communication Limited

The Committee is responsible for considering and recommending to the Board of Directors the remuneration paid to Executive Directors. The Committee ensures compliance under Companies Act, 1956 and other applicable provisions.

The Committee reviewed and commended the remuneration of Mr. Bhagyesh Bhatnagar.

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**MANAGEMENT**

The Management identifies, measures, monitors and minimizes the risk factors in the business and ensures safe, sound and efficient operation. Your Company has developed and implemented policies, procedures and practices that attempt to translate the company’s core purpose and mission into reality.

All these policies, procedures and practices are elaborated hereunder

**a) Policy of Corporate Governance:**

The Company always makes conscious efforts to inculcate best Corporate Governance practices and goes beyond adherence to regulatory framework.

The Company towards its commitment to trusteeship, transparency, accountability and equality in all its dealings and to maintain positive bonding has put in place a ‘Policy of Corporate Governance’.

**b) Legal Compliance Policy:**

The Company has a legal compliance policy for duly complying with Central, State and Local Laws and Regulations to achieve and maintain the highest business standards and benchmark the internal legal practices.

**C) Board Charter**

This charter sets out the role, structure, responsibilities and operations of the Board of the company and its delegation of authority to the management.

The charter sets out the role of the Board as a Trustee of the stakeholders and the company, who provide strategic direction, review corporate performance, authorize and monitor strategic decisions, ensure regulatory compliances and safeguard their interest.

**Management discussion and analysis:**

The Annual Report has a detailed chapter on Management Discussion and analysis.

**Management Disclosures:**

Directors and Senior management personnel of the company as well as certain identified key associates make annual disclosures to the Board relating to material financial and commercial transactions where they have interest, conflicting with the interest of company. The interested Directors do not participate in the discussion nor do they vote on such matters when the matter is considered by the Board of Directors.

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**Kome – On Communication Limited**



**D) STAKEHOLDERS:  
DISSEMINATION OF INFORMATION**

The Company has established systems and procedures to disseminate relevant information to its stakeholders including shareholders, auditors, suppliers, customers, employees and financiers. The primary source of information regarding the operations of the company including the quarterly results is advertisement in leading news papers.

The Quarterly and annual results of the company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors and published in widely circulated English and in vernacular newspaper.

**Quarterly Results:**

The Company through this Annual Report request all the shareholders to inform the company about their email IDs, so as to keep them updated. As an investor friendly measure the un-audited financial results of the company can be emailed in addition to being published in the newspaper.

The company is trying to choose this channel of communication, for carrying out substantial correspondence with the shareholders to reduce costs while maintaining reach to the shareholders. Shareholders, who have not yet registered their email Ids, may immediately do so to [komeonltd@yahoo.co.in](mailto:komeonltd@yahoo.co.in)

**Compliance Officer:**

Mr. Deepak B Mehta is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) regulations 1992 and the Listing Agreements with the Stock Exchanges of India and Registrar of Companies, Gujarat.

**Legal Proceedings:**

1. The criminal cases filed by Registrar of Companies, Gujarat, Department of Company Affairs in the year 2003-2004 taking the base of the list of Company’s vanished, published by SEBI in the year 1999 is stayed for further investigation by the Hon’ble High Court of Gujarat and the same is pending for the final hearing.
2. The case u/s 63, 68 & 628 is pending in the court of Add. Chief Metropolitan, Ahmedabad.
3. The case u/s 138 of IPC was dismissed by the H’nable court of Add. Chief Metropolitan, Ahmedabad

**Means of Communication:**

Financial Results are published in leading News – Paper as well as copies of the same are also being send to all the Stock Exchanges when required were the shares of the Company are listed for the benefit of the Public at large.

Financial Results are published normally in English News papers and in Vernacular daily News paper viz. Western Times.



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**Share Transfer System:**

The company’s physical transfer of shares is handled by the Registrars M/s Sharepro Services (India) Limited.

The dematerialized shares are directly transferred to the beneficiaries by the depositories.

**Nomination facility**

Shareholders holding physical shares may file nominations in prescribed Form 2B of the Companies (Central Governments’ General Rules and Forms), 1956 to the Registrar and Transfer Agents of the Company. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

**Dematerialization of Shares and Liquidity**

The shares of the company are under the category of compulsory delivery in dematerialized mode by all categories of investors.

The company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2009, over 84.58% of the shares of the company are already dematerialized.

**The Shares Transfer Status During 2008 – 2009**

| <b>Particulars</b>                             | <b>2008 – 2009</b> |
|--|--------------------|
| Total Shares Demated in NSDL as on 31.03.2009  | 11667852           |
| Total Shares Demated in CDSL as on 31.03.2009  | 1027000            |
| Total Shares in Physical form as on 31.03.2009 | 2313255            |
| Total number of Shares as on 31.03.2009        | 15008107           |
| % of Shares Demated as on 31.3.2009            | 84.58%             |

**The company’s ISIN No. for dematerialization for both NSDL and CDSL is INE833C01012**

**SECRETARIAL AUDIT REPORT:**

A Practicing Company Secretary of the Company, has carried out secretarial audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

  
Kome – On Communication Limited

**DISTRIBUTION OF SHARE HOLDINGS**

This table below shows the distribution of shareholding of various groups as on March 31, 2009

| No. of Equity Shares Held | AS ON 31.03.2009            |                          |                   |                    |
|---------------------------|-----------------------------|--------------------------|-------------------|--------------------|
|                           | No. of Shareholders Holders | % of shareholder holders | No of Shares held | % of Share Holding |
| Upto – 5000               | 2037                        | 96.04                    | 1309705           | 8.73               |
| 5001 –10000               | 28                          | 01.32                    | 237800            | 1.58               |
| 10001-20000               | 14                          | 00.66                    | 220500            | 1.47               |
| 20001-30000               | 8                           | 00.38                    | 215150            | 1.43               |
| 30001-40000               | 5                           | 00.24                    | 182400            | 1.22               |
| 40001-50000               | 6                           | 00.28                    | 289500            | 1.93               |
| 50001 –100000             | 5                           | 00.24                    | 328000            | 2.19               |
| 100001& above             | 18                          | 00.85                    | 12225052          | 81.46              |
| <b>TOTAL</b>              | <b>2121</b>                 | <b>100</b>               | <b>15008107</b>   | <b>100</b>         |

