Infomedia 18

INFOMEDIA 18 LIMITED

ANNUAL REPORT 2008-09

C M Y K

Infomedia 18

Board of Directors

Sanjeev Manchanda ***(Chairman)***
Haresh Chawla ***(Managing Director)***
Raghav Bahl
Manoj Mohanka
Senthil Chengalvarayan
Saikumar Ganapathy Balasubramanian

Company Secretary

Yug Samrat

Legal Advisors

Wadia Ghandy & Co.

Principal Bankers

Axis Bank
HSBC
Standard Chartered Bank
Deutsche Bank

Auditors

S. R. Batliboi & Associates
Chartered Accountants

Registered Office

'A' Wing, Ruby House,
J. K. Sawant Marg,
Dadar (West),
Mumbai 400 028.

Registrars and Share Transfer Agents

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road,
Mahalaxmi,
Mumbai - 400 011.

Management Team

Infomedia 18 Limited

Lakshmi Narasimhan	CEO (Magazine Publishing)
Jayaraman Shashidhar	Chief Financial Officer
Sandeep Das	EVP Operation Business Directories
Mukhtar Qureshi	EVP Sales Business Directories
Sanjeev Singh	EVP Human Resources
Devashish Mondal	EVP Operation Alibaba
Sridhar Vaidyanathan	EVP Sales Alibaba
A.R.Iyer	EVP Manufacturing
Deap Ubhi	EVP Emerging Media
Anand Jain	EVP New Media Business

Subsidiaries

Waseem Andrabi	EVP International Operations
Hymanand Angara	EVP - Operations

Contents

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTY FOURTH ANNUAL GENERAL MEETING OF SHAREHOLDERS OF INFOMEDIA 18 LIMITED WILL BE HELD ON WEDNESDAY, SEPTEMBER 30, 2009 AT 10.00 A.M. AT YASHWANT NATYAMANDIR, MANMALA TANK ROAD, MATUNGA-MAHIM(W), NEAR BOMBAY GLASS WORKS, MUMBAI-400016 TO TRANSACT THE FOLLOWING BUSINESSES:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2009 and the Audited Profit and Loss Account for the year ended on that date together with the Auditors Report thereon and the Directors' Report for that year.

2. To appoint a director in place of Mr. Senthil Chengalvarayan who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a director in place of Mr. Sanjeev Manchanda who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint Statutory Auditors of the Company and to fix their remuneration and in this regard, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution: -.

   "**RESOLVED THAT** pursuant to Section 224 and all other applicable provisions of the Companies Act, 1956, M/s. S. R. Batliboi & Associates, Chartered Accountants, Mumbai be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on such remuneration, as my be decided by the Board of Directors of the Company in consultation with them."

Date : August 23, 2009
Place : Mumbai

By Order of the Board of Directors

Registered Office:
Ruby House, 'A' Wing,
J.K. Sawant Marg,
Dadar (W), Mumbai 400 028.

Sd/-
Yug Samrat
Company Secretary

Notes:

(a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

(b) Members/Proxies are requested to bring their copies of the Annual Report together with the duly filled in attendance slips at the meeting.

(c) The Register of Members and the Share Transfer Books of the Company will remain closed on (Book Closure Date) - **September 22, 2009** for the purposes of Annual General Meeting.

(d) Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

(e) Pursuant to the provisions of SEBI (ESOP & ESPS) Guidelines, 1999, certificates from the Auditors of the Company confirming that the Employee Stock Option Plans of the Company have been implemented in accordance with the said Guidelines and also in accordance with the resolution of the Company in General Meeting, will be placed before the forthcoming Annual General Meeting.

(f) Pursuant to the provisions of Section 205A of the Companies Act, 1956 read with Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund of the Central Government. It may be noted that no claim shall lie from a member against the Company or the said Fund once the transfer is made to the said fund and no payment shall be made in respect of any such claims. Therefore members who have not encashed their dividend warrant(s) so far for the financial year ended 31st March 2003 or any subsequent financial year(s), are requested to make their claim to the Company's Registrars and Share Transfer Agents, TSR Darashaw Limited (formerly Tata Share Registry Limited), 6-10, Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011, before such transfer to the said Fund. It may be noted that the unclaimed dividend for the financial year ended 31st March 2002 (dividend payment dated 01/08/2002) is due to be transferred to the aforesaid fund in September 2009.

(g) As per the provisions of the Companies Act, 1956, facility for making nomination is available to the shareholders in respect of the shares held by them. Nomination forms can be obtained from the Company's Registrars and Share Transfer Agents.

h) Members are requested to note that pursuant to the Securities and Exchange Board of India (SEBI) circular dated May 29, 2000, trading in the shares of the Company is permitted only in dematerialised form. Therefore, Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, change of address etc. to their Depository Participant (DP). The Bank details as furnished by the respective Depositories to the Company will be used as communication address and shall also be printed on such member's dividend warrants etc.

i) Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Share Transfer Agents.

   (i) Change in their address, if any;

   (ii) Request for consolidation of shareholdings into one account if share certificate(s) are held in multiple accounts or joint accounts in the same order of names.

   (iii) Their bank account number, name and address of the Bank and its branch and changes, if any, in these particulars. These details will be printed on the Dividend warrants.

   (iv) Members who have not yet provided the Bank details are once again requested to provide the same by quoting their folio number, to enable the Company to print the said bank details in their dividend warrants to ensure protection against fraudulent encashment.

j) Members are advised to avail of the facility of Electronic Clearing Service (ECS) for receipt of future dividends. The ECS facility is available at certain specified locations. Members holding shares in dematerialised mode are requested to contact their respective Depository Participants (DPs) for availing ECS facility. Members holding shares in physical form and desirous of availing ECS facility are requested to write to the Company's Registrar.

k) Pursuant to the provisions of clause 47(f) of the listing agreement the company has designated dedicated e-mail id investors@infomedia18.in exclusively for registering grievance and complaints of the Shareholder. All the Shareholders are requested to lodge all their complaints and grievances etc., if any, at the said e-mail id.

l) Pursuant to Clause 49 of the LISTING Agreement, details of directors seeking re-appointment at the Annual General Meeting is enclosed herewith.

m) Please note that no handbags/parcels of any kind will be allowed inside the Auditorium, due to security reasons and space constraints. The same may have to be deposited outside the Auditorium on the counter provided, at the visitor's own risk. Members are advised not to keep any valuables in the bag to be deposited in the bags to be submitted at the Venue.

Details of the Directors seeking appointment/re-appointment at this Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name of the Director	**Mr. Senthil Chengalvarayan**	**Mr. Sanjeev Manchanda**
Date of Birth	17th April 1963	24th February 1957
Date of Appointment	August 21, 2008	August 21, 2008
Expertise in specific Functional areas	Senthil Chengalvarayan is the President and Group Editorial Director of TV18 Business Media. In his new role, Senthil heads a host of verticals which form part of the Business Media ecosystem (Business/ Tech/Personal Finance magazines, financial portals, business wires, extensions of CNBC TV18 CNBC AWAAZ, mobile etc). Prior to this role, he led a team of professional journalists that has made CNBC TV18 the most successful business media network in the country. He has been a business journalist for over two decades. After spending his initial years the profession with various Business Dailies he joined Television Eighteen in 1994 just as the company was pioneering the entry of private companies into Television News. He has seen the industry grow then from uncertain beginnings to the phenomenon that it is today.	Sanjeev has been involved in rendering a wide range of advisory services especially to the media industry in India. He has considerable and varied experience in Financial advisory services, Investment banking, Capital market transactions.Mergers, amalgamations, acquisitions and corporate restructuringCross Border TransactionPrivate equity placements
Qualification	Graduate in Economics from MadrasUniversity, he has done his Masters inJournalism from the Times ResearchFoundation	Fellow member of the Institute of Chartered Accountants of India (FCA) and has been practicing as a Chartered Accountant since 1981. He is also a Law Graduate from Delhi University and an Economics (Hons) graduate from the well-known St Stephen's college, Delhi.
List of other public companies incorporated in India in which directorships held as on March 31, 2009	Nil	Nil
List of Chairmanships/memberships of committees of the board of other public Companies incorporated in India which directorships held as on March 31, 2009	Nil	Nil

Infomedia 18 Limited (formerly Infomedia India Limited)
Ten Years at a Glance

Consolidated Operating Results - 2000-2009

Amount in Rs. Lacs unless otherwise stated

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Gross Income	10,659.10	11,967.58	12,681.70	12,818.86	13,322.20	13,105.40	13,286.92	19,901.17	18,956.91	16,847.75
Other income	729.91	810.02	1,072.53	1,038.43	731.76	534.11	809.08	1,034.67	334.52	477.78
Operating and Other expenses	8,186.00	9,166.39	10,326.76	10,261.00	10,367.95	10,540.60	11,334.63	16,432.94	17,665.25	21,404.98
Profit before Interest, Tax, Depreciation and Exceptional Items	2,473.10	2,801.19	2,354.94	2,557.86	2,954.25	2,564.80	1,952.29	3,468.23	1,291.66	(4,557.24)
Exceptional Items	322.60	238.24	12.30	31.75	(1,587.98)	(5,593.68)	217.37	—	—	3,439.21
PBDIT	2,150.50	2,562.95	2,342.64	2,526.11	4,542.23	8,158.48	1,734.92	3,468.23	1,291.66	(7,996.45)
Interest	24.55	39.58	24.37	10.40	11.50	9.05	24.01	471.22	992.03	1,054.58
Depreciation	545.80	570.10	639.90	644.37	1,835.10	875.20	763.85	903.94	781.34	754.67
Profit/(Loss) before Tax	1,580.15	1,953.27	1,678.37	1,871.34	2,695.63	7,274.23	947.06	2,093.07	(481.71)	(9,805.70)
Profit/(Loss) after Tax	1,050.16	1,143.27	1,161.62	1,307.90	2,419.40	5,717.98	711.61	1,392.40	(520.23)	(10,076.91)
Dividends	508.10	588.43	629.32	774.46	1,548.96	2,091.02	521.88	460.75	231.35	—
Retained Profits	3,036.75	3,477.26	3,893.40	4,296.06	4,166.47	6,793.40	6,909.29	5,982.38	5,196.38	(4,803.28)
Earnings per share (Rs per share)	13.77	14.99	10.15	11.43	10.57	24.99	3.11	6.59	(2.64)	(50.68)
Cash Earnings per share (Rs per share)	20.92	22.46	15.74	17.24	18.64	28.85	6.45	10.87	0.13	(28.45)
Dividend per share - %	60%	70%	55% *	60%	120%	80% **	20%	20%	10%	—

includes Bonus issue in the ratio of 1:2

* includes Bonus issue in the ratio of 1:2

** includes Bonus issue in the ratio of 1:1

Sources and Application of Funds
Sources of Funds

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Equity	762.80	762.80	1,144.22	1,144.22	1,144.22	2,288.43	2,288.43	1,969.08	1,977.39	1,988.51
Share Application Money	—	—	—	—	—	—	—	—	1,422.00	1,422.00
Reserves	8,804.60	9,359.46	8,743.36	9,276.80	10,147.22	12,629.96	12,835.15	6,099.09	5,393.21	(4393.58)
Shareholders' Funds	9,567.40	10,122.26	9,887.58	10,421.02	11,291.42	14,918.39	15,123.58	8,068.17	8,792.60	(983.07)
Minority Interest	—	—	—	—	—	—	290.34	536.80	173.74	—
Loan Funds	—	—	—	—	—	3.90	966.89	6,684.42	9,990.86	10,373.11
Deferred Tax - Net	—	—	818.70	802.10	580.78	607.45	499.88	394.12	61.67	164.31
Funds Employed	9,567.40	10,122.26	10,706.28	11,223.12	11,872.20	15,529.74	16,880.69	15,683.51	19,018.87	9554.36
Fixed Assets (Gross)	8,416.47	8,790.57	9,171.10	10,230.43	11,084.51	11,071.02	13,905.38	17,365.57	18,776.43	19,535.91
Depreciation	3,756.30	4,295.88	4,639.57	5,269.39	7,028.20	7,815.68	8,700.15	8,419.91	9,105.79	9,742.46
Impairment	—	—	—	—	—	—	—	—	—	1,800.11
Fixed Assets (Net)	4,660.17	4,494.69	4,531.53	4,961.04	4,056.31	3,255.34	5,205.23	8,945.66	9,670.64	7,993.34
Investments	1,037.10	1,037.07	2,760.50	2,252.58	6,000.89	9,340.49	3,758.50	919.78	1,529.14	0.06
Net Current Assets	3,870.19	4,590.50	3,414.26	4,009.50	1,815.06	2,933.93	7,916.96	5,818.07	7,793.06	1,536.40
Net Assets Employed	9,567.46	10,122.26	10,706.29	11,223.12	11,872.26	15,529.76	16,880.69	15,683.51	19,018.87	(1,001.24)

Directors' Report

To,

The Members of Infomedia 18 Limited

The Directors hereby present their Fifty-Fourth Annual Report and Audited Statement of Accounts for the year ended March 31, 2009.

Financial Results

(Rs. in lakhs)

	2008-09	*2007-08*
Profit/(loss) before Interest Depreciation & Amortization	(4161.73)	*605.18*
Interest	1098.55	*979.08*
Profit/(loss) After interest but before Depreciation & Amortisation	(5260.28)	*(373.90)*
Depreciation & Amortisation	571.28	*592.90*
Profit/(Loss) before tax	(5831.56)	*(966.80)*
Exceptional Items	2397.90	-
Profit /(Loss) Before Tax	(8229.46)	*(966.80)*
Tax	235.93	*(0.450)*
Current tax	-	*150.00*
Deferred tax	129.79	*(280.45)*
Fringe Benefit Tax	106.14	*75.00*
Tax of earlier year provided	-	*55.00*
Profit/(loss) after tax	(8465.39)	*(966.35)*

Operating Results and Performance

The operating revenue of the Company from business operations reduced from Rs 144.7 crore in 2007-08 to Rs 123.94 crore in 2008-09.

The growth in the publishing business was lower by 16.29% as compared to the previous year. The division reported revenue of Rs 87.48 crore in 2008-09 as against a revenue of Rs 104.5 crore in 2007-08. The growth in the printing business was lower by 15.95% as compared to the previous year. The division reported revenue of Rs 33.45 crore in 2008-09 as against revenue of Rs 39.8 crore in 2007-08. The economic recession has adversely affected the growth across the Industry.

As explained earlier, the performance of your Company for the year ended March 31, 09 has not been satisfactory. Further your Company has made a significant one time provision amounting to Rs. 23.98 crore towards our investments in the subsidiaries, joint venture with Reed and also towards the costs associated with the restructuring exercise carried out by the Company in Q3 last year. Your Company has incurred a net loss of Rs. 84.65 crore for the year 2008-09 and after considering the balance brought forward from previous year of Rs. 38.31 crore, the cumulative loss as of 31st March 2009 stands to Rs. 46.36 crore.

However, the management expects significant savings and improvement in operating results on account of the restructuring exercise carried out during the year under review. As referred below the Company is also proposing a rights issue of Equity shares aggregating to not more than Rs. 100 Crore. Further our holding Company Television Eighteen India Limited has assured of sufficient financial support. Management believes that such measures would help in significant improvement of the Company's performance in years to come.

Dividend:

The Company has reported a loss during the year under review and therefore your Directors are constrained to recommend any dividend *(previous year 10%)* on equity shares for the financial year 2008-09.

Rights Issue of Rs. 100 Crore.

The Board of Directors at their meeting held on 11th April 2009 approved a Rights issue of Rs. 100 Crore. Further in this regard Company has filed Draft Letter of Offer with Securities and Exchange Board of India. Issue price and other details would be finalized upon clearance of the Draft letter of Offer filed with SEBI.

Subsidiaries and associate companies

Subsidiaries

The operating revenues from the consolidated e-publishing businesses amounted to Rs 39.40 crore in 2008-09 and the loss before tax amounted to Rs. 8.58 crore

Joint Venture Company

Reed Infomedia India Private Limited launched two new titles during the year. The first title was in the electronics space "TWICE" and the second title was in the science and technology space "New Scientist". Twice was launched in the first quarter and New Scientist was launched in the third quarter of the year under review.

However, subsequently in April 09, the dominant partner in the joint venture M/s Reed Elsevier Overseas B.V. has expressed their interest to exit the joint venture. Their exit is in line with their decision to move from all international businesses across the globe. Your Company is in the process of negotiating a license deal with Reed Elsevier to publish "JCK" and Logistics Management". Both these titles were launched by the joint venture organization in the last few years and have reasonable presence in their respective segments. The joint venture would discontinue publishing the remaining magazines.

Your Company's share of the operating revenue of Reed Infomedia India Private Limited is Rs.1.14 crore while loss before tax for the period ended March 31, 2009 is Rs.1.02 crore.

Acquisition of further brands "Ask Me" and "Burrp!":

During the year under review your Company has also acquired the local information and social media business of burrp! Software Pvt Ltd on going concern basis including the 'burrp' brand with effect from March 15, 2009. The management believes that the said acquisition will be an important asset for the Company's local search initiatives in the emerging media space.

During the year under review your Company has acquired Brand Name of "Ask Me" and has plans to set up a call centre.

Transfer management control to Television Eighteen India Limited

As a sequel to acquiring controlling stake in the Company by Network 18 Group and with a view to grant an effective management control of the Company to the Network 18 Group, Articles of Association were amended thereby granting them the right to appoint the majority of directors on the Board of your Company.

Transfer to Investor Education & Protection Fund:

During the year under review, in terms of Section 205C of The Companies Act, 1956, an amount of Rs 1,78,661/- being unclaimed dividend for the year 2000-01 has been transferred to the Investor Education & Protection Fund established by the Central Government.

Also unclaimed amount of dividend pertaining to the year 2001-02 would be transferred to the Investor Education & Protection Fund established by the Central Government in the due course.

Management Discussion and Analysis

Annexed to this report.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with BSE and NSE, the Corporate Governance Report together with a certificate from the Company's Auditors is made part of the Annual Report. All the Directors in the Board and the senior management of the Company have signed off the Code of Conduct of the Company. The code of conduct is also posted in the Company website, www.infomedia18.in.

Directors and CEO

Mr. Senthil Chengalvarayan and Mr. Sanjeev Manchanda, Directors of the Company shall retire by rotation at the forthcoming Annual General Meeting of the Company. However being eligible they have offered themselves for re-appointment. Accordingly the Board recommends their re-appointment.

Mr. Prakash Iyer has resigned from the office of CEO of the Company effective from March 31, 2009. Prior to this he served the Company as Managing Director for more than four years upto August 21, 2008. The Board of Directors hereby place on record appreciation for the valuable services rendered by him during his tenure.

Merger of I-Ven Interactive Limited with Company

Your Company has filed a scheme of arrangement pursuant to Sections 391 & 394 read with section 100 and 103 of the Companies Act, 1956 between the Company and I-Ven and their respective shareholders in the Honb'le High Court of Bombay. The shareholder of the Company at the Court convened meeting held on 11th April 2009 have approved the said Scheme by overwhelming majority of about 99%. In this regard your Company has also moved petition in the High Court. In terms of the Share Purchase, Share Subscription and Warrant Subscription Agreement dated December 11, 2007 between your Company, I-Ven Interactive Limited (I-Ven) and Television Eighteen India Limited (TV 18) it was agreed to merge I-Ven into your Company which would, inter alia, enable TV18 and IAF II to hold shares directly in the Company, disclosure of which was duly made as part of the open offer documents.

Employee Stock Option Plan

Your Company had introduced an Employee stock option plan for all eligible employees including the Managing Director of the Company in July 2004. Your Company has not allotted any option during the year 2008-2009. Further details regarding the scheme are being provided in the Annexure to this report.

Your Company had also floated the Employees Stock Option Plan 2007. However, during the year under review, there was no activity and allotment under the Employees Stock Option Plan 2007.

Particulars of Employees

Information to be provided under section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this report. However, as per the provisions of section 219(1)(b)(iv) of the Companies Act,1956, the Report and Accounts are being sent to all shareholders of the Company excluding the statement of particulars of employees under section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

Conservation of Energy

The Company on a continuous basis undertakes programmes for conserving energy.

Technology Absorption

The Company continued its efforts towards improving the efficiency of its operations. Employee training programmes were regularly conducted at all levels to improve employee skills.

Foreign Exchange Earnings/Outgo

The foreign exchange earned during the year amounted to Rs. 319.38 lacs *(previous year Rs. 215.59 lakhs)* .The total foreign exchange utilized, including for import of raw materials and spare parts for machinery not available indigenously, amounted to Rs. 1112.26 lacs (*previous year: Rs. 816.83 lakhs*).

Auditors & the Auditor's Report

The Statutory Auditors, M/s. S. R. Batliboi & Company, Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible for re-appointment, have given their consent to act as auditors of the Company. Further they have also furnished a certificate u/s 224 (1B) of the Companies Act, 1956 that their appointment, if made, will be within the limits specified under the said section. With reference to para 4(vii) of the Auditors Repot, the Company has already made necessary application to the Central Government as required under law and expect its approval in due course.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management confirm that:

i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii) they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) they have prepared the annual accounts on a going concern basis.

Acknowledgements

The Directors are grateful to all the stakeholder including the customers, bankers, suppliers and employees of the Company for their co-operation and assistance during the year.

ON BEHALF OF THE BOARD OF DIRECTORS

Mumbai, Chairman
May 8, 2009

Annexure To Directors' Report

Disclosure as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2009.

(a) options granted	**Date of Grant** / **No. of Options** 1. 25th October 2004 — 164000 2. 10th May 2005 — 100000 3. 28th October 2005 — 155500 4. 27th June 2006 — 17500 5. 27th October 2006 — 18500 6. 22nd November 2007 — 38500 **Total** — **494000**
(b) The pricing formula	Closing price on the exchange where there is highest trading volume on working day prior to the date of grant.
(c) Options vested	As on 31/3/2009 : 27750
(d) Options exercised	1,11,250 (During the year)
(e) The total number of shares arising as a result of exercise of option	3,17,000 (Cumulative)
(f) Options lapsed	As on 31/3/2009: 1,37,250
(g) Variation of terms of options	Modification approved in Extraordinary General Meeting, 20th January 2005 so as to: 1. Increase the total number of options available for grant under the scheme from 200000 shares to 500000 shares. 2. Increase maximum number of options to be issued per employee to 200000 options from 100000 options. 3. Exercise period to commence from date of vesting and will expire not later than 3 years from the date of vesting of the options.
(h) Money realized by exercise of options	Rupees 1,58,86,050/- (During the year)
(i) Total number of options in force (Cumulative)	Total number of options granted : 4,94,000 Total number of options lapsed : 1,37,250 Total number of options exercised : 3,17,000 Total in force : 39,750
(j) Employee wise details of options granted to: (i) Senior Management Personnel :-	NIL during the year
(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	None during this year
(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	None

Annexure To Directors' Report

(k)	diluted Earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with (Accounting Standard (AS) 20 'Earnings Per Share).	(Rs.42.58)
(l)	where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed.	The company is using fair value for calculating employee compensation cost. The stock based compensation cost calculated as per the intrinsic value method for the financial year 2008-2009 is Rs. NIL. If the stock based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognized in the financial statements for the year 2008-2009 would be Rs. 5,49,888/-
(m)	(i) Weighted Average exercise price of Options granted during the year whose exercise price either equals or exceeds or is less than the market price of the stock: **NIL** since no options were granted during the year. (ii) Weighted Average fair value of Options granted during the year whose exercise price either equals or exceeds or is less than the market price of the stock: **NIL** since no options were granted during the year.	
(n)	Considering the width of variables which impact the valuation of Options, Black-Scholes model has been used to estimate Fair value of Options	

The significant assumptions used during the year to estimate the fair value of options are summarized as under:

Particulars	Other Employees					
	Vest 9	Vest 10	Vest 11	Vest 12	Vest 13	Vest 14
Expected Life of the Option	1.0	2.5	1.0	2.5	2.0	3.0
Expected Volatility	50.96%	38.59%	50.96%	38.59%	38.59%	38.59%
Expected Dividend Yield	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Risk Free Interest Rate for the expected term of Option	4.60%	5.50%	4.60%	5.50%	5.50%	5.68%
Market price of the underlying shares at the time of grant of option	180.50	180.50	154.05	154.05	209.85	209.85

Additional disclosure relating to stock Options during the financial year 2008-09

Particulars	Other Employees					
	Vest 9	Vest 10	Vest 11	Vest 12	Vest 13	Vest 14
Date of Grant	27-Jun-06	27-Jun-06	27-Oct-06	27-Oct-06	22-Nov-07	22-Nov-07
Date of Vesting	27-Jun-07	26-Jun-08	27-Oct-07	26-Oct-08	21-Nov-08	21-Nov-09
Exercise Period	3 years	3 years	3 years	3 years	3 years	3 years
No of Options Granted	8,750	8,750	9,250	9,250	19,250	19,250
No of Options Lapsed	2,500	2,500	4,500	5,250	7,250	7,250
No of Options Exercised	3,250	-	2,250	-	-	-
Net Grant available for vesting	3,000	6,250	2,500	4,000	12,000	12,000
Exercise Price of the Option	180.50	180.50	154.05	154.05	209.85	209.85
Expected Life of the Option	1.0	2.5	1.0	2.5	2.0	3.0
Market Price prior to the date of Board of Directors meeting in which Options are granted	180.50	180.50	154.05	154.05	209.85	209.85
Expected Volatility	50.96%	38.59%	50.96%	38.59%	38.59%	38.59%
Expected Dividend Yield	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Risk Free Interest Rate for the expected term of Option	4.60%	5.50%	4.60%	5.50%	5.5%	5.68%

Management Discussion & Analysis

1. Business overview

a. Publishing Business

The publishing business reported an operating revenue of Rs 87.48 crore in 2008-09 against a revenue of Rs 104.5 crore in 2007-08. The business reported a drop in revenue by 16.29% over the previous year's revenue number. The drop in the revenue is attributed to the macro economic scenario across the globe and in India – and in particular to the limited spending of the corporates due to the economic slowdown. During the year, your Company has however initiated various steps across the publishing business to re-engineer the sales team and provide them with new tools and support systems. Some of these initiatives are mentioned below:

The Infomedia Yellow Pages Directory has undergone a number of innovative changes – the print directory now has a different look – both in color, text, paper and the contents. The Hyderabad publication of the Infomedia Yellow Pages is the first issue with these changes.

The "City Guide" - another product within the directories business has also undergone a name change. It is now called 'Know Your City' – the product is now supported both in database and content from the burrp website.

During the year, your Company undertook a number of steps towards establishing the Voice help line operation – one of the major initiatives in this regard is the acquisition of "Ask Me" brand from its erstwhile owners. Ask me services used to be available in a number of cities in India in the 1990s and this operation pioneered the help line business. The brand still retains a strong recall and presence across the mass in the help line business. Your Company has acquired the trade mark, copy right, domain and database. This acquisition was done in the first quarter of this financial year.

In March 2009, your Company also completed the acquisition of another brand 'burrp" which is a local information and social media website. The burrp website has been in existence for about a year and in this period the site has acquired reasonable popularity. Your Company believes that there will be greater synergies between the business directories division along with the Ask me and burrp businesses.

Special interest publication division continued its growth momentum in the year. While no new titles were launched during the year, the division consolidated the two new titles launched in 2006-07 – both Disney Adventures and T3 have shown positive trends and are well set to be profitable brands in the years to come. Three titles from the "Modern" series in the B2B segment were re-launched as monthly magazines during the year.

The division continued its focus on diversifying its revenue portfolio – events, trade shows and awards nights were all well conducted during the year.

One of the prominent speciality magazine of your Company "Overdrive" is now being telecast in CNBC TV18 as a weekly auto show. The show is also telecast in other channels of the TV 18 group. During the year, your Company also launched an improved website of this magazine.

In the business to business space, your Company increased the frequency of two of its titles – Chemical World and Modern Pharmaceuticals. Both these titles were published as bi-monthly issues – they are now published monthly.

In line with the intent to expand the events platform, your Company conducted Engineering Expos at 5 cities across the country as opposed to 3 cities in the previous year. Chennai and Indore were the new locations added during the year to the other three existing cities. The show was well received in these 2 cities.

b. Partnership with Alibaba

Your Company has also executed and signed an exclusive arrangement with alibaba.com. Alibaba.com is the largest B2B portal and virtual buyers/sellers market place in the world. Alibaba.com has identified and decided to work with your Company in selling to the small and medium traders/ manufacturers in India. The agreement was signed in April 2009 and your Company started sales in August 2009.

In the current financial year your Company has recorded revenues of Rs.2.60 crore from this business.

c. Printing Business

The printing business reported a drop in the operating revenues as compared to the previous financial year. The business reported operating revenues of Rs 33.4 crore in 2008-09 as against Rs 39.8 crore reported in 2007-08. Our Company uses the press for printing the inhouse publishing products and the spare capacity is used for other publishers.

2. **Expenditure analysis**

Manufacturing and distribution costs were higher by Rs. 8.9 crore (from Rs. 32.8 crore in 2007-08 to Rs. 41.7 crore in 2008-09). The increase in the expenditure is on account of increase in the paper prices in the international market. Imported light weight coated paper and standard newsprint paper is used by the publishing business divisions of the Company.

The Employee costs were higher by Rs. 9.5 crore from Rs. 41.5 crore in 2007-08 to Rs. 51.03 crore in 2008-09. The increase in the employee costs were on account of the new hires in the directories business and in the alibaba business.

Other operating expenses went up by Rs. 18.3 crore (from Rs. 67.7 crore in 2007-08 to Rs. 86 crore in 2008-09). This increase is mainly on account of the increased payment of the lease rental charges for our leased properties. The leases were contracted in 2004-05. The lease charges have been subsequently renegotiated with the lessor. The other factors contributing includes the increased spend on marketing and event related activity directly related to the promotion of the brands and the products of your Company.

