Infomedia 18

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INFOMEDIA 18 LIMITED

ANNUAL REPORT 2009-10

Board of Directors

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

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

Sunil Thomas	COO New Media
Sandeep Khosla	CEO (Magazine Publishing)
Sandeep Das	EVP Operation Business Directories
Mukhtar Qureshi	EVP Sales Business Directories
Soumen Bose	Head Finance
Sanjeev Singh	EVP Human Resources
Sridhar Vaidyanathan	EVP Sales Alibaba
A.R.Iyer	EVP Manufacturing
Anand Jain	EVP New Media Business

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTY FIFTH ANNUAL GENERAL MEETING OF SHAREHOLDERS OF INFOMEDIA 18 LIMITED WILL BE HELD ON THURSDAY, SEPTEMBER 30, 2010 AT 9.30 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, 2010 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. Manoj Mohanka who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a director in place of Mr. Saikumar Ganapathy Balasubramanian 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 27, 2010
Place : Mumbai

By Order of the Board of Directors

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

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 **September 17, 2010** (Book Closure Date).

(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 representatives 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 and Employee Stock Purchase Scheme 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 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 2004 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.

(g) It may be noted that the unclaimed dividend for the financial year ended March 31, 2003 will be transferred to the Investor Education and Protection Fund of the Central Government in the due course.

(h) 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.

i) 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.

j) 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.

k) 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.

l) 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.

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

n) 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. Manoj Mohanka	Mr. Saikumar Ganapathy Balasubramanian
Date of Birth	5th March 1963	1st September 1974
Date of Appointment	21st August 2008	21st August 2008
Expertise in specific Functional areas	Mr. Manoj Mohanka has held various positions in industry forums including President, Calcutta Chamber of Commerce, Co-Chairman, Economic Affairs Committee of FICCI (ER), Committee Member, Indo-Italian Chamber of Commerce, Board of Governors, Eastern Institute of Management, Chairman, Young Presidents Organisation, Kolkata. He specialises in areas such as finance, accounts, audit, control, management and marketing and has over two decades of Indian and global experience. He has been a guest lecturer at V. G. School of Management, Indian Institute of Technology, Kharagpur and has published articles on Double Taxation Agreement Treaties.	B. Saikumar is the Group COO of Network 18. He joinded the Group in the year 2000 and has since been responsible for brand communication and revenue generation for all brands of the Group. He has been instrumental in bringing CNBC TV 18 and CNN IBN to the leadership position they enjoy in the marketplace and has been responsible for the several marketing innovations that have driven Network 18 to become the India's largest News Network and India's fastest growing Internet Company today. Prior to joining the Network 18 Group, Sai was with the Times of India Group, where he worked with Times Music, Times Retail and Times FM.
Qualification	B. Com (Hons.) from St. Xavier's College and has a Master's degree from the Michael Smurfit Graduate School of Business. He is also a Chevening Scholar from the London School of Economics	MBA with specialization in Marketing and graduated wth specialization in Statistics.
List of other public companies incorporated in India in which directorships held as on March 31, 2010	3D Technopack Limited ibn18 Broadcast Limited India Carbon Limited Network18 Media & Investments Limited Television Eighteen India Limited Titagarh Wagons Limited	Network 18 Publications Limited
List of Chairmanships/memberships of committees of the board of other public Companies incorporated in India which directorships held as on March 31, 2010	**Television Eighteen India Limited** *Audit Committee-Chairman* *Investors Grievance Committee-Chairman* **Network18 Media & Investments Limited** *Audit Committee-Chairman* *Shareholders/Investors Grievance Committee-Member* **Titagarh Wagons Limited** *Audit Committee-Member* *Investors Grievance Committee-Member* **ibn18 Broadcast Limited** *Audit Committee-Chairman*	Nil