The table below shows the distribution of promoter and non-promoter shareholding as on March 31, 2009

| Category                | No. of shareholders | Voting Strength% | No of shares held |
|-------------------------|---------------------|------------------|-------------------|
| Individuals             | 2008                | 94.68            | 9425000           |
| Companies               | 4                   | 00.19            | 2310000           |
| FIIS                    | -                   | -                | -                 |
| OCBS AND NRIS           | -                   | -                | -                 |
| PROMOTERS               | 109                 | 05.13            | 3273107           |
| MUTUALFUNDS, BANKS, FIS | -                   | -                | -                 |
| <b>TOTAL</b>            | <b>2121</b>         | <b>100.00</b>    | <b>15008107</b>   |

The table shows the details of public holding more than 1% shareholding as on March 31, 2009

| SR NO | NAME OF COMPANY/PERSON                 | PERCENTAGE |
|-------|--|------------|
| 1     | VIRENDRA DULERAI DAMANI                | 2.86       |
| 2     | PATEL NAMAN KIRANKUMAR                 | 4.80       |
| 3     | VINOD DHANDHORE                        | 4.80       |
| 4     | PRAFUL GONDHALI                        | 4.80       |
| 5     | SWETA B DOSHI                          | 9.59       |
| 6     | ASHISH P PARMAR                        | 4.80       |
| 7     | BHARATBHAI R DOSHI                     | 4.80       |
| 8     | DHARTI B DOSHI                         | 3.00       |
| 9     | RAJU M SOLANKI                         | 4.76       |
| 10    | ASHWIN CHIMANLAL SHETH                 | 2.33       |
| 11    | PARESH PRAFULBHAI SHAH                 | 11.22      |
| 12    | JIGISH NAGINDAS DOSHI                  | 1.13       |
| 13    | MAHESH NAROTTAMBHAI PATEL              | 4.00       |
| 14    | TRANS FINANCIAL RESOURCES LIMITED      | 4.99       |
| 15    | JHAVERI TRADING AND INVESTMENT PVT LTD | 6.99       |
| 16    | VIKRAM CAPITAL RESOURCES PVT LTD       | 3.33       |

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**Monthly High and Low Quotation along with volume of shares traded at ASE & Trading Status.**

No shares were traded on MSE or ASE because no trading is being done on regional stock exchanges. The Company has sent request to ASE, RD (West), SEBI & ROC for resuming the trading of securities of the Company on the Exchanges in the interest of Shareholders/members of the Company. It has come to the notice by the company, that off the bolt trading of shares of the company is on and hence increase in the number of shareholders is recorded.

**General Body Meetings**

| <b>Financial Year</b>               | <b>Date</b> | <b>Time</b> | <b>Location</b>   |
|-------------------------------------|-------------|-------------|---|
| 15 <sup>th</sup> AGM<br>2007 – 2008 | 29-09-2008  | 11.00 a.m   | Karnavati Club, Gandhinagar<br>Sarkhej Highway, Ahmedabad |
| 14 <sup>th</sup> AGM<br>2006 – 2007 | 29-9-2007   | 11.00 a.m.  | Karnavati Club, Gandhinagar<br>Sarkhej Highway, Ahmedabad |
| 13 <sup>th</sup> AGM<br>2005 – 2006 | 29-9-2006   | 11.00 a.m.  | A/903, Fairdeal House<br>Navrangpura<br>Ahmedabad         |

**Investor’s Correspondence may be addressed to**

The shareholders in large are informed that for any correspondence related to shares of the company they must send applications to The Manager (Share Department), A/903, Fairdeal House, Navrangpura, Ahmedabad 380 009 or to Registrar and share transferring agents M/s Sharepro Services (India) Limited.

**Postal Ballot**

During the financial year 2008 – 2009 no resolution was passed through postal ballot by the company.

**Details of Public Funding in the last three years**

The company has not raised any funds from the public in last three years.

**Disclosures:**

- a) None of the transactions with any of the related parties were in conflict with the interests of the Company
- b) In the current financial year no penalties or strictures has been imposed on the Company by any Stock Exchange or SEBI or any statutory Authority on any matter related to Capital Market.
- c) The representation sent to RD (W), Mumbai, was discussed in the Task force meeting held in the month of June 2007 and has recommended the Ministry of Corporate Affairs to delete the Company’s name from the list of Vanishing Companies. The decision in this regard from the Ministry of Corporate Affairs is awaited.
- d) The Company shares are not being traded on ASE & MSE in view of lack of trading on Regional Stock Exchanges.

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**Kome – On Communication Limited**

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- e) Disclosures of accounting treatment  
In the preparation of financial statements the company has followed the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable.
- f) CEO and CFO Certification  
The Chairman and Managing Director and Chief Financial Officer, certify every quarter that the unaudited financial results of the company do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.
- g) There were no penalties, strictures imposed on the company by Stock Exchanges or Securities Exchange Board of India (SEBI) or any Statutory Authority on any matter related to Capital Markets during the last three years.