Your Company had availed a short term funding by placing a Commercial Paper for Rs. 25 crore. The increase in the interest cost is attributed to the short term fund raised by your Company. The commercial paper has since been redeemed by the Company.

Exceptional Items

Your Company has considered certain one time costs in the financials for the year ended 31st March 2009. The provisions made in the books of accounts are on account of the investments made by your Company in its subsidiaries and the joint venture. During the year, your Company had also conducted a major restructuring exercise across all the businesses and locations. A certain sum of money has been set aside to pay for the employee notice pays and also the one time costs for exiting leased real estate space and fixed assets.

Restructuring Exercise

Your Company had conducted a major re-structuring exercise in Q3 of this year. Based on productivity and performance parameters your Company has been able to trim its employee strength from 1703 numbers to about 1150 numbers in the period. Your Company has successfully reduced the employee head count numbers by over 30%. However, your Company is selectively hiring essential manpower. The reduction in head count would generate an ongoing saving of Rs 10 crore on an annualized basis.

Related with the above exercise, your Company has also exited from real estate leases across the country and re-visited office infrastructure. Your Company is now able to manage their requirement by sharing real estate space with the TV 18 group.

Your Company has also revisited the operating costs at the printing press and looked at various options to effectively run the press. Inventories of operating supplies and spare have been effectively reduced through a just in time approach to ordering and utilization.

All these initiatives mentioned above should provide an ongoing saving of atleast Rs. 20 crore to the Company in the coming year.

3. **Risks and concerns**

a. **Global economic environment:** The global economic environment has drastically changed over the last few months, and the uncertainity continues to remain. India is not insulated from this impact and our industry is severely affected. The credit risks across corporates and customers have to be carefully examined while doing business. We will need to engage more in diversifying our business model and extending our reach. We will need to offer value proposition to the new customers to develop and grow this business further.

b. **Currency Fluctuations related risk:** The weakening of the Indian Rupee has impacted the import of our principal raw material – paper. The publishing business is heavily dependent on imported paper, given that local mills do not have the capability to produce paper of a similar kind. The fluctuations in the rupee have adversely impacted our buying costs. As a Company policy we have not resorted to foreign exchange forward and option contracts to hedge the risks against the currency fluctuations for the imports.

c. **Pricing Risks:** The pricing across our publishing and printing business is under risk due to the competition as well as the current economic slowdown. We have been providing and offering value added services and benefits to the customers to retain them. We are also investing towards brand building and awareness programme across our publishing verticals to ensure adequate product differentiation.

d. **Hiring and Retention Risk:** Over the last few months, we have restructured our businesses and retain the best talent in the industry to work with us. While, the restructuring process has weeded out the low performers, it will be a constant challenge to retain the good talent. There is imminent short term risk from new entrants and domestic players to hire talent from our Company. We have implemented a number of employee initiatives like variablizing compensation structures, innovative training programs, job rotations etc., to retain and grow talent.

e. **Customers Risk:** The credit rating and credit worthiness of a number of entities have been impacted due to the economic slowdown. We have been very careful in extending credit to some of the high risk customers. We have also set up a collection cell in our Company to follow up with all the credit customers to ensure that dues are collected in a reasonable period of time and proper credit checks are completed on new customers.

f. **Regulatory Risk:** In the previous financial year, the Government of India had introduced Service tax levy on our directories publishing business. The revenues in this business during the current financial year have been impacted due to the levy. Small and medium manufacturers and traders form a significant portion of the customer base within the directory business – the levy of Service tax has indeed impacted their ability to renew advertisement with us.

g. **Asset Risk:** We have been conducting periodic maintenance activity at our printing press to ensure seamless and continuous production. Technological changes and continuous usage will lead to obsolescence of the fixed assets in the press as well as in our publishing business. It will be important for us to balance our capital investments in the traditional printing business and the new business ventures that we have forayed in the last few months.

h. **Internal Control Systems:** The Company has a well laid out internal control system for the various business activities. The internal control systems are so designed to ensure that there is adequate safeguard on maintenance and usage of assets of the Company. A detailed internal audit plan is worked out at the beginning of the financial year, and the observations of the auditors are shared with the Audit Committee and with the statutory auditors.

i. **Human Resources:** Employee relations continue to be cordial. The Company employs over 1,100 people, and we would like to thank each and every member of the Infomedia family for their role and contribution towards the Company's performance. The Company recognizes the key role played by people – and has implemented various programmes to make Infomedia a truly great place to work.

4. <u>Outlook</u>

a. The strategic intent of the Company to develop, build and grow the publishing business into a dominant player in the industry remains. The short term outlook continues to be challenging given the economic slowdown, however, the Company is bullish about turning around. The new business initiatives in the voice and online platform that the Company has implemented in the last few months will help foster growth in the publishing space. With the group's strength and dominance in the electronic media, the Company would also focus on building the brand through increased visibility in the media and build synergies through active participation in the electronic media.

b. The Company will continue to consolidate its position in the e-publishing landscape by building scale with the front line and leveraging on its back office strengths. The Company has successfully consolidated the back office facilities in India to ensure customer requirements are met adequately.

c. CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimate, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in government regulations, tax laws and other factors such as litigation and industrial relations.

ON BEHALF OF THE BOARD OF DIRECTORS

Mumbai, May 8, 2009 Chairman

AUDITORS' CERTIFICATE

To

The Members of Infomedia 18 Limited

We have examined the compliance of conditions of Corporate Governance by Infomedia 18 Limited, for the year ended on March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For **S. R. BATLIBOI & ASSOCIATES**
Chartered Accountants

Per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
May 08, 2009

Corporate Governance Report for the year 2008-09

(As required under Clause 49 of the Listing Agreement as entered into with the Stock Exchange)

1. Company's philosophy on code of governance

The Company firmly believes in and has consistently practiced good Corporate Governance for the past several years for the efficient conduct of its business and in meeting its obligations towards all its stakeholders.

2. Board of Directors

The Board of Directors of the company comprises of six directors, of whom the Chairman is non-executive and the number of Independent Directors is one-third of the total number of Directors. The number of Non-Executive Directors (NEDs) is more than 50% of the total number of Directors.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other Public companies are given in Table I.

11 Board Meetings were held during the year 2008-09 and the gap between two meetings did not exceed four months.

The dates on which the Board Meetings were held were as follows:

April 10, 2008; May 6, 2008; July 31, 2008; August 21, 2008; October 10, 2008; October 23, 2008; December 22, 2008; January 19, 2009; February 27, 2009; March 14, 2009 and March 25, 2009.

The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during 2008-2009 except for the payment of sitting fees made to the Non-Executive Directors for Board Meetings in Table III and Committee Meetings attended as shown in Table No. IV of paragraph No. 4 below:

Table I

Name	Category	No. of Board Meetings attended during 2008-09	Whether attended AGM held on Sept 30, 2008	No. of Directorships in other Public companies		No. of Committee positions held in other Public companies	
				Chairman	Member	Chairman	Member
Mr. Sanjeev Manchanda-Chairman	Independent Non-Executive	2	Yes	-	-	-	-
Mr. Haresh Chawla-Managing Director	Non-Independent Executive	8	Yes	-	5	-	-
Mr. Raghav Bahl	Non-Independent Non-Executive	1	No	-	12	1	-
Mr. B. Saikumar	Non-Independent Non-Executive	7	No	-	2	-	-
Mr. Manoj Mohanka	Independent Non-Executive	1	No	-	6	4	3
Mr. Senthil Chengalavarayan	Non-Independent Non-Executive	6	Yes	-	-	-	-
*Ms. Renuka Ramnath	Promoter Non Independent Non-Executive	4	-	-	8	-	1
*Mr. Prakash Iyer	Non-Independent Executive	4	-	-	2	-	-

Table I

Name	Category	No. of Board Meetings attended during 2008-09	Whether attended AGM held on July 25, 2008	No. of Directorships in other Public companies		No. of Committee positions held in other companies	
				Chairman	Member	Chairman	Member
*Mr. M.J Subbaiah	Independent Non-Executive	1	-	-	5	-	2
*Mr. Vijay Kumar	Independent Non-Executive	1	-	-	1	-	-
*Mr. Sanjay Asher	Independent Non-Executive	2	-	-	8	2	6
*Mr. James Casella	Independent Non-Executive	-	-	-	-	-	-

* These directors have resigned from the Board w.e.f. 21st August 2008 and the remaining directors being appointed as additional directors w.e.f 21st August 2008. Their appointments were confirmed in AGM held on 30th September 2008.

Code of Conduct

The Code of Conduct of Infomedia is applicable to all the Directors and Senior Management of the Company and the same is available on the company's website. All the Board members and senior management of the Company have affirmed compliance with the respective Code of Conduct for the financial year ended March 31, 2009. A declaration to this effect, duly signed by the Managing Director is annexed thereto.

Risk Management

The Board periodically takes review of the total process of risk management in the organization. The management is accountable for the integration of risk management practices into the day to day activities.

Subsidiary Company

The Company does not have any material non-listed Indian subsidiary company and hence it is not required to appoint an Independent Director of the Company on the Board of such subsidiary company.

3. Audit Committee

The Company had constituted an Audit Committee on January 22, 2001 in accordance with the requirements of Section 292A of the Companies (Amendment) Act, 2000 read with Clause 49(II) of the Listing Agreement. The broad terms of reference of the Audit Committee were to review reports of the Internal Auditors and discuss the same with the Internal Auditors periodically, to meet Statutory Auditors to discuss their findings, suggestions and other related matters, to review weaknesses in internal controls reported by Internal and Statutory Auditors. The scope of the activities of the Audit Committee includes the areas prescribed by Clause 49(II)(D) vide resolution passed by the Board of Directors at its meeting held on January 22, 2001. The Audit Committee has also been granted powers as prescribed under Clause 49(II)(C).

The Committee was reconstituted in compliance with Clause 49(II)(A) on May 20, 2004 as under:

Names of Members	**Category**	**No. of Meetings attended During the year 2008-2009**
Mr. M.J. Subbaiah	Independent & Non-Executive	1
Mr. Sanjay Asher	Independent & Non-Executive	2
Mr. Vijay Kumar	Independent & Non-Executive	1

*The above members resigned from the Board w.e.f 21st August 2008. Thereafter, the Audit Committee was reconstituted on August 21, 2008, and presently comprising of the following directors:

Names of Members	Category	No. of Meetings attended During the year 2008-2009
Mr. Sanjeev Manchanda-Chairman	Independent & Non-Executive	2
Mr. Manoj Mohanka	Independent & Non-Executive	2
Mr. Senthil Chengalvarayan	Non-Independent & Non-Executive	1

Four Audit Committee Meetings were held during 2008-2009. The dates on which the said meetings were held were as follows:

May 6, 2008; July 31, 2008; October 23, 2008 and January 19, 2009.

The Company Secretary is the Secretary of the Audit Committee.

The Chairman of the Audit Committee was present at the Annual General Meeting held on September 30, 2008.

4. Remuneration Committee:

Terms of Reference:

The company had constituted a Remuneration Committee known as Compensation Committee on June 7, 2004.

The broad terms of reference of the Committee are to determine on behalf of the Board and on behalf of the shareholders the remuneration packages for executive directors including pension rights and any compensation payment. Further it has been vested with the power to administer, implement and manage Company's ESOP Scheme 2004 and ESOP Plan 2007.

During 2008-2009, the Compensation Committee met two times on April 21, 2008 and August 20, 2008.

Composition:

The Compensation Committee of the Company comprised of the following Directors:

Names of Members	Category	No. of Meetings attended During the year 2008-2009
*Mr. Sanjay Asher – Chairman	Independent & Non-Executive	2
*Mr. M. J. Subbaiah	Independent & Non-Executive	-
*Ms. Renuka Ramnath	Non Independent & Non-Executive	2

*The above members resigned from the Board w.e.f 21st August 2008. Thereafter, the Compensation Committee was reconstituted on August 21, 2008, and further reconstituted on 25th March 2009 and presently comprising of the following members:

Names of Members	Category	No. of Meetings attended During the year 2008-2009
Mr. Sanjeev Manchanda -Chairman	Independent & Non-Executive	-
Mr. Haresh Chawla	Non-Independent & Executive	-
Mr. Manoj Mohanka	Independent & Non-Executive	-
Mr. Senthil Chengalvarayan	Non Independent & Non-Executive	-

Remuneration policy:

The Managing Director is paid remuneration as per the terms of his contract of appointment approved by the Members.

The remuneration structure of the Managing Director comprises of salary, perquisites and allowances, contributions to Provident Fund, Superannuation Fund, Gratuity Fund and Commission. The tenure of appointment of the Managing Director and the details of remuneration payable for the period ended August 21, 2008 are as follows:

TABLE No. II (Rs. in Lakhs)

Name & Designation	Salary, Perquisites, Allowances and Contribution to PF and other Funds	Period of Contract
Mr. Prakash Iyer, Managing Director	37.45	5 years from 24.08.2004

The remuneration of Managing Director is subject to approval of Central Government, as the remuneration paid to the Managing Director is in excess of the limits prescribed under the Companies Act, 1956. However, the Company has made an application to the Central Government for waiver of excess remuneration paid/payable to the Managing Director over and above the limits prescribed and is pending for approval.

However, Mr. Prakash Iyer has resigned from the Managing Directorship w.e.f 21st August 2008. Further, Mr. Haresh Chawla has been appointed as the Managing Director of the Company, without remuneration w.e.f. 21st August 2008.

The Company has two schemes for grant of stock options for the Managing Director and the employees. The Compensation Committee has formulated the "Employees Stock Option Scheme, 2004" and the "Employee Stock Option Scheme, 2007" and the Committee shall administer and monitor the said Scheme of Stock Option.

Salient features of the Employee Stock Options Plan, 2004 (ESOP 2004):

All present and future permanent employees of the Company, who are selected by the Compensation Committee, shall be eligible to participate in the ESOP 2004, unless they are prohibited to so participate under any law or regulations for the time being in force. The major criteria involved in selection of the eligible employees will include the following factors:

(a) Employees in key functional areas

(b) Managerial Cadre

(c) Past Service/Performance

(d) Current Performance Evaluation

(e) Expected Future Performance/Contribution

(f) Minimum years of Future Service

The maximum number of Options to be issued per employee shall be 2,00,000 Equity shares of Rs. 10/- each and the maximum number of Options in aggregate shall be 5,00,000 Equity shares of Rs. 10/- each. There will be minimum period of 1 year between the grant of option and vesting of option. The maximum Exercise period shall be 3 years from the date of vesting of the options and on expiry of the three years the right to exercise the option shall lapse. During the year, the Company had not allotted any stock options to its employees or Managing Director.

Salient features of the Employee Stock Options Plan, 2007 (ESOP 2007):

All present and future permanent employees and directors of the Company, and employees and directors of the subsidiary and holding companies, who are selected by the Compensation Committee, shall be eligible to participate in the Scheme. The COMPENSATION COMMITTEE and/or the BOARD OF DIRECTORS shall determine the employees eligible for the **ESOP 2007,** the number of warrants to be issued to those employees and other related matters.

The major criteria involved in selection of the eligible EMPLOYEES and in deciding number of options, would include the following factors:

(a) EMPLOYEES in key functional areas and the nature of the Employee's services to the Company or its Subsidiary or Holding Company

(b) Managerial Cadre position and responsibilities of the Employee

(c) Past Service/Performance

(d) Current Performance Evaluation

(e) Expected Future Performance/Contribution

(f) Minimum years of expected future Service

(g) the period for which the Employee has rendered his services to the Company or its Subsidiary or Holding Company

(h) the Employee's present and potential contribution to the success of the Company or its Subsidiary or Holding Company

(i) or any other factor as may be decided by the Remuneration/ Compensation Committee in exercising the powers vested in it under the Plan

Each Option shall entitle the holder thereof to subscribe to one Equity Share as endorsed on the Warrant Certificate, at the exercise price decided by the Compensation Committee. However such exercise price shall not be less than the face value of the Equity Shares of the Company and shall not be more than the price on date of grant, prescribed under Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000. The total number of Warrants to be issued by the Company to the Employees under the ESOP 2007 is Ten Lakh. The number of options issued per employee may be more than 1% but shall not exceed 3% of the paid up share capital in the financial year when it is granted.

Every Option will have the Minimum and the Maximum time for exercising the option. At the time of issue of the Warrant Certificate, the Company shall specify, in accordance with the ESOP 2007, the Minimum Exercise Period (also known as "*the Vesting Period* ") for each Warrant i.e. the time period after which the Warrant Holder would be eligible for exercising the option. However the Minimum Exercise period shall not be less than one year. The Maximum Exercise Period would be 3 years from the date of issue of the Warrant.

Non-Executive Directors Compensation and Disclosures:

The Non-Executive Directors do not draw any remuneration from the Company except Sitting Fees which are paid at the rate of Rs. 10,000/- for each Board meeting and Rs. 5,000/- for each Audit Committee and Shareholders' Grievance Committee Meeting attended by them. The details of sitting fees paid to the Non-Executive Directors for the financial year ended March 31, 2009 are as follows:

TABLE NO. III

Sitting Fees paid for the Board Meetings

Names of the Non-Executive Directors	Sitting Fees Rs.
Mr. Sanjeev Manchanda	20000
Mr. Haresh Chawla	80000
Mr. Raghav Bahl	10000
Mr. Saikumar	70000
Mr. Manoj Mohanka	10000
Mr. Senthil Chengalavarayan	60000
*Ms. Renuka Ramnath	40000
*Mr. M.J Subbaiah	10000
*Mr. Vijay Kumar	10000
*Mr. Sanjay Asher	20000
*Mr. James Casella	-

*resigned w.e.f 21st August 2008

TABLE NO. IV

Sitting Fees paid for the Committee Meetings

Names of the Non-Executive Directors	Sitting Fees Rs.
Mr. Sanjeev Manchanda	15000
Mr. Haresh Chawla	5000
Mr. Saikumar	-
Mr. Manoj Mohanka	10000
Mr. Senthil Chengalavarayan	5000
*Ms. Renuka Ramnath	10000
*Mr. M.J Subbaiah	5000
*Mr. Vijay Kumar	5000
*Mr. Sanjay Asher	20000

*resigned w.e.f 21st August 2008

5. Shareholders' Grievance Committee

The Shareholders' Grievance Committee was constituted on January 22, 2001 to specifically look into the redressal of shareholders' complaints. The Shareholders Grievance Committee was reconstituted on May 20, 2004 to comprise the following Members:

Names of Members	Category	No. of Meetings attended During the year 2008-2009
*Mr. Sanjay Asher – Chairman	Independent Non-Executive	-
*Mr. Prakash Iyer	Non-Independent Executive	-
*Mr. M J Subbaiah	Independent Non-Executive	-

*The above members resigned from the Board w.e.f 21st August 2008. Thereafter, the Shareholders' Grievance Committee was reconstituted on August 21, 2008, and presently comprise of the following directors:

Names of Members	Category	No. of Meetings attended During the year 2008-2009
Mr. Senthil Chengalvarayan – Chairman	Non-Independent Non-Executive	1
Mr. Haresh Chawla	Non-Independent Executive	1
Mr. Sanjeev Manchanda	Independent Non-Executive	-

During the year, there was one Shareholders' Grievance Committee Meeting held on January 19, 2009 to specifically look into the investor grievances which had remain unresolved and thereby expedite the process.

Name, designation and address of Compliance Officer:

Mr. Yug Samrat
Company Secretary & GM-Legal
'A' Wing, Ruby house,
J K Sawant Marg,
Dadar (West), Mumbai-400028.
Phone: (022) 30245000
Fax : (022) 30034499

During the year, the Company received 26 complaints/queries from the investor relating to non-receipt of securities sent for transfer, Loss of shares and received through Regulatory Bodies. On March 31, 2009, no such complaint/query was pending. All complaints have been attended to and resolved to the satisfaction of the complainants, except for those which are under dispute or litigation.

No. of pending share transfers as on 31.3.2009: NIL

6. General Body Meetings

Location and time, where last three AGMs were held:

Sl. No.	Date and time of Meeting	Venue of the Meeting
1	September 30, 2008, 10.00 A.M	Yashwant Natyamandir, Manmala Tank Road, Matunga-Mahim (West), Near Bombay Glass Works, Mumbai-400 016
2	July 25, 2007, 4.00 P. M.	Sunville Banquet and Conference Rooms, Royal Room, 9, Dr. Annie Besant Road, Worli, Mumbai-400 018
3	October 10, 2006, 4.00 P.M.	Sunville Banquet and Conference Rooms, Royal Room, 9, Dr. Annie Besant Road, Worli, Mumbai-400 018

i. Whether any special resolutions passed in the previous 3 AGMs : Yes

ii. Whether any special resolution passed last year through postal ballot : Yes

iii. Results declared on April 18, 2008; November 22, 2008 and February 26, 2009 at the Registered Office of the Company.

iv. Details of voting pattern:

- Special Resolution under sections 16, 21, and 31 of the Companies Act, 1956 to change the name of the Company to "Infomedia 18 Limited" and consequential amendments in the Memorandum and Article of Association are as under:

Description	No. of Equity Shares	% to total
No. of Valid Votes	1,26,10,051	100.00%
No. of valid Votes Caste in favor of the resolution	1,26,00,039	99.92%
No. of valid Votes Caste against the resolution	10,012	00.08%

- Special Resolution under section 372A of the Companies Act, 1956 for investing money (s) upto Rs.200 Crores in shares/securities of subsidiary companies, joint venture companies and units of Mutual Funds etc. are as under:

Description	No. of Equity Shares	% to total
No. of Valid Votes	1,26,09,891	100.00%
No. of valid Votes Caste in favor of resolution	1,25,97,701	99.90%
No. of valid Votes Caste against the resolution	12,190	00.10%

- Ordinary resolution under Section 293(1)(a) to sell and transfer, the Company's Undertaking comprising of its Printing Press division situated at Plot No. 3, Sector No. 7, Off Sion Panvel Road, Nerul, Mumbai- 400706 along with all plant and machineries, equipments and other assets whatsoever including (but not limited to), the leasehold land along with all the employees, all licences, permits, consents and approvals whatsoever, as a "going concern":

Description	No. of Equity Shares	% to total
No. of Valid Votes	1,31,05,597	100.00%
No. of valid Votes Caste in favor of resolution	1,31,04,781	99.9938%
No. of valid Votes Caste against the resolution	816	0.0062%

- Special resolution under Section 31 of the Companies Act, 1956 for alteration of the Articles of Association of the Company by the insertion of new article 116 A enabling Television Eighteen India Limited to appoint majority of Directors on the Board of directors of the Company.

Description	No. of Equity Shares	% to total
No. of Valid Votes	1,31,04,397	100.00%
No. of valid Votes Caste in favor of resolution	1,31,03,482	99.9930%
No. of valid Votes Caste against the resolution	915	0.0070%

- Ordinary resolution pursuant to the provisions of sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 to increase the Authorised Share Capital of the Company from Rs. 30,00,00,000/- comprising of 3,00,00,000 Equity Shares of Rs. 10/- to Rs. 60,00,00,000/- including creation of 1,00,00,000 Redeemable Preference Shares of Rs. 10/- and in this regard alter clause V of the Memorandum of Association of the Company:

Description	No. of Equity Shares	% to total
No. of Valid Votes	1,32,33,489	100.00%
No. of valid Votes Caste in favor of resolution	1,32,29,814	99.9722%
No. of valid Votes Caste against the resolution	3675	0.0278%

- Special resolution under Section 31 of the Companies Act, 1956 to alter Articles of Association of the Company as a sequel to increase in authorized capital and creation of preference shares as mentioned above:

Description	No. of Equity Shares	% to total
No. of Valid Votes	1,32,32,425	100.00%
No. of valid Votes Caste in favor of resolution	1,32,28,858	99.973%
No. of valid Votes Caste against the resolution	3567	0.027%

v. Mr. Rajiv Adlakha of M/s. R.K Adlakha & Associates, Company Secretaries was appointed as Scrutinizer to conduct the Postal Ballot Exercise in fair and transparent manner.

vi. As on date of this meeting no special resolution is proposed to be passed through postal ballot.

vii. The Company follows the procedure for Postal Ballot as per the provisions of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

7. Disclosures

The particulars of transaction between the Company and its related parties as per the Accounting Standards are set out at Note 22 of the Notes to Accounts. There is no materially significant related party transaction that may have potential conflict with the interests of the company at large.

During the year, the Company has complied with the requirements of the Listing Agreement with the Bombay Stock Exchange and National Stock Exchange as well as the Regulation and Guidelines of SEBI. Accordingly no penalties were imposed or strictures passed against the Company by the Stock Exchange or SEBI. No penalties were imposed against the Company by any other Statutory Authority, on any matter related to capital markets.

8. Means of Communication

Is Half-yearly report sent to each household of shareholders: No

Quarterly results has been normally published in Financial Express & Loksatta and also displayed at the company's website: www.infomedia18.in

– 1st Quarter Results: Financial Express & Loksatta
– 2nd Quarter Results: Financial Express & Loksatta
– 3rd Quarter results: Financial Express & Loksatta
– 4th Quarter results: Financial Express & Loksatta.

Whether it also displays official news releases; and the presentations made to institutional investors or to analysts: Yes

Whether Management Discussion and Analysis form a part of annual report or not: Yes

9. General Shareholder Information

AGM date, time and venue : September 30, 2009, 10.00 A.M.
Yashwant Natyamandir, Manmala Tank Road, Matunga-Mahim (West), Near Bombay Glass Works, Mumbai-400 016

As required under Clause 49VI(A), particulars of Directors seeking reappointment are given in the Explanatory Statement to the Notice of the Annual General Meeting to be held on 30th September 2009.

Financial Calendar : April 1 to March 31

AGM : September 30, 2009

Date of Book Closure : September 22, 2009

Dividend Payment Date : N.A

Listing on Stock Exchanges

The Company's securities are listed on the following Stock Exchanges in India:

The Company's securities are listed on the following Stock Exchanges in India:

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

National Stock Exchange of India Ltd.
5th Floor, Exchange Plaza
Bandra (East), Bandra-Kurla Complex
Mumbai –400 051

The Company has paid annual listing fees to the above Stock Exchange for the financial year 2009-2010.

Stock Code -

Bombay Stock Exchange:

Equity Shares (physical form) … … 509069
(demat form) … … INE 669A01022

National Stock Exchange:

Equity Shares (physical form) … … INFOMEDIA
(demat form) … … INE 669A01022

Market Price Information:

Monthly Share Price Data for the year ended March 31, 2009.

Month	**BSE**		**NSE**	
	High (Rs.)	**Low (Rs.)**	**High (Rs.)**	**Low (Rs.)**
April 2008	250.10	225.00	250.50	225.05
May 2008	245.85	208.10	244.40	208.05
June 2008	200.30	143.55	198.35	143.40
July 2008	154.80	130.00	152.00	130.75
August 2008	152.70	137.20	152.30	137.05
September 2008	151.00	115.00	150.45	113.40
October 2008	114.30	60.70	115.50	64.80
November 2008	85.20	62.45	85.00	60.00
December 2008	81.45	59.10	81.95	60.10
January 2009	93.25	67.45	92.65	68.10
February 2009	79.05	60.65	78.50	60.70
March 2009	59.85	49.00	60.05	49.45

(Source: www.bseindia.com & www.nseindia.com)

Registrar and Transfer Agents:-

Members are requested to correspond with the Company's Registrar & Transfer Agents- TSR Darashaw Limited (formerly Tata Share Registry Limited) quoting their folio no. at the following addresses:-

(i) For transfer lodgement, delivery and correspondence:

TSR Darashaw Limited
Unit: **INFOMEDIA 18 LIMITED**
6-10 Haji Moosa Patrawala Industrial Estate
20 Dr. E Moses Road, Near Famous Studio
Mahalaxmi, Mumbai – 400 011.
Tel: 022-6656 8484 **Fax**: 022- 6656 8494
E-mail : csg-unit@tsrdarashaw.com
website : www.tsrdarashaw.com

(ii) For the convenience of investors based in the following cities, transfer documents and letters will also be accepted at the following branches/agencies of TSR Darashaw Limited (TSRDL):-

503, Barton Centre, 5th Floor
84, Mahatma Gandhi Road
Bangalore - 560 001
Tel : 080– 25320321, Fax : 080-25580019
e-mail : tsrdlbang@tsrdarashaw.com

Bungalow No.1, "E" Road
Northern Town, Bistupur
Jamshedpur – 831 001
Tel: 0657 – 2426616, Fax: 0657 – 2426937
Email : tsrdljsr@tsrdarashaw.com

Tata Centre, 1st Floor,
43, Jawaharlal Nehru Road
Kolkata – 700 071
Tel : 033 – 22883087, Fax : 033 – 22883062
e-mail : tsrdlcal@tsrdarashaw.com

Plot No.2/42, Sant Vihar
Ansari Road, Daryaganj
New Delhi – 110 002
Tel : 011 – 23271805, Fax : 011 – 23271802
e-mail : tsrdldel@tsrdarashaw.com

Agent:
Shah Consultancy Services Limited
3, Sumathinath Complex,Pritam Nagar,Akhada Road,Ellis Bridge,
Ahmedabad 380 006
Telefax: 079–2657 6038, Email: shahconsultancy@hotmail.com

Share Transfer System:

Share Transfers in physical form can be lodged with TSR Darashaw Limited at any of the abovementioned address. Such transfers are normally processed within 15 days from the date of receipt if the documents are complete in all respects. The Managing Director and the Company Secretary are severally empowered to approve transfers.