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

Consolidated Operating Results - 2001-2010

Amount in Rs. Lacs unless otherwise stated

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gross Income	11,967.58	12,681.70	12,818.86	13,322.20	13,105.40	13,286.92	19,901.17	18,956.91	16,369.97	14,875.36
Other income	810.02	1,072.53	1,038.43	731.76	534.11	809.08	1,034.67	334.52	477.78	1,044.14
Operating and Other expenses	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	19,575.07
Profit before Interest, Tax, Depreciation and Exceptional Items	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)	(3,655.57)
Exceptional Items	238.24	12.30	31.75	(1,587.98)	(5,593.68)	217.37	—	—	3,439.21	(2,627.97)
PBDIT	2,562.95	2,342.64	2,526.11	4,542.23	8,158.48	1,734.92	3,468.23	1,291.66	(7,996.44)	(1,027.60)
Interest	39.58	24.37	10.40	11.50	9.05	24.01	471.22	992.03	1,054.58	1,487.52
Depreciation	570.10	639.90	644.37	1,835.10	875.20	763.85	903.94	781.34	754.67	777.12
Profit/(Loss) before Tax	1,953.27	1,678.37	1,871.34	2,695.63	7,274.23	947.06	2,093.07	(481.71)	(9,805.69)	(3,292.24)
Profit/(Loss) after Tax	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)	(3,339.56)
Dividends	588.43	629.32	774.46	1,548.96	2,091.02	521.88	460.75	231.35	—	—
Retained Profits	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	(7,974.93)
Earnings per share (Rs per share)	14.99	10.15	11.43	10.57	24.99	3.11	6.59	(2.64)	(50.68)	(11.10)
Cash Earnings per share (Rs per share)	22.46	15.74	17.24	18.64	28.85	6.45	10.87	0.13	(28.45)	(10.25)
Dividend per share - %	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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Equity	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	4,970.57
Share Application Money	—	—	—	—	—	—	—	1,422.00	1,422.00	0.34
Reserves	9,359.46	8,743.36	9,276.80	10,147.22	12,629.96	12,835.15	6,099.09	5,393.21	409.70	8,349.05
Shareholders' Funds	10,122.26	9,887.58	10,421.02	11,291.42	14,918.39	15,123.58	8,068.17	8,792.60	3,820.21	13,319.96
Minority Interest	—	—	—	—	—	290.34	536.80	173.74	—	—
Stock Option Outstanding	—	—	—	—	—	—	—	—	—	140.07
Loan Funds	—	—	—	—	3.90	966.89	6,684.42	9,990.86	10,373.11	6,326.91
Deferred Tax - Net	—	818.70	802.10	580.78	607.45	499.88	394.12	61.67	164.32	99.96
Funds Employed	10,122.26	10,706.28	11,223.12	11,872.20	15,529.74	16,880.69	15,683.51	19,018.87	14,357.64	19,886.90
Fixed Assets (Gross)	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	19,417.17
Depreciation	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	10,115.35
Impairment	—	—	—	—	—	—	—	—	1,800.11	75.59
Fixed Assets (Net)	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	9,226.23
Capital WIP	—	—	—	—	—	—	—	—	6.40	96.99
Investments	1,037.07	2,760.50	2,252.58	6,000.89	9,340.49	3,758.50	919.78	1,529.14	0.05	2,203.23
Net Current Assets	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	282.47
Miscellaneous Expenditure	—	—	—	—	—	—	—	—	18.17	103.05
Debit Balance in Profit & Loss Account	—	—	—	—	—	—	—	—	4,803.28	7,974.93
Net Assets Employed	10,122.26	10,706.29	11,223.12	11,872.26	15,529.76	16,880.69	15,683.51	19,018.87	14,357.64	19,886.90

Directors' Report

To,

The Members of Infomedia 18 Limited

The Directors hereby present their Fifty-Fifth Annual Report and Audited Statement of Accounts for the year ended March 31, 2010.

Financial Results	(Rs. in lakhs)	
	2009-10	*2008-09*
Profit/(loss) before Interest Depreciation & Amortization	(4187.82)	*(4161.73)*
Interest	1646.07	*1098.55*
Profit/(loss) After interest but before Depreciation & Amortization	(5833.89)	*(5260.28)*
Depreciation & Amortization	607.54	*571.28*
Profit/(Loss) before tax	(6441.43)	*(5831.56)*
Exceptional Items	(1480.00)	*2397.90*
Profit/(Loss) Before Tax and Prior Period Items	(4961.43)	*(8229.46)*
Prior Period Items (Net) Income/ (Expense)	38.77	-
Profit/ (Loss) Before Tax	(5000.2)	*(8229.46)*
Tax		
Current tax	36.69	-
Deferred tax	(33.47)	*129.79*
Fringe Benefit Tax	-	*106.14*
Tax of earlier year provided	-	-
Profit/(loss) after tax	(5003.43)	*(8465.39)*

Operating Results and Performance

The operating revenue of the Company from business operations reduced from Rs.123.94 crores in 2008-09 to Rs.106.81 crores in 2009-10.