**GENERAL SHAREHOLDERS INFORMATION**

|   |  |
|---|--|
| 16 <sup>th</sup> Annual General Meeting<br>Date, Time & Venue | 29 <sup>th</sup> day of September 2009 at 11.00 a.m.<br>Karnavati Club, Gandhinagar-Sarkhej Highway<br>Ahmedbad – 380 054  |
| Dates of Book Closure   | September 23, 2009 to September 29, 2009   |
| Registered Office   | A/903, Fairdeal House, Swastick Cross Road,<br>Navrangpura, Ahmedabad 380 009  |
| Studio  | Basement, Hiranya Apartment, Tulip Bungalows,<br>Thaltej, Ahmedabad.   |
| Compliance Officer  | Shri Deepak B Mehta  |
| Share Transfer Agent<br>Electronic & Physical                 | M/s Share Pro Services (Inida) Pvt. Ltd.<br>Satam Estate, 3 <sup>rd</sup> Floor, Cardinal Gracious Road,<br>Above Bank of Baroda, Chakala,<br>Andheri (E), Mumbai 400099   |
| Dividend history for the last five years                      | The company has not declared dividend since the year<br>2000.  |
| Tentative Dates for considering Financial<br>Results          | Results for the Quarter ending<br>June 30, 2009 : Last fortnight of July, 2009<br>Sept. 30, 2009 : Last Fortnight of Oct. 2009<br>Dec. 31, 2009 : Last Fortnight of Jan, 2010<br>March 31, 2010 : Audited Results in June 2010 |
| Listing on Stock Exchanges & Stock Code                       | The Ahmedabad Stock Exchange Limited<br>Stock Code: 31012<br>The Madras Stock Exchange Limited   |
| Listing Fees  | The Company has not paid the Listing Fees where the<br>equity shares of the company are listed.  |
| ISIN No.  | INE 833C01012  |
| CIN No.   | L92110GJ1994PLC021216  |



**Annual Report 2008 – 2009**

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**COMPLIANCE CERTIFICATE OF THE PRACTICING COMPANY SECRETARY**

The company has voluntarily subjected itself to Secretarial Audit and obtained Secretarial Compliance Report from Practicing Company Secretary, for the financial year ended on March 31, 2009, confirming the compliance of the applicable provisions of the various corporate laws.

For the financial year 2008-2009, there were no adverse remarks by the Practicing Company Secretary in the Secretarial Compliance Report.

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT AND ETHICS.**

This is to inform you that the company has adopted a code of Conduct and Ethics applicable to all the members of the Board of Directors and senior management personnel of the Company.

I confirm that the company has in respect of the financial year ended March 31, 2009, received from all the members of the Board of Directors and all the senior management personnel of the company a declaration of compliance with the Code of Conduct and Ehtics as applicable to them.

Senior management peronnel are personnel, who are a part of the core management team, comprising personnel one level below the executive directors and including all functunal heads as on March 31, 2009.

**Ahmedabad  
July 30, 2009**

**Bhagyesh Bhatnagar  
Chairman & Managing Director, CFO**

**CERTIFICATE ON CORPORATE GOVERNANCE**

**To,  
The Members of  
Kome —On Communication Limited**

We have examined the compliance of Corporate Governance by Kome - On Communication Limited., for the year ended March 31, 2009 as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been in the manner described in the guidance note on Certification of Corporate Governance issued by the Istitute of Company Secretaries of India and has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as sstipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on our reliance upon the representations made by the management thaat there were no transactions of material nature with the management or by relatives that may have potential conflict with the interest of the company at large, as stated under Dislosures Column of the company’s Report on Corporate Governance.

The Share Transfer Agent of the Company has certified the number of complaints received from the investors and the number of complaints resolved during the financial year and there are no complaints pending as at the year end as stated under Investor Grivance Redressal Column of the company’s Report on Corporate Governance.

We certify that the Company has complied with in all material respects 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.

**Place : Ahmedabad  
Date : July 30, 2009**

**For D. N. Motwani & Co.  
Company Secretaries  
Sd/-  
(D. N. Motwani)  
Proprietor**

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**AUDITORS' REPORT**

**TO THE SHAREHOLDERS OF KOME-ON COMMUNICATION LTD.**

We have audited the attached Balance Sheet of **KOME-ON COMMUNICATION Limited** as at 31st March-2009 and also the Profit & Loss account and the 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.

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.

We report as follows:

- 1) As required by the Companies (Auditor's Report) Order, 2003 issued by the 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 paragraph 4 and 5 of the said order.
- 2) Further to our comments in the Annexure referred to in paragraph 1 above:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii. 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 the books.
  - iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - v. On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and Notes on accounts and more particularly relating to non provision of interest payable to SIDBI, and arrears of income tax , FBT, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

  
**Annual Report 2008 – 2009**

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In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009

- i. In the case of Profit and Loss Account, of the profit for the year ended on that date; and
- ii. In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**Place : Ahmedabad**  
**Date : July 30th, 2009**

**Sd/-**  
**For Kalpesh A Mehta & Co..**  
**Chartered Accountants**  
**(CA. Kalpesh A Mehta )**  
**Proprietor**

**ANNEXURE TO THE AUDITOR'S REPORT**

Referred to in paragraph 1 of our report of even date to the members of **KOME-ON COMMUNICATION Limited.**

- I. (a) The Company has maintained proper records showing full particulars including Quantitative details and situation of Fixed Assets.  
(b) The Company has physically verified certain assets during the year in accordance with a program of verification, which in our opinion provides for physical verification of the Fixed Assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.  
(c) During the year, the Company has not disposed of any substantial / major part of the Fixed Assets.
- II. As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- III. (a) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(b) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is generally maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of accounts.
- IV. According to the information and explanations given to us, the company has not taken / granted any loan from parties listed in the Register maintained under Section 301 of the Companies Act. 1956. Accordingly paragraphs 4 clause (iii) (b to g) of the order are not applicable to the company.

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**Kome – On Communication Limited**

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- V. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the company and nature of its business with regards to the purchase of inventory and fixed assets, and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
  - a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there are no transactions that needed to be entered into the register maintained under Section 301 .
  - b) In view of our comments as above The Companies (Auditor Reports) order, 2003 is not applicable to it..
  