Distribution of Shareholding:

No. of Ordinary Shares Held	No. of Shareholders as on 31.03.2009	Percentage of total Shareholders as on 31.03.2009	No. of Shareholders as on 31.03.2008	Percentage of total Shareholders as on 31.03.2008
1 TO 500	11,843	88.28	12,386	87.85
501 TO 1000	1,252	9.33	1,341	9.51
1001 TO 2000	198	1.48	223	1.58
2001 TO 3000	54	0.40	66	0.47
3001 TO 4000	17	0.13	22	0.16
4001 TO 5000	11	0.08	8	0.06
5001 TO 10000	22	0.17	26	0.18
OVER 10001	18	0.13	27	0.19
TOTAL	**13,415**	**100.00**	**14,099**	**100.00**

Categories of Shareholders:

Category	Number of Shareholders		Voting Strength		Number of Ordinary Shares held	
	31.03.2009	**31.03.2008**	**31.03.2009**	**31.03.2008**	**31.03.2009**	**31.03.2008**
Resident Individuals	12,925	13,566	21.80	23.53	43,34,092	46,51,385
Financial Institutions/ Insurance Companies	2	2	1.26	1.27	2,50,628	2,50,628
Promoter	2	1	65.67	62.69	1,30,59,043	1,23,96,999
Bodies Corporate /Trusts	353	401	1.83	2.73	3,65,069	5,40,595
Mutual Funds	5	6	0.01	0.05	1,062	9,931
FIIs & OCBs	10	13	9.24	9.55	18,37,486	18,88,467
Banks	13	14	0.03	0.03	5,209	5,393
NRIs	105	96	0.17	0.15	32,514	30,455
Total	**13,415**	**14,099**	**100.00**	**100.00**	**1,98,85,103**	**1,97,73,853**

Dematerialization of shares and liquidity:

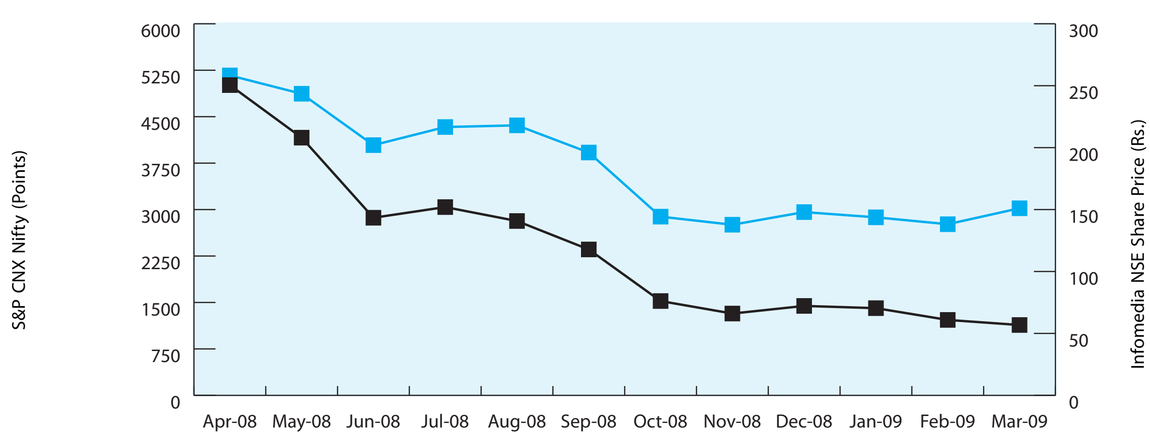
Trading in the Equity Shares of the Company is permitted only in dematerialised form as per the Securities and Exchange Board of India (SEBI) Circular dated May 29, 2000.

The Company has established connectivity with both the Depositories viz. National Securities Depository Ltd. (NSDL) as well as the Central Depository Services (India) Ltd. (CDSL) to facilitate demat trading. 96.99 % of the Company's share capital is dematerialised as on 31.03.2009.

The Company's shares are regularly traded on the Bombay Stock Exchange and the National Stock Exchange.

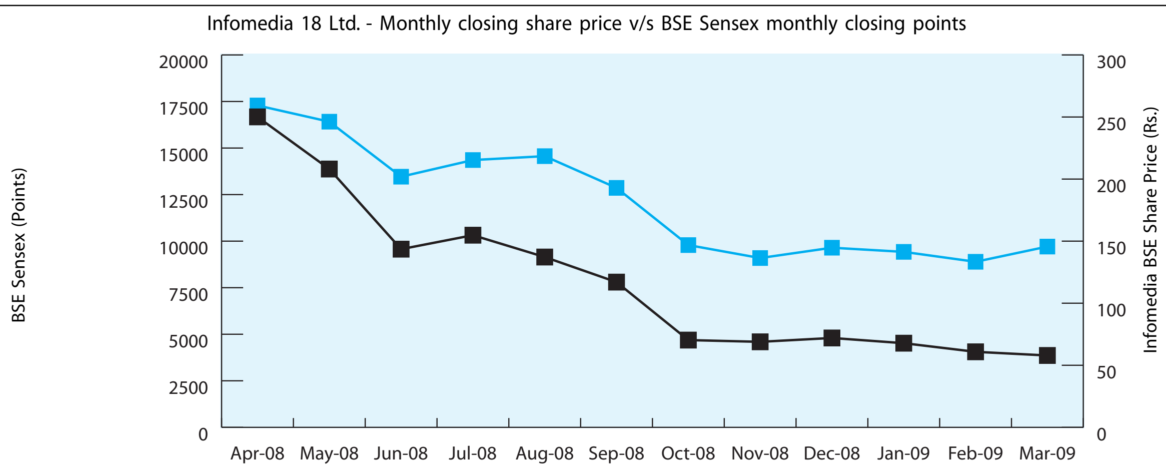
Graph: 1 Equity Share Price movement vis-a-vis S&P CNX Nifty

Infomedia 18 Ltd. - Monthly closing share price v/s S&P CNX Nifty monthly closing points



	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
S&P CNX Nifty (Points)	5165.90	4870.10	4040.55	4332.95	4360.00	3921.20	2885.60	2755.10	2959.15	2874.80	2763.65	3020.95
Infomedia NSE Share Price (Rs.)	250.50	208.05	143.40	152.00	140.75	117.80	76.15	66.05	72.20	70.40	60.90	56.80

Graph: 1 Equity Share Price movement vis-a-vis BSE Sensex



	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
BSE Sensex (Points)	17287.31	16415.57	13461.60	14355.75	14564.53	12860.43	9788.06	9092.72	9647.31	9424.24	8891.61	9708.50
Infomedia BSE Share Price (Rs.)	250.10	208.10	143.55	154.80	137.20	117.00	70.30	69.90	72.00	67.80	60.85	57.90

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:

The Company has issued 50,00,000 and 10,00,000 Equity Warrants to Television Eighteen India Limited and India Advantage Fund II respectively on preferential basis. Each Equity Warrant shall be exercisable, at the option of the holder, within a period of 18 months from the date of allotment, and would entitle the holder thereof for allotment of one fully paid up Equity Share of Rs. 10/- (Rupees Ten Only) each, at an exercise price of Rs. 237/- (Rupees two hundred and thirty seven only) per Equity Share.

Plant Location:
Plot No.3, Sector 7,
Off Sion Panvel Road,
Nerul, Navi Mumbai.

Address for correspondence:
Infomedia 18 Limited
'A' Wing, Ruby house,
J K Sawant Marg,
Dadar (West)
Mumbai – 400 028.
Phone : (022) 30245000
Fax : (022) 30034499
Email: ho@infomedia18.in
Website: www.infomedia18.in

One of the points referred in non-mandatory requirements under Annexure ID of Clause 49 of the Listing Agreement is being pursued by the company such as;

- No Independent Director on the Board of the Company has exceeded a tenure of 9 years, in aggregate.

Declaration by CEO under clause 49 of the Listing Agreement regarding adhering to the Code of Conduct:

In accordance with clause 49(1)(D) of the Listing Agreement with the stock exchange, I hereby confirm that all the directors and the senior management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the financial year ended March 31, 2009.

For **Infomedia 18 Limited**

Haresh Chawla
Managing Director

FINANCIAL ACCOUNTS

Auditors' Report

To

The Members of Infomedia 18 Limited

1. We have audited the attached Balance Sheet of Infomedia 18 Limited as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   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 those books;

   iii. The balance sheet, profit and 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 and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 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. Without qualifying our opinion, we draw attention to Note 26 of Schedule Q to the accompanying financial statements. The Company has incurred a loss of Rs. 846,539,165 during the year ended March 31, 2009 as a result of which the accumulated losses and miscellaneous expenditure to the extent not written off exceed the share capital and free reserves of the Company by Rs. 86,562,309 as at that date. Management expects a significant improvement in operating results on account of a restructuring exercise. The Company is also planning a rights issue of Equity shares and has also been assured of sufficient financial support by the Parent company. In view of these mitigating factors which have been more fully discussed in Note 26 of Schedule Q, the accompanying financial statements have been prepared on a going concern basis.

   vii. *As stated in Note 11 of Schedule Q of the financial statements, the managerial remuneration of Rs. 3,744,756 paid /provided during the period is subject to the approval of the Central Government.*

   viii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and *subject to our comments in paragraph 4(vii) above, the effect of which on the financial statements is not ascertainable,* give a true and fair view in conformity with the accounting principles generally accepted in India;

      a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;

      b. in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and

      c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

Per Amit Majmudar
Partner
Membership No.: 36656

Infomedia 18 Limited (formerly Infomedia India Limited)

Annexure to the Auditors' Report

Annexure referred to in paragraph 3 of our report of even date to the members of Infomedia 18 Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In respect of the stocks lying with third parties, a substantial portion has been confirmed by third parties.

(b) 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.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventories, which were not material, have been properly dealt with in the books of account.

(iii) (a) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and accordingly clause 4(iii)(b), (c) and (d) of the Order are not applicable.

(b) The Company has taken loans from two of its subsidiaries and the holding company, which are covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of loans taken from such parties is as follows:

Particulars	Maximum amount involved during the year (Amount in Rs.)	Year-end balance (Amount in Rs.)
Amercian Devices India Private Limited (subsidiary)	139,045,280	66,789,144
Cepha Imaging Private Limited (subsidiary)	27,623,413	27,579,166
Television Eighteen India Limited (Holding Company)	406,641,939	405,840,994

(c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(d) The loans taken are re-payable on demand. As informed, the lenders have not demanded repayment of such loan during the year, thus, there has been no default on the part of the company. The interest accrued on the above loans amounting to Rs. 10,209,304 is outstanding as at March 31, 2009.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time. *Further, because of the specialized nature of certain items involved and absence of any comparable prices available with the Company, we are unable to comment whether the related transactions were made at prevailing market prices at the relevant time.*

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

(ix) (a) Undisputed statutory dues including investor education and protection fund, provident fund, sales-tax, service tax, cess, wealth-tax, customs duty and excise duty have been regularly deposited with the appropriate authorities. *In respect of profession tax, employees' state insurance and income-tax there have been delays in certain cases.*

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, salestax, wealth-tax, service tax, custom duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount Rs. in Lakhs	Period to which it relates	Forum where dispute is pending
Income Tax Act	Income Tax	1,212.39	AY 2005-2006	Commissioner of Income Tax (Appeals)
Income Tax Act	Income Tax	263.99	AY 2006-2007	Commissioner of Income Tax (Appeals)
Income Tax Act	Income Tax	53.90	AY 2007-2008	Income tax Officer
Income Tax Act	Fringe Benefit tax	25.06	AY 2006-2007	Commissioner of Income Tax (Appeals)
Bombay Sales Tax Act	Works Contract Tax	48.38	1999-2000	Commissioner of Sales Tax (Appeal)

(x) *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current and immediately preceding financial year.*

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

Annexure to the Auditors' Report

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by a subsidiary from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that *the Company has used funds raised on short-term basis for long-term investment. The Company has funded its accumulated losses and part of its investments aggregating to Rs. 752,270,417 from short term loans.*

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised money by public issue.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

Per Amit Majmudar
Partner
Membership No.: 36656

Mumbai, May 8, 2009

Infomedia 18 Limited (formerly Infomedia India Limited)
Balance Sheet as at March 31, 2009

	Schedules	Rs.	March 31, 2009 Rs.	March 31, 2008 Rs
Sources of funds				
Shareholders' funds				
Share Capital	"A"	198,851,030		197,738,530
Share Application money pending allotment (Refer Note 27)		142,200,000		142,200,000
Reserves and Surplus	"B"	37,803,846		406,099,799
			378,854,876	746,038,329
Loan Funds				
Secured Loans	"C"		601,680,749	723,643,085
Unsecured Loans	"D"		500,209,304	353,638,054
Deferred Tax Liabilities (Net)	"E"		16,269,070	3,290,313
Total			1,497,013,999	1,826,609,781
Application of funds				
Fixed assets	"F"			
Gross block		1,147,837,756		1,074,452,159
Less: Accumulated Depreciation / Amortisation		892,362,166		846,579,244
Less: Impairment provision		20,010,941		—
Net block		235,464,649		227,872,915
Advances on capital account and capital work in progress		640,000		640,000
			236,104,649	228,512,915
Investments	"G"		650,189,733	973,880,741
Current Assets, Loans and advances	"H"			
Inventories		82,054,665		52,530,626
Sundry debtors		312,077,565		361,099,457
Cash and bank balances		41,548,236		155,486,608
Loans and advances		376,631,594		353,794,324
		812,312,060		922,911,015
Less:				
Current liabilities and provisions	"I"			
Current liabilities		631,635,354		246,009,212
Provisions		35,374,274		55,288,724
		667,009,628		301,297,936
Net current assets			145,302,432	621,613,079
Miscellaneous Expenditure (To the extent not written off or adjusted)	"J"		1,817,366	2,603,046
Debit Balance in Profit and Loss Account			463,599,819	—
Total			1,497,013,999	1,826,609,781
Notes to Accounts	"Q"			

The schedules referred to above and Notes to Accounts form an integral part of the Balance Sheet.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

For and on behalf of the Board of Directors of Infomedia 18 Limited,

per Amit Majmudar
Partner
Membership No. : 36656

Yug Samrat
Company Secretary

Haresh Chawla
Managing Director

Senthil Chengalvarayan
Director

Mumbai: May 8, 2009

Infomedia 18 Limited (formerly Infomedia India Limited)

Profit and Loss Account for the year ended March 31, 2009

	Schedules	Year Ended March 31, 2009 Rs.	Year Ended March 31, 2008 Rs.
Income			
Sales (Refer Note 6 and 16(d))		1,239,404,696	1,447,005,161
Other income	"K"	131,838,518	33,886,063
		1,371,243,214	1,480,891,224
Expenditure			
Materials Consumed	"L"	407,140,557	317,627,617
Cost of Traded Products	"M"	9,951,473	10,237,001
Personnel Expenses	"N"	510,311,163	415,175,947
Operating and other expenses	"O"	860,013,167	677,332,285
		1,787,416,360	1,420,372,850
Profit/(Loss) Before Interest, Tax and Depreciation		(416,173,146)	60,518,374
Depreciation / Amortisation	"F"	57,127,692	59,289,674
Financial Expenses	"P"	109,855,443	97,909,077
Loss Before Tax before Exceptional items		(583,156,281)	(96,680,377)
Exceptional items (Refer Note 29)		239,789,582	—
Loss Before Tax		(822,945,863)	(96,680,377)
Tax Expenses			
Current Tax		—	15,000,000
Deferred Tax (Credit) / Charge (Refer Note 9)		12,978,757	(28,044,733)
Fringe Benefit Tax		10,614,545	7,500,000
Provision in respect of an earlier year		—	5,500,000
		23,593,302	(44,733)
Loss for the year		(846,539,165)	(96,635,644)
Balance brought forward from previous year		383,069,503	502,840,000
Amount available for appropriation		(463,469,662)	406,204,356
Appropriations			
Proposed dividend		—	19,773,853
Dividend tax		—	3,361,000
Short Provision of earlier year's Proposed Dividend		111,250	—
Dividend tax on short provision of earlier year's proposed dividend		18,907	—
Balance carried to the balance sheet		(463,599,819)	383,069,503
Loss per share (Refer Note 14)			
Basic - Nominal value of shares Rs. 10.		(42.58)	(4.90)
Diluted - Nominal value of shares Rs. 10.		(42.58)	(4.90)
Notes to Accounts	"Q"		

The schedules referred to above and Notes to Accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

For and on behalf of the Board of Directors of Infomedia 18 Limited,

per Amit Majmudar
Partner
Membership No. : 36656

Yug Samrat
Company Secretary

Haresh Chawla
Managing Director

Senthil Chengalvarayan
Director

Mumbai: May 8, 2009

Infomedia 18 Limited (formerly Infomedia India Limited)

Cash Flow Statement for the year ended March 31, 2009

	March 31, 2009 Rs.	March 31, 2008 Rs.
A. Cash flow from operating activities:		
Net loss before tax	(822,945,863)	(96,680,377)
Adjustments for		
Exceptional items	217,010,941	—
Depreciation and amortisation	57,127,692	59,289,674
Investment income	(95,363,414)	(3,705,327)
Interest charged	109,855,443	91,773,185
Net loss/ (profit) on sale of fixed assets	2,630,243	1,677,000
Provision for Doubtful debts	43,342,240	41,300,000
Miscellaneous Expenditure written off	785,680	785,680
Operating loss before working capital changes	(487,557,038)	94,439,835
Adjustments for		
Trade and other receivables	(15,229,893)	(71,531,000)
Inventories	(29,524,038)	50,588,273
Trade Payables/Provisions	389,014,682	(100,244,246)
Cash generated from operations	(143,296,287)	(26,747,138)
Direct taxes paid	(11,070,038)	(53,796,000)
Net Cash From/(Used in) Operating Activities	(154,366,325)	(80,543,138)
B. Cash flow from investing activities:		
Purchase of fixed assets	(89,080,135)	(8,071,000)
Sale of fixed assets	1,719,524	759,155
Profit/(Loss) on sale of current investments	—	40,000
Sale of Long Term Investment	415,000	—
Investments in subsidiaries and Joint ventures	(12,455,428)	(196,162,339)
Intercorporate deposits (placed) / returned	—	17,500,000
Interest received	493,548	2,212,000
Dividend received	82,639,652	2,078,000
Net Cash From/(Used in) Investing Activities	(16,267,839)	(181,644,184)
C. Cash flow from financing activities:		
Scheme of Arrangement for Share Buyback	(298,165)	(1,075,754)
Shares Allotted - ESOS	15,886,050	12,423,352
Share Application Money received	—	142,200,000
Intercorporate deposits accepted	372,000,000	117,999,679
Term Loans	(87,500,000)	(43,750,000)
Working Capital Loans	(180,000,000)	10,000,000
Commercial Paper Issued (net of interest)	—	233,047,000
Utilisation of Cash Credit facilities (net)	146,752,457	136,632,000
Commercial Paper Repayment	(250,000,000)	—
Interest paid	(86,499,307)	(90,271,000)
Dividend and tax thereon	(19,977,080)	(45,363,510)
Net Cash From/(Used in) Financing Activities	(89,636,045)	471,841,767
Net Increase/(decrease) in cash and cash equivalents	(260,270,209)	209,654,445
Cash and Cash Equivalents as at April 1, 2008	301,818,445	92,164,000
Cash and Cash Equivalents as at March 31, 2009	41,548,236	301,818,445
	260,270,209	(209,654,445)
Cash and Cash Equivalents:		
Cash on hand	131,928	194,029
Cheques on hand	1,139,077	7,222,124
Balances with scheduled banks :		
In current accounts	37,472,395	147,244,150
In deposit accounts	2,797,666	424,603
Balances with Other banks :		
In current accounts	7,170	401,702
In Current investments (Less than three months)	—	146,331,837
	41,548,236	301,818,445

Notes:
1. Direct taxes paid are treated as arising from operating activities and are not allocated to investing and financing activities.
2. Cash and Cash Equivalents include unclaimed dividend Accounts amounting to Rs 3,888,782 (2007-2008 : 4,417,849)

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

For and on behalf of the Board of Directors of Infomedia 18 Limited,

per Amit Majmudar
Partner
Membership No. : 36656

Yug Samrat
Company Secretary

Haresh Chawla
Managing Director

Senthil Chengalvarayan
Director

Mumbai: May 8, 2009

	March 31, 2009 Rs.	*March 31,2008 Rs.*
"A" Share Capital		
Authorised		
50,000,000 *(2007-2008 : 30,000,000) Equity Shares of Rs.10/- each*	500,000,000	*300,000,000*
10,000,000 *(2007-2008 : Nil) Preference Shares of Rs.10/- each*	100,000,000	—
Issued and subscribed		
19,885,103 (*2007-2008 : 19,773,853*) Equity Shares of Rs. 10 each, fully paid up	198,851,030	*197,738,530*

a) Of the above fully paid up shares:

(i) 148,000 *(2007-2008 : 148,000)* Equity Shares of Rs. 10 each are issued as fully paid up pursuant to a contract without payment having been received in cash.

(ii) 470,000 *(2007-2008 : 470,000)* Equity Shares of Rs. 10 each are issued as fully paid up bonus shares by capitalisation of general reserve.

(iii) 17,798,900 *(2007-2008 : 17,798,900)* Equity Shares of Rs. 10 each are issued as fully paid up bonus shares by capitalisation of securities premium account.

(iv) 12,338,112 *(2007-2008 : 12,396,998)* Equity Shares of Rs. 10 each are held by I-Ven Interactive Limited, the holding company.

(v) 317,000 *(2007-2008 : 205,750)* Equity shares of Rs. 10 each are issued as fully paid shares as per the Employee Stock Option Scheme of the Company.

b) The Company has granted (net of options lapsed and exercised)

39,750 *(2007-2008 : 187,250)* Share options under the Employee Stock Option Scheme ('ESOP') at the market price prior to the date of grant of options. 27,750(2007-2008:1,39,500) of these options have vested, further Nil (2007-2008: 7,250) will vest on 26th June 2008, further Nil (2007-2008: 6,000) will vest on 26th October 2008, further Nil (2007-2008: 17,250) will vest on 21st November 2008, further 12,000 (2007-2008: 17,250) will vest on 21st November 2009.

c) Pursuant to the scheme of arrangement between the Company and its shareholders, the Company had purchased 3,316,197 shares, @ Rs 245/- per equity share. The said scheme of Arrangement was approved by the Hon'ble High Court of Bombay vide its order dated September 15, 2006.

	Rs.	March 31, 2009 Rs.	March 31, 2008 Rs.
"B" Reserves and surplus			
Securities Premium account			
As per last balance sheet	21,099,087		*9,506,235*
Securities Premium received during the year from ESOP	14,773,550		*11,592,852*
		35,872,637	*21,099,087*
General reserve			
As per last balance sheet		1,931,209	*3,997,000*
Less : Leave Encashment Liability up March 31, 2007 (Net of Deferred Tax Rs. 1,064,720) as per revised AS-15		—	*2,065,791*
		1,931,209	*1,931,209*
Surplus, being balance in profit and loss account		—	*383,069,503*
		37,803,846	*406,099,799*
"C" Secured Loans			
From Banks :			
Long Term			
- Term Loans		218,750,000	*306,250,000*
Term loans include instalments payable within one year Rs.87,500,000 (*2007-2008 Rs 87,500,000*)		218,750,000	*306,250,000*
Short Term			
- Working Capital Demand Loans		50,000,000	*230,000,000*
- Cash Credit Facilities		330,539,542	*183,787,085*
- Interest accrued and due		2,391,207	*3,606,000*
		382,930,749	*417,393,085*
(For Securities given, Refer Note 5)		601,680,749	*723,643,085*
"D" Unsecured Loans (Short term)			
Commercial Paper	—		*250,000,000*
Less : Unamortised Interest Amount	—		*16,952,625*
(Maximum amount outstanding at any time during the year Rs. 250,000,000) (*2007-2008 : Rs 250,000,000*)		—	*233,047,375*
Inter Corporate Deposit (ICD) Accepted			
Holding Company		405,000,000	—
Subsidiary Companies		85,000,000	*118,000,000*
Interest Accrued and due on Inter Corporate Deposit (Refer Note 22)		10,209,304	*2,590,679*
(Maximum amount outstanding at any time during the year Rs. 565,000,000 (*2007-2008 : 118,000,000*))			
		500,209,304	*353,638,054*
"E" Deferred Tax Liabilities (Net) (Refer Note 9)			
Deferred Tax Liabilities			
On account of timing differences on :			
Depreciation		16,269,070	*32,339,696*
Less:		16,269,070	*32,339,696*
Deferred Tax Assets			
On account of timing differences on :			
Provision for Leave Encashment		—	*5,672,746*
Provision for Doubtful Debts		—	*18,456,570*
Provision for Discounts, rebates, etc.		—	*4,920,067*
		—	*29,049,383*
		16,269,070	*3,290,313*

"F" Fixed Assets

(Amount in Rs.)

	Gross Block				Depreciation & Amortisation					Net Block	
	Cost as at 01.04.2008	Additions	Deductions	Cost as at 31.03.2009	As At 01.04.2008	For the Year	Impairment (Refer Note b)	On Deductions	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Tangible Assets :											
Land-freehold	40,000	—	—	40,000	—	—	—	—	—	40,000	*40,000*
Land -leasehold	1,873,125	—	—	1,873,125	718,034	31,219	—	—	749,253	1,123,872	*1,155,091*
Building	60,532,957	1,007,267	—	61,540,224	29,293,120	3,306,579	2,381,612	—	34,981,311	26,558,913	*31,239,837*
Ownership flats (Refer Note a)	23,741,895	—	—	23,741,895	4,785,237	387,052	—	—	5,172,289	18,569,606	*18,956,658*
Plant, machinery and equipment	669,895,732	4,402,562	1,065,322	673,232,972	592,670,009	27,769,878	8,626,599	497,012	628,569,474	44,663,498	*77,225,723*
Computer Equipment, etc	146,813,539	15,745,905	6,251,765	156,307,679	121,070,188	1,520,600	9,002,730	6,164,200	125,429,318	30,878,361	*25,743,351*
Furniture, fixtures, electrical and office equipment	115,520,010	2,756,824	2,495,987	115,780,847	53,047,031	17,530,240	—	1,347,459	69,229,812	46,551,035	*62,472,979*
Vehicles	22,362,641	3,745,077	5,881,464	20,226,254	11,323,365	3,052,710	—	3,336,100	11,039,975	9,186,279	*11,039,276*
Intangible Assets :											
Enterprise Resource Planning Software	33,622,260	—	—	33,622,260	33,622,260	—	—	—	33,622,260	—	—
Goodwill	50,000	—	—	50,000	50,000	—	—	—	50,000	—	—
Brands and Trademarks (Refer Note 28 and 30)	—	61,422,500	—	61,422,500	—	3,529,415	—	—	3,529,415	57,893,085	—
Total	1,074,452,159	89,080,135	15,694,538	1,147,837,756	846,579,244	57,127,693	20,010,941	11,344,771	912,373,107	235,464,649	*227,872,915*
March 31, 2008	*1,076,084,091*	*8,633,398*	*10,265,330*	*1,074,452,159*	*795,118,884*	*59,289,674*	—	*7,829,314*	*846,579,244*		
Advances on capital account and capital work in progress										640,000	*640,000*
Total										236,104,649	*228,512,915*

(a) Cost includes Rs. 3,500 *(2007-2008 : Rs.3,500)* being the face value of shares in co-operative housing societies.

(b) Impairment of Assets held at leased offices, which are being vacated as part of the Restructuring exercise is debited to the Profit and Loss Account for the year ended March 31,2009 as Exceptional items (Refer note 29(i)).