The growth in the publishing business was lower by 21.60% as compared to the previous year. The division reported revenue of Rs.68.59 crores in 2009-10 as against Rs.87.48 crores in 2008-09. The revenue in the printing business was lower by 3.62% as compared to the previous year. The division reported revenue of Rs.32.34 crores in 2009-10 as against revenue of Rs.33.45 crores in 2008-09. 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, 2010 has not been satisfactory. Your Company has incurred a net loss of Rs.50.03 crores for the year 2009-10 and after considering the balance brought forward from previous year of Rs.46.36 crores and reducing the net impact of merger of I-Ven Interactive Limited with your Company of Rs.3.02 crores, the cumulative loss as of 31st March 2010 stands to Rs.93.37 crores.

However, the management expects savings and improvement in operating results on account of the restructuring exercise carried out during the earlier years. Your Company has raised equity through an issue of equity shares on a rights basis aggregating to Rs.99.89 crores. Management believes that such measures would help in improvement of the Company's performance in years to come.

Dividend:

Your Company has reported a loss during the year under review and therefore your Directors are constrained to recommend any dividend (previous year Nil%) on equity shares for the financial year 2009-10.

Rights Issue

During the year under review your Company has successfully raised Rs.99.89 Crores through the Rights Issue vide the Letter of Offer dated December 9, 2009. The rights issue was fully subscribed including additional application of the Promoters and Company has allotted 2,98,20,569 Equity Shares of Rs. 10/- each, at a premium of Rs.23.50 per equity share, offered in the ratio of three Equity Share for every two Equity Shares held.

During the year under review, your Company had to make a reference to the Board of Industrial and Financial Restructuring as its net worth was fully eroded due to exceptional losses incurred during the previous years. The management in addition to various measures of cost control has successfully raised about Rs.100 Crores by way of above referred Rights Issue. Now the net worth of your Company is positive and your Company is no longer a sick company as defined under the said Act and the Company has accordingly informed the BIFR that it is out of the purview of definition of sick company.

Subsidiaries and associate companies

- **Sale of stake in Subsidiaries**

  As a part of your Company's strategy to exit noncore businesses and deploy resources to focus on core media segments, search, internet and directories services, your Company has entered into a definitive agreement with Cenveo Inc, one of the world's leading providers of content management and print production services, whereby, subject to necessary regulatory approval, your Company will transfer all its holdings in its subsidiaries, namely Glyph International Limited, Glyph International US LLC, Glyph International UK Limited and CEPHA Imaging Private Limited to Cenveo or its nominated entity/ subsidiaries in India/US.

The operating revenues from the consolidated e-publishing businesses amounted to Rs.41.94 crores *(previous year: Rs. 39.33 crores)* in 2009-10 and the profit before tax amounted to Rs.17.26 crores *(previous year: Rs. 8.58 crores)*.

- **Joint Venture Company**

  The Joint Venture between M/s Reed Elsevier Oversease B.V and your Company has been terminated during the year 2008-09. Accordingly the joint venture Company namely Reed Infomedia India Pvt Ltd has ceased publication of all its magazines. It has also been agreed between the partners to wind up Reed Infomedia India Private Limited.

  Your Company's share of the operating revenue of Reed Infomedia India Private Limited is Rs.43.79 lakhs (previous year: Rs.235.10 lakhs) while the loss before tax for the period ended March 31, 2010 is Rs.0.97 lakhs (previous year: Rs.433.68 lakhs).

"Ask Me" and "burrp!"

During the year under review your Company has successfully launched beta version of local search website askme.in. Your Company has also acquired domain name askme.com. Further, during the previous year, acquisition of burrp! has been well received in the market and the response is reasonably good. The management believes that the said acquisitions will be important assets for the Company's local search initiatives in the emerging media space.

Transfer to Investor Education & Protection Fund:

During the year under review, in terms of Section 205 C of The Companies Act, 1956, an amount of Rs.2,09,813/- being unclaimed dividend for the year 2001-02 has been transferred to the Investor Education & Protection Fund established by the Central Government.

Also unclaimed amount of dividend pertaining to the year 2002-03 will 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 at the Company website, www.infomedia18.in.

Directors

Mr. Manoj Mohanka and Mr. Saikumar Ganapathy Balasubramanian, 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.

Merger of I-Ven Interactive Limited with Company.

The 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 Interactive Limited and their respective shareholders has been made effective 25th August 2009 in accordance with Orders of the Hon'ble High Court of Bombay. Accordingly from the effective date I-Ven Interactive Limited cease to exist and stand merged with the Company.