- VI. According to the information and explanation given to us the Company has not accepted deposits from the public within the meaning of section 58A & 58AA of the Companies Act 1956 and rules framed there under.
  
- VII. The Company has no internal audit system as the volume of commercial production is at very low level.
  
- VIII. We have been informed that maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act 1956 in respect of the Company's products.
  
- IX. According to the records of the Company and information given to us, Company has not paid Income tax since the year 1999-2000 and extent of arrears can not be ascertained for want of necessary details.
  
- X. The accumulated losses of the company have not exceeded fifty per cent of its net worth as at the end of the year. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
  
- XI. Based on our audit procedures and on the basis of the information and explanations given by the management, the Company has defaulted in the repayment of dues to SIDBI since last several years and the matter is in DRT court and company had also approached to SIDBI the financial institution for OTS scheme and no interest provided in the books since last many years and therefore total amount of default is not ascertained and reported .
  
- XII. According to our examinations of the records of the Company and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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**Annual Report 2008 – 2009**

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- 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. The company is not dealing in shares, securities and other investments therefore, the provisions of clause 4(xiv) of the Companies (Auditor’s Report) Order, 2003 are not applicable to the Company.
- XV. In our opinion and according to the information and explanations given to us, Company has not given guarantees for loans taken by others from banks or financial institutions during the year.
- XVI. On the basis of examinations of records and as per the information and explanations given to us, the Company has not raised any term loan during the year.
- XVII. According to the information and explanations given to us and overall examination of the Balance Sheet of the Company, we report that no funds have been raised on short term or long-term basis during the year.
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- XIX. According the information and explanation given to us, the Company has not issued any debentures during the year.
- XX. The Company has not raised any money through a public issue during the year.
- XXI. According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

**Place : Ahmedabad**  
**Date : July 30th, 2009**

**Sd/-**  
**For Kalpesh A Mehta & Co..**  
**Chartered Accountants**  
**(CA. Kalpesh A Mehta )**  
**Proprietor**

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Kome – On Communication Limited

**BALANCE SHEET**

| PARTICULARS  | SCHEDULE | 31-03-2009                 | 31.03.2008                 |
|--|----------|----------------------------|----------------------------|
| <b>I. SOURCES OF FUNDS</b>   |          |                            |                            |
| 1. Share Capital   | 1        | 150081070.00               | 150081070.00               |
| 2. Reserve & Surplus   | 2        | 9860855.98                 | 9808739.48                 |
| 3. Secured Loans   | 3        | 4150000.00                 | 4150000.00                 |
| <b>Grand Total</b>   |          | <b><u>164091925.98</u></b> | <b><u>164039809.48</u></b> |
| <b>II. APPLICATION OF FUNDS</b>                                    |          |                            |                            |
| <b>1. FIXED ASSETS:</b>  |          |                            |                            |
| Gross Block  | 4        | 7379905.60                 | 7379905.60                 |
| Less : Depreciation  |          | 6169069.00                 | 5720078.00                 |
| <b>Net Block (A)</b>   |          | <b><u>1210836.60</u></b>   | <b><u>1659827.60</u></b>   |
| <b>2. INVESTMENTS: (B)</b>   | 5        | <b>2950000.00</b>          | <b>2950000.00</b>          |
| <b>3. CURRENT ASSETS:</b>  |          |                            |                            |
| Inventories  | 6        | 7758240.00                 | 7027151.00                 |
| Sundry Debtors   | 7        | 10411051.67                | 10292140.67                |
| Cash & Bank Balance  | 8        | 86636.06                   | 245412.56                  |
| Loans & Advances   | 9        | 142027952.00               | 142027952.00               |
| Deposits   | 10       | 34200.00                   | 34200.00                   |
| <b>Total (C)</b>   |          | <b><u>160318079.73</u></b> | <b><u>159626856.23</u></b> |
| Less: Current Liabilities & Provisions                             | 11       | 1180485.85                 | 997069.85                  |
| <b>Net Current Assets</b>  |          | <b>159137593.88</b>        | <b>158629786.38</b>        |
| <b>4. MISCELLANEOUS EXPENDITURE</b>                                | 12       | <b>793495.50</b>           | <b>800195.50</b>           |
| <b>GRAND TOTAL</b>   | 14       | <b><u>164091925.98</u></b> | <b><u>164039809.48</u></b> |
| Statement of Significant Accounting Notes forming part of Accounts | 15       |                            |                            |

As per our report attached of even date  
For Kalpesh A Mehta & Co

Sd/-  
Chartered Accountants  
Kalpesh A Mehta  
Proprietor

Place : Ahmedabad  
Date : July 30th, 2009

For and on behalf of the Board

sd/-  
Bhagyesh Bhatnagar M.D.  
Deepak B Mehta Director  
Suresh N Patel Director

Place : Ahmedabad  
Date : July 30th, 2009

  
Annual Report 2008 – 2009

**PROFIT & LOSS ACCOUNT**

| PARTICULARS                                  | SCHEDULE  | 31.3.2009         | 31.3.2008  |
|--|-----------|-------------------|------------|
| <b>I. INCOME</b>                             |           |                   |            |
| a) Sales : Domestic                          |           | <b>252041.00</b>  | 295810.00  |
| b) Increase/(decrease) in Stock              |           | <b>731089.00</b>  | 425000.00  |
| c) Other Income                              |           | <b>166870.00</b>  | 700000.00  |
| <b>GRAND TOTAL</b>                           |           | <b>1150000.00</b> | 1420810.00 |
| <b>II. EXPENDITURE</b>                       |           |                   |            |
| a) Production & Other Charges                | <b>13</b> | <b>618492.50</b>  | 805735.40  |
| b) Depreciation                              |           | <b>448991.00</b>  | 448991.00  |
| <b>GRAND TOTAL</b>                           |           | <b>1067483.50</b> | 1254726.40 |
| Profit for the year                          |           | <b>82516.50</b>   | 166083.60  |
| Less : Provision of Taxation                 |           | <b>30400.00</b>   | 53000.00   |
| Net Profit after Taxation                    |           | <b>52116.50</b>   | 113083.60  |
| Surplus/Deficit up to the Last year          |           | <b>-191260.52</b> | -304344.12 |
| Surplus for the year to appropriation        |           | <b>-139144.02</b> | -191260.52 |
| Surplus carried to Balance Sheet             |           | <b>-139144.02</b> | -191260.52 |
| Statement of Significant Accounting Policies | 14        |                   |            |
| Notes forming part of Accounts               | 15        |                   |            |