		March 31, 2009 Rs.	*March 31, 2008 Rs.*
"G" Investments			
Long Term - Unquoted (Non Trade) :			
Investment in subsidiares :			
	Keyword Group Limited - 1,000 Equity shares of £1 each *(2007-2008 : 1,000)* ...	150,810,805	*150,810,805*
	Cepha Imaging Private Limited - 8,125 equity shares of Rs.100/- each. *(2007-2008 : 6,533)* ...	76,043,728	*63,588,300*
	American Devices India Private Limited 469,996 equity shares of Rs 10/- each. *(2007-2008 : 469,996)* ...	401,315,243	*401,315,243*
	Software Services LC - 100% ownership interest *(2007-2008 : 100%)* ...	182,014,457	*182,014,457*
Joint Venture :	Reed Infomedia India Private Limited - 2,940,000 equity shares of Rs 10/- each. *(2007-2008 : 2,940,000)* ...	29,400,000	*29,400,000*
Other Investments :	Tax Free US 64 Bonds of face value @ Rs. 100 - Nil *(2007-2008 : 4,146)* ...	—	*414,599*
	6 years National Savings Certificates	5,500	*5,500*
Total Long - Term ...		839,589,733	*827,548,904*
Less : Provision for Diminution of Investment (Refer Note 29 (ii) and (iii))		189,400,000	*—*
		650,189,733	*827,548,904*
Current - Unquoted (Non Trade) :			
	- Nil *(2007-2008 : 4,804,609)* units of Tata Dynamic Bond Fund Option A - Dividend	—	*50,463,389*
	- Nil *(2007-2008 : 3,029,596)* units of JM Money Manager Super Plus Plan - Daily Dividend ...	—	*30,308,384*
	- Nil *(2007-2008 : 3,066,088)* units of Reliance Interval Fund Monthly Series - Dividend ...	—	*30,286,272*
	- Nil *(2007-2008 : 3,488,028)* units of Tata FRF LT Dividend ...	—	*35,273,792*
Total Current		—	*146,331,837*
Total		650,189,733	*973,880,741*

Current Investments purchased and sold during the year are as follows -

Sr. No.	Particulars	Units Nos	Cost
1	Reliance Liquid plus Fund - Institutional Option - Daily Dividend Plan ...	30,398	30,432,721
2	JM Money Manager Fund Super Plus Plan - Daily Dividend (171) ...	2,998,771	30,000,000
3	PRINCIPAL Liquid Plus Fund - Regular Plan - Daily Div ...	2,994,012	30,000,000
4	Templeton India Ultra Short Bond Fund - IP - Div ...	2,036,274	20,400,000
5	Reliance Interval Fund - Monthly Series I - IP - Div ...	999,231	10,000,000
6	JM Interval Fund - Quarterly Plan 4 - IP - Div ...	4,996,502	50,000,000
7	Birla Sun Life Quarterly Interval Fund - Series 2 - Div ...	620,000	6,200,000
8	Birla Sun Life Interval Income Fund Monthly Plan - Series I - IP - Dividend ...	1,000,000	10,000,000
9	Tata Treasury Manager Fund - SHIP - Daily Dividend ...	35,891	35,998,790
	Total		223,031,511

Current Investments purchased and sold during the year 2007-2008 are as follows -

Sr. No.	Particulars	Units Nos	Cost
1	Kotak Flexi debt - Daily Dividend ...	*3,489,149*	*35,000,000*
2	DWS Credit Opportunities Cash Fund - Weekly Dividend ...	*2,987,185*	*30,000,000*
3	JM High Liquidity Fund - Institutional Plan - Dividend (56) ...	*2,923,591*	*30,000,000*
4	JM Money Manager Fund Super Plus Plan - Daily Dividend (171) ...	*2,995,556*	*29,967,837*
5	ING Liquid Fund Institutional - Daily Dividend Option ...	*2,996,374*	*30,000,000*
6	ING Liquid Plus Fund - Institutional Daily Dividend ...	*2,999,524*	*30,005,137*
7	Tata Liquid Super High Investment Fund - Daily Dividend ...	*44,862*	*50,000,000*
8	Tata Treasury Manager SHIP Daily Dividend ...	*49,891*	*50,041,151*
9	Reliance Liquid Fund - Treasury Plan - Institutinal Option - Daily Dividend Option	*1,962,426*	*30,000,000*
10	Reliance Liquid Plus Fund - Institutional Option - Daily Dividend Plan ...	*29,971*	*30,005,199*
11	JM High Liquidity Fund - Institutional Plan - Dividend (56) ...	*2,995,238*	*30,000,000*
	Total		*375,019,324*

		March 31, 2009	March 31,2008
"H" Current Assets, Loans and advances	Rs.	Rs.	Rs.
Inventories			
Stores and spare parts		8,575,152	10,703,474
Raw Materials : Paper, inks, printing and binding materials	66,429,528		32,553,031
Work in progress	709,047		3,043,582
Finished Goods : Children's books and stationery products, etc.	3,151,678		2,983,601
Finished Goods :Touch Stone Gifts and Other traded goods	3,189,260		3,246,938
		73,479,513	41,827,152
		82,054,665	52,530,626
Sundry debtors (Refer Note 15 and 22)			
Debts outstanding for a period exceeding six months			
Secured - considered good	2,558,201		211,726
Unsecured			
Considered good	59,715,940		88,354,781
Considered doubtful	105,242,240		54,300,000
	167,516,381		142,866,507
Others - considered good			
Secured	1,307,367		1,014,047
Unsecured	248,496,057		271,518,903
	249,803,424		272,532,950
Less: Provision for doubtful debts	(105,242,240)		(54,300,000)
		312,077,565	361,099,457
Included in Sundry Debtors are :			
-Dues from Joint Venture Company (Refer Note 29 (iii)) Reed Infomedia India Private Limited Rs. 17,882,200 *(2007-2008 : Rs. 1,908,718)*			
-Dues from Holding Company Television Eighteen India Limited Rs.39,571 *(2007-2008 : Nil)*			
-Dues from companies under same management Network 18 Publication Limited Rs.450,000 *(2007-2008 : Nil)*			
Cash and bank balances			
Cash on hand	131,928		194,029
Cheques on hand	1,139,077		7,222,124
Balances with scheduled banks :			
In current accounts	37,472,395		147,244,150
In deposit accounts	2,797,666		424,603
Balances with other banks :			
In current accounts	7,170		401,702
		41,548,236	155,486,608
Bank balance with other Bank includes : Municipal Co-op. Bank, Navi Mumbai. (Maximum Amount Outstanding during the period Rs. 912,509) *(2007-2008 : Rs. 867,076)*			
Loans and advances (unsecured and considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received (Refer Note 31)	161,241,677		210,202,697
Advance towards Investment in New company (Refer Note 28)	46,800,410		—
Security Deposits	78,434,259		75,645,512
Advance payments of Income-tax less provisions Advance Tax : 433,603,762 *(2007-2008: 416,364,162)* Less Provisions for Tax : 343,448,514 *(2007-2008: 348,880,598)*	90,155,248		67,483,564
Fringe Benefit Tax Advance FBT : 29,813,058 *(2007-2008: 14,228,980)* Less Provisions for FBT : 29,813,058 *(2007-2008: 13,766,429)*	—		462,551
		376,631,594	353,794,324
		812,312,060	922,911,015

		March 31,2009	March 31,2008
	Rs.	Rs.	Rs.
"I" Current liabilities and provisions			
Current liabilities			
Sundry creditors (Refer Note 13,15 and 22)			
Dues to Micro,Small & Medium Enterprises	611,488		22,754
Due to Holding company	73,466,743		—
Dues to Others	454,179,491		164,029,621
Sundry Deposits	9,548,786		7,896,562
Unclaimed dividend *	2,551,373		2,643,350
Advances received from customers	45,452,340		30,665,000
Credit Balance in Bank Book	5,214,478		9,484,552
Other Liabilities	40,610,655		31,267,373
		631,635,354	246,009,212
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.			
Provisions			
Provision for Proposed dividend	—		19,773,853
Tax on proposed dividend	379,907		3,361,000
Provision for Rebates, returns etc.(Refer Note 8(b))	5,697,817		14,475,042
Provision for Gratuity (Refer Note 23)	9,267,718		989,372
Provision for leave encashment (Refer Note 23)	20,028,832		16,689,457
		35,374,274	55,288,724
		667,009,628	301,297,936
"J" Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Processing Fees			
Opening Balance		2,603,046	3,388,726
Additions during the period		—	—
		2,603,046	3,388,726
Less : Written off during the period		785,680	785,680
		1,817,366	2,603,046

	Current Year	Previous Year
	Rs.	Rs.
"K" Other income		
Interest others- gross (tax deducted at source on interest received Rs.Nil)(*2007-2008 : Rs. 277,000*)	12,971,858	1,528,121
Interest On Fixed Deposit (tax deducted at source on interest received Rs.6,791)(*2007-2008 : Rs. 6,067*)	49,536	59,418
Dividend income from subsidiary companies	79,998,980	—
Dividend income from trade investments	2,640,672	2,077,842
Net profit on sale of current investments	—	39,947
Establishment expenses recovered	6,370,716	11,144,993
Miscellaneous income	14,533,349	2,832,317
Scrap Sales	14,225,613	16,144,376
Exchange Gain (Net)	1,047,794	59,049
	131,838,518	33,886,063

	Rs.	Current Year Rs.	*Previous Year Rs.*
"L" Materials Consumed			
Opening Balance of Raw Material	32,553,031		*75,438,271*
Opening Balance of Work-In-Progress	3,043,582		*3,014,000*
Add: Purchase of Paper, inks and binding Materials	438,682,519		*274,771,959*
		474,279,132	*353,224,230*
Less:			
Closing Balance of Raw Material		66,429,528	*32,553,031*
Closing Balance of Work-In-Progress		709,047	*3,043,582*
Consumption of Paper, inks and binding materials		407,140,557	*317,627,617*
"M" Cost of Traded Products			
Opening Balance of Touch Stone Gifts and Other Traded products	2,983,601		*5,534,662*
Opening balance of Childrens Books and Stationery products	3,246,938		*4,983,334*
Add: Purchase for resale	10,061,872		*5,949,544*
		16,292,411	*16,467,540*
Less:			
Closing Balance of Touchstone Gift Articles			
Closing balance of Childrens Books and Stationery products		3,189,260	*3,246,938*
Closing balance of Touch Stone Gifts and Other Traded products		3,151,678	*2,983,601*
Cost of Goods Sold		9,951,473	*10,237,001*
"N" Personnel Expenses			
Payments to and provisions for employees			
Salaries, wages and bonus	429,405,093		*339,516,775*
Contribution to provident fund	15,673,858		*14,471,271*
Contribution to other funds	1,995,707		*2,105,329*
Retirement Benefits	22,577,104		*14,217,562*
Employees' welfare expenses	40,659,401		*44,865,010*
		510,311,163	*415,175,947*
"O" Operating and other expenses			
Stores and spare parts consumed	21,302,636		*24,450,588*
Outwork and ancillary printing	58,785,120		*57,118,151*
Power and fuel	56,378,160		*50,512,739*
Distribution expenses	14,687,789		*11,812,468*
Postage	94,197,119		*115,489,705*
Repairs to building	2,215,618		*315,910*
Repairs and maintenance to plant and machinery	1,407,588		*3,715,169*
Other repairs and maintenance	10,647,994		*9,781,401*
Advertising and publicity	67,187,145		*41,200,987*

	Rs.	Current Year Rs.	Previous Year Rs.
"O" Operating and other expenses (Contd.)			
Marketing expenses	56,357,223		16,320,069
Design and Content Charges	19,351,699		18,060,545
Brokerage and Commission	193,409		167,044
Rebates, returns, etc (Refer Note 8(b))	26,489,870		20,694,324
Rent	152,283,011		72,852,928
Rates and taxes	9,450,043		6,134,768
Miscellaneous Expenditure written off	785,680		785,680
Insurance	3,116,204		3,432,911
Traveling expenses	30,364,140		31,321,599
License Fees	5,552,492		4,166,945
Consultancy and professional fees	53,556,332		28,470,991
Event cost	53,017,865		39,637,937
Telephone Expenses	19,056,847		15,058,608
Loss On sale of Fixed Assets(Net)	2,630,243		1,676,861
Loss On sale of Investments	297,632		—
Damaged/Obsolete stock expense	—		2,483,494
General expenses	54,373,909		57,858,850
		813,685,768	633,520,672
Auditors' remuneration			
As Auditor :			
Audit fee		1,950,000	1,700,000
Tax Audit Fee		250,000	250,000
Out-of-pocket expenses		65,159	62,613
In other manner :			
Other Services		2,750,000	314,000
		5,015,159	2,326,613
Less : Fees for Rights Issue related services grouped under Loans & Advances Schedule "H"		2,350,000	—
		2,665,159	2,326,613
Provision for doubtful debts		43,342,240	41,300,000
Directors' sitting fees		320,000	185,000
		860,013,167	677,332,285
"P" Financial Expenses			
Interest			
On Term Loans	31,083,404		39,183,581
On working capital Loans and Cash Credit Accounts	46,391,603		48,731,549
On others	27,926,506		3,858,055
Bank Charges	4,453,930		6,135,892
		109,855,443	97,909,077

"Q" Notes to Accounts

1. Nature of Operations:

   Infomedia 18 Limited ('the Company') is in the business of publishing Business Directories and Special Interest Magazines in India, Printing services and Agency services.

2. Significant Accounting Policies:

   a) Basis of Accounting

      The financial statements have been prepared to comply in all material respects with the Notified Accounting Standard by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

   b) Use of estimates

      The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

   c) Fixed Assets

      Fixed assets are stated at their original cost including incidental expenses related to acquisition and installation and subsequent additional cost in respect of major reconditioning expenses enhancing the standard of performance of the assets less accumulated depreciation and impairment loss if any.

   d) Depreciation

      The Company depreciates its fixed assets as follows:

i.	Leasehold land	-	over the period of the lease on straight line method or life of the asset whichever is lower
ii.	Furniture, Fixtures, Electrical And Office Equipment (in Leased premises)	-	over the period of the office lease on straight line method or life of the asset whichever is lower
iii.	Vehicles	-	on the written down value method at the rates specified in Schedule XIV of the Companies Act, 1956;
iv.	Other assets	-	on straight line method at the rates which are based on the useful life as estimated by the management and are equal to or higher than the rates specified in Schedule XIV of the Companies Act, 1956;
v.	Major reconditioning expenses (Included in Plant, Machinery and Equipment)	-	over a period of three years on straight line method or life of the asset whichever is lower

   e) Intangibles

      Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include license fees and costs of implementation / system integration services. The costs are capitalised in the year in which the relevant software is implemented for use. "Enterprises Resource Planning (ERP) Software" is depreciated over a period of four years.

      Brands and Trade Marks

      Costs relating to Brands and Trade Marks which are acquired, are capitalized and amortised on a straight line basis over a period of five years, as estimated by management.

   f) Impairment

      The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

Reversal of impairment loss is recognised immediately as income in profit and loss account.

g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long-term investments.

h) Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

i) Revenue Recognition

i. Advertising Revenues

Advertising Revenue from Business Directories is recognised in the period in which the Directories are given for pagination (printing) and are accounted net of commission and discounts.

Advertising Revenue from Special Interest Magazines is recognised in the period in which the magazines are published and are accounted net of commission and discounts.

ii. Subscription Revenues

Revenue recognition from subscriptions to the Company's print publications is recognised as earned, prorata on a per issue basis over the subscription period.

iii. Circulation Revenues

Circulation Revenue includes sales to retail outlets/ newsstands, which are subject to returns. The Company records these retail sales upon delivery, net of estimated returns. These estimated returns are based on historical return rates and are revised as necessary based on actual returns.

iv. Print Sales

Revenue from printing jobs are recognized on completion basis and are accounted net of taxes.

v. Traded Products

Revenue is recognised when the significant risks and rewards of ownership of the products have passed to the buyer and are stated net of taxes and discounts.

vi. Event Sale

Revenue from event sale is recognized on the completion of the event and on the basis of related service performed.

vii. Agency Commission

Revenue is recognized as per the terms of agreement with the principals, on rendering of relevant services.

viii. Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

ix. Dividends

Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same is declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

j) Employee Benefits

i. Retirement benefits in the form of Provident Fund and Superannuation scheme is a defined contribution scheme and the contributions are charged to the profit and loss account of the year - when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective trusts.

ii. Gratuity liability is a defined benefit obligation and is charged to the profit and loss account when annual contribution is made to the Trustees on the basis of the Funds' rules. The shortfall between the accumulated fund balance and the liability as determined on the basis of an independent actuarial valuation is provided for as at the year end. The actuarial valuation is done as per projected unit credit method.

iii. Short term compensated absences are provided for on the basis of estimates. Long term compensated absences in the form of Leave encashment is accrued and provided for on the basis of an actuarial valuation as at the year end. The actuarial valuation is done as per projected unit credit method.

iv. Actuarial gains / losses are immediately taken to the profit and loss account and are not deferred.

k) Voluntary Retirement Compensation

Voluntary retirement compensation is fully charged off in the year of severance of service of the employee.

l) Foreign Currency Transaction

Initial Recognition:

Foreign currency transactions are recorded in Indian Rupees by applying to the foreign currency amount, the exchange rate between the Indian Rupee and the foreign currency prevailing at the date of the transaction.

Conversion:

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences:

Exchange differences arising on the settlement of monetary and non-monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

m) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

n) Taxes on Income

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets on timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become virtually/ reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available.

o) Segment Reporting

i. Identification of Segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

ii. Intersegment Transfers:

Inter segment revenues have been accounted for based on the transaction price agreed to between segments which is primarily market led.

iii. Allocation of costs:

Revenues and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenues and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "Unallocated corporate expenses/ income".

iv. Segment policies:

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of diluted potential equity shares, if any, except where the result would be anti-dilutive,

q) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

r) Employee Stock Compensation Costs

Measurement and disclosure of the employee share based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share Based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method.

s) Miscellaneous Expenditure (to the extent not written off)

Processing fees paid to various lenders are amortised equally over the period for which the funds are acquired.

t) Cash and cash equivalents in the financial statements comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

3. Barter transactions are recognised at the fair value of consideration receivable or payable. When the fair value of the transactions cannot be measured reliably, the revenue/expense is measured at the fair value of the goods/ services provided/received adjusted by the amount of cash or cash equivalent transferred.
4. Estimated amount of contracts remaining to be executed on capital account and not provided for amounts to Rs.14,457,643 (*2007-2008 : Rs. Nil*).
5. The Company has cash credit facilities, working capital demand loans and term loans with banks which are secured by:

   a) Terms Loans:

      Principal of Rs. 218,750,000 *(2007-2008: Rs. 306,250,000)*

      Interest accrued and due of Rs. 2,302,440 *(2007-2008: Rs. 2,963,313)*

      - First charge on all fixed assets of the Company (present and future)
      - Second paripassu charge on all current assets of the Company (present and future)
      - Pledge of Shares in subsidiary companies (29% of issued and subscribed share capital of

      American Devices India Private Limited and Cepha Imaging Private Limited pledged in

      Favour of bank)

   b) Working Capital Demand Loans:

      Principal of Rs. 50,000,000*(2007-2008: Rs. 50,000,000)*

      Interest accrued and due of Rs. 88,767*(2007-2008: Rs. 307,377)*

      - First paripasu charge on all current assets of the Company (present and future)
      - Second paripassu charge on movable and immovable fixed assets of the Company

      Principal of Rs. Nil *(2007-2008: Rs. 180,000,000)*

      Interest accrued and due of Rs. Nil *(2007-2008:Rs. 335,310)*

      - First paripasu charge on all current assets of the Company (present and future)
      - Second paripasu charge on movable and immovable fixed assets of the Company
      - Corporate guarantee from subsidiary companies

   c) Cash Credit Facilities:

      Principal of Rs. 89,486,*550 (2007-2008: Rs. 95,347,844)*

      - First charge on all fixed assets of the Company (present and future)
      - Second paripassu charge on all current assets of the Company (present and future)

      Principal of Rs. 241,052,992 *(2007-2008: Rs. 88,439,241.00)*

      - First charge on all fixed assets of the Company (present and future)
      - Second First paripasu charge on all current assets of the Company (present and future)
      - Corporate guarantee from subsidiary companies

6. Barter Transactions

   During the year ended March 31, 2009, the Company had entered into barter transactions, which were recorded at the fair value of consideration receivable or payable. The profit and loss account for the year ended March 31, 2009 has been grossed up to reflect revenue from barter transactions of Rs. 34,787,605 *(2007-2008:Rs. 17,448,303)* and expenditure of Rs. 34,787,605 *(2007-2008:Rs. 17,448,303)* being the fair value of barter transactions provided and received.
7. The net difference in foreign exchange (i.e. the difference between the spot rates on the dates of the transactions and the actual rates at which the transactions are settled/ appropriate rates applicable at the year end) credited to profit and loss account is Rs.1,047,794 (2007-2008: Rs.59,049)

8. Provisions and Contingencies –

a) Claims against the Company not acknowledged as debts:

i. The Company has received demands of Rs. 153,027,656 (*2007-2008:Nil)* towards Income Tax for the Assessment Year 2005-06 , 2006-07 and 2007-08 and 2,506,882 (*2007-2008:Nil)* for Fringe benefit Tax for Assessment Year 2006-07. The Company has disputed the demands and has preferred appeals with the appellate authorities, to set aside the demand and carry out necessary rectifications. Based on legal opinion from eminent counsels, the Management has assessed that the possibility of the case being decided against the Company and the demand crystallizing on the Company is not probable and hence no provision is required.

ii. Sales tax / Works Contract tax matters disputed by the Company relating to issue of applicability, allowability, etc. aggregating to Rs. 4,839,279 *(2007-2008 : Rs. 4,839,279)*

iii. Third party claim relating to compensation before Monopolies and Restrictive Trade Practices Commission aggregating to Rs. 20,000,000 *(2007-2008 : Rs. 20,000,000)*, net of tax Rs.13,268,000 *(2007-2008 : Rs. 13,268,000)*. The matter is pending for final hearing.

iv. Standby Letter of Credit issued for GBP 200,000 *(2007-2008 : GBP 425,000),* in favour of Barclays Bank Plc, towards banking facilities used by Keyword Group Limited, UK (a subsidiary of the Company).

b) Provision

Provision for Rebates, Returns etc.	2008-2009 (Rs.)	2007-2008 (Rs.)
Opening Balance	14,475,042	10,740,645
Addition during the Year	26,489,870	20,694,324
Amount utilized during the year	35,267,095	16,959,927
Unused amounts reversed during the year	—	—
Closing Balance	5,697,817	14,475,042

A provision is recognised for expected returns on products sold during the year based on past experience of level of returns. It is expected that most of this cost will be utilised in the next financial year. Assumptions used to calculate the provision for returns are based on current sales level and current information available about returns.

9. Deferred tax

a. Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

b. Break up of deferred tax assets/liabilities and reconciliation of current period deferred tax is as under:

(Amount in Rs.)

	Opening balance	**(Charged)/ Credited to P&L during the year**	**Closing balance**
	A	**B**	**A+B = C**
Deferred Tax Liabilities			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	(32,339,696)	16,070,626	(16,269,070)
Total (D)	**(32,339,696)**	**16,070,626**	**(16,269,070)**

(Amount in Rs.)

	Opening balance	(Charged)/ Credited to P&L during the year	Closing balance
Deferred Tax Assets			
Provision For Leave Encashment	5,672,746	(5,672,746)	—
Provision for doubtful debts	18,456,570	(18,456,570)	—
Provision For Discount	4,920,067	(4,920,067)	—
Total (E)	**29,049,383**	**(29,049,383)**	
Net (D+E)	**(3,290,313)**	**(12,978,757)**	**(16,269,070)**

10. Employee Stock Option Plan 2004 (ESOP)

The Company has provided share based payment schemes to its employees. During the year ended March 31, 2009 the following schemes were in operation:

'Particulars	Grant 1		Grant 2		Grant 3		Grant 4		Grant 5		Grant 6	
Date of Grant/ Board Approval	25, Oct 04		10, May 05		28, Oct 05		27, Jun 06		27, Oct 06		22, Nov 07	
No of Options Granted	164,000		100,000		155,500		17,500		18,500		38,500	
Grant Price Per Option (Rs.)	86.85		141.45		150.80		180.50		154.05		209.85	
Method of Settlement	Equity		Equity		Equity		Equity		Equity		Equity	
Vesting Period	Date	Options	Date	Options	Date	Options	Date	Options	Date	Options	Date	Options
	24, Oct 05 (1 Year)	40,000	30, May 06 (1 Year & 21 days)	20,000	27, Oct 06 (1Year)	77,750	26, Jun 07 (1 Year)	8,750	26, Oct 07 (1 Year)	9,250	21,Nov 08 (1 Year)	19,250
	30, May 06 (1 year & 217 days)	60,000	30, May 07 (2 Years & 21 days)	80,000	27, Oct 07 (2 Years)	77,750	26, Jun 08 (2 Years)	8,750	26, Oct 08 (2 Years)	9,250	21,Nov 09 (1 Year)	19,250
	31, Mar 06 (1 Year & 157 days)	32,000										
	31, Mar 07 (2 Years & 157 days)	32,000										
Exercise Period	Three Years		Three Years		Three Years		Three Years		Three Years		Three Years	

The above schemes are covered under the approval of the shareholders vide their Annual General Meeting held on July 28, 2004 as modified at Extra Ordinary General Meeting held on January 20, 2005.

The details of activity under the plan are summarized below:

	Year ended March 31, 2009		Year ended March 31, 2008	
	No. of Shares	Weighted Average Exercise Price (Rs.)	No. of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	187,250	158.89	263,550	148.31
Grant During the year	—	—	38,500	209.85
Exercised during the year	111,250	142.80	83,050	149.59
No of Options Lapsed	36,250	169.90	31,750	158.59
Outstanding at the end of the year	39,750	193.90	187,250	158.59

	Year ended March 31, 2009		Year ended March 31, 2008	
	No. of Shares	Weighted Average Exercise Price (Rs.)	No. of Shares	Weighted Average Exercise Price (Rs.)
Exercisable at the end of the year	27,750		139,500	
Weighted average remaining contractual life (in years)	2.29		3.20	
Weighted average fair value of the options granted (Rs.)	38.37		27.68	

Details of exercise price for Stock Options outstanding at the end of the year are:

Year End	Range of Exercise Price (Rs.)	No. of Options Outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price (Rs.)
March 31, 2009	154.05 to 209.85	39,750	2.29	193.90
March 31, 2008	141.45 to 209.85	187,250	3.20	158.89

Since the enterprise used the intrinsic value method, the impact on the reported net profit and earnings per share by applying the fair value based method needs to be disclosed.

In March 2005 the ICAI has issued a Guidance Note on "Accounting for Employees Share Based Payments" applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said Guidance Note requires Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said Guidance Note, the impact on the reported net profit and earnings per share would be as follows:

	2008-2009	2007-2008
	Rs.	Rs.
Loss as reported	(846,539,165)	(96,635,644)
Add: Employee stock compensation under intrinsic value method	—	—
Less: Employee stock compensation under fair value method	549,888	1,040,415
Proforma Loss	(847,089,053)	(97,676,059)
Loss Per Share		
Basic		
- As reported	(42.58)	(4.90)
- Pro forma	(42.61)	(4.95)
Diluted		
- As reported	(42.58)	(4.90)
- Pro forma	(42.61)	(4.90)

The fair value of options as mentioned above was determined using the Black-Scholes Option Pricing Model with the following assumptions:

a)	Risk Free Interest Rate	4.6% to 5.68%
b)	Expected Dividend yield	0.4 % to 8.8 %
c)	Expected life of the option	1.0 to 3.0 years
d)	Expected Volatility of Share price	38.59% to 50.96 %

Since the intrinsic value being Rs. Nil, no accrual has been made towards compensation cost in the financial statements.

11. Computation of Net profits in accordance with Section 198 of the Companies Act, 1956:

	2008-2009 Rs.	*2007-2008 Rs.*
Loss before Tax	(822,945,863)	(96,680,377)
Add:		
Depreciation and amortization	57,127,692	59,289,674
Managing Director's remuneration for the period from 01.04.2008 to 20.08.2008 (excluding provisions for gratuity and leave encashment as separate actuarial valuations for the Managing Director is not available)	*3,744,756	10,673,000
Directors' fees	320,000	185,000
Provision for doubtful debts	43,342,240	41,300,000
Loss on sale of fixed assets as per Profit and Loss Account	2,630,243	1,676,861
	(715,780,932)	16,444,158
Less:		
Depreciation and amortisation under Section 350	57,127,692	59,289,674
Net Profit/(Loss) for Section 198 of the Companies Act, 1956	(772,908,624)	(42,845,516)
Remuneration payable as per Schedule XIII	696,774	1,800,000
Maximum managerial remuneration payable as per the Companies Act, 1956	696,774	1,800,000

Managing Director's remuneration from (01.04.2008 to 20.08.2008) of Rs. 3,744,756/- (2007-2008 : Rs.10,673,000) [includes Rs. Nil in respect of the earlier year] is inclusive of, estimated money value of perquisites of Rs.574,330 *(2007-2008:5,580,000)*. As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

* Managerial remuneration of Rs. 3,744,756/- (2007-2008 : Rs.10,673,000) paid/provided during the year is subject to the approval of the Central Government.

12. The Company's significant leasing arrangements are in respect of operating leases for premises (official, residential, stores, godowns, etc.). These leasing arrangements, which are mutually cancellable generally, range between 11 months and 40 months. The aggregate lease rentals amounting to Rs. 152,283,011 are charged as Rent under Schedule "O".

The future minimum lease payments under these operating leases are as follows:

Particulars	2008-2009 (Rs.)	2007-2008 (Rs.)
Not later than one year	110,400,701	152,283,011
Later than one year but not later than five years	96,970,694	207,371,395
More than five years	—	—

13. The identification of Micro, Small and Medium enterprises is based on the management's knowledge of their status as at March 31, 2009. The Company has requested and received intimation from "suppliers" regarding their status as at March 31, 2009 under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, as per such intimations relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have been made.

14. Loss per share

		2008-2009 (Rs.)	*2007-2008 (Rs.)*
i)	Loss after taxation	(846,539,165)	*(96,635,644)*
ii)	Weighted average number of Equity Shares outstanding	19,881,987	*19,729,246*
iii)	Basic Earnings per share (Rs.)	(42.58)	*(4.90)*
iv)	Weighted average number of Equity Shares outstanding	19,881,987	*19,729,246*
v)	Equity shares arising on grant of stock options on ESOS (see note below)	—	*58,226*
vi)	Number of Equity Shares outstanding (includes ESOS)	19,881,987	*19,787,472*
vii)	Diluted Earnings per share (Rs.)	(42.58)	*(4.90)*
viii)	Nominal value of shares (Rs.)	10	*10*

Note: These shares are anti-dilutive and are ignored in the calculation of diluted earnings per share.

15. Derivative transactions:

The Company has not entered into any derivative transactions (including Forward Exchange Contracts) during the year. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Amount receivable and payable as at March 31, 2009 in foreign currency on account of the following:

Particulars	2008-2009			*2007-2008*		
	Rs.	Value in foreign currency		*Rs.*	*Value in foreign currency*	
Receivable						
Services rendered	21,893	CAD	524	*20,000*	*CAD*	*524*
	10,221,450	USD	200,617	*12,505,000*	*USD*	*312,865*
	2,765,769	EURO	40,986	*1,099,000*	*EURO*	*17,439*
Advance for Import of Goods/services	1,032,734	USD	23,832	*2,333,000*	*USD*	*57,686*
Payable Import of goods	1,385,112	JPY	1,963,310	*1,026,000*	*JPY*	*2,415,460*
				708,000	*USD*	*17,046*
				51,000	*EURO*	*1,327*
Services utilized				*273,000*	*GBP*	*3,761*
	43,333	USD	200	*326,000*	*USD*	*8,080*
	50,873	EURO	63		*EURO*	

The above disclosures have been made consequent to announcement by the Institute of Chartered Accountants of India in December 2005, which is applicable to the financial periods ending on or after March 31, 2006.