Employee Stock Option Plan/ Employee Stock Purchase Scheme:

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 2009-10. 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. During the year under review, Company has allotted 9,67,500 stock options under the Employees Stock Option Plan 2007. Further details regarding the scheme are being provided in the Annexure to this report.

During the year under review, your Company has also introduced an Employee Stock Purchase Scheme, 2010 for all eligible employees and Directors of its Holding and Subsidiary Companies, including the Managing Director of the Company. There has been no activity under this Scheme so far.

Directors' Report

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.11.18 crores (previous year Rs.3.19 crores) .The total foreign exchange utilized, including for import of raw materials and spare parts for machinery not available indigenously, amounted to Rs.9.97 crores (previous year: Rs.11.12 crores).

Auditors & the Auditor's Report

The Statutory Auditors, M/s. S. R. Batliboi & Associates, Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible for re-appointment, have conveyed 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.

We refer to Point 4 of the Auditor's Report wherein, without qualifying their opinion they have emphasized the matter of "Going Concern", in view of the accumulated losses of your company and also mentioned about the same in Point "x" of the Annexure to the Auditor's Report. In this regard the Company has undertaken mitigating steps as mentioned in Note 25 of Schedule S of the Financial Statements. The management is of the opinion that these mitigating factors will help towards the Company achieving significant cash flows and ensuring that the Company continues as a Going Concern. We refer to point (v)(b) of the annexure to the Auditors report, and state that these transactions are covered by agreements and are at arm's length consideration. We refer to point (ix)(a) of the annexure to the Auditors report, and state that all statutory dues have been paid in accordance with the law, except for certain cases of delay in profession tax, employees' state insurance and service tax, where they have been deposited along with interest and penalty if any applicable to such delays. We refer to point (xvii) of the annexure to the Auditors report, and state that the Company has funded its losses and investments amounting to Rs. 435,206,069/-, through support in the form of short term loans extended by the holding company.

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 stakeholders 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 7, 2010

Disclosure as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2010.

(a) options granted	**Date of Grant** / **No. of Options** / **Scheme** 1. 25th October 2004 — 164,000 — ESOP 2004 2. 10th May 2005 — 100,000 — ESOP 2004 3. 28th October 2005 — 155,500 — ESOP 2004 4. 27th June 2006 — 17,500 — ESOP 2004 5. 27th October 2006 — 18,500 — ESOP 2004 6. 22nd November 2007 — 38,500 — ESOP 2004 7. 2nd April 2009 — 967,500 — ESOP 2007 **Total** — **1,461,500**
(b) The pricing formula	**In case of ESOP 2004:** Closing price on the exchange where there is highest trading volume on working day prior to the date of grant. **In case of ESOP 2007:** The COMPENSATION COMMITTEE shall decide the Exercise Price for the WARRANTS at the time of issue of the WARRANTS. Such Exercise Price may be such discounted price to the Market Price of the Equity Shares of the Company as may be determined by the Remuneration/ Compensation Committee. However the 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 prescribed under Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000, and Relevant Date for this purpose would be the date of grant of respective option.
(c) Options vested	As on 31/3/2010: 36,750 (ESOP 2004: 36,750; ESOP 2007: Nil)
(d) Options exercised	NIL during the year
(e) The total number of shares arising as a result of exercise of option	317,000 (Cumulative) (ESOP 2004: 317,000; ESOP 2007: Nil)
(f) Options lapsed	As on 31/3/2010: 196,750 (ESOP 2004: 140,250; ESOP 2007: 56,500)
(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 200,000 shares to 500,000 shares. 2. Increase maximum number of options to be issued per employee to 200,000 options from 100,000 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. Scheme was further modified vide shareholders meeting held on October 10, 2006.
(h) Money realized by exercise of options	NIL during the year

Annexure To Directors' Report

(i)	Total number of options in force (Cumulative)	Total number of options granted : 1,461,500 Total number of options lapsed : 196,750 Total number of options exercised : 317,000 Total in force : 947,750 For details, please refer to additional disclosure.
(j)	Employee wise details of options granted to: (i) Senior Management Personnel :-	Details given in Table A
	(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.	Anand Jain and Deap Ubhi
	(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
(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.16.63/-)
(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 2009-2010 is Rs.14,006,600/-. 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 2009-2010 would be Rs.648,417/-.
(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 :	
	Particulars	**Grant Date : April 02, 2009 (ESOP 2007)**
	Exercise price equals the market price Exercise price is greater than market price Exercise price is less than market price	NA NA INR 10
	(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 :	
	Particulars	**Grant Date : April 02, 2009 ESOP (2007)**
	Exercise price equals the market price Exercise price is greater than market price Exercise price is less than market price	NA NA INR 0.95
(n)	a description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information: (i) risk free interest rate (ii) expected life (iii) expected volatility (iv) expected dividends, and (v) the price of the underlying share in market at the time of option grant.	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:

Other Employees													
	ESOP 2004							ESOP 2007					
Particulars	Vest 8	Vest 9	Vest 10	Vest 11	Vest 12	Vest 13	Vest 14	Vest 15	Vest16	Vest 17	Vest 18	Vest 19	Vest 20
Expected Life of the Option	0.6	0.3	1.3	0.6	1.5	1.7	2.3	2.0	2.5	2.7	2.0	2.5	2.7
Expected Volatility	37.81%	50.96%	38.59%	50.96%	38.59%	38.59%	69.22%	69.22%	69.22%	69.22%	69.22%	69.22%	69.22%
Expected Dividend Yield	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Risk Free Interest Rate for the expected term of Option	4.87%	4.44%	5.54%	4.87%	5.75%	5.89%	6.36%	6.14%	6.45%	6.60%	6.14%	6.45%	6.60%
Market Price of the underlying shares at the time of grant of option	150.80	180.50	180.50	154.05	154.05	209.85	209.85	26.60	26.60	26.60	26.60	26.60	26.60

Additional disclosure relating to Stock Options during the financial year 2009-10

Other Employees														
	ESOP 2004								ESOP 2007					
Particulars	Vest 7	Vest 8	Vest 9	Vest 10	Vest 11	Vest 12	Vest 13	Vest 14	Vest 15	Vest 16	Vest 17	Vest 18	Vest 19	Vest 20
Date of Grant	28-Oct-05	28-Oct-05	27-Jun-06	27-Jun-06	27-Oct-06	27-Oct-06	22-Nov-07	22-Nov-07	2-Apr-09	2-Apr-09	2-Apr-09	2-Apr-09	2-Apr-09	2-Apr-09
Date of Vesting	27-Oct-06	27-Oct-07	27-Jun-07	26-Jun-08	27-Oct-07	26-Oct-08	21-Nov-08	21-Nov-09	1-Apr-10	1-Apr-11	1-Oct-11	1-Apr-10	1-Apr-11	1-Oct-11
Exercise Period	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
No of Options Granted	77,750	77,750	8,750	8,750	9,250	9,250	19,250	19,250	1,20,000	90,000	90,000	2,67,000	2,00,250	2,00,250
No of Options Lapsed	32,000	32,250	2,750	3,000	4,500	5,250	10,250	10,250	NIL	NIL	NIL	22,600	16,950	16,950
No of Options Exercised	45,750	41,750	3,250	NIL	2,250	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Net Grant available for vesting	NIL	3,750	2,750	5,750	2,500	4,000	9,000	9,000	1,20,000	90,000	90,000	244,400	183,300	183,300
Outstanding at the beginning of the period	3,750	3,750	3,000	6,250	2,500	4,000	12,000	12,000	NIL	NIL	NIL	NIL	NIL	NIL
Lapsed during the period	3,750	NIL	250	500	NIL	NIL	3,000	3,000	NIL	NIL	NIL	22,600	16,950	16,950
Exercised during the period	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Expired during the period	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Outstanding at the end of the period	NIL	3,750	2,750	5,750	2,500	4,000	9,000	9,000	1,20,000	90,000	90,000	244,400	183,300	183,300
Exercisable at the end of the period	NIL	3,750	2,750	5,750	2,500	4,000	9,000	9,000	NIL	NIL	NIL	NIL	NIL	NIL

Table A : Employee wise details of options granted to Senior Management Personnel

(i) ESOP 2004

Sr No.	Name of Employees	Options Granted
1	Sridhar Vaidyanathan	4000
2	Soumen Bose	1000
3	Yug Samrat	2000

(i) ESOP 2007

Sr No.	Name of Employees	Options Granted
1	Deap Ubhi	150000
2	Anand Jain	150000
3	Waseem Andrabi	10000

Sr No.	Name of Employees	Options Granted
4	Hymanand Angara	10000
5	Lakshmi Narasimhan	40000
6	Mukhtar Qureshi	40000
7	Ananthanarayan Iyer	10000
8	Soumen Bose	10000
9	Sridhar Vaidyanathan	40000
10	Yug Samrat	10000
11	Devashish Mondal	40000
12	Sandeep Das	40000
13	Sanjeev Singh	40000