As per our report attached of even date  
For Kalpesh A Mehta & Co  
Chartered Accountants  
Sd/-  
Kalpesh A Mehta  
Proprietor

For and on behalf of the Board  
sd/-  
Bhagyesh Bhatnagar M.D.  
Deepak B Mehta Director  
Suresh N Patel Director

Place : Ahmedabad  
Date : July 30th, 2009

Place : Ahmedabad  
Date : July 30th, 2009



  
**Kome – On Communication Limited**

**SCHEDULE FORMING PART OF ACCOUNTS**

| PARTICULARS | 31-03-2009 | 31.03.2008 |
|-------------|------------|------------|
|-------------|------------|------------|

**SCHEDULE : “1” SHARE CAPITAL**

|  |                     |              |
|--|---------------------|--------------|
| <b>Authorised Share Capital:</b>           |                     |              |
| 1,50,10,000 Equity Shares of Rs. 10/- each | <b>150100000.00</b> | 150100000.00 |
| <b>Issued Share Capital:</b>               |                     |              |
| 1,50,08,107 Equity Shares of Rs. 10/- each | <b>150081070.00</b> | 150081070.00 |
| <b>Subscribed &amp; Paid – up:</b>         |                     |              |
| 1,50,08,107 Equity Shares of Rs. 10/- each | <b>150081070.00</b> | 150081070.00 |

**SCHEDULE: “2”**

**RESERVES & SURPLUS**

|   |                    |             |
|---|--------------------|-------------|
| 100,00,000 Equity Shares Issued on Preferential basis<br>With premium of Rs. 1/- per Equity Share | <b>10000000.00</b> | 10000000.00 |
|---|--------------------|-------------|

**PROFIT & LOSS ACCOUNT:**

|                                    |                          |                   |
|------------------------------------|--------------------------|-------------------|
| Opening balance (loss)             | <b>-191260.52</b>        | -304344.12        |
| Add: Profit (Loss) during the year | <b>52116.50</b>          | 113083.60         |
|                                    | <b><u>9860855.98</u></b> | <u>9808739.48</u> |

**SCHEDULE: “3” SECURED LOAN**

**Secured Loan from SIDBI**

|   |                          |                   |
|---|--------------------------|-------------------|
| (Hypothecation of all fixed assets)             |                          |                   |
| Movable and immovable properties of the Company | <b>4150000.00</b>        | 4150000.00        |
|   | <b><u>4150000.00</u></b> | <u>4150000.00</u> |

**SCHEDULE : "4" STATEMENT OF FIXED ASSETS**

| PARTICUL             | GROSS BLOCK                  |                               |                             |                             | DEPRICIATION             |                    |                           | NET BLOCK         |                   |
|----------------------|------------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|--------------------|---------------------------|-------------------|-------------------|
|                      | Balance<br>As on<br>1.4.2008 | Addition<br>during<br>the yr. | Deduct<br>During<br>the yr. | Total<br>as on<br>31.3.2009 | Balance<br>on<br>31.3.08 | For<br>the<br>year | Total<br>as on<br>31.3.08 | As On<br>31.3.08  | As on<br>31.3.09  |
| Land                 | 877000.00                    | -                             | -                           | 877000.00                   |                          |                    |                           | 877000.00         | 877000.00         |
| Building             | 185240.00                    | -                             | -                           | 185240.00                   | 38230                    | 3019               | 41249                     | 147010.00         | 143991.00         |
| Plant                | 6275288.00                   | -                             | -                           | 6275288.00                  | 5652673                  | 443663             | 6096336                   | 622615.00         | 178952.00         |
| Machinery            | 42377.60                     | -                             | -                           | 42377.60                    | 29175                    | 2309               | 31484                     | 13202.60          | 10893.60          |
| <b>Total</b>         | 7379905.60                   | -                             | -                           | <b>7379905.60</b>           | 5720078                  | 448991             | 6169069                   | <b>1659827.60</b> | <b>1210836.60</b> |
| <b>Previous Year</b> | 7379905.60                   | -                             | -                           | <b>7379905.60</b>           | 5271087                  | 448991             | 5720078                   | <b>2108818.60</b> | <b>1659827.60</b> |

  
Annual Report 2008 – 2009

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**SCHEDULE FORMING PART OF ACCOUNTS**