16. Particulars of goods manufactured, etc:

a. Class of goods manufactured: Printed products of all kinds include annual reports, greeting cards, calendars, diaries, books, newspapers, magazines and other periodicals, directories, catalogues, publicity material, stationery, typesetting, half-tones, colour separations, plates and combinations thereof.

b. The nature of the Company's operations is such that there is no known physical measure of standard classification for its saleable products. Consequently, quantitative information regarding production, turnover and opening and closing stocks of finished goods has not been given.

c. The printing industry has been delicensed. The installed printing capacity as on March 31, 2009, computed on the basis of normal shifts worked, was 3,406 million (2007-2008 : 3,406 million) standard impressions. The actual production (including wastage) during the year was 1456 million (2007-2008 : 1,765 million) standard impressions. The installed printing capacity and actual production have been certified by the management and accepted by the auditors being a technical matter.

d. Sales include 123,023 numbers (2007-2008 ; 40,004 nos.) of 'Touchstone' gift articles worth Rs. 7,712,211 (2007-2008 : Rs. 4,387,000) and 5,628 nos.(2007-2008 : 227,469 nos.) numbers of other traded goods worth Rs. 923,569 (2007-2008 : Rs. 2,655,000).

17. Analysis of Material consumed:

		2008-2009 Quantity	2008-2009 Value	2007-2008 Quantity	2007-2008 Value
Paper sheets	Nos.	16,038,948	339,912,774	14,167,504	243,003,830
Paper reels	Kgs.	6,653,409		4,997,711	
Inks Kgs.		173,853	35,216,475	202,753	37,957,194
Operating Supplies			31,516,852		33,816,784
Other ancillary cost			494,456		2,849,809
			407,140,557		317,627,617

18. C.I.F. Value of Imports of:

	2008-2009 (Rs.)	2007-2008 (Rs.)
Paper	99,626,942	68,630,467
Binding Material	208,690	309,978
Spares	2,007,494	3,708,698
	101,843,126	72,649,143

19. Expenditure in foreign currency (on accrual basis):

	2008-2009 (Rs.)	2007-2008 (Rs.)
Traveling	2,998,141	2,993,000
Content creation and License fee	4,893,208	3,105,000
Event costs, etc.	805,135	1,696,000
Professional Fees	—	357,000
Others	686,966	883,000
	9,383,450	9,034,000

20. Value of imported and indigenous materials consumed and the percentage of each to the total consumption:

	2008-2009 (Rs.)	%	2007-2008 (Rs.)	%
Paper, inks, printing and binding materials:				
Imported, at landed cost	85,945,821	21	120,698,684	38
Indigenously obtained	321,194,736	79	196,928,933	62
	407,140,557	100	317,627,617	100

For the purpose of item 4D (c) of Part II of Schedule VI to the Companies Act, 1956, the term 'spare parts' has been interpreted to mean those consumed directly for production and not those consumed for repairs.

21. Earnings in foreign exchange (on receipt basis):	2008-2009 (Rs.)	2007-2008 (Rs.)
Content Creation	—	221,000
Magazine & Other advertisements	30,202,749	19,286,000
Events	23,595	—
Others	1,711,889	2,052,000
	31,938,233	21,559,000

22. Related Parties Disclosures:

a Particulars of parties where control exists:

i.	I-Ven Interactive Limited	Holding Company since December 30, 2003
ii.	India Advantage Fund II	Holding Company of I-Ven Interactive Limited till August 20, 2008.
iii.	Television Eighteen India Limited ('TV 18')	Holding Company of I-Ven Interactive Limited from August 21, 2008.
iv.	Network18 Media & Investments Limited ('Network 18')	Holding Company of Television Eighteen India Limited.
v.	Cepha Imaging Private Limited (CEPHA)	Subsidiary Company since December 23, 2005
vi.	Keyword Group Limited	Subsidiary Company since December 23, 2005
vii.	Keyword Publishing Services	Subsidiary Company of Keyword Group Limited
viii.	Keyword Typesetting Services Limited	Subsidiary Company of Keyword Group Limited
ix.	American Devices India Private Limited (ADIPL)	Subsidiary Company since April 1, 2006
x.	Software Services LC	Subsidiary Company since April 1, 2006

b Particulars of other parties where there have been transactions:

Key Management Personnel

i. Mr. Prakash Iyer — Managing Director of the company from August 24, 2004 to August 20, 2008; CEO from August 21, 2008 till February 28, 2009

ii. Mr. Haresh Chawla — Managing Director of the company from August 21, 2008

c Joint Venture:

Reed Infomedia India Private Limited (REED) — Joint control since March 30, 2006

d Group Companies:

i. ibn18 Broadcast Limited. ('IBN18') – Group Company since August 21,2008
ii. TV18 Home Shopping Network Limited ('Homeshop 18') - Group Company since August 21,2008
iii. Viacom18 Media Private limited - Group Company since August 21,2008
iv. Network18 Publication Limited - Group Company since August 21,2008

e Transactions, Account Balances etc. with Related Parties

	Subsidiary Company	Holding Company/ Group Company	Joint Venture	Key Management Personnel	Grand Total
Share Capital					
Share Application Money					
India Advantage Fund II		23,700,000			23,700,000
Previous Year		*23,700,000*			*23,700,000*
TV 18		118,500,000			118,500,000
Previous Year		*118,500,000*			*118,500,000*
Assets					
Investments made during the year			—		—
Previous Year			*14,700,000*		*14,700,000*
Accounts Receivable					
REED			17,882,200		17,882,200
Previous Year			*1,908,718*		*1,908,718*
TV 18		39,571			39,571
Previous Year		—			—
Network18 Publication Ltd		450,000			450,000
Previous Year		—			—

	Subsidiary Company	Holding Company/ Group Company	Joint Venture	Key Management Personnel	Grand Total
Deposit against premises					
REED			2,430,000		2,430,000
Previous Year			—		—
Liabilities					
Inter Corporate Deposits (ICD) accepted					
ADIPL	59,000,000				59,000,000
Previous Year	*118,000,000*				*118,000,000*
CEPHA	26,000,000				26,000,000
Previous Year	—				—
TV 18		405,000,000			405,000,000
Previous Year		—			—
Interest payable on ICD's (Gross of TDS)					
ADIPL	9,312,254				9,312,254
Previous Year	*3,356,593*				*3,356,593*
CEPHA	2,041,848				2,041,848
Previous Year	—				—
TV 18		1,087,397			1,087,397
Previous Year		—			—
Salary payable				—	—
Previous Year				*242,000*	*242,000*
Sundry Creditors					
IBN18		756,693			756,693
Previous Year		—			—
TV 18		63,363,934			63,363,934
Previous Year		—			—
Network 18		10,102,809			10,102,809
Previous Year		—			—
Homeshop18		47,178			47,178
Previous Year		—			—
Viacom18		39,121			39,121
Previous Year		—			—
Income					
Sale of goods and services					
REED			22,101,083		22,101,083
Previous Year			*26,342,000*		*26,342,000*
TV 18		514,800			514,,800
Previous Year		—			—
Network18 Publication Ltd		450,000			450,000
Previous Year		—			—
Interest Income on ICD's	—				—
Previous Year	*1,224,657*				*1,224,657*

	Subsidiary Company	Holding Company/ Group Company	Joint Venture	Key Management Personnel	Grand Total
Dividend Income					
ADIPL	79,998,980				79,998,980
Previous Year	—				—
Expense					
Interest Expense on ICD's(Gross OF TDS)					
ADIPL	6,721,575				6,721,575
Previous Year	*3,356,593*				*3,356,593*
CEPHA	2,041,848				2,041,848
Previous Year	—				—
TV 18		2,123,013			2,123,013
Previous Year		—			—
Sundry Expenses					
REED			54,957		54,957
Previous Year			—		—
Director's Sitting Fees					
Mr. Haresh Chawla				55,000	55,000
Previous Year				—	—
M.D's Remuneration to Mr. Prakash Iyer (See Note 11)				3,744,756	3,744,756
Remuneration to Mr. Prakash Iyer as C.E.O. from 21.08.2008 to 28.02.2009				14,388,256	14,388,256
Previous Year				*10,673,000*	*10,673,000*
Deputation Cost					
TV 18		9,200,000			9,200,000
Previous Year		—			—
Network 18		10,000,000			10,000,000
Previous Year		—			—
Event Cost					
IBN18		1,307,118			1,307,118
Previous Year		—			—
Network 18		57,331			57,331
Previous Year		—			—
Viacom18 Media Pvt Ltd.		40,000			40,000
Previous Year		—			—

	Subsidiary Company	Holding Company/ Group Company	Joint Venture	Key Management Personnel	Grand Total
Electronics Media Advertising Cost					
TV18		49,213,875			49,213,875
Previous Year		—			—
Other Business Promotion Cost					
Homeshop 18		47,178			47,178
Previous Year		—			—
REED		270,694			270,694
Previous Year		—			—
Insurance Cost					
TV 18		84,270			84,270
Previous Year		—			—
Network18		111,111			111,111
Previous Year		—			—
Travel Cost					
IBN18		31,950			31,950
Previous Year					—
Dividend Paid					
I-Ven Interactive Limited		12,354,680			12,354,680
Previous Year		*24,794,000*			*24,794,000*
TV .18		720,931			720,931
Previous Year		—			—
Exceptional Items					
Diminution in value of Investments	160,000,000		29,400,000		189,400,000
Previous Year	—		—		—
Provision for debts			7,600,000		7,600,000
Previous Year			—		—
Guarantee Given					
Keyword Group Limited (Barclays Bank)	£ 200,000				£ 200,000
Previous year	£ 425,000				£ 425,000

23. Employee Benefits

A -Contribution to defined plan, recognised as expenses in the profit and loss account for the year are as under:

	2008-2009 (Rs.)	*2007-2008 (Rs.)*
Employer's Contribution to Provident Fund	15,673,858	*14,471,271*
Employer's Contribution to Superannuation Fund	2,133,522	*2,149,236*

B - Gratuity

The Company has a defined benefit gratuity plan. The gratuity is payable to all employees of the company at the rate of half month salary for services more than 10 years but less than 15 years, three fourth month salary for services more than 15 years but less than 20 years and one month salary for services more than 20 years with ceiling of 20 months salary. All payments are subject to minimum as paid under the Payment of Gratuity Act. The annual contributions made to the Trust are invested as per the rules of the Trust. The shortfall between the accumulated fund balance and the liability as determined on the basis of an independent actuarial valuation is provided for as at the year end.

C - Leave Encashment

In accordance with leave policy, the company has provided for leave entitlement on the basis of actuarial valuation carried out at the end of the period. The short term compensated absences are provided for on the basis of estimates.

The following tables summaries the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plan.

Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

The present value of defined benefit obligations and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried at each balance sheet date. The details are set out as under:

Particulars	2008-2009 Gratuity (Rs.)	*2007-2008 Gratuity (Rs.)*	2008-2009 Leave Encashment (Rs.)	*2007-2008 Leave Encashment (Rs.)*
Current service cost	4,052,858	*3,237,478*	2,306,515	*3,025,858*
Interest cost on benefit obligation	3,316,263	*2,964,016*	1,217,383	*802,230*
Expected return on plan assets	(2,967,682)	*(2,964,016)*	—	—
Net actuarial (gain) / loss recognised in the year	9,418,676	*1,013,518*	5,233,091	*6,138,478*
Past service cost	—	—	—	—
Net (benefit) / expense	13,820,115	*4,250,996*	8,756,989	*9,966,566*
Actual return/(loss) on plan Assets	(289,915)	2,402,659		

Balance sheet

Details of Provision

Particulars	2008-2009 Gratuity (Rs.)	*2007-2008 Gratuity (Rs.)*	2008-2009 Leave Encashment (Rs.)	*2007-2008 Leave Encashment (Rs.)*
Defined benefit obligation /				
net liability	49,570,687	*40,442,236*	20,028,832	*16,689,458*
Fair value of plan assets	35,901,220	*36,191,240*	—	—
	13,669,467	*4,250,996*	20,028,832	*16,689,458*
Less: Unrecognised past service cost	—	—	—	—
Plan asset / (liability)	(13,669,467)	*(4,250,996)*	(20,028,832)	*(16,689,458)*
Less: Benefits paid by the Company on behalf of the fund	4,401,749	*3,261,624*	—	—
Assets/ (Liability) Balance	(9,267,718)	*(989,372)*	(20,028,832)	*(16,689,458)*

Changes in the present value of the defined benefit obligation are as follows:

Particulars	2008-2009 Gratuity (Rs.)	2007-2008 Gratuity (Rs.)	2008-2009 Leave Encashment (Rs.)	2007-2008 Leave Encashment (Rs.)
Opening defined benefit obligation	40,442,236	37,050,206	16,689,457	10,027,878
Interest cost	3,316,263	2,964,016	1,217,383	802,230
Current service cost	4,052,858	3,237,478	2,306,515	3,025,858
Benefits paid	(4,401,749)	(3,261,624)	(5,417,614)	(3,304,987)
Actuarial (gains) / losses on obligation	6,161,079	452,160	5,233,091	6,138,478
Closing defined benefit obligation	49,570,687	40,442,236	20,028,832	16,689,457

Changes in the fair value of plan assets are as follows:

Particulars	2008-2009 Gratuity (Rs.)	2007-2008 Gratuity (Rs.)
Opening fair value of plan assets	36,191,240	37,050,205
Expected return	2,967,682	2,964,016
Contributions by employer	4,401,749	—
Benefits paid	(4,401,749)	(3,261,624)
Actuarial gains / (losses)	(3,257,596)	(561,357)
Closing fair value of plan assets	35,901,326	36,191,240
Actuarial gains/(losses) recognized in the year	(9,418,676)	(1,013,518)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	2008-2009 Gratuity %	2007-2008 Gratuity %
Group Gratuity Funds	80.63	79.86
Special Deposits with Banks	18.99	19.75
Securities	0.38	0.39

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

Particulars	2008-2009 Gratuity %	2007-2008 Gratuity %
Discount rate	7.00	8.20
Expected rate of return on assets	8.00	8.20

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

24(i) Segment Information for the Year Ended March 31, 2009

	Current Year					Previous Year				
	Printing	Publishing	Others	Eliminations	Consolidated Total	*Printing*	*Publishing*	*Others*	*Eliminations*	*Consolidated Total*
REVENUE										
External Revenue	334,515,026	874,803,382	30,086,288	—	1,239,404,696	*397,813,478*	*1,044,850,418*	*4,341,265*	—	*1,447,005,161*
Inter Segment Revenue	82,009,811	—	—	(82,009,811)	—	*84,844,485*	—	—	*(84,844,485)*	—
Total Revenue	416,524,837	874,803,382	30,086,288	(82,009,811)	1,239,404,696	*482,657,963*	*1,044,850,418*	*4,341,265*	*(84,844,485)*	*1,447,005,161*
RESULT										
Segment Result	(834,974)	(301,269,075)	(2,493,169)	—	(304,597,218)	*48,571,209*	*187,469,009*	*(4,397,314)*	—	*231,642,904*
Unallocated Corporate Expenses net of Unallocated Income					264,364,666					*234,079,994*
Operating Profit /(Loss)					(568,961,884)					*(2,437,090)*
Less : Interest Expenses					109,855,443					*(97,910,186)*
Add : Interest Income, Dividend, Income from Investments, etc.					95,661,046					*3,666,381*
Less : Exceptional Items					239,789,582					—
Less : Taxation					23,593,302					*44,733*
Net Profit/Loss					(846,539,165)					*(96,636,162)*

24(ii). **Segmental Balance Sheet as on March 31, 2009**

	Printing		Publishing		Others		Total	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Other Information								
Segmental Assets	186,251,480	213,751,910	490,798,136	577,390,909	540,910	2,383,143	677,590,526	793,525,962
Unallocated Corporate Assets							1,021,015,916	1,331,778,252
Total Assets							1,698,606,442	2,125,304,214
Segmental Liabilities	(64,823,882)	(22,580,437)	(369,588,459)	(57,445,373)	(6,845,427)	—	(441,257,768)	(80,025,810)
Unallocated Corporate Liabilities							(1,343,910,983)	(1,301,843,121)
Total Liabilities							(1,785,168,751)	(1,381,868,931)
Capital Expenditure	3,928,562	1,400,000	12,571,097	4,368,000	4,464,412	—	20,964,071	5,768,000
Unallocated Capital Expenditure							68,116,064	2,865,398
Impairment of Assets							20,010,941	—
Depreciation	29,842,360	33,147,000	11,322,470	18,907,000	395,860	965,000	41,560,690	53,019,000
Unallocated Depreciation							15,174,402	6,270,674
Non - cash expenses other than depreciation	12,830,000	—	26,782,240	37,181,000	3,730,000	4,119,000	43,342,240	41,300,000
Unallocated Non - Cash Expenses							189,400,000	—

Note : The Company has disclosed Business Segments as the primary segments. Publishing includes publishing of Business Directories, Children's Books and Special interest Publications and the 'Yellow Line' telephone information service. Printing Segment includes the primary business segment of printing and "Touchstone' products. Others include agency service for Alibaba.Com and Others.

The Company operates only in the domestic market. The export turnover is not significant and all the Company's assets are situated in the country. There are, therefore, no reportable geographical segments.

25. In pursuance of Share Purchase, Share Subscription and Warrant Subscription Agreement dated December 11, 2007 between Television Eighteen India Limited ("TV18"), India Advantage Fund-II (IAF II), I-Ven Interactive Limited (I-Ven) and Infomedia India Limited; TV 18 has acquired majority voting capital of I-Ven with effect from September 9, 2008. I-Ven currently holds majority-voting capital of the Company, resulting into acquisition of controlling stake by TV 18 in the Company. The Board of the Company was reconstituted on August 21, 2008 inducting members from TV 18 and Network18 Media & Investments Limited.

26. Going Concern

    The Company has incurred a loss of Rs 846,539,165 during the year. As a result, the debit balance in the Profit and Loss Account exceeds the Company's share capital and reserves. The Company is in the process of raising equity vide rights issue, amounting to Rs.1,000,000,000 to augment the equity in the Company. The Holding company of the Company has already infused liquidity in the nature of Inter Corporate Deposits amounting to Rs 405,000,000. The Parent Company has also given support letter to extend any financial support which may be required by the Company. The Company is in the process of restructuring its businesses and expects cost reductions as mentioned in note 29 (i) below. Further, new lines of business are being added, which along with consolidation of existing products and introduction of new products in the publishing segment are expected to improve the revenues of the Company substantially. The Company is in the process of introducing new technologies in its product offering, so as to cater to newer markets and de-risk the revenue streams.

    Considering these factors, these financial statements have been prepared on a going concern basis.

27. Share Application money includes:

    i) The Company had issued 5,000,000 and 1,000,000 preferential Equity Warrants to Television Eighteen India Limited and India Advantage Fund II respectively, convertible into equity shares at an exercise price of Rs.237/- per equity share. The Convertible warrants are issued as per Chapter XIII of SEBI Guidelines on preferential basis and each warrant is convertible into one equity share within a period of eighteen months from the date of allotment i.e. January 30, 2008. The amount received from the above parties aggregating to Rs.142,200,000 representing 10% of the total value of convertible warrants is disclosed as Share Application money.

    ii) During the period, the Company has received Share Application Money aggregating to Rs. 350,000,000 from Television Eighteen India Limited for issue and allotment of 1,250,000, 8% Cumulative Redeemable Preference Shares of Rs. 10 each at a price of Rs. 280/- per share including premium of Rs. 270/- per share, subsequently the Share Application Money has been converted to Inter Corporate Deposits.

28. The Company has paid Rs. 21,000,000 for acquisition of trade marks, copyrights, domain names etc. In addition to this, the Company has incurred expenditure on consultancy charges, rent and lease hold improvements as detailed below:

Particulars	2008-2009 (Rs.)	*2007-2008 (Rs.)*
Consultant charges	20,083,320	—
Advances for leasehold improvements	19,484,511	—
Rent	7,232,579	—
Total	46,800,410	—

    The management of the Company plans to float a separate company for the call centre services. The expenditure incurred as listed above is for setting up of the new company and in future would be exchanged for the shares in new company.

29. Exceptional items

    i. The Company has undertaken a restructuring and right sizing exercise to cut costs, increase manpower productivity, improve operating leverage and better the position of the Company to exploit future opportunities. Loss for the year ended March 31, 2009 includes exceptional items of Rs. 22,778,641 incurred towards termination costs of employees and Rs. 20,010,942 towards impairment of assets held at leased offices, which are being vacated as part of the restructuring exercise. The annualised savings envisaged from this restructuring is estimated to be significant and the Company will be better positioned to exploit emerging opportunities.

ii. The Company has Long Term Investments in subsidiary companies as at March 31, 2009 amounting to Rs. 839,584,233. The Company has conducted an Independent Valuation of its subsidiaries and has assessed that there is an estimated diminution in the value of these investments which is other than temporary, and made a provision of Rs. 160,000,000. This amount has been disclosed as an exceptional item in the profit and loss account of the Company and also as a reduction in the carrying value of Investments.

iii. The net-worth of the Joint Venture Company Reed Infomedia India Private Limited (JV) has been completely eroded as at March 31, 2009. Reed Elsevier Overseas B.V (REOBV), the holding company of the JV has communicated to the Company, the 49% shareholder, in their meeting held on March 25, 2009 their intention not to provide any further financial support to the JV to meet the JV's obligations. REBOV and the Company are in process of terminating the shareholders agreement dated December 13, 2005, and wind up and liquidate the JV. Consequently, the Management of the JV have decided to discontinue the JV's operations and the employment of the personnel hired by the JV have been terminated. Thereafter, the JV does not have definite business plans. Accordingly, the financial statements of the JV have been prepared assuming the JV will not continue as a going concern and accordingly, fixed assets have been stated at lower of written down value and net realisable value, and current assets and liabilities are stated at the values at which they are realisable / payable.

In view of above mentioned developments REOBV, and the Company have agreed to terminate the shareholding agreement dated December 13, 2005, and to wind up and liquidate the JV on or after September 30, 2009. REOBV shall pay to Infomedia a sum of Rs 12,000,000 as compensation for termination of the Shareholders Agreement and to discharge certain obligations to wind up and liquidate the JV and print and publish RIIL Magazines upto winding up and transfer of RIIL Magazines to Infomedia 18 Limited. At the time of winding up of the JV, REOBV shall not be liable to contribute anything over and above the unpaid amount of share capital subscribed by it. Before winding up of the JV, Infomedia 18 Limited shall pay its part of the pending share application of Rs.19,600,000 or convert its dues into share application monies. Hence Rs 37,000,000 (being the exposure towards investments in the JV Rs.29,400,000 and receivables from the JV Rs.7,600,000 net of guaranteed inflows) have been provided for in the Profit and Loss Account for the year ended March 31, 2009.

30. The Company has entered into a Business Transfer Agreement with Burrp! Software Private Limited ("Burrp") for acquiring the specified Business of Burrp as a going concern on a slump sale basis for a lump sum consideration of Rs.42,550,000 from March 15 ,2009. The said consideration has been allocated by the Company on an estimated basis as under.

Particulars	(Amount in Rs.)
Intangible Assets	40,422,500
Computers	2,127,500
Total	**42,550,000**

31 During the year the Company has incurred Rs. 20,000,000 in connection with the proposed rights issue of its equity shares. This amount shall be adjusted against security premium arising from the proposed issue of equity shares, as permitted under section 78 of the Companies Act, 1956. This amount has been carried forward and disclosed under the head 'Advances recoverable in cash or kind or for value to be received' under 'Loans and Advances' in the Balance Sheet.

32 The name of the Company has been changed from Infomedia India Limited to Infomedia 18 Limited with effect from September 16, 2008.

33 Interest in Joint venture

The Company has a 49% interest in the assets, liabilities, expenses and income of Reed Infomedia India Private Limited, incorporated in India, which is involved in business of publishing B2B magazines.

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entity are as follows as at March 31, 2009.(Unaudited)

	2008-2009 (Rs.)	*2007-2008 (Rs.)*
Assets	7,056,073	*8,315,668*
Liabilities	15,664,257	*5,669,771*
Revenue	11,520,132	*9,350,340*
Expenses	32,589,345	*27,026,650*
Loss before tax	(21,069,213)	*(17,676,309)*

34. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

For and on behalf of the Board of Directors of Infomedia 18 Limited,

per Amit Majmudar
Partner
Membership No. : 36656
Mumbai: May 8, 2009

Yug Samrat
Company Secretary

Haresh Chawla
Managing Director

Senthil Chengalvarayan
Director

Infomedia 18 Limited (formerly Infomedia India Limited)
Balance Sheet Abstract

Balance Sheet abstract and General Business Profile

I Registration Details

Registration No. 9551 | State Code 11

Balance Sheet Date 31-03-09

II Capital raised during the period (Amount in Rs. Thousands)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	**Private Placement Preference Shares**
NIL	NIL

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities (Net of debit balance in Profit and Loss Account)	Total Assets
1698606	1698606

Sources of Funds :

Paid-Up Capital (excluding share application money)	Reserves & Surplus
198851	37804
Secured Loans	Unsecured Loans
601681	500209
Deferred Tax Liability(Net)	
16269	

Application of Funds :

Net Fixed Assets	Investments
236105	650190
Net Current Assets (+ ✔)	Deferred Tax Asset
145302	NIL
(Please tick appropriate box + for positive - for negative)	
Miscellaneous Expenditure	Accumulated Losses
1817	463560

IV Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
1239405	416459
Profit / (Loss) before Tax (- ✔)	Profit / (Loss) after Tax (- ✔)
822946	846539
(Please tick appropriate box + for profit, - for loss)	
Earnings per Share (Rs.) (- ✔)	Dividend Rate (%)
42.58	NIL

V Generic names of three principal products / services of the Company (As per monetary terms)

Item Code No. (ITC Code)	NA
Product Description	BUYERS' GUIDE
Item Code No. (ITC Code)	49011001
Product Description	PRINTED BOOKS
Item Code No. (ITC Code)	NA
Product Description	SPECIAL INTEREST PUBLICATIONS

For and on behalf of the Board of Directors of Infomedia 18 Limited,

Yug Samrat	Haresh Chawla	*Senthil Chengalvarayan*
Company Secretary	*Managing Director*	*Director*

Mumbai: May 8, 2009

CONSOLIDATED FINANCIAL ACCOUNTS

Infomedia 18 Limited (formerly Infomedia India Limited)
Consolidated Auditors' Report

The Board of Directors
Infomedia 18 Limited

1. We have audited the accompanying consolidated balance sheet of Infomedia 18 Limited (the "Company") and its subsidiaries and joint venture company ('the Group'), as at March 31, 2009, and the related consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We have conducted our audit in accordance with the 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 consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. Without qualifying our opinion, we draw attention to Note 22 of Schedule Q to the accompanying consolidated financial statements. The Group has incurred a loss of Rs. 1,007,691,037 during the year ended March 31, 2009 as a result of which the accumulated losses and miscellaneous expenditure to the extent not written off exceed the share capital and free reserves of the Group by Rs. 100,123,875 as at that date. Management expects a significant improvement in operating results on account of a restructuring exercise. The Company is also planning a rights issue of Equity shares and has also been assured of sufficient financial support by the Holding company. In view of these mitigating factors which have been more fully discussed in Note 22(a) of Schedule Q, the accompanying consolidated financial statements have been prepared on a going concern basis.

4. *As stated in Note 13 of Schedule Q of the consolidated financial statements, the managerial remuneration of Rs. 3,744,756 paid/provided during the year is subject to the approval of the Central Government.*

5. We did not audit the financial statements of:

   a) certain subsidiaries whose financial statements reflect total assets of Rs. 305,981,156 as at March 31, 2009, total revenue of Rs. 393,569,888, losses of Rs. 98,065,824 and cash outflows of Rs. 26,115,290 for the year then ended; and,

   b) a venture company whose financial statements reflect total assets of Rs. 6,212,409 as at March 31, 2009, the total revenue of Rs. 21,400,916, losses of Rs. 21,592,080 and cash outflows amounting to Rs. 310,172 for the year then ended, the Company's share of such assets, revenues, loss and cash outflows being Rs. 3,044,080, Rs. 10,486,449, Rs. 10,580,119 and Rs. 151,984 respectively.

   The above mentioned financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of such other auditors.