Management Discussion & Analysis

1. Business overview

a. Publishing Business

The publishing business reported an operating revenue of Rs.68.59 crores in 2009-10 against Rs.87.48 crores in 2008-09. The business reported a drop in revenue by 21.60% over previous year's revenue. The drop in the revenue is attributed to the macro economic scenario leading to limited spending on advertising through print media. During the year, your Company has taken various initiatives across the publishing business, including introduction of new products and added improvements to the look and feel of existing publications. Some of these initiatives are mentioned below:

The Infomedia Yellow Pages Directory has been constantly undergoing innovations – the print directory now has a different look – both in color, text, paper and the contents. The directories are being released in four colour printing on imported glazed newsprint, thereby enhancing the visual appeal and referring experience for the users.

'Know Your City' – the product is now supported both in database and content from the burrp! website, which was launched last year has now been introduced in eight cities, namely Mumbai, Delhi, Chennai, Kolkata, Bangalore, Hyderabad, Jaipur and Goa.

Special interest publication division continued its growth momentum in the year. This year your Company launched "Intelligent Entrepreneur", the first year of launch has seen the magazine to create a niche position among business publication. During the year, the leading B2C magazines of your Company, namely Overdrive, Better Photography and Better Interiors saw a refreshing facelift with new look and exciting formats.The division continued its focus on diversifying its revenue portfolio – events, trade shows and awards nights were all well conducted during the year.

Your Company has also started to telecast a weekly auto show in CNBC TV18 as a brand extension of one of the specialty magazine "Overdrive". The show is also telecasted in other channels of the TV 18 group. The show has been adjudged as India's best Auto show at the News Television awards.

In line with the intent to expand the events platform, your Company conducted Engineering Expos at 4 cities across the country. The show was well received in these cities. During the year, your Company also forayed into the B2C events space, with two successful events associated with the "Better Photography" magazine, namely the "Photographer of the Year" and "Wedding Photographer of the Year Awards".

b. New Media

During the year, your Company undertook a number of steps towards establishing the Voice help line and online search operations through the launch of "askme.in" beta site, and acquisition of the "askme.com" domain name. The local information and social media web-site, Burrp.com acquired during the previous year is well received in the market. The website has been in existence for three years now 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.

c. Partnership with Alibaba

Your Company has gone from strength to strength in their 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.

In the current financial year your Company has recorded revenues of Rs.6.31 crores from this business. *(2008-09: Rs.2.60 crores)*

d. 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.32.35 crores in 2009-10 as against Rs.33.4 crores reported in 2008-09. Your 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 lower by Rs.8.9 crores (from Rs.41.7 crores in 2008-09 to Rs.26.36 crores in 2009-10). The decrease in the expenditure is mainly on account of reduced newsprint consumption.

The Employee costs were lower by Rs.0.95 crores (from Rs.51.03 crores in 2008-09 to Rs.50.08 crores in 2009-10) on account of manpower rationalization and restructuring exercises carried out during the previous year. Other operating expenses went down by Rs.3.68 crores (from Rs.86 crores in 2008-09 to Rs.82.32 crores in 2009-10) on account of operating efficiency.

3. **Exceptional Items**

Your Company has entered into a Share Purchase Agreement ('SPA') with Knowledgeworks Global Private Limited, a Cenveo Inc. company, in May 2010 to sell its entire equity stake in its four subsidiaries carrying on the Publishing SPO business. Considering the sales consideration to be received as per the SPA, your Company is of the view that the provision made last year of Rs.16 crores for diminution in the value of investments is no longer required and hence the same has been reversed during the year. This amount has been disclosed as an exceptional item. Your Company has also made provision for diminution in the value of investments in a joint venture company amounting to Rs.1.2 crores during the year and the same has also been disclosed as an exceptional item.

4. **Risks and concerns**

a. **Global economic environment:** The global economic environment even though coming out of the worst possible times, is still faced with the crisis in certain European Countries and the uncertainty continues to remain. The Indian advertising and media industry, is recovering from the slump. 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 competition and uncertain economic environment. 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:** During the last two years, we have been restructuring our businesses and working on retaining 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:** Government of India had introduced Service tax levy on our directories publishing business. The revenue in this business during the current financial year continues to 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.

5. <u>Outlook</u>

The strategic intent of the Company to develop, build and grow the publishing business into a dominant player in the industry remains. The new business initiatives in the voice and online platform that the Company has taken 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.