| <b>PARTICULARS</b>                                       | <b>31.3.2009</b>          | <b>31.3.2008</b>   |
|--|---------------------------|--------------------|
| <b>SCHEDULE : “5” INVESTMENTS</b>                        |                           |                    |
| <b>UNQUOTED (AT COST)</b>                                |                           |                    |
| a) Gurjar Grauers Pvt Ltd                                | <b>1500000.00</b>         | 1500000.00         |
| b) Sunrise Synthetic Pvt. Ltd.                           | <b>850000.00</b>          | 850000.00          |
| c) Suraj Chemtech  | <b>600000.00</b>          | 600000.00          |
|  | <b><u>2950000.00</u></b>  | <u>2950000.00</u>  |
| <b>SCHEDULE : “6” INVENTORIES</b>                        |                           |                    |
| As taken, valued & certified by the Management)          | <b><u>7758240.00</u></b>  | <u>7027151.00</u>  |
| <b>SCHEDULE : “7” SUNDRY DEBTORS</b>                     |                           |                    |
| (Considered Good)  |                           |                    |
| Sundry Debtors ( for less than Six Months)               | <b>0.00</b>               | 0.00               |
| More than six months                                     | <b><u>10411051.67</u></b> | <u>10292140.67</u> |
|  | <b><u>10411051.67</u></b> | <u>10292140.67</u> |
| <b>SCHEDULE: “8” CASH &amp; BANK BALANCE</b>             |                           |                    |
| Cash on hand   | <b>84035.86</b>           | 235127.36          |
| Balances with schedule bank                              | <b><u>2600.20</u></b>     | <u>10285.20</u>    |
|  | <b><u>86636.06</u></b>    | <u>245412.56</u>   |
| <b>SCHEDULE: “9” LOANS &amp; ADVANCES</b>                |                           |                    |
| (Recoverable in cash and or in kind and considered good) |                           |                    |
| Advances given for Capital Expenditure                   | <b>142027952.00</b>       | 142027952.00       |
| <b>SCHEDULE: “10” DEPOSITS</b>                           |                           |                    |
| Deposit with Bank  | <b>30000.00</b>           | 30000.00           |
| Deposit with Telephone                                   | <b><u>4200.00</u></b>     | <u>4200.00</u>     |
|  | <b><u>34200.00</u></b>    | <u>34200.00</u>    |
| =====  |                           |                    |
| <b>SCHEDULE : “11” CURRENT LIABILITIES</b>               |                           |                    |
| Sundry Creditors   | <b>0.00</b>               | 0.00               |
| Provision for Income Tax                                 | <b>490393.85</b>          | 459993.85          |
| Other Liabilities  | <b>352615.00</b>          | 352615.00          |
| Provision for tax on dividend                            | <b>110501.00</b>          | 110501.00          |
| Provision for Accounting Fees                            | <b>20000.00</b>           | 10000.00           |
| Provision for Director Salary                            | <b>36000.00</b>           | 36000.00           |
| Provision for FBT  | <b>20560.00</b>           | 16960.00           |
| Audit Fees Payable                                       | <b>22000.00</b>           | 11000.00           |
| CDSL Fees Payable  | <b>22472.00</b>           | 0.00               |
| NSDL Fees Payable  | <b>22472.00</b>           | 0.00               |
| Registrar Fees Payable                                   | <b>22472.00</b>           | 0.00               |
| Stock Exchange Fees Payable                              | <b><u>61000.00</u></b>    | <u>0.00</u>        |
|  | <b><u>1180485.85</u></b>  | <u>997069.85</u>   |

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**Kome – On Communication Limited**

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**SCHEDULE : “12” MISC EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF)**

Preliminary Expenses 793495.50      800195.50

**SCHEDULE: “13” PRODUCTION AND OTHER EXPENSE:**

| PARTICULARS                     | 31.3.2009        | 31.3.2008        |
|---------------------------------|------------------|------------------|
| <b>PRODUCTION CHARGES</b>       |                  |                  |
| Location Exp                    | 0.00             | 9601.00          |
| Pre-Production Exp              | 18665.00         | 14901.00         |
| Scripting Exp.                  | 0.00             | 11029.00         |
| <b>EMPLOYEES EMOLUMENT:</b>     |                  |                  |
| Directors Salary                | 156000.00        | 117000.00        |
| Salary Wages                    | 180000.00        | 180000.00        |
| <b>OTHER EXPENSES:</b>          |                  |                  |
| Advertising Exp                 | 18390.00         | 18860.00         |
| Accounting Exp                  | 10000.00         | 10000.00         |
| AGM Exp                         | 1010.00          | 2532.00          |
| Audit Fees                      | 11000.00         | 11000.00         |
| Bank Charges                    | 1585.00          | 1226.00          |
| Book & Periodicals              | 225.00           | 318.00           |
| CDSL FEES                       | 22472.00         | 22472.00         |
| Conveyance Exp.                 | 40.00            | 5222.00          |
| Digital Signature Exp.          | 1100.00          | 0.00             |
| Directors Traveling Exp.        | 25734.00         | 30321.00         |
| Directors Travelling Ticket Exp | 14977.00         | 24289.00         |
| Electricity Exp                 | 3448.00          | 1781.00          |
| FBT Exp                         | 3600.00          | 4300.00          |
| Filing Fees                     | 1500.00          | 1500.00          |
| Internet Exp.                   | 2700.00          | 1631.00          |
| Legal Fees                      | 0.00             | 8500.00          |
| NSDL Fees                       | 22472.00         | 22472.00         |
| Office Exp.                     | 360.00           | 230.00           |
| Petrol Exp.                     | 1000.00          | 400.00           |
| Postage & Telegraph Exp.        | 7597.00          | 10369.00         |
| Preliminary Exp. Written off    | 6700.00          | 6700.00          |
| Printing & Stationary           | 4800.00          | 5108.00          |
| Professional Fees               | 0.00             | 18500.00         |
| Registrar Fees                  | 22472.00         | 22472.00         |
| Staff Welfare                   | 0.00             | 563.00           |
| Sales Promotion Exp.            | 1919.00          | 11021.00         |
| Studio Exp.                     | 0.00             | 1245.00          |
| Telephone Exp.                  | 4723.00          | 8466.00          |
| Traveling Exp.                  | 6805.00          | 7046.00          |
| Xerox Exp.                      | 1198.50          | 625.40           |
| Stock Exchange Listing Fees     | 61000.00         | 61000.00         |
| Sitting Fees to Dir. Exp        | 5000.00          | 3003.00          |
| <b>Total</b>                    | <b>618492.50</b> | <b>655735.40</b> |

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**SCHEDULE – 14 & 15**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2009.**

Significant Accounting Policies adopted by the Company in the preparation and presentation of the Accounts.