6. We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006.

7. We report that:

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

   (b) Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, *except for the matter stated in para 4 above, the effects of which are currently not quantifiable*, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2009;

      (ii) in the case of the consolidated profit and loss account, of the loss for the year; and

      (iii) in the case of the consolidated cash flow statement, of the cash flows for the year ended March 31, 2009.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Per Amit Majumdar

Infomedia 18 Limited (formerly Infomedia India Limited)
Consolidated Balance Sheet as at March 31, 2009

	Schedules	Rs.	March 31, 2009 Rs.	March 31, 2008 Rs.
Sources of funds				
Shareholders' funds				
Share Capital	"A"	198,851,030		*197,738,530*
Share Application money pending allotment (Refer Note 23)		142,200,000		*142,200,000*
Reserves and Surplus	"B"	40,970,422		*539,323,804*
			382,021,452	*879,262,334*
Minority Interest			—	*17,373,640*
Loan Funds				
Secured Loans	"C"		631,470,402	*766,039,383*
Unsecured Loans	"D"		405,840,993	*233,047,375*
Deferred Tax Liabilities (net)	"E"		16,431,259	*6,167,284*
Total			1,435,764,106	*1,901,890,016*
Application of funds				
Fixed assets	"F"			
Gross block, at cost		1,953,590,677		*1,876,953,592*
Less: Accumulated Depreciation		974,246,119		*910,530,388*
Less: Impairment provision		180,010,941		—
Net block		799,333,617		*966,423,204*
Advances on capital account and capital work in progress, at cost		640,000		*640,000*
			799,973,617	*967,063,204*
Investments	"G"		5,500	*152,913,888*
Current assets, loans and advances	"H"			
Inventories		82,054,665		*52,530,626*
Sundry debtors		417,548,557		*441,887,533*
Cash and bank balances		64,923,794		*199,126,078*
Loans and advances		449,915,105		*434,287,155*
		1,014,442,121		*1,127,831,392*
Less:				
Current liabilities and provisions	"I"			
Current liabilities		815,163,631		*289,944,754*
Provisions		45,638,828		*58,576,760*
		860,802,459		*348,521,514*
Net current assets			153,639,662	*779,309,878*
Miscellaneous Expenditure — (To the extent not written off or adjusted)	"J"		1,817,366	*2,603,046*
Debit Balance in Profit & Loss Account			480,327,961	—
Total			1,435,764,106	*1,901,890,016*
Notes to Accounts	"Q"			

The schedules referred to above and Notes to Accounts form an integral part of the Balance Sheet.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

For and on behalf of the Board of Directors of Infomedia 18 Limited,

per Amit Majmudar
Partner
Membership No. : 36656

Yug Samrat
Company Secretary

Haresh Chawla
Managing Director

Senthil Chengalvarayan
Director

Infomedia 18 Limited (formerly Infomedia India Limited)

Consolidated Profit and Loss Account for the year ended March 31, 2009

	Schedules	Year Ended March 31,2009 Rs.	Year Ended March 31,2008 Rs.
Income			
Sales (Refer Note 8)		1,636,997,145	1,862,239,467
Other income	"K"	47,777,533	33,452,423
		1,684,774,678	1,895,691,890
Expenditure			
Materials Consumed	"L"	407,140,557	317,627,617
Cost of Traded Products	"M"	9,951,473	10,237,001
Personnel Expenses	"N"	689,766,905	604,163,252
Operating and other expenses	"O"	1,033,639,383	834,496,859
		2,140,498,318	1,766,524,729
Profit/(Loss) Before Interest, Tax and Depreciation		(455,723,640)	129,167,161
Depreciation and amortisation	"E"	75,467,449	78,134,001
Financial Expenses	"P"	105,457,671	99,202,383
Loss Before Tax before Exceptional items		(636,648,760)	(48,169,223)
Exceptional items (Refer Note 17 and 25)		343,921,125	—
Loss Before Tax		(980,569,885)	(48,169,223)
Tax Expenses			
Current Tax		5,780,154	23,493,053
Deferred Tax (Credit) / Charge (Refer Note 11)		10,263,975	(33,245,242)
Fringe Benefit Tax		11,077,023	8,035,189
Provision in respect of an earlier year		—	5,500,000
		27,121,152	3,783,000
Loss for the year		(1,007,691,037)	(51,952,223)
Minority share in Profit/(Loss) for the year		—	68,581
Loss for the year after minority interest		(1,007,691,037)	(52,020,804)
Balance brought forward from previous year		519,640,777	598,238,000
Less: Foreign Exchange Translation in balances brought forward from previous year		(7,852,456)	3,442,000
Amount available for appropriation		(480,197,804)	542,775,196
Appropriations			
Proposed dividend		—	19,773,853
Dividend tax		—	3,360,566
Short Provision of earlier year's Proposed Dividend		111,250	—
Dividend tax on short provision of earlier year's proposed dividend		18,907	—
Balance carried to the balance sheet		(480,327,961)	519,640,777
Loss per share (Refer Note 16)			
Basic - Nominal value of shares Rs. 10.		(50.68)	(2.64)
Diluted - Nominal value of shares Rs. 10.		(50.68)	(2.64)
Notes to Accounts	"Q"		

The schedules referred to above and Notes to Accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

For and on behalf of the Board of Directors of Infomedia 18 Limited,

per Amit Majmudar
Partner
Membership No. : 36656

Yug Samrat
Company Secretary

Haresh Chawla
Managing Director

Senthil Chengalvarayan
Director

CMYK

Infomedia 18 Limited (formerly Infomedia India Limited)

Consolidated Cash Flow Statement for the year ended March 31, 2009

		March31, 2009 Rs.	March 31, 2008 Rs.
A.	**Cash flow from operating activities:**		
	Net loss before tax	(980,569,885)	(48,169,223)
	Adjustments for		
	Exceptional items	321,142,484	—
	Depreciation and amortisation	75,467,449	78,134,001
	Foreign Exchange	4,759,305	479,000
	Investment income	(15,984,595)	(7,260,911)
	Interest charged	105,457,671	99,202,383
	Net loss/ (profit) on sale of fixed assets	3,001,096	4,718,573
	Provision for Doubtful debts	44,592,956	41,413,344
	Miscellaneous Expenditure written off	785,680	785,680
	Sundry Balances written off	251,885	—
	Liabilities no longer required written back	(39,878)	—
	Provision for Gratuity	(116,139)	—
	Provision for Leave Encashment	(128,997)	—
	Operating loss before working capital changes	(441,380,968)	169,302,847
	Adjustments for		
	Trade and other receivables	20,686,976	189,309,000
	Inventories	(29,524,038)	50,588,001
	Trade Payables/Provisions	354,947,939	(337,295,000)
	Cash generated from operations	(95,270,091)	71,904,848
	Direct taxes paid	(14,654,797)	(59,496,000)
	Net Cash From/(Used in) Operating Activities	(109,924,888)	12,408,848
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	(94,712,768)	(17,916,000)
	Sale of fixed assets	1,899,111	926,000
	Sale of Investment	415,000	—
	Profit on sale of current investments	—	544,000
	Investments in subsidiaries and Joint ventures	(12,455,428)	(181,462,000)
	Interest received	493,548	1,702,000
	Dividend received	2,964,403	10,660,000
	Net Cash From/(Used in) Investing Activities	(101,396,134)	(185,546,000)
C.	**Cash flow from financing activities:**		
	Scheme of Arrangement for Share Buyback	(298,165)	(1,076,000)
	Shares Allotted - ESOS	15,886,050	12,423,000
	Share Warrants issued	—	142,200,000
	Intercorporate deposits accepted	405,000,000	—
	Share Application Money Received in Joint Venture	9,996,000	—
	Term Loans	(86,250,000)	(43,749,000)
	Working Capital Loans	(180,000,000)	(9,905,000)
	Utilisation of Cash Credit facilities (net)	132,384,383	134,218,618
	Commercial Paper Issued (net of interest)	(250,000,000)	233,047,000
	Interest paid	(90,737,043)	(99,870,000)
	Dividend and tax thereon	(33,574,100)	(45,364,000)
	Net Cash From/(Used in) Financing Activities	(77,592,875)	321,924,618
	Net Increase/(decrease) in cash and cash equivalents	(288,913,897)	148,787,466
	Cash and Cash Equivalents as at April 1, 2008	353,837,692	202,832,000
	Cash and Cash Equivalents as at March 31, 2009	64,923,795	351,619,466
		288,913,897	(148,787,466)
	Cash and Cash Equivalents:		
	Cash on hand	352,988	359,190
	Cheques on hand	1,143,606	7,234,236
	Balances with scheduled banks :		
	In current accounts	60,400,586	190,484,569
	In deposit accounts	3,019,444	646,381
	Balances with Other banks :		
	In current accounts	7,170	401,702
	In Current investments (Less than three months)	—	152,493,388
		64,923,794	**351,619,466**
	Add : Effect of Exchange Differences on Cash & Cash Equivalents held in foreign currency	—	2,218,226
		64,923,794	**353,837,692**

Notes:

1. Direct taxes paid are treated as arising from operating activities and are not allocated to investing and financing activities.
2. Cash and Cash Equivalents include unclaimed dividend Accounts amounting to Rs 3,888,782 (2007-2008 : 4,417,849)

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

For and on behalf of the Board of Directors of Infomedia 18 Limited,

per Amit Majmudar
Partner
Membership No. : 36656

Yug Samrat
Company Secretary

Haresh Chawla
Managing Director

Senthil Chengalvarayan
Director

		March 31, 2009 Rs.	*March 31, 2008 Rs.*
"A" Share Capital			
Authorised			
50,000,000	Equity Shares of Rs. 10 each *(2007-2008 : 30,000,000)*	500,000,000	*300,000,000*
10,000,000	Preference Shares of Rs. 10 each *(2007-2008 : Nil)*	100,000,000	—
Issued and subscribed			
19,885,103	*(2007-2008 : 19,773,853)* Equity Shares of Rs. 10 each, fully paid up	198,851,030	*197,738,530*

a) Of the above fully paid up shares:

(i) 148,000 *(2007-2008 : 148,000)* Equity Shares of Rs. 10 each are issued as fully paid up pursuant to a contract without payment having been received in cash.

(ii) 470,000 *(2007-2008 : 470,000)* Equity Shares of Rs. 10 each are issued as fully paid up bonus shares by capitalisation of general reserve.

(iii) 17,798,900 *(2007-2008 : 17,798,900)* Equity Shares of Rs. 10 each are issued as fully paid up bonus shares by capitalisation of securities premium account.

(iv) 12,338,112 *(2007-2008 : 12,396,998)* Equity Shares of Rs. 10 each are held by I-Ven Interactive Limited, the holding company.

(v) 317,000 *(2007-2008 : 205,750)* Equity shares of Rs. 10 each are issued as fully paid shares as per the Employee Stock Option Scheme of the Company.

b) The Company has granted (net of options lapsed and exercised)

39,750 *(2007-2008 : 187,250)* Share options under the Employee Stock Option Scheme ('ESOP') at the market price prior to the date of grant of options. 27,750(2007-2008:1,39,500) of these options have vested, further Nil (2007-2008: 7,250) will vest on 26th June 2008, further Nil (2007-2008: 6,000) will vest on 26th October 2008, further Nil (2007-2008: 17,250) will vest on 21st November 2008, further 12,000 (2007-2008: 17,250) will vest on 21st November 2009.

c) Pursuant to the scheme of arrangement between the Company and its shareholders, the Company had purchased 3,316,197 shares, @ Rs 245/- per equity share. The said scheme of Arrangement was approved by the Hon'ble High Court of Bombay vide its order dated September 15, 2006.

Infomedia 18 Limited (formerly Infomedia India Limited)
Schedules forming part of the consolidated accounts

		March 31, 2009 Rs.	March 31, 2008 Rs.
"B" Reserves and surplus			
Securities Premium account			
As per last balance sheet	21,099,087		9,506,235
Securities Premium received during the year from ESOP	14,773,550		11,592,852
		35,872,637	21,099,087
General reserve			
As per last balance sheet	1,931,209		3,997,000
Less : Leave Encashment Liability up March 31, 2007 (Net of Deferred Tax Rs. 1,064,720) as per revised AS-15	—		2,065,791
		1,931,209	1,931,209
Foreign Exchange Translation reserve		3,166,576	(3,347,269)
Surplus, being balance in profit and loss account		—	519,640,777
		40,970,422	539,323,804
"C" Secured Loans			
From Banks :			
Long Term			
- Term Loans		220,000,000	306,250,000
Term loans include instalments payable within one year Rs. 88,750,000 *(2007-2008 Rs. 90,625,000)*		220,000,000	306,250,000
Short Term			
- Working Capital Demand Loans		50,000,000	230,000,000
- Cash Credit Facilities		358,567,766	226,183,383
- Interest accrued and due		2,902,636	3,606,000
		411,470,402	459,789,383
(For Securities given, Refer Note 7)		631,470,402	766,039,383
"D" Unsecured Loans			
Commercial Paper	—		250,000,000
Less : Unamortised Interest amount	—		16,952,625
(Maximum amount outstanding at any time during the year Rs. 250,000,000) *(2007-2008 : Rs 250,000,000)*		—	233,047,375
Inter Corporate Deposit from Holding Company		405,000,000	—
Interest Accrued and due on Inter Corporate Deposit (Television Eighteen India Limited - the holding company) (Refer Note 18)		840,993	—
(Maximum amount outstanding at any time during the year Rs. 405,000,000 *(2007-2008 : Nil)*)		405,840,993	233,047,375
"E" Deferred Tax Liabilities (Net) (Refer Note 11)			
Deferred Tax Liabilities			
On account of timing differences on :			
Depreciation		25,561,337	41,517,334
Less:		25,561,337	41,517,334
Deferred Tax Assets			
On account of timing differences on :			
Provision for Leave Encashment		8,047,342	11,973,413
Provision for Gratuity		1,082,736	—
Provision for Doubtful Debts		—	18,456,570
Provision for Discounts, rebates, etc.		—	4,920,067
		9,130,078	35,350,050
		16,431,259	6,167,284

"F" Fixed Assets **(Amount in Rs.)**

	Gross Block				Depreciation & Amortisation					Net Block	*Net Block*
	Cost as at 01.04.2008	Additions	Deductions	Cost as at 31.03.2009	As at 01.04.2008	For the Year	Impairment	On Deduction	As at 31.03.2009	As at 31.03.2009	*As at 01.04.2008*
	(Refer note b)				(Refer note b)	(Refer note c)	(Refer note c)				
Tangible Assets :											
Land-freehold	40,000	—	—	40,000	—	—	—	—	—	40,000	*40,000*
Land -leasehold	1,873,125	—	—	1,873,125	718,034	31,219	—	—	749,253	1,123,872	*1,154,091*
Building	60,532,957	1,007,267	—	61,540,224	29,293,120	3,306,579	2,381,612	—	34,981,311	26,558,913	*31,238,880*
Ownership flats *(Refer Note* a)	23,741,895	—	—	23,741,895	4,785,237	387,052	—	—	5,172,289	18,569,606	*18,956,763*
Plant, machinery and equipment	677,150,123	4,424,062	1,065,322	680,508,863	593,733,113	28,117,084	8,626,599	498,511	629,978,285	50,530,578	*82,705,685*
Computer Equipment, etc.	221,377,101	18,572,433	6,288,716	233,660,818	160,244,221	12,341,052	9,002,730	6,172,759	175,415,244	58,245,574	*61,162,330*
Furniture, fixtures,electrical and office equipment	177,350,336	3,062,824	3,136,929	177,276,231	67,512,757	21,994,677	—	1,502,997	88,004,437	89,271,794	*111,111,480*
Vehicles	23,503,825	3,745,077	5,911,773	21,337,129	11,613,647	3,359,126	—	3,352,853	11,619,920	9,717,209	*11,890,326*
Intangible Assets :											
Enterprise Resource Planning Software	44,340,521	2,478,605	—	46,819,126	39,694,661	2,401,245	—	—	42,095,906	4,723,220	*4,645,860*
Goodwill On Consolidation (Refer note c and d)	646,178,789	—	858,023	645,320,766	2,661,000	—	160,000,000	—	162,661,000	482,659,766	*643,517,789*
Goodwill	50,000	—	—	50,000	50,000	—	—	—	50,000	—	—
Brands and Trademarks	—	61,422,500	—	61,422,500	—	3,529,415	—	—	3,529,415	57,893,085	—
Total	1,876,138,672	94,712,768	17,260,763	1,953,590,677	910,305,790	75,467,449	180,010,941	11,527,120	1,154,257,060	799,333,617	*966,423,204*
March 31, 2008	*1,734,307,274*	*157,551,807*	*14,855,489*	*1,877,003,592*	*841,663,592*	*78,134,001*	—	*9,217,205*	*910,580,388*		
Advances on capital account and capital work in progress, at cost										640,000	*640,000*
Total										799,973,617	*967,063,204*

(a) Cost includes Rs. 3,500*(2007-2008: Rs. 3,500)* being the face value of shares in co-operative housing societies.

(b) Opening Balance of Gross Block of Fixed Assets and Accumulated depreciation include foreign exchange translation of Rs 864,920 *(2007-2008: Rs.1,048,426)* and Rs 274,598 (*2007-2008: Rs. 328,466)* respectively, being the translation of balances as on 01.04.2008, on the closing rate as on 31.03.2009.

(c) Impairment for the year includes Rs. 160,000,000 towards impairment of Goodwill (Refer note 25(ii)). Also includes Rs. 20,010,941 pertaining to impairment of Assets held at leased Offices, which are being vacated as part of the Restructuring exercise (Refer note 25(i)).

(d) The Amount of Rs. 858,023 included as deductions represents increase in Capital Reserve on Consolidation, arising out of 10% additional stake acquisition in Cepha Imaging Private Limted during the year.

(e) Refer Note 29 of Schedule 'Q', for proportionate share of Joint venture entity assets, as included under the proportionate consolidation method.

	March 31, 2009 Rs.	March 31, 2008 *Rs.*
"G" Investments		
Long Term - Unquoted (Non Trade) :		
Other Investments :		
6 years National Savings Certificates	5,500	*5,500*
Nil *(2007-2008 : 4,146)* 6.75% Tax free US 64 Bonds of face value of Rs. 100/- each guaranteed by the Government of India	—	*415,000*
Total Long - Term	5,500	*420,500*
Current - Unquoted (Non Trade) :		
— Nil *(2007-2008 : 4,804,609)* units of Tata Dynamic Bond Fund Option A - Dividend	—	*50,463,388*
— Nil *(2007-2008 : 3,029,596)* units of JM Money Manager Super Plus Plan - Daily Dividend	—	*30,308,000*
— Nil *(2007-2008 : 3,066,088)* units of Reliance Interval Fund Monthly Series - Dividend	—	*30,286,000*
— Nil *(2007-2008 : 3,488,028)* units of Tata FRF LT Dividend	—	*35,274,000*
— Nil *(2007-2008 : 388,266)*Franklin Templeton Fixed Tenure Fund *Series 370 Days*	—	*3,883,000*
— Nil *(2007-2008 : 99,919)* units of Lotus India Institutional weekly dividend	—	*1,000,000*
— Proportionate share of Investments in Joint Venture (Refer Note 29)	—	*1,279,000*
	5,500	***152,913,888***

Current Investments purchased & sold during the year are as follows —

Sr. No.	Particulars	Units Nos	*Cost*
1	Reliance Liquid plus Fund - Institutional Option - Daily Dividend Plan	30,398	*30,432,721*
2	JM Money Manager Fund Super Plus Plan - Daily Dividend (171)	2,998,771	*30,000,000*
3	PRINCIPAL Liquid Plus Fund - Regular Plan - Daily Div	2,994,012	*30,000,000*
4	Templeton India Ultra Short Bond Fund - IP - Div	2,036,274	*20,400,000*
5	Reliance Interval Fund - Monthly Series I - IP - Div	999,231	*10,000,000*
6	JM Interval Fund - Quarterly Plan 4 - IP - Div	4,996,502	*50,000,000*
7	Birla Sun Life Quarterly Interval Fund - Series 2 - Div	620,000	*6,200,000*
8	Birla Sun Life Interval Income Fund Monthly Plan - Series I - IP - Dividend	1,000,000	*10,000,000*
9	Tata Treasury Manager Fund - SHIP - Daily Dividend	35,891	*35,998,790*
	Total		***223,031,511***

Infomedia 18 Limited (formerly Infomedia India Limited)
Schedules forming part of the consolidated accounts

Current Investments purchased & sold during the previous year 2007-2008 are as follows -

Sr. No.	Particulars	Units Nos	*Cost* Rs.
1	Kotak Flexi Debt - Daily dividend	3,489,149	*35,000,000*
2	DWS Credit Oppurtunities Cash Fund - Weekly Dividend	2,987,185	*30,000,000*
3	JM High Liquidity Fund - Institutional Plan - Dividend (56)	2,923,891	*30,000,000*
4	JM Money Manager Fund Super Plus Plan - Daily Dividend (171)	2,995,556	*29,967,837*
5	ING Liquid Fund Institutional - Daily Dividend Option	2,996,374	*30,000,000*
6	ING Liquid Plus Fund - Institutional Daily Dividend	2,999,524	*30,005,137*
7	TATA Liquid Super High Investment Fund - Daily Dividend	44,862	*50,000,000*
8	TATA Treasury Manager SHIP Daily Dividend	49,891	*50,041,151*
9	Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	1,962,426	*30,000,000*
10	Reliance Liquid plus Fund - Institutional Option - Daily Dividend Plan	29,971	*30,005,199*
11	JM High Liquidity Fund - Institutional Plan - Dividend (56)	2,995,238	*30,000,000*
12	ABN AMRO Fixed Term Plan Series 5-13 Months Plan	479,578	*4,796,000*
13	DSP Merrill Lynch Mutual Fund	1,228,010	*12,292,000*
14	HDFC FMP 16 M	1,074,060	*10,783,000*
15	HDFC Mutual Fund	1,271,684	*13,497,000*
16	Reliance FMP Series VI	976,248	*9,762,000*
17	Reliance Mutual Fund	1,505,056	*15,121,000*
18	SBI FMP 16 M	860,784	*8,637,000*
19	Lotus India Retail Daily Dividend	499,241	*5,000,000*
20	Lotus India Institutional weekly dividend	498,863	*5,000,000*
21	Lotus India Quarterly Interval Fund	300,000	*3,000,000*
22	ABN AMRO Mutual Fund	2,053,320	*20,533,000*
	Total		***483,440,324***

Infomedia 18 Limited (formerly Infomedia India Limited)
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	Rs.	March 31, 2009 Rs.	March 31, 2008 Rs.
"H" Current assets, loans and advances			
Inventories			
Stores and spare parts		8,575,152	10,703,474
Raw Materials : Paper, inks, printing and binding materials	66,429,528		32,553,031
Work in progress	709,047		3,043,582
Finished Goods : Children's books and stationery products, etc.	3,189,260		3,246,938
Touchstone gift articles			
Finished Goods :Touch Stone Gifts and Other traded goods	3,151,678		2,983,601
		73,479,513	41,827,152
		82,054,665	52,530,626
Sundry debtors (Refer Note 17 and 18)			
Debts outstanding for a period exceeding six months			
Secured - considered good	2,558,201		211,726
Unsecured			
Considered good	105,027,181		123,930,509
Considered doubtful	105,626,260		54,412,808
	213,211,642		178,555,043
Others - considered good			
Secured	6,285,743		1,014,132
Unsecured	304,657,472		316,731,702
	524,154,857		317,745,834
Less: Provision for doubtful debts	106,606,300		54,413,344
		417,548,557	441,887,533
Included in Sundry Debtors are :			
-Dues from Joint Venture Company (Refer Note 25 (iv)) Reed Infomedia India Private Limited Rs. 8,762,278 *(2007-2008 : Rs. 935,272)*			
-Dues from Holding Company Television Eighteen India Limited Rs.39,571. *(2007-2008 : Nil)*			
-Dues from companies under same management Network 18 Publication Limited Rs.450,000 *(2007-2008 : Nil)*			
Cash and bank balances			
Cash on hand	352,988		359,190
Cheques on hand	1,143,606		7,234,236
Balances with scheduled banks :			
In current accounts	60,400,586		190,484,569
In deposit accounts	3,019,444		646,381
Balances with other banks :			
In current accounts	7,170		401,702
		64,923,794	199,126,078
Bank balance with other Bank includes :			
Municipal Co-op. Bank, Navi Mumbai. (Maximum Amount Outstanding during the year Rs. 912,509) *(2007-2008 : 867,076)*			
Loans and advances (unsecured and considered good			

	Rs.	March 31, 2009 Rs.	*March 31, 2008 Rs.*
"H" Current assets, loans and advances *(Contd.)*			
unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received (Refer Note 27)	211,464,367		*270,448,881*
Advance towards Investment in New company (Refer Note 24)	46,800,410		*—*
Security Deposits	89,520,329		*88,068,633*
Advance payments of Income-tax less provisions Advance Tax : 445,578,513 *(2007-2008: 422,811,282)* Less Provisions for Tax : 343,448,514 *(2007-2008: 348,880,598)*	102,129,999		*73,930,684*
Advance payments of Fringe Benefit Tax less provisions Advance FBT : 29,813,058 *(2007-2008: 15,605,386)* Less Provisions for FBT : 29,813,058 *(2007-2008: 13,766,429)*	—		*1,838,957*
		449,915,105	*434,287,155*
		1,014,442,121	*1,127,831,392*
"I" Current liabilities and provisions			
Current liabilities			
Sundry creditors (Refer Note 15,17 and 18)			
Dues to Micro,Small & Medium Enterprises	611,488		*—*
Due to Others	574,264,435		*197,452,821*
Sundry Deposits	8,866,706		*8,405,182*
Unclaimed dividend *	2,551,373		*2,643,350*
Advances received from customers	45,963,275		*31,167,875*
Credit Balance in Bank Book	6,649,715		*11,492,201*
Provision for Mark To Market Adjustments (Refer Note 17 and 25(iii))	133,531,543		*—*
Other Liabilities	42,725,096		*38,783,325*
		815,163,631	*289,944,754*
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.			
Provisions			
Provision for Proposed dividend	—		*19,773,853*
Tax on proposed dividend	379,907		*3,361,000*
Provision for Rebates, returns etc.(Refer Note 10(b))	5,697,817		*14,475,042*
Provision for Gratuity (Refer Note 19)	18,017,853		*3,158,362*
Provision for leave encashment (Refer Note 19)	21,543,251		*17,808,503*
		45,638,828	*58,576,760*
		860,802,459	*348,521,514*
"J" Miscellaneous Expenditure (to the extent not written off)			
Processing Fees			
Opening Balance		2,603,046	*3,388,726*
Additions during the year		—	*—*
		2,603,046	*3,388,726*
Less : Written off during the year		785,680	*785,680*
		1,817,366	*2,603,046*
"K" Other income			
Interest others- gross		13,329,475	*358,722*
Interest On Fixed Deposit (tax deducted at source on interest received Rs.6,791)(2007-2008 : Rs. 6,067)		49,536	*59,418*
Dividend income from trade investments		2,964,403	*6,721,586*
Establishment expenses recovered		2,938,266	*6,415,978*
Miscellaneous receipts		14,270,240	*3,631,158*
Scrap Sales		14,225,613	*16,144,376*
Profit on sale of Investment		—	*121,185*

		March 31, 2009	March 31, 2008
	Rs.	Rs.	Rs.
"L" Materials Consumed			
Opening Balance of Raw Material	32,553,031		75,438,271
Opening Balance of Work-In-Progress	3,043,582		3,014,000
Add: Purchase of Paper, inks and binding Materials	438,682,519		274,771,959
		474,279,132	353,224,230
Less:			
Closing Balance of Raw Material		66,429,528	32,553,031
Closing Balance of Work-In-Progress		709,047	3,043,582
Consumption of Paper, inks and binding materials		407,140,557	317,627,617
"M" Cost of Traded Products			
Opening Balance of Touch Stone Gifts and Other Traded products	2,983,601		5,534,662
Opening balance of Childrens Books and Stationery products	3,246,938		4,983,334
Add: Purchase for resale	10,061,872		5,949,544
		16,292,411	16,467,540
Less:			
Closing Balance of Touchstone Gift Articles			
Closing balance of Childrens Books and Stationery products		3,189,260	3,246,938
Closing balance of Touch Stone Gifts and Other Traded products		3,151,678	2,983,601
Cost of Goods Sold		9,951,473	10,237,001
"N" Personnel Expenses			
Payments to and provisions for employees			
Salaries, wages & bonus	590,284,575		509,446,186
Contribution to provident fund	14,851,669		14,216,900
Contribution to other funds	9,239,388		9,125,100
Retirement Benefits	25,735,943		16,549,815
Employees' welfare expenses	49,655,330		54,825,251
		689,766,905	604,163,252
"O" Operating and other expenses			
Stores and spare parts consumed	21,302,636		24,450,588
Outwork and ancillary printing	96,296,170		81,366,839
Power and fuel	64,708,004		58,938,677
Distribution expenses	14,687,789		11,812,467
Postage	96,634,182		119,466,547
Repairs to building	2,215,618		869,954
Repairs and maintenance to plant and machinery	3,155,278		4,343,516
Other repairs and maintenance	14,482,698		13,229,915
Advertising and publicity	67,382,948		41,832,208
Marketing expenses	58,038,721		17,326,010
Design and Content Charges	19,552,831		40,925,694
Brokerage & Commission	1,560,003		1,045,458
Rebates, returns, etc (Refer Note 10(b))	29,091,053		23,980,303
Rent	182,413,821		100,487,317
Rates and taxes	13,351,949		8,042,439
Miscellaneous Expenditure written off	785,680		785,680
Insurance	5,757,704		5,757,833

Infomedia 18 Limited (formerly Infomedia India Limited)
Schedules forming part of the consolidated accounts

		March 31, 2009	March 31, 2008
	Rs	Rs.	Rs.
Traveling expenses	43,298,462		45,825,560
License Fees	5,906,319		4,478,098
Consultancy and professional fees	63,360,292		36,253,514
Event cost	53,625,053		40,055,878
Telephone Expenses	21,530,952		17,577,488
Loss On sale of Fixed Assets(Net)	3,001,096		4,718,573
Loss On sale of Investments	358,820		—
Exchange Loss (net)	31,960,125		7,945,178
Damaged/Obsolete Stock Expense	—		2,483,494
General expenses	70,613,322		75,660,268
		985,071,526	789,659,496
Auditors' remuneration			
As Auditor :			
Audit fee		2,717,292	2,345,000
Tax Audit Fee		468,271	375,000
Out-of-pocket expenses		69,338	67,019
In other manner :			
Other Services		2,750,000	452,000
		6,004,901	3,239,019
Less : Fees for Rights Issue related services grouped under Loans & Advances Schedule "H"		2,350,000	—
		3,654,901	3,239,019
Provision for doubtful debts		44,592,956	41,413,344
Directors' fees		320,000	185,000
		1,033,639,383	834,496,859
"P" Financial Expenses			
Interest			
On Term Loans	31,083,404		39,183,581
On working capital Loans and Cash Credit Accounts	49,498,419		49,002,361
On others	19,368,884		3,858,055
Bank Charges	5,506,964		7,158,386
		105,457,671	99,202,383

Schedules forming part of the consolidated accounts

"Q" Notes to Accounts

1. Nature of Operations:

   The Group is in the business of publishing Business Directories and Special Interest Magazines in India, Printing services, E-Publishing Services and Agency services.

2. Basis of Consolidation:

   The consolidated financial statements are related to Infomedia 18 Limited (the Company), its Subsidiary Companies and a joint venture company. The Company, its Subsidiary Companies and the joint venture company constitute the Group.

   a) Basis of Accounting:

   The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS 21) – "Consolidated Financial Statements" and Accounting Standard 27 (AS 27) "Financial Reporting of interests in Joint Ventures", notified pursuant to Companies (Accounting Standards) Rules, 2006. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. The accounting policies have been consistently and uniformly applied by the Group and are consistent with those used in the previous year.