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 7, 2010 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, 2010, 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**
Firm Registration No. 101049W
Chartered Accountants

Per Amit Majmudar
Partner
Membership No.: 36656

Mumbai
May 07, 2010

Corporate Governance

Corporate Governance Report for the year 2009-2010

(As required under Clause 49 of the Listing Agreement 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 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.

8 Board Meetings were held during the year 2009-10 and the gap between two meetings did not exceed four months.

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

April 11, 2009; May 8, 2009; July 10, 2009; September 18, 2009; October 12, 2009; January 13, 2010; January 25, 2010 and March 19, 2010.

The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during 2009-10 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 2009-10	Whether attended AGM held on Sept 30, 2009	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	6	Yes	-	-	-	-
Mr. Haresh Chawla-Managing Director	Non-Independent Executive	6	No	-	7	-	2
Mr. Raghav Bahl	Non-Independent Non-Executive	2	No	-	13	1	-
Mr. Senthil Chengalavarayan	Non-Independent Non-Executive	5	Yes	-	-	-	-
Mr. Manoj Mohanka	Independent Non-Executive	4	No	-	6	4	3
Mr. Saikumar	Non-Independent Non-Executive	2	No	-	1	-	-

Note: *For the purpose of considering the number of directorships, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under section 25 of the Companies Act have been excluded. Similarly, Chairmanship/membership of the Audit Committee and the Shareholders' Grievance Committee alone has been considered for reckoning their Committee positions.*

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, 2010. 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 day to day activities. A framework of the risk is also given in the Management Discussion and Analysis. No presonnel have been denied access to the audit committee.

Subsidiary Company

The Company does not have any material non-listed Indian 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 on August 21, 2008, and presently comprising of the following directors:

Names of Members	Category	No. of Meetings attended During the year 2009-2010
Mr. Sanjeev Manchanda-Chairman	Independent & Non-Executive	4
Mr. Manoj Mohanka	Independent & Non-Executive	4
Mr. Senthil Chengalvarayan	Non-Independent & Non-Executive	3

Four Audit Committee Meetings were held during 2009-10. The dates on which the said meetings were held were as follows:

May 8, 2009; July 10, 2009; October 12, 2009 and January 13, 2010.

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, 2009.

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 Employee Stock Option Plan 2004 and Employee Stock Option Plan 2007.

During 2009-10, the Compensation Committee met two times, on April 2, 2009 and February 25, 2010.

Composition:

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 2009-10
Mr. Sanjeev Manchanda -Chairman	Independent & Non-Executive	1
Mr. Haresh Chawla	Non-Independent & Executive	2
Mr. Manoj Mohanka	Independent & Non-Executive	1
Mr. Senthil Chengalvarayan	Non Independent & Non-Executive	2

Remuneration policy:

Mr. Haresh Chawla is appointed as the Managing Director of the Company with effect from 21st August 2008 without remuneration.

Further, the Company has two schemes for grant of stock options for the Managing Director and for the employees. The Compensation Committee has formulated the "Employees Stock Option Plan 2004 (ESOP 2004)" and the "Employee Stock Option Plan 2007 (ESOP 2007)" and the Committee shall administer and monitor the ESOP. However, during the year under review, no options were granted to the Managing Director.

Salient features of the 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 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. The Exercise Price shall be decided in accordance with the Scheme. 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 under review, the Company had not allotted any stock options to its employees or Managing Director under ESOP 2004.

Salient features of the 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 at the exercise price decided by the Board of Directors/Compensation Committee and should be in accordance with the Scheme. 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. 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. During the year under review, the Company allotted 9,67,500 stock options to its employees under ESOP 2007.

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 Committee Meeting attended by them. The details of sitting fees paid to the Non-Executive Directors for the financial year ended March 31, 2010 are as follows:

TABLE NO. III

Sitting Fees paid for the Board Meetings

Names of the Directors	Sitting Fees (Rs.)
Mr. Sanjeev Manchanda	60000
Mr. Haresh Chawla	60000
Mr. Raghav Bahl	20000
Mr. Senthil Chengalvarayan	50000
Mr. Manoj Mohanka	40000
Mr. Saikumar	20000

TABLE NO. IV

Sitting Fees paid for the Committee Meetings

Names of the Non-Executive Directors	Sitting Fees (Rs.)
Mr. Sanjeev Manchanda	30000
Mr. Haresh Chawla	15000
Mr. Senthil Chengalvarayan	30000
Mr. Manoj Mohanka	25000

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 and thereafter again reconstituted on August 21, 2008, and presently is comprising of the following directors:

Names of Members	Category
Mr. Senthil Chengalvarayan – Chairman	Non-Independent Non-Executive
Mr. Haresh Chawla	Non-Independent Executive
Mr. Sanjeev Manchanda	Independent Non-Executive

During the year, there was no meeting of Shareholders' Grievance Committee held since all the complaints were disposed off promptly.