**BASIS OF ACCOUNTING :**

The financial statements are prepared under the historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles in India (Indian GAAP). The applicable mandatory Accounting Standards notified under The Companies (Accounting Standard) Rules, 2006 and the requirements of the Companies Act, 1956 of India have been followed in preparation of these financial statements.

**USE OF ESTIMATE :**

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

**FIXED ASSETS**

Fixed assets are stated at historical cost less depreciation.

**DEPRECIATION**

Depreciation on fixed assets is provided on straight-line method under sec. 205(2)(b) at the rates and in the manner prescribed in schedule XIV of the Companies Act 1956.

**INVESTMENTS**

Investments are shown at cost of acquisition.

**INVENTORIES :**

- a) Inventories are valued at cost or market value as ascertained by management whichever is lower after including the direct and indirect expenses to the company for making serials/documentaries / tale films etc.

**SALES**

Sales represents the amount received /receivable on job work carried out during the year and sale of stock during the year and other income which include the amount received on giving the equipments on hire.

**EXPENSES**

Material known liabilities are provided based on available information /estimates.

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**Kome – On Communication Limited**



**TIMING REVENUE RECOGNITION**

In appropriate circumstances, revenue (income) is recognized when no significant uncertainty as to measurability or collect ability exists.

**TAXATION**

Provision for taxation is made based on the current tax rates in force. Deferred tax is not recognized, and provided in the books.

**CONTINGENT LIABILITIES**

All liabilities have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated value in the notes on accounts.

**MISCELLANEOUS EXPENDITURE**

The following expenses shown under miscellaneous expenditure are amortized as follows.  
Preliminary expenses/share issue expenses amortized over a period of ten years

**PRIOR PERIOD ITEMS**

Material items of prior period non-recurring and extra ordinary items, if any, are disclosed separately.

**NOTES :**

1. Provision for income tax has been made as necessary under the Income Tax Act, 1961 is provided as computed by the Company.

In absence of virtual certainty about future business , net deferred tax assets or liability has not been recognized in accordance with Accounting Standard (AS)22 – ‘Accounting for Taxes on Income’ issued by the Institute of Chartered Accountants of India.

2. Debit and credit balances in respect of debtors, loans and advances and creditors are subject to confirmation and reconciliation.
3. Previous year figures have been regrouped and reclassified wherever necessary to be in conformity with the current year figures.
4. Estimated amount of capital contracts remaining to be executed and not provided for net of advance paid Rs. 1367.14 Lacs (P.Y.Rs.1367.14 lacs).

5. Managerial Remuneration paid:

|                        | <u>2008-09</u> | <u>2007-08</u> |
|------------------------|----------------|----------------|
| (a) Salary Rs.         | <u>156000</u>  | <u>117000</u>  |
| 6. Payment to Auditors | <b>11000</b>   |                |
| As an auditor Rs.      |                | 11000          |

7. No provision for interest due and payable to SIDBI is provided in the accounts since last many years.
8. The company has not paid Income Tax since last several years.



  
**Annual Report 2008 – 2009**

9. Related party disclosures
- a. List of related parties
    - i. Subsidiaries: The Company does not have any subsidiary Company.
    - ii. Key Management personnel : Mr. Bhagyesh Bhatnagar
  - b. Transactions / balances outstanding with Related parties

| Particulars             | Key Management Personnel<br>Amount Rs. | Relatives of Key Management Personnel<br>Amount Rs. |
|-------------------------|--|---|
| Managerial Remuneration | 156000                                 | --  |

Note: Related parties are as identified by the Company and relied upon by the auditors.

**ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 AND 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

|  | <u>2008 - 2009</u> |                | <u>2007-2008</u> |                |
|--|--------------------|----------------|------------------|----------------|
|  | Quantity           | Rupees         | Quantity         | Rupees         |
| a) Opening Stock:<br>Tele – Films                    |                    | 7027151.00     |                  | 6602151.00     |
| b) Sales   |                    |                |                  |                |
| i) Job-Sales   |                    | 252041.00      |                  | 295810.00      |
| c) Closing Stock                                     |                    | 7758240.00     |                  | 7027151.00     |
| d) Capacity & Production:                            |                    |                |                  |                |
| i) installed capacity                                |                    | Not applicable |                  | Not applicable |
| ii) Production of Serials                            |                    | 150000.00      |                  | 150000.00      |
| iii) investment in Productions<br>(Work in Progress) |                    | 5314260.00     |                  | 5314260.00     |
| e) Expenditure in Foreign<br>currency.               |                    | NIL            |                  | NIL            |



**Kome – On Communication Limited**

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**BALANCE SHEET ABSTRACT AND COMPANY’S GENERAL BUSINESS PROFILE**
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- 1. Registration Details : Reg. No. : 21216 State Code : 04 Balance Sheet Detail : 31-03-2009 CIN : L92110GJ1994PLC021216
2. Capital Raised During the Year: Public Issue : Nil Right Issue : Nil Preferential Issue : Nil Private Placement : Nil
3. Position of Mobilization and Deployment of Funds: Total Liabilities : 164091925.98 Total Assets : 164091925.98
i) Sources of Funds : Paid up Capital : 150081070 Reserves & Surplus : 9860855.98 Secured Loans : 4150000 Unsecured Loans : Nil
ii) Application of Funds Net Fixed Assets : 1210836.60 Investments : 2950000.00 Net Current Assets : 159137593.88 Misc. Expenses : 793495.50 Accumulated Loss : -139144.02
4. PERFORMANCE OF THE COMPANY: Turn Over : 1150000.00 Total Expenditure : 1067483.50 Profit/Loss before tax : 82516.50 Profit /Loss after tax : 52116.50 Earning per Share : Nil Dividend : Nil
5. Generic Names of Three principal Product/Services of the Company. Item Code : - Production Description : Entertainment & Media

As per our report attached of even date
For Kalpesh A Mehta & Co.
Sd/-
Chartered Accountants
CA. Kalpesh A Mehta
Proprietor
Place : Ahmedabad
Date : July 30th, 2009