   The subsidiary companies and joint venture company (which alongwith Infomedia 18 Limited, the parent, constitute the Group) considered in the preparation of this consolidated financial statements are:

	Name	Country of Incorporation	Percentage of Ownership interest as at 31st March, 2009	Percentage of Ownership interest as at 31st March, 2008
	Subsidiary Companies:			
1.	Cepha Imaging Private Limited w.e.f. 22nd December'2005	India	100%	90%
2.	Keyword Group Limited w.e.f. 22nd December'2005	UK	100%	100%
3.	Keyword Publishing Services Limited w.e.f. 22nd December'2005	UK	100%	100%
4.	Keyword Typesetting Services Limited w.e.f. 22nd December'2005	UK	100%	100%
5.	American Devices India Private Limited w.e.f. 1st April'2006	India	100%	100%
6.	Software Services LC w.e.f. 1st April'2006	USA	100%	100%
	Joint Venture Company:			
7.	Reed Infomedia India Private Limited w.e.f. 30th March'2006	India	49%	49%

   b) Principles of consolidation:

   The consolidated financial statements have been prepared on the following basis:

   i. The financial statements of the Company and its subsidiary companies have been combined on a line-to-line basis by adding together like items of assets, liabilities, income and expenses. The intra group balances and intra group transactions and unrealized profits or losses have been fully eliminated. The interest in joint venture, which is in the nature of jointly controlled entity, has been consolidated by using the proportionate consolidation method.

   ii. The excess of cost to the Company of investments over share of equity of subsidiary / joint venture is recognised as goodwill and excess of share of equity of subsidiary / joint venture over cost of investments is recognised as capital reserve.

c) These consolidated financial statements are based, in so far as they are related to amounts included in respect of Subsidiary Companies, on the audited financial statements prepared for consolidation by each of the Subsidiary Companies and in so far as they are related to the amounts included in respect of the joint venture company, on the audited financial statements prepared for consolidation purposes by the joint venture company.

d) The financial statements of the Company, its subsidiary companies and joint venture company are prepared as at March 31, 2009.

3. Significant Accounting Policies

a) Basis of Accounting

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standard by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets

Fixed assets are stated at their original cost including incidental expenses related to acquisition and installation and subsequent additional cost in respect of major reconditioning expenses enhancing the standard of performance of the assets less accumulated depreciation and impairment loss if any.

d) Depreciation

The Group depreciates its fixed assets as follows:

i.	Leasehold land	-	over the period of the lease on straight line method or life of the asset whichever is lower
ii.	Furniture, Fixtures, Electrical And Office Equipment (in Leased premises)	-	over the period of the office lease on straight line method or life of the asset whichever is lower
iii.	Vehicles	-	on the written down value method at the rates specified in Schedule XIV of the Companies Act, 1956; Depreciation for vehicles in Reed Infomedia Private Limited is provided on a prorata basis on Straight Line Method.
iv.	Other assets	-	on straight line method at the rates which are based on the useful life as estimated by the management and are equal to or higher than the rates specified in Schedule XIV of the Companies Act, 1956;
v.	Major reconditioning expenses (Included in Plant, Machinery and Equipment)	-	over a period of three years on straight line method or life of the assets whichever is lower

Schedules forming part of the consolidated accounts

e) Intangibles

Software

Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include license fees and costs of implementation / system integration services. The costs are capitalised in the year in which the relevant software is implemented for use. "Enterprises Resource Planning (ERP) Software" is depreciated over a period of four years.

Brands & Trade Marks

Costs relating to Brands & Trade Marks which are acquired, are capitalized and amortised on a straight line basis over a period of five years, as estimated by management.

f) Impairment

The carrying amount of Goodwill is reviewed at each balance sheet date. The carrying amounts of other assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

Reversal of impairment loss is recognised immediately as income in profit and loss account

g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long-term investments.

h) Goodwill on consolidation

The group accounts for goodwill arising on consolidation at cost, and recognizes, where applicable, any impairment.

i) Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

j) Revenue Recognition

i. Advertising Revenues

Advertising Revenue from Business Directories is recognised in the period in which the Directories are given for pagination (printing) and are accounted net of commission and discounts.

Advertising Revenue from Special Interest Magazines is recognised in the period in which the magazines are published and are accounted net of commission and discounts.

Advertising revenue from portal is recognized in the period in which the advertising is displayed on the portal.

ii. Subscription Revenues

Revenue recognition from subscriptions to the Group's print publications is recognised as earned, prorata on a per issue basis over the subscription period.

iii. Circulation Revenues

Circulation Revenue includes sales to retail outlets/ newsstands, which are subject to returns. The Group records these retail sales upon delivery, net of estimated returns. These estimated returns are based on historical return rates and are revised as necessary based on actual returns.

iv. Print Sales

Revenue from printing jobs are recognised on completion basis and are accounted net of taxes.

v. Traded Products

Revenue is recognised when the significant risks and rewards of ownership of the products have passed to the buyer and are stated net of taxes and discounts.

vi. Event Sale

Revenue from event sale is recognized on the completion of the event and on the basis of related service performed.

vii. E-Publishing Revenues

Revenue for projects undertaken is recognised at the time when invoice is raised as per the terms settled with the customers.

viii. Agency Commission

Revenue is recognised as per the terms of agreement with the principals, on rendering of relevant services.

ix. Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

x. Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from Subsidiary Companies is recognised even if same is declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

k) Employee Benefits

i. Retirement benefits in the form of Provident Fund and Superannuation scheme is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

ii. Gratuity liability are defined benefit obligations and is charged to the profit and loss account when annual contribution is made to the Trustees of the Company's fund on the basis of the Funds' rules. The shortfall between the accumulated fund balance and the liability as determined on the basis of an independent actuarial valuation is provided for as at the year-end. The actuarial valuation is done as per projected unit credit method.

Gratuity liability for American Devices India Private Limited and Cepha Imaging Private Limited are defined benefit obligations and is charged to the profit and loss account and the liability as determined on the basis of an independent actuarial valuation is provided for at the period end.

In view of Note 22(b) below whereby the Joint Venture Company ('JV') has decided to discontinue the operations and employment of those hired by the JV were terminated, the JV has not made provision for gratuity as the JV has not completed five years since incorporation and no gratuity is paid/ payable to employees as per Payment of Gratuity Act, 1972.

iii. Short term compensated absences are provided for on the basis of estimates. Long term compensated absences in the form of Leave encashment is accrued and provided for on the basis of an actuarial valuation as at the year-end. The actuarial valuation is done as per projected unit credit method.

iv. Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

l) Voluntary Retirement Compensation

Voluntary retirement compensation is fully charged off in the year of severance of service of the employee.

m) Foreign Currency Transaction

Initial Recognition:

Foreign currency transactions are recorded in Indian Rupees by applying to the foreign currency amount, the exchange rate between the Indian Rupee and the foreign currency prevailing at the date of the transaction.

Conversion:

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences:

Exchange differences arising on the settlement of monetary and non-monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year. Contracts open on the balance sheet date are Marked to Market (MTM) and losses if any based on the MTM valuation are provided for in the profit and loss account.

Translation of Non-integral foreign operation:

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a "Foreign Exchange Translation Reserve" until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

The group uses Indian rupees (Rs.) as its reporting currency. The exchange difference arising on translation of financial statements of foreign Subsidiary Companies into Indian Rupees is disclosed as "Foreign Exchange Translation Reserve" under Reserves and Surplus.

n) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

o) Taxes on Income

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets on timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Group has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become virtually/ reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Tax expenses shown in the consolidated financial statements are the aggregate of the amount of tax expense appearing in the separate financial statements of the Company, its Subsidiary Companies and Joint Venture Company. The deferred tax assets and the deferred tax liabilities of the Group have been set off as they relate to taxes on income levied by the same governing taxation laws.

p) Segment Reporting

i. Identification of Segments:

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

ii. Intersegment Transfers:

Inter segment revenues have been accounted for based on the transaction price agreed to between segments which is primarily market led.

iii. Allocation of costs:

Revenues and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenues and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "Unallocated corporate expenses/ income".

iv. Segment policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

q) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of diluted potential equity shares, if any, except where the result would be anti-dilutive.

r) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

s) Employee Stock Compensation Costs

Measurement and disclosure of the employee share based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share Based Payments, issued by the Institute of Chartered

Accountants of India. The Group measures compensation cost relating to employee stock options using the intrinsic value method.

t) Miscellaneous Expenditure (to the extent not written off)

Processing fees paid to various lenders are amortised equally over the period for which the funds are acquired.

u) Cash and cash equivalents in the financial statements comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

v) Derivative instruments

As per the Institute of Chartered Accountants of India announcement on Derivative accounting, accounting for derivative contracts other than those covered under Accounting Standard 11 (AS 11) – The Effects of Changes in Foreign Exchange Rates, are marked to market on a portfolio basis, and the net loss after considering the offsetting impact on the underlying hedge item is charged to the income statement. Net gains are ignored.

4. Barter Transactions

Barter transactions are recognised at the fair value of consideration receivable or payable. When the fair value of the transactions cannot be measured reliably, the revenue/expense is measured at the fair value of the goods/services provided/received adjusted by the amount of cash or cash equivalent transferred.

5. Goodwill on Consolidation (Net) comprises of

	Name	2008-2009 (Rs.)	2007-2008 (Rs.)
Goodwill			
1.	Keyword Group Limited	158,847,276	158,847,276
2.	American Devices India Private Limited	319,801,330	319,801,330
3.	Software Services LC	171,386,377	171,386,377
4.	Reed Infomedia India Private Limited	—	—
5.	Cepha Imaging Private Limited	—	—
Total Goodwill		650,034,983	650,034,983
Less:			
Capital Reserve			
1.	Cepha Imaging Private Limited	4,714,217	3,856,194
Total Capital Reserve		4,714,217	3,856,194
Goodwill (Net)		645,320,766	646,178,789
Less:	Goodwill amortised in earlier periods	2,661,000	2,661,000
	Goodwill impaired during the period (Refer Note 25 (ii))	160,000,000	—
Goodwill Net		482,659,766	643,517,789

6. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 14,457,643 *(2007-2008: Rs. Nil)*

7. The Group has term loans; working capital demand loans and cash credit facilities with banks, which are secured by:

a) **Terms Loans:**

Infomedia 18 Limited:

Principal of Rs. 218,750,000 *(2007-2008: 306,250,000)*

Interest accrued and due of Rs. 2,302,440 *(2007-2008: Rs. 2,963,313)*

- First charge on all fixed assets of the Company (present and future).

- Second paripasu charge on all current assets of the Company (present and future).
- Pledge of Shares in subsidiary companies (29% pledge in favour of bank).

  Cepha Imaging Private Limited:

  Principal Rs. 1,250,000 *(2007-2008: Rs. Nil)*

  Interest accrued and due of Rs. 155,712 *(2007-2008: Rs. Nil)*
- First charge on all fixed assets of the Company (present and future).

b) **Working Capital Demand Loans**:

Infomedia 18 Limited:

Principal of Rs. 50,000,000*(2007-2008: Rs. 50,000,000)*

Interest accrued and due of Rs. 88,767*(2007-2008:307,377)*

- First paripasu charge on all current assets of the Company (present and future).
- Second paripasu charge on movable and immovable fixed assets of the Company.

Infomedia 18 Limited:

Principal of Rs. Nil *(2007-2008: Rs. 180,000,000)*

Interest accrued and due of Rs. Nil *(2007-2008:Rs. 335,310)*

- First paripasu charge on all current assets of the Company (present and future).
- Second paripasu charge on movable and immovable fixed assets of the Company.
- Corporate guarantee from subsidiary companies.

c) **Cash Credit Facilities**:

Infomedia 18 Limited:

Principal of Rs. 89,486,550 *(2007-2008: Rs. 95,347,844)*

- First charge on all fixed assets of the Group (present and future).
- Second paripasu charge on all current assets of the Group (present and future).

Infomedia 18 Limited:

Principal of Rs. 241,052,992 *(2007-2008: Rs. 88,439,241)*

- First charge on all fixed assets of the Group (present and future).
- Second paripasu charge on all current assets of the Group (present and future).
- Corporate guarantee from subsidiary companies.

Cepha Imaging Private Limited:

Principal of Rs. 2,274,564*(2007-2008: Rs. 4,375,000)*

Interest accrued and due of Rs. 355,717 *(2007-2008:Nil)*

- First charge on all Current assets of the company (present and future).

Keyword Group Limited**:**

Principal of **£** 353,463 Equivalent Rs. 25,753,660*(2007-2008: £ 478,075 Equivalent Rs. 38,021,298)*

Standby Letter of Credit issued for GBP 200,000 *(2007-2008: GBP 425,000)* issued by Infomedia 18 Limited

8. Barter Transactions

During the year ended March 31, 2009, the Company had entered into barter transactions, which were recorded at the fair value of consideration receivable or payable. The profit and loss account for the year ended March 31, 2009 has been grossed up to reflect revenue from barter transactions of Rs 34,787,605 *(2007-2008:Rs 17,448,303)* and expenditure of Rs. 34,787,605 *(2007-2008:Rs 17,448,303)* being the fair value of barter transactions provided and received.

9. The net difference in foreign exchange (i.e. the difference between the spot rates on the dates of the transactions and the actual rates at which the transactions are settled/ appropriate rates applicable at the year end) debited to Consolidated profit and loss account is Rs. 31,960,125 *(2007-2008: Rs. 7,945,178*).

10. Provisions and Contingencies –

a) Claims against the Group not acknowledged as debts:

i) The Group has received demands of Rs. 156,120,256 (*2007-2008: Rs. 715,000)* towards Income Tax for the Assessment Year 2005-06, 2006-07 and 2007-2008 and Rs. 2,506,882 *(2007-2008: Rs. Nil)* for Fringe benefit Tax for Assessment Year 2006-2007. The Group has disputed the demands and has preferred appeals with the appellate authorities, to set aside the demand and carry out necessary rectifications. Based on legal opinion from eminent counsels, the Management has assessed that the possibility of the case being decided against the Group and the demand crystallizing on the Group is not probable and hence no provision is required.

ii) Sales tax / Works Contract tax matters disputed by the Company relating to issue of applicability, allowability, etc. aggregating to Rs. 4,839,279 *(2007-2008: Rs. 4,839,279)*.

iii) Third party claim relating to compensation before Monopolies and Restrictive Trade Practices Commission aggregating to Rs. 20,000,000 *(2007-2008: 20,000,000)*, net of tax Rs. 13,268,000 *(2007-2008: 13,268,000)*. The matter is pending for final hearing.

iv) Standby Letter of Credit issued for GBP 200,000 *(2007-2008: GBP 425,000)*, in favour of Barclays Bank Plc, towards banking facilities used by Keyword Group Limited, UK (a subsidiary of the Company).

b) Provision

	2008-2009 (Rs.)	*2007-2008 (Rs.)*
Provision for		
Rebates, Returns etc.		
Opening Balance	14,475,042	*10,740,645*
Addition during the Year	26,489,870	*20,694,324*
Amount utilized during the year	35,267,095	*16,959,927*
Unused amounts reversed during the year	—	—
Closing Balance	**5,697,817**	***14,475,042***

A provision is recognised for expected returns on products sold during the year based on past experience of level of returns. It is expected that most of this cost will be utilised in the next financial year. Assumptions used to calculate the provision for returns are based on current sales level and current information available about returns.

11. Deferred tax

Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

Break up of deferred tax assets/liabilities and reconciliation of current period deferred tax is as under:

(Amount in Rs.)

Particulars	**Opening balance**	**(Charged)/ Credited to P&L during the Year**	**Closing balance**
	A	**B**	**A+B=C**
Deferred Tax Liabilities			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	(41,517,334)	15,955,997	(25,561,337)
Total (D)	**(41,517,334)**	**15,955,997**	**(25,561,337)**
Deferred Tax Assets			
Provision For Leave Encashment	11,973,413	(3,926,071)	8,047,342
Provision for Gratuity	—	1,082,736	1,082,736
Provision for doubtful debts	18,456,570	(18,456,570)	—
Provision for discount & Rebate	4,920,067	(4,920,067)	—
Total (E)	**35,350,050**	**(26,219,972)**	**9,130,078**
Net (D+E)	**(6,167,284)**	**(10,263,975)**	**(16,431,259)**

12. Employee Stock Option Plan 2004 (ESOP)

The Company has provided share based payment schemes to its employees. During the year ended March 31, 2009 the following schemes were in operation:

Particulars	**Grant 1**		**Grant 2**		**Grant 3**		**Grant 4**		**Grant 5**		**Grant 6**	
Date of Grant/ Board Approval	25, Oct 04		10, May 05		28, Oct 05		27, Jun 06		27, Oct 06		22, Nov 07	
No of Options Granted	164,000		100,000		155,500		17,500		18,500		38,500	
Grant Price Per Option (Rs.)	86.85		141.45		150.80		180.50		154.05		209.85	
Method of Settlement	Equity		Equity		Equity		Equity		Equity		Equity	
Vesting Period	Date	Options	Date	Options	Date	Options	Date	Options	Date	Options	Date	Options
	24, Oct 05 (1 Year)	40,000	30, May 06 (1 Year & 21 days)	20,000	27, Oct 06 (1Year)	77,750	26, Jun 07 (1 Year)	8,750	26, Oct 07 (1 Year)	9,250	21,Nov 08 (1 Year)	19,250
	30, May 06 (1 year & 217 days)	60,000	30, May 07 (2 Years & 21 days)	80,000	27, Oct 07 (2 Years)	77,750	26, Jun 08 (2 Years)	8,750	26, Oct 08 (2 Years)	9,250	21,Nov 09 (1 Year)	19,250
	31, Mar 06 (1 Year & 157 days)	32,000										
	31, Mar 07 (2 Years & 157 days)	32,000										
Exercise Period	Three Years		Three Years		Three Years		Three Years		Three Years		Three Years	

The above schemes are covered under the approval of the shareholders vide their Annual General Meeting held on July 28, 2004 as modified at Extra Ordinary General Meeting held on January 20, 2005.

The details of activity under the plan are summarized below:

	Year ended March 31, 2009		Year ended March 31, 2008	
	No. of Shares	Weighted Average Exercise Price (Rs.)	No. of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	187,250	158.89	263,550	148.31
Grant During the year	-	-	38,500	209.85
Exercised during the year	111,250	142.80	83,050	149.59
No of Options Lapsed	36,250	169.90	31,750	158.59
Outstanding at the end of the year	39,750	193.90	187,250	158.59
Exercisable at the end of the year	27,750		139,500	
Weighted average remaining contractual life (in years)	2.29		3.20	
Weighted average fair value of the options granted (Rs.)	38.37		27.68	

Details of exercise price for Stock Options outstanding at the end of the year are:

Year End	Range of Exercise Price (Rs.)	No. of Options Outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price (Rs.)
March 31,2009	154.05 to 209.85	39,750	2.29	193.90
March 31,2008	141.45 to 209.85	187,250	3.20	158.89

Since the enterprise used the intrinsic value method, the impact on the reported net profit and earnings per share by applying the fair value based method needs to be disclosed.

In March 2005 the ICAI has issued a Guidance Note on "Accounting for Employees Share Based Payments" applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said Guidance Note requires Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said Guidance Note, the impact on the reported net profit and earnings per share would be as follows:

	2008-2009 (Rs.)	**2007-2008 (Rs.)**
Loss as reported	(1,007,691,037)	(52,020,804)
Add: Employee stock compensation under intrinsic value method	—	—
Less: Employee stock compensation under fair value method	549,888	1,040,415
Proforma Loss	(1,008,240,925)	(53,061,219)
Loss Per Share		
Basic		
- As reported	(50.68)	(2.64)
- Pro forma	(50.71)	(2.68)
Diluted		
- As reported	(50.68)	(2.64)
- Pro forma	(50.71)	(2.68)

Schedules forming part of the consolidated accounts

The fair value of options as mentioned above was determined using the Black-Scholes Option Pricing Model with the following assumptions:

a)	Risk Free Interest Rate	4.6% to 5.68%
b)	Expected Dividend yield	0.4 % to 8.8 %
c)	Expected life of the option	1.0 to 3.0 years
d)	Expected Volatility of Share price	38.59% to 50.96 %

Since the intrinsic value being Rs. Nil, no accrual has been made towards compensation cost in the consolidated financial statements.

13. Computation of Net profits of the Company in accordance with Section 198 of the Companies Act, 1956:

	2008-2009 (Rs.)	*2007-2008 (Rs.)*
Loss before Tax	(822,945,863)	***(96,680,377)***
Add:		
Depreciation and amortization	57,127,692	*59,289,674*
Managing Director's remuneration for the period from 01.04.2008 to 20.08.2008 (excluding provisions for gratuity and leave encashment as separate actuarial valuations for the Managing Director is not available)	*3,744,756	*10,673,000*
Directors' fees	320,000	*185,000*
Provision for doubtful debts	43,342,240	*41,300,000*
Loss on sale of fixed assets as per Profit and Loss Account	2,630,243	*1,676,861*
	(715,780,932)	***16,444,158***
Less:		
Depreciation and amortisation under Section 350	57,127,692	*59,289,674*
Net Loss for Section 198 of the Companies Act, 1956	**(772,908,624)**	***(42,845,516)***
Remuneration payable as per Schedule XIII	696,774	*1,800,000*
Maximum managerial remuneration payable as per the Companies Act, 1956	696,774	*1,800,000*

Managing Director's remuneration from (01.04.2008 to 20.08.2008) of Rs. 3,744,756/- (2007-2008: Rs.10,673,000) [includes Rs. Nil in respect of the earlier year] is inclusive of, estimated money value of perquisites of Rs.574,330 *(2007-2008:5,580,000)*. As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

* Managerial remuneration of Rs. 3,744,756/- (2007-2008: Rs.10,673,000) paid/provided during the year is subject to the approval of the Central Government.

14. The Group's significant leasing arrangements are in respect of operating leases for premises (official, residential, stores, godowns, etc.). These leasing arrangements that are mutually cancelable generally range between 11 months and 40 months the aggregate lease rentals amounting to Rs. 182,413,821 are charged as Rent under Schedule "O".

The future minimum lease payments under these operating leases are as follows:

Particulars	2008-2009 (Rs.)	*2007-2008 (Rs.)*
Not later than one year	127,540,701	*182,413,821*
Later than one year but not later than five years	172,260,853	*299,801,554*
More than five years	—	—

Schedules forming part of the consolidated accounts

15. The identification of Micro, Small and Medium enterprises is based on the management's knowledge of their status as at March 31, 2009. The Group has requested and received intimation from "suppliers" regarding their status as at March 31, 2009 under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, as per such intimations relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have been made.

16. Loss per share

		2008-2009 (Rs.)	*2007-2008 (Rs.)*
i)	Loss after taxation	(1,007,691,037)	*(52,020,804)*
ii)	Weighted average number of Equity Shares outstanding	19,881,987	*19,729,246*
iii)	Basic Earning per share (Rs.)	(50.68)	*(2.64)*
iv)	Weighted average number of Equity Shares outstanding	19,881,987	*19,729,246*
v)	Equity shares arising on grant of stock options on ESOS (see note below)	—	*58,226*
vi)	Number of Equity Shares outstanding (includes ESOS)	19,881,987	*19,787,472*
vii)	Diluted Earning per share (Rs.)	(50.68)	*(2.64)*
viii)	Nominal value of shares (Rs.)	10	*10*

Note: These shares are anti-dilutive and are ignored in the calculation of diluted earning per share.

17. Derivative Instruments and Unhedged Foreign Currency Exposure

Forward Contract Outstanding at the Balance sheet date.

Year	Particulars of Derivatives	Purpose
2008-2009	Sell US $ 10,000,000.00	Hedge of expected receivables against future sales.
2007-2008	Sell US $ 5,123,664.89	Hedge of expected receivables against future sales.

The Group has entered into options contracts to the tune of $ 10,000,000 for hedging its US Dollar (USD)/GBP revenues for a period up to one year and ten months from the date of the Balance sheet. Under the said options, the rate of USD-INR has been fixed for the entire period of the option. Under the option contract, Company has the right to exchange a fixed sum at the strike price (the price fixed in the option contract) if the INR-USD rate is below the strike price on the fixing date (various specified dates on which the option contract will mature in part over a period of next one year and ten months). Further, the Company is also liable to exchange twice the fixed sum at the strike price if the INR-USD rate is above the strike price on the fixing date. The Mark to Market (MTM) valuation of these options computed as on March 31, 2009 indicates a loss of Rs. 133,531,543*(2007-2008:Nil)*. The MTM loss has been provided for and disclosed as an exceptional item in the Profit and Loss Account.

As mentioned in the above paragraph, the liability is based on the INR-USD exchange rate on the fixing date. Therefore, the liability is contingent on the future movement of INR-USD exchange rates.

The MTM valuation indicates the amount the Company will have to pay to the bankers if it wishes to rescind the option contract as on the date of the Balance sheet. The MTM valuation also assumes that the Company has neither the USD inflows nor the GBP inflows that would arise to it during the tenure of the option contract and it therefore assumes that the Company would be meeting these obligations by acquiring the relevant foreign exchange from the open market.

Based on the past history of the Company's operations as well as the projected plans in the future, the Company will have robust inflows in dollar as well as in GBP during the tenure of the said options. The Company believes that the options would safeguard it from USD fluctuation in future. The Company also believes that it would be able to meet its obligations under the options out of its future inflows.

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Amount receivable and payable as at March 31, 2009 in foreign currency on account of the following:

Particulars	2008-2009			2007-2008		
	Rs.	Value in foreign currency		Rs.	Value in foreign Currency	
Receivable						
Services rendered	21,893	CAD	524	20,000	CAD	524
	85,145,212	USD	1,609,732	157,298,000	USD	3,475,760
	2,765,769	EURO	40,986	1,099,000	EURO	17,439
	34,468,757	GBP	577,815	33,406,000	GBP	473,022
Advance for Import of Goods/Services	1,032,734	USD	23,832	2,333,000	USD	57,686
Payable						
Import of goods	1,385,112	JPY	1,963,310	1,026,000	JPY	241,546
	—	USD	—	708,000	USD	17,046
	—	EURO	—	51,000	EURO	1,327
Services utilized	3,992,637	GBP	54,798	23,488,000	GBP	213,408
	667,267	USD	12,446	50,372,000	USD	1,260,174
	50,873	EURO	63	—	EURO	—

The above disclosures have been made consequent to an announcement by the Institute of Chartered Accountants of India in December 2005, which is applicable to the financial periods ending on or after March 31, 2006.

18. Related Parties Disclosures:

a. Particulars of parties where control exists:

i.	I-Ven Interactive Limited	Holding Company since December 30, 2003
ii.	India Advantage Fund II	Holding Company of I-Ven Interactive Limited till August 20, 2008.
iii.	Television Eighteen India Limited ('TV 18')	Holding Company of I-Ven Interactive Limited from August 21, 2008.
iv.	Network18 Media & Investments Limited ('Network 18')	Holding Company of Television Eighteen India Limited.

b. Particulars of other parties where there have been transactions:

Key Management Personnel

i. Mr. Prakash Iyer - Managing Director of the Company from August 24, 2004 to August 20, 2008; CEO from August 21, 2008 till February 28, 2009

ii. Mr. Haresh Chawla - Managing Director of the Company from August 21, 2008

Schedules forming part of the consolidated accounts

c. Group Companies:

i. ibn18 Broadcast Limited. ('IBN18') – Group Company since August 21, 2008

ii. TV18 Home Shopping Network Limited ('Homeshop 18') – Group Company since August 21, 2008

iii. Viacom18 Media Private limited– Group Company since August 21, 2008

iv. Network18 Publication Private Limited– Group Company since August 21, 2008

d. Transactions, Account balances etc. with Related Parties

	Holding Company/ Group Company	**Key Management Personnel**	**Grand Total**
Share Capital			
Share Application Money			
TV 18	118,500,000		118,500,000
Previous year	*118,500,000*		*118,500,000*
India Advantage Fund II	23,700,000		23,700,000
Previous year	*23,700,000*		*23,700,000*
Assets			
Accounts Receivable			
TV 18	39,571		39,571
Previous year	-		-
Network18 Publication Ltd	450,000		450,000
Previous year	-		-
Liabilities			
Inter Corporate Deposits (ICD) accepted			
TV 18	405,000,000		405,000,000
Previous year	-		-
Interest payable on ICD's (Gross of TDS)			
TV 18	1,087,397		1,087,397
Previous year	-		-
Sundry Creditors			
IBN18	756,693		756,693
Previous year	-	-	-
TV 18	63,363,934		63,363,934
Previous year	-		-
Network 18	10,102,809		10,102,809
Previous year	-		-
Homeshop18	47,178		47,178
Previous year	-		-
Viacom18	39,121		39,121
Previous year	-		-
Income			
Sale of goods and Services			
TV 18	514,800		514,800
Previous year	-		-
Network18 Publication Ltd	450,000		450,000
Previous year	-		-

Schedules forming part of the consolidated accounts

	Holding Company/ Group Company	Key Management Personnel	Grand Total
<u>Expense</u>			
Interest Expense on ICD's (Gross OF TDS)			
TV 18	2,123,013		2,123,013
Previous year	-		-
Director's Sitting Fees			
Mr. Haresh Chawla		55,000	55,000
Previous year		-	-
M.D's Remuneration to Mr. Prakash Iyer (See Note 13)		3,744,756	3,744,756
Remuneration to Mr. Prakash Iyer as C.E.O. from 21.08.2008 to 28.02.2009		14,388,256	14,388,256
Previous year		*10,673,000*	*10,673,000*
Deputation Cost			
TV 18	9,200,000		9,200,000
Previous year	-		-
Network 18	10,000,000		10,000,000
Previous year	-		-
Event Cost			
IBN18	1,307,118		1,307,118
Previous year	-		-
Network 18	57,331		57,331
Previous year	-		-
Viacom18 Media Pvt Ltd.	40,000		40,000
Previous year	-		-
Electronics Media Advertising Cost			
TV18	49,213,875		49,213,875
Previous year	-		-
Other Business Promotion Cost			
Homeshop 18	47,178		47,178
Previous year	-		-
Insurance Cost			
TV 18	84,270		84,270
Previous year	-		-
Network18	111,111		111,111
Previous year	-		-
Travel Cost			
IBN18	31,950		31,950
Previous year	-		-
Dividend Paid			
I-Ven Interactive Limited	12,354,680		12,354,680
Previous year	*24,794,000*		*24,794,000*
TV 18	720,931		720,931
Previous year	-		-

19. Employee Benefits

A Contributions to defined plan, recognised as expenses in the profit and loss account for the year are as under:

	2008-2009 (Rs.)	2007-2008 (Rs.)
Employer's Contribution to Provident Fund	22,208,788	14,693,000
Employer's Contribution to Superannuation Fund	2,133,522	2,264,000

B Gratuity

The Company has a defined benefit gratuity plan. The gratuity is payable to all employees of the Group at the rate of half month salary for services more than 10 years but less than 15 years, three fourth month salary for services more than 15 years but less than 20 years and one month salary for services more than 20 years with ceiling of 20 months salary. All payments are subject to minimum as required to be paid under the Payment of Gratuity Act. The annual contributions made to the Trust are invested as per the rules of the Trust. The shortfall between the accumulated fund balance and the liability as determined on the basis of an independent actuarial valuation is provided for as at the year end.