For and on behalf of the Board
sd/-
Bhagyesh Bhatnagar M.D.
Deepak B Mehta Director
Suresh N Patel Director
Place : Ahmedabad
Date : July 30th, 2009

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**Annual Report 2008 – 2009**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009  
(PURSUANT TO CLAUSE -32 OF THE LISTING AGREEMENT)**

| Sr. No.  |   | 31-3-2009 | 31-3-2008 |
|----------|---|-----------|-----------|
| <b>A</b> | <b>CASH FLOW FROM OPERATING ACTIVITIES</b>              |           |           |
|          | NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEM            | 0.83      | 1.66      |
|          | ADJUSTMENTS FOR   |           |           |
|          | DEPRECIATION  | 0.00      | 0.00      |
|          | FOREIGN EXCHANGE  | 4.49      | 4.49      |
|          | INVESTMENTS   | 0.00      | 0.00      |
|          | MISCELLANEOUS EXPENDITURE                               | 0.00      | 0.00      |
|          | Sub total (a)   | 0.06      | 0.06      |
|          | <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>  |           |           |
|          | ADJUSTMENTS FOR   |           |           |
|          | TRADE AND OTHER RECEIVABLES                             |           |           |
|          | INVENTORIES   | (1.19)    | 4.02      |
|          | LOANS & ADVANCES  | (7.31)    | (4.25)    |
|          | ADD/(LESS: INCREASE/DECREASE IN CURRENT LIABILITIES     | 0.00      | 1.50      |
|          |   | 1.83      | (5.96)    |
|          | <b>CASH GENERATED FROM OPERATIONS (b)</b>               | (6.67)    | (4.69)    |
|          | INTEREST PAID   | 0.00      | 0.00      |
|          | DIRECT TAXES PROVISION                                  | 0.30      | 0.53      |
|          | <b>NET CASH FROM OPERATING ACTIVITIES A</b>             | (6.97)    | (5.22)    |
| <b>B</b> | <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>             |           |           |
|          | Purchase of Fixed Assets                                | 0.00      | 0.00      |
|          | Sale of Fixed Assets                                    | 0.00      | 0.00      |
|          | <b>NET CASH USED IN INVESTING ACTIVITIES</b>            | 0.00      | 0.00      |
| <b>C</b> | <b>CASH FLOW FROM FINANCING ACTIVITIES</b>              |           |           |
|          | PROCEEDS FROM ISSUE OF SHARE CAPITAL                    | 0.00      | 0.00      |
|          | MOVEMENT IN LONG TERM BORROWINGS                        | 0.00      | 0.00      |
|          | <b>NET CASH USED IN FINANCING ACTIVITIES</b>            | 0.00      | 0.00      |
|          | <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>        | -1.59     | 0.99      |
|          | CASH AND CASH EQUIVALENTS AS AT...<br>(OPENING BALANCE) | 2.45      | 1.46      |
|          | CASH AND CASH EQUIVALENTS AS AT...<br>(CLOSING BALANCE) | 0.86      | 2.45      |

As per our report attached of even date

For Kalpesh A Mehta & Co.

Sd/-

Chartered Accountants

CA. Kalpesh A Mehta

Proprietor

Place : Ahmedabad

Date : July 30th, 2009

For and on behalf of the Board

sd/-

Bhagyesh Bhatnagar

Deepak Mehta

Suresh N Patel

Place : Ahmedabad

Date : July 30th, 2009

M.D.

Director

Director

**AUDITORS REPORT**

We have examined the above Cash Flow statement of Kome - On Communication Limited for the year ended 31st March 2009. The statement has been prepared by the Company in accordance with the requirement of Clause 32 of Listing Agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of July 30th, 2009 to the members of the Company.

Place : Ahmedabad

Date : July 30th, 2009

For Kalpesh A Mehta & Co.

Chartered Accountants

sd/-

CA. Kalpesh A Mehta

Proprietor





**Kome – On Communication Limited**



**ATTENDANCE SLIP**

**KOME – ON COMMUNICATION LIMITED**

**Registered Office: A/903, Fairdeal House, Swastic Char Rasta, Navrangpura, Ahmedabad-380 009**

**Please Fill Attendance Slip And Hand It Over At The Entrance Of The Meeting Hall**

Joint shareholder may obtain additional slip on request.

|                  |  |
|------------------|--|
| Master Folio No. |  |
|------------------|--|

Name and Address of the Shareholder \_\_\_\_\_  
\_\_\_\_\_

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

I hereby record my presence at the 16<sup>th</sup> Annual General Meeting of Company to be held on Tuesday the 29<sup>th</sup> September 2009 at 11.00 a.m. at Karnavati Club, Gandhinagar – Sarkhej Highway, Ahmedabad-380 054.

Signature of the Shareholder or Proxy\*

\_\_\_\_\_  
\*Strike out which ever is not applicable.

.....  
Tear Here

**KOME – ON COMMUNICATION LIMITED**

**Registered Office: A/903, Fairdeal House, Swastic Char Rasta, Navrangpura, Ahmedabad-380 009**

|                  |  |
|------------------|--|
| Master Folio No. |  |
|------------------|--|

I/We \_\_\_\_\_  
Son/Daughter of \_\_\_\_\_ member/members of  
Kome-On Communication Limited hereby appoint

\_\_\_\_\_ of \_\_\_\_\_  
or failing him, \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_  
\_\_\_\_\_ district as my/our proxy to vote for me/us and on my/our behalf at the 16  
Annual General Meeting to be held on Monday 29<sup>th</sup> September 2009 at 11.00 am or at any adjournment thereof.

Signed this \_\_\_\_\_ day \_\_\_\_\_ 2009.

|   |
|---|
| Affix a 30<br>Paise<br>Revenue<br>Stamp |
|---|

The proxy in order to be effective should by duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