In respect of American Devices India Private Limited and Cepha Imaging Private Limited, all payments are as required to be paid under the Payment of Gratuity Act. The liability as per Actuarial Valuation is carried in the books as Provision for Gratuity as at the year end.

The following tables summaries the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plan.

Profit and Loss Account

Net employee benefit expense (recognized in Employee Cost)

The present value of defined benefit obligations and related current services cost are measured using projected unit credit method with actuarial valuation being carried at each balance sheet date. The details are set out as under:

Particulars	2008-2009 Gratuity (Rs.)	*2007-2008 Gratuity (Rs.)*
Current service cost	6,199,970	*5,065,144*
Interest cost on benefit obligation	3,837,198	*3,344,400*
Expected return on plan assets	(2,967,682)	*(3,200,794)*
Net actuarial (gain) / loss recognized in the period	9,498,169	*1,052,226*
Past service cost	-	-
Net (benefit) / expense	16,567,655	*6,260,976*
Actual return / (loss) on plan Assets	(289,915)	*2,402,659*

Balance sheet

Details of Provision

Particulars	2008-2009 Gratuity (Rs.)	*2007-2008 Gratuity (Rs.)*
Defined benefit obligation / net liability	58,320,822	*46,911,238*
Less: Fair value of plan assets	35,901,220	*40,074,673*
	22,419,602	*6,836,565*
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(22,419,602)	*(6,836,565)*
Less: Benefits paid by the Group on behalf of the fund	4,401,749	*3,678,203*
Assets/ (Liability) Balance	(18,017,853)	*(3,158,362)*

Changes in the present value of the defined benefit obligation are as follows:

Particulars	2008-2009 Gratuity (Rs.)	*2007-2008 Gratuity (Rs.)*
Opening defined benefit obligation / net liability	46,795,099	*41,689,028*
Interest cost	3,837,198	*3,344,400*
Current service cost	6,199,970	*5,065,144*
Benefits paid	(4,752,018)	*(3,678,203)*
Actuarial (gains) / losses on obligation	6,240,573	*490,869*
Closing defined benefit obligation / net liability	58,320,822	*46,911,238*

Changes in the fair value of plan assets are as follows:

Particulars	2008-2009 Gratuity (Rs.)	*2007-2008 Gratuity (Rs.)*
Opening fair value of plan assets	36,191,134	*39,937,737*
Expected return	2,967,682	*3,200,794*
Contributions by employer	4,752,018	*1,175,702*
Benefits paid	(4,752,018)	*(3,678,203)*
Actuarial gains / (losses)	(3,257,596)	*(561,357)*
Closing fair value of plan assets	35,901,220	*40,074,673*
Actuarial gains / (losses) recognized in the period	(9,498,169)	*(1,052,226)*

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	2008-2009 Gratuity	*2007-2008 Gratuity*
	%	*%*
Group Gratuity Funds	80.63	*79.86*
Special Deposits with Banks	18.99	*19.75*
Securities	0.38	*0.39*

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity benefit obligations for the Group's plans are shown below:

Particulars	2008-2009 Gratuity	*2007-2008 Gratuity*
	%	*%*
Discount rate	7.00	*8.20*
Expected rate of return on assets	8.00	*8.20*

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

C Leave Encashment

In accordance with leave policy, the Group has provided for leave entitlement on the basis of actuarial valuation carried out at the end of the period. The short term compensated absences are provided for on the basis of estimates. The following tables summaries the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plan.

Profit and Loss Account

Net employee benefit expense (recognized in Employee Cost)

The present value of defined benefit obligations and related current services cost are measured using projected unit credit method with actuarial valuation being carried at each balance sheet date. The details are set out as under :

Particulars	2008-2009 Leave Encashment (Rs.)	*2007-2008 Leave Encashment (Rs.)*
Current service cost	2,839,801	*3,486,255*
Interest cost on benefit obligation	1,309,145	*868,124*
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognized in the period	5,019,342	*5,934,460*
Past service cost	-	-
Net (benefit) / expense	9,168,288	*10,288,839*

Balance sheet

Details of Provision

Particulars	2008-2009 Leave Encashment (Rs.)	*2007-2008 Leave Encashment (Rs.)*
Defined benefit obligation / net liability	21,543,251	*17,808,503*
Less: Fair value of plan assets	-	-
	21,543,251	*17,808,503*
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(21,543,251)	*(17,808,503)*
Less: Benefits paid by the Group on behalf of the fund	-	-
Assets/ (Liability) Balance	(21,543,251)	*(17,808,503)*

Changes in the present value of the defined benefit obligation are as follows:

Particulars	2008-2009 Leave *Encashment* (Rs.)	*2007-2008 Leave Encashment (Rs.)*
Opening defined benefit obligation / net liability	17,808,503	*10,831,459*
Interest cost	1,309,145	*868,124*
Current service cost	2,839,801	*3,486,255*
Benefits paid	(5,433,540)	*(3,311,795)*
Actuarial (gains) / losses on obligation	5,019,342	*5,934,460*
Closing defined benefit obligation / net liability	21,543,251	*17,808,503*

20. i) In pursuance of Share Purchase, Share Subscription and Warrant Subscription Agreement dated December 11, 2007 between Television Eighteen India Limited ('TV 18'), India Advantage Fund-II (IAF II), I-Ven Interactive Limited (I-Ven) and Infomedia India Limited; TV 18 has acquired majority voting capital of I-Ven with effect from September 9, 2008. I-Ven currently holds majority-voting capital of the Company, resulting into acquisition of controlling stake by TV 18 in the Company. The Board of the Company was reconstituted on August 21, 2008 inducting members from TV 18 and Network18 Media & Investments Limited.

ii) During the period, the Company has received Share Application Money aggregating to Rs. 350,000,000 from Television Eighteen India Limited for issue and allotment of 1,250,000, 8% Cumulative Redeemable Preference Shares of Rs. 10 each at a price of Rs. 280/- per share including premium of Rs. 270/- per share, subsequently the Share Application Money has been converted to Inter Corporate Deposits.

"Q" Notes to Accounts

21. Segmental Information for the year ended March 31, 2009
Information about Primary Business Segments

(i)

	Current Year						Previous Year					
	Printing	Publishing	E-Publishing	Others	Eliminations	Consolidated	Printing	Publishing	E-Publishing	Others	Eliminations	Consolidated
REVENUE												
External Revenue	328,183,779	885,289,831	393,437,247	30,086,288	-	1,636,997,145	391,928,950	1,053,727,714	412,241,112	4,341,691	-	1,862,239,467
Inter Segmental Revenue	82,009,811	-	-	-	(82,009,811)	-	84,844,000	-	-	-	(84,844,000)	-
Total Revenue	410,193,590	885,289,831	393,437,247	30,086,288	(82,009,811)	1,636,997,145	476,772,950	1,053,727,714	412,241,112	4,341,691	(84,844,000)	1,862,239,467
RESULT												
Segment Result	(834,974)	(279,986,384)	(92,016,383)	(2,493,169)	-	(375,330,910)	48,571,000	169,597,000	66,850,996	(4,397,000)	-	280,621,996
Less : Allocated Exceptional items	-	7,600,000	293,531,543	-	-	301,131,543						-
Less : Unallocated Exceptional items						42,789,582						-
Less : Unallocated Corporate Expenses net of Unallocated Income						172,203,593						236,728,562
Operating Loss						(891,455,628)						43,893,434
Less : Interest Expenses						105,457,671						99,202,383
Add : Interest Income, Dividend, Income from Investments, etc.						16,343,414						7,139,726
Less : Taxation						27,121,152						3,783,000
Net Loss						(1,007,691,037)						(51,952,223)

"Q" Notes to Accounts

21(ii) Segmental Balance Sheet as on 31.03.2009

	Printing		Publishing		Others		E-Publishing		Consolidated	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Other Information										
Segmental Assets	186,891,481	213,751,910	487,754,056	584,204,082	540,910	2,383,143	769,043,107	371,026,324	1,444,229,554	1,171,365,459
Unallocated Corporate Assets									370,191,683	1,079,046,914
Total Assets									1,814,421,237	2,250,412,373
Segmental Liabilities	(64,823,882)	(22,580,437)	(375,152,563)	(62,717,661)	(6,845,427)	-	(238,443,198)	(42,622,311)	(685,265,070)	(127,920,409)
Unallocated Corporate Liabilities									(1,229,280,042)	(1,225,857,546)
Minority Interest									-	(17,373,640)
Total Liabilities									(1,914,545,112)	(1,371,151,595)
Capital Expenditure	3,928,562	1,400,000	12,690,235	5,196,409	4,464,412	-	5,513,494	148,090,000	26,596,703	154,686,409
Unallocated Capital Expenditure									68,116,065	2,865,398
Impairment of Goodwill	-	-	-	-	-	-	-	-	160,000,000	-
Impairment of Assets	-	-	-	-	-	-	-	-	20,010,941	-
Depreciation	29,842,360	33,147,000	11,501,075	18,907,000	395,860	965,000	18,553,752	18,945,000	60,293,047	71,964,000
Unallocated Depreciation									15,174,403	6,169,000
Non - cash expenses other than depreciation	12,830,000	-	28,032,956	37,294,000	3,730,000	4,119,000	-	-	44,592,956	41,413,000

Information about secondary Geographical segments

	March 31, 2009	March 31, 2008
1. Segment Revenue		
- Within India	1,187,626,542	1,433,520,467
- Outside India	449,370,603	428,719,000
Total Revenue	1,636,997,145	1,862,239,467
2. Segment Assets		
- Within India	1,286,794,448	1,017,987,459
- Outside India	157,435,106	153,378,000
Total Assets	1,444,229,554	1,171,365,459
3. Capital Expenditure		
- Within India	94,413,672	157,406,807
- Outside India	299,096	145,000
Total Capital Expenditure	94,712,768	157,551,807

Note : The Company has disclosed Business Segments as the primary segments. Publishing includes publishing of Business Directories, Children's Books and Special Interest Publications and the 'Yellow Line' telephone information service. Printing Segment includes the primary business segment of printing and 'Touchstone' products. Others include agency service for Alibaba.Com and Others. E-publishing business includes services for typesetting, artwork and production services to various publishers.

The geographical segments considered for disclosure are : (a) Within India (b) Outside India

22. Going Concern

a) Group

The Group has incurred a loss of Rs 1,007,691,037 during the year. As a result, the debit balance in the Profit and Loss Account exceeds the Company's Share Capital and Reserves. The Group is in the process of raising equity vide rights issue amounting to Rs. 1,000,000,000 to augment the equity in the Group. The Holding Company of the Group has already infused capital in the nature of Inter Corporate Deposits amounting to Rs. 405,000,000. The Parent Company has also given support letter to extend any financial support which may be required by the Group. The Group is in the process of restructuring its businesses and expects cost reductions as mentioned in note 25(i) below. Further, new lines of business are being added, which along with consolidation of existing products and introduction of new products in the publishing segment are expected to improve the revenues of the Group substantially. The Group is in the process of introducing new technologies in its product offering, so as to cater to newer markets and de-risk the revenue streams.

Considering these factors, these financial statements have been prepared on a going concern basis.

b) Joint Venture

The net-worth of the Joint Venture Company, Reed Infomedia India Private Limited ('Reed' or 'JV') has been completely eroded as at March 31, 2009. Reed Elsevier Overseas B.V ("REOBV"), the holding company of the JV has communicated to the Company, the 49% shareholder, in their meeting held on March 25, 2009 their intention not to provide any further financial support to the JV to meet the JV's obligations. REOBV and the Company are in the process of terminating the shareholders agreement dated December 13, 2005, and to wind up and liquidate the JV. Consequently, the JV Management decided to discontinue the JV's operations and the employment of the personnel hired by the JV were terminated. Thereafter, the JV does not have definite business plans. Accordingly, the financial statements of the JV have been prepared assuming the JV will not continue as a going concern and accordingly, fixed assets of the JV have been stated at lower of written down value and net realisable value, and current assets and liabilities are stated at the values at which they are realisable / payable.

23. Share Application money includes:

The Company had issued 5,000,000 and 1,000,000 preferential Equity Warrants to Television Eighteen India Limited and India Advantage Fund II respectively, convertible into equity shares at an exercise price of Rs.237/- per equity share. The Convertible warrants are issued as per Chapter XIII of SEBI Guidelines on preferential basis and each warrant is convertible into one equity share within a period of eighteen months from the date of allotment i.e. January 30, 2008. The amount received from the above parties aggregating to Rs. 142,200,000 representing 10% of the total value of convertible warrants is disclosed as Share Application money.

24. The Company has paid Rs. 21,000,000 for acquisition of trade marks, copyrights, domain names etc. In addition to this, the Company has incurred expenditure on consultancy charges, rent and lease hold improvements as detailed below:

Particulars	**2008-2009(Rs.)**	**2007-2008(Rs.)**
Consultant charges	20,083,320	-
Advances for leasehold improvements	19,484,511	-
Rent	7,232,579	-
Total	**46,800,410**	**-**

The management of the Group plans to float a separate company for the call centre services. The expenditure incurred as listed above is for setting up of the new company and in future would be exchanged for the shares in new company.

25. Exceptional items:

i) The Company has undertaken a restructuring and right sizing exercise to cut costs, increase manpower productivity, improve operating leverage and better the position of the Company to exploit future opportunities. Loss for the year ended March 31, 2009 includes exceptional items of Rs. 22,778,641 incurred towards termination costs of employees and Rs. 20,010,941 toward impairment of assets held at leased offices, which are being vacated as part of the restructuring exercise. The annualised savings envisaged from this restructuring is estimated to be significant and the company will be better positioned to exploit emerging opportunities.

ii) Goodwill arising on consolidation of subsidiary companies and joint venture Company amounting to Rs. 645,320,766 has been tested for impairment as at March 31, 2009. For this purpose, the Company has also obtained a valuation report from an independent valuer. Management has assessed that as at March 31, 2009 there is an estimated impairment in Goodwill of Rs. 160,000,000 *(2007-08: Rs. Nil)* which has been accounted for. This amount has been disclosed as an exceptional item in the profit and loss account of the Group and also as a reduction in the carrying value of Goodwill on consolidation.

iii) Provision for MTM loss on the Derivative Instruments as contracted and outstanding as on March 31, 2009 by the Group. The MTM loss of Rs. 133,531,543 *(2007-2008: Nil)* has been debited to the Profit and Loss Account and the provision outstanding forms part of Current Liabilities as on March 31, 2009.

iv) The net-worth of the Joint Venture Company Reed Infomedia India Private Limited (JV) has been completely eroded as at March 31, 2009. Reed Elsevier Overseas B.V (REOBV), the holding company of the JV has communicated to the Company, of their intention not to provide any further financial support to the JV to meet the JV's obligations. Consequently, the Management of the JV have decided to discontinue the JV's operations and the employment of the personnel hired by the JV have been terminated. Thereafter, the JV does not have definite business plans. Accordingly, the financial statements of the JV have been prepared assuming the JV will not continue as a going concern and accordingly, fixed assets have been stated at lower of written down value and net realisable value, and current assets and liabilities are stated at the values at which they are realisable / payable.

In view of above mentioned developments REOBV, and the Company have agreed to terminate the shareholding agreement dated December 13, 2005, and to wind up and liquidate the JV on or after September 30, 2009. REOBV shall pay to Infomedia a sum of Rs 1,20,00,000 as compensation for termination of the Shareholders Agreement and to discharge certain obligations to wind up and liquidate the JV and print and publish RIIL Magazines upto winding up and transfer of RIIL Magazines to Infomedia 18 Limited. At the time of winding up of the JV, REOBV shall not be liable to contribute anything over and above the unpaid amount of share capital subscribed by it. Before winding up of the JV, Infomedia 18 Limited shall pay its part of the pending share application of Rs. 19,600,000 or convert its dues into share application monies. Hence Rs 37,000,000 (being the exposure towards investments in the JV and receivables from the JV Rs. 29,400,000 and receivables from the JV Rs. 7,600,000 net of guaranteed inflows) has been provided for in the Profit and Loss Account for the year ended March 31, 2009.

26. The Company has entered into a Business transfer Agreement with Burrp! Software Private Limited ("Burrp") for acquiring the specified Business of Burrp as a going concern on a slump sale basis for a lump sum consideration of Rs. 42,550,000 from March 15, 2009.The said consideration has been allocated by the company on an estimated basis as under.

Particulars	**(Rs.)**
Intangible Assets	Rs. 40,422,500
Computers	Rs. 2,127,500
	Rs 42,550,000

27. During the year the Company has incurred Rs. 20,000,000/- in connection with the proposed rights issue of its equity shares. This amount shall be adjusted against security premium arising from the proposed issue of equity shares, as permitted under section 78 of the Companies Act, 1956. This amount has been carried forward and disclosed under the head 'Advance recoverable in cash or kind or for value to be received ' under "Loan and Advances" in the Balance Sheet.

28. The name of the Company has been changed from Infomedia India Limited to Infomedia 18 Limited with effect from September 16, 2008.

29. Particulars of Joint Venture Company – Reed Infomedia India Private Limited consolidated through the proportionate consolidation method – (Amount in Rupees.)

Schedules forming part of the consolidated accounts

(a) **Fixed Assets**

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at 01.04.2008	Additions during the period	Deletions during the period	As at 31.03.2009	As at 01.04.2008	For the period	On Deletions	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Plant and Machinery	41,896	—	—	41,896	2,369	1,990	—	4,359	37,537	39,527
Computers and Networking Equipment	780,443	119,139	36,951	862,631	150,806	137,327	10,058	278,075	584,556	629,637
Office equipment	22,589	—	—	22,589	15,108	365	—	15,473	7,116	7,481
Vehicle	538,724	—	—	538,724	13,881	224,816	—	238,697	300,027	524,843
TOTAL	**1,383,652**	**119,139**	**36,951**	**1,465,840**	**182,164**	**364,498**	**10,058**	**536,604**	**929,236**	**1,201,488**
Previous Year	**555,310**	***828,342***	**—**	***1,383,652***	***39,316***	***142,847***	**—**	***182,164***	***1,201,488***	

(b) **Investments**

(Current, Non - Trade, Unquoted, at cost)	As at March 31,2009	*As at* March 31,2008
Nil (Previous year 237,770) units of LIC MF Liquid Fund-Dividend plan (724 units cumulated and 238,494 units sold during the year)	—	*1,279,260*
Nil *(previous year: Nil) units of LIC MF Liquid Fund – Dividend Plan (318,758 units purchased, 2,795 units cumulated and 321,553 units sold during the year)*	—	—
Nil *(Previous Year: Nil)* units of Lotus FMP - 3 Months - Dividend Plan (1,500,000 units purchased, 27,568 units cumulated and 1,527,568 units sold during the year]	—	—

(c) **Sundry Debtors**

Sundry Debtors	March 31, 2009	*March 31, 2008*
(Unsecured)		
Debts Outstanding For a Period More Than Six Months		
- Considered good	616,624	*210,812*
- Considered doubtful	1,364,060	*112,808*
Other Debts		
- Considered good	4,224,146	*3,024,842*
- Considered doubtful	—	*536*
Less: Provision for doubtful debts	1,364,060	*113,344*
	4,840,770	*3,235,654*

(d) **Cash and Bank Balances**

Cash and Bank Balances	March 31, 2009	*March 31, 2008*
Cash In Hand	2,537	*2,317*
Cheques On hand	4,530	*12,111*
Balances with Scheduled Banks in:		
- Current Accounts [Including Credit Cards Receipts In Hand Rs. Nil *(Previous Year Rs. 1,699)]*	88,299	*85,746*
	95,366	*100,174*

Schedules forming part of the consolidated accounts

(e) **Loans and Advances**

Loans and Advances	March 31, 2009	*March 31, 2008*
(Unsecured and considered good, unless otherwise stated)		
Advances Recoverable in Cash or in Kind or for Value to be Received	—	*55,592*
Deposits	1,190,700	*1,202,950*
Balance with Excise Authorities	—	*778,375*
Advance tax/ Tax Deducted at Source	—	*338,281*
	1,190,700	*2,375,198*

(f)

Current Liabilities and Provisions	March 31, 2009	*March 31, 2008*
Current Liabilities		
Sundry Creditors	14,061,997	*3,415,258*
Security Deposit	508,620	*508,620*
Advance From Customers	510,935	*502,875*
Temporary Book Overdraft	147,175	-
Other Liabilities	250,979	*476,376*
(i)	15,479,706	*4,903,129*
Provisions		
Retirements Benefits		
- Gratuity	—	*116,139*
- Leave Encashment	144,593	*273,590*
Taxation (Fringe Benefit Tax)	39,958	*253,020*
(ii)	184,551	*642,749*
(i) + (ii)	15,664,257	*5,545,878*

(g) **Sales**

Sales	March 31, 2009	*March 31, 2008*
Advertisement Revenue	8,935,808	*7,429,726*
Magazine Subscription	187,322	*89,156*
Circulation Revenue	878,906	*40,714*
Event Sales	484,414	*1,317,117*
	10,486,450	*8,876,713*

(h) **Other Income**

Other Income	March 31, 2009	*March 31, 2008*
Dividend from Mutual Funds	154,055	*210,232*
Profit on sale of Mutual Funds	-	*81,239*
Commission	694,100	-
Rental Income (Net)	44,100	*137,200*
Liabilities no longer required written back	39,878	*44,957*
Exchange Gain (net)	75,024	-
Profit on Sale of Fixed Assets	36	-
Other Income	26,490	-
	1,033,683	*473,628*

Schedules forming part of the consolidated accounts

(i) **Printing and Publishing Costs**

	March 31, 2009	March 31, 2008
Printing and Publishing Costs	4,882,053	*5,167,789*

(j) **Employee Costs**

Employee Costs	March 31, 2009	March 31, 2008
Salaries, Allowances and Incentives	9,909,058	*8,556,023*
Contribution to Provident and Other Funds	383,836	*368,896*
Gratuity	(116,139)	*80,817*
Staff Welfare	116,109	*64,474*
	10,292,864	*9,070,210*

(k) **Administration and Other Expenses**

Administration and Other Expenses		March 31, 2009	March 31, 2008
Rent		3,432,450	*2,381,400*
Rates and taxes		2,165,515	*68,600*
Management Services		1,445,498	*1,445,500*
Utilities		176,400	*176,400*
Traveling Expenses		1,047,939	*2,214,965*
Communication		560,168	*250,897*
Legal and Professional Fees		559,155	*307,686*
Advertising and Business Promotion		1,327,834	*1,165,053*
Printing and Stationery		282,886	*106,670*
Entertainment Expenses		22,000	*39,656*
Software Expenses		207,918	*363,801*
Exchange Loss (Net)		-	*19,699*
License Fees		353,827	*311,153*
Selling and Distribution Expenses		1,257,722	*1,677,084*
Commission		1,366,595	*889,416*
Event Management Cost		607,188	*417,941*
Provision for Doubtful Debts		1,250,716	*113,344*
Auditors' Remuneration			
- Statutory Audit	379,750		
- Tax Audit Fees	24,500		
- Other services	-		
- Out of pocket expenses	4,179	408,429	*409,040*
Recruitment Expenses		140,321	*206,380*
Sundry Balances Written off		251,885	*-*
Loss on sale of Mutual Funds (Net)		61,188	*-*
General Expenses		124,296	*81,119*
		17,049,930	*12,645,804*

(l) **Depreciation**

	March 31, 2009	*March 31, 2008*
Depreciation	364,498	*142,847*

30. Previous year's figures have been regrouped wherever necessary to confirm with figures of the current year.

As per our report of even date
For S.R. Batliboi & Associates
Chartered Accountants

For and on behalf of the Board of Directors of
Infomedia 18 Limited

per Amit Majmudar
Membership No.: 36656

Haresh Chawla
Managing Director

Senthil Chengalvarayan
Director

Yug Samrat
Company Secretary

Mumbai: May 14, 2009

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies for the year ended 31st March 2009

Name of the Subsidiary	Cepha Imaging Private Limited	Keyword Group Limited	Keyword Publishing Services Limited*	Keyword Typesetting Services Limited*	American devices India Private Limited	Software services LC (USA)
						(Amount in Rs.)
a. Capital	15,93,100	72,861	7,286	219	47,00,020	1,21,38,550
b. Reserves	6,93,86,528	(2,70,18,099)	—	—	7,02,77,298	4,60,40,862
c. Total Assets	19,98,99,794	5,80,38,522	7,286	219	19,99,62,037	11,45,89,790
d. Total Liabilities	12,89,20,166	8,49,83,760	—	—	12,49,84,719	5,64,10,379
e. Details of Investment (except in case of Investment in Subsidiaries)	—	—	—	—	—	—
f. Turnover	14,44,25,927	5,02,76,489	—	—	20,70,31,107	6,22,78,188
g. Profit/(Loss) before Taxation	(6,29,07,352)	(99,35,103)	—	—	(2,53,24,027)	1,23,77,600
h. Provision for taxation	(7,52,469)	—	—	—	39,64,783	1,34,667
i. Profit after Taxation	(6,21,54,883)	(99,35,103)	—	—	(2,92,88,810)	1,22,42,933
j. Proposed Dividend	—	—	—	—	—	—

Notes

1 The following exchange rates have been adopted for the purposes of above information.

Name of the Company	Reporting Currency	Exchange Rate (Amount INR)
Keyword Group Limited	GBP £	72.86
Keyword Publishing Services Limited	GBP £	72.86
Keyword Typesetting Services Limited	GBP £	72.86
Software Services LC (USA)	USD $	50.95

2 * These have become subsidiary of the company by virtue of Section 4(1)(c) of the Companies Act, 1956.

3 The Annual Accounts of the subsidiary companies and related detailed information are available for inspection by any investor at the registered office of the Company and the respective registered offices of the subsidiaries.

Yug Samrat	Haresh Chawla	Senthil Chengalvarayan
Company Secretary	Managing Director	Director

Mumbai: May 14, 2009

NOTES

C M Y K

Infomedia 18

Regd. Office : 'A' Wing, Ruby House, J.K. Sawant Marg, Dadar(W), Mumbai 400 028.

Attendance Slip

Members attending the Meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall

I hereby record my presence at the Fifty-fourth Annual General Meeting of the company held on **Wednesday, September 30, 2009 at 10.00 A.M. at Yashwant Natyamandir, Manmala Tank Road, Matunga-Mahim(W), Near Bombay Glass Works, Mumbai-400 016.**

_____________________________ _____________________________

Full name of the Member (in BLOCK LETTERS) Signature

Folio No. /Client ID No.* ____________________& DP ID No.* ____________________

***Applicable for members holding shares in electronic form.**

_____________________________ _____________________________

Full name of the/Proxy (in BLOCK LETTERS) Signature

Notes:
1. **Member/Proxyholder wishing to attend the meeting must bring this Attendance slip at the meeting.**
2. **Member/Proxyholder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.**

Infomedia 18

Regd. Office : 'A' Wing, Ruby House, J.K. Sawant Marg, Dadar(W), Mumbai 400 028.

Proxy Form

I/We______________________________________of ____________________

in the District of ____________________being a Member/Members of **INFOMEDIA 18 LIMITED** hereby

appoint ________________________of ________________________in the district

of __________________ or failing him ________________ of ______________ in

the District of ______________________ as my/our proxy to vote for me/us on my/our behalf at

the Fifty Fourth Annual General Meeting of the Company to be held **Wednesday, September 30, 2009 at 10.00 A.M. at Yashwant Natyamandir, Manmala Tank Road, Matunga-Mahim(W), Near Bombay Glass Works, Mumbai-400 016** and at any adjournment thereof.

Signed this ________ day of _______________, 2009

Folio No. /Client ID No.* ____________________& DP ID No.* ____________________

*Applicable for members holding shares in electronic form.

Signature __________ Affix Re. 1 Revenue Stamp __________

No. of Shares held ______________________.

This form is to be used ______________ **In favour of / **against the resolution. Unless otherwise instructed, the Proxy will act as he thinks fit.

**Strike out whichever is not desired.

Note: • This form duly completed and signed must be deposited at the Registered Office of the Company, Infomedia India 18 Limited, 'A' Wing, Ruby House, J.K. Sawant Marg, Dadar(W), Mumbai 400 028, not less than 48 hours before the time for holding the aforesaid Meeting.

Proxy has no right to speak at the meeting.

BOOK-POST/UPC

If undelivered please return to:
INFOMEDIA 18 LIMITED
‘A’ Wing, Ruby House, J K Sawant Marg,
Dadar (W), Mumbai 400 028.