Name, designation and address of Compliance Officer:

Yug Samrat
Company Secretary & Senior 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 9 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, 2010, 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 31.3.2010: 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, 2009, 10.00 a.m.	Yashwant Natyamandir, Manmala Tank Road, Matunga-Mahim (West), Near Bombay Glass Works, Mumbai-400 016
2	September 30, 2008, 10.00 a.m.	Yashwant Natyamandir, Manmala Tank Road, Matunga-Mahim (West), Near Bombay Glass Works, Mumbai-400 016
3	July 25, 2007, 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 : No

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

(a) Results declared on June 12, 2009 at the Registered Office of the Company.

Details of voting pattern:

- Ordinary resolution pursuant to the provisions of sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 for increase and reclassification of the Authorised Share Capital of the Company from Rs. 600,000,000/- to Rs. 1,000,000,000/- comprising of 100,000,000 Equity Shares of Rs. 10/- each including cancellation of 10,000,000 Redeemable Preference Shares of Rs.10/- each 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	13,116,760	100.000%
No. of valid Votes Caste in favor of resolution	13,101,706	99.885%
No. of valid Votes Caste against the resolution	15,054	0.115%

- Special resolution under Section 31 of the Companies Act, 1956 for alteration of the Articles of Association of the Company consequent to change in Authorized Share Capital as mentioned at item no. (i) above:

Description	No. of Equity Shares	% to total
No. of Valid Votes	1,31,15,823	100.000%
No. of valid Votes Caste in favor of resolution	1,31,01,607	99.892%
No. of valid Votes Caste against the resolution	14,216	0.108%

(b) Mr. Rajeev 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.

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

(d) 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 newspapers as given below 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: Free Press Journal & Navshakti

– 4th Quarter Results: Free Press Journal & Navshakti

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

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

9. General Shareholder Information

AGM date, time and venue : September 30, 2010, 09.30 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 2010.

Financial Calendar	:	April 1 to March 31
AGM	:	30th September 2010
Date of Book Closure	:	17th September 2010
Dividend Payment Date	:	N.A

Listing on Stock Exchanges

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 2010-2011.

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, 2010.

Month	BSE		NSE	
	High (Rs.)	**Low (Rs.)**	**High (Rs.)**	**Low (Rs.)**
Apr-09	83.05	57.30	82.55	56.95
May-09	94.50	70.25	95.85	70.25
Jun-09	121.70	82.00	120.55	80.95
Jul-09	84.60	73.35	85.05	72.25
Aug-09	91.95	75.25	91.65	78.55
Sep-09	90.80	85.05	89.85	85.15
Oct-09	85.95	72.90	87.5	71.85
Nov-09	78.05	68.70	79.95	70.35
Dec-09	82.10	44.85	81.9	45.15
Jan-10	53.45	36.10	53.4	36.3
Feb-10	36.95	26.60	36.85	26.6
Mar-10	30.95	27.35	31.05	27.4

(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: shahconsultancy8154@gmail.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 31.03.2010	Percentage of total Shareholders as on 31.03.2010	No. of Shareholders as on 31.03.2009	Percentage of total Shareholders as on 31.03.2009
1 TO 500	14,107	73.46	11,843	88.28
501 TO 1000	2,485	12.94	1,252	9.33
1001 TO 2000	1,475	7.68	198	1.48
2001 TO 3000	451	2.35	54	0.40
3001 TO 4000	184	0.96	17	0.13
4001 TO 5000	117	0.61	11	0.08
5001 TO 10000	202	1.05	22	0.17
OVER 10001	183	0.95	18	0.13
TOTAL	**19,204**	**100.00**	**13,415**	**100.00**

Categories of Shareholders:

Category	Number of Shareholders		Voting Strength		Number of Ordinary Shares held	
	31.03.2010	**31.03.2009**	**31.03.2010**	**31.03.2009**	**31.03.2010**	**31.03.2009**
Resident Individuals	18,409	12,925	33.30	21.80	16,552,506	4,334,092
Financial Institutions/ Insurance Companies	2	2	1.26	1.26	626,183	250,628
Promoter	3	2	48.11	65.67	23,913,061	13,059,043
Bodies Corporate/Trusts	633	353	7.31	1.82	3,633,520	365,069
Mutual Funds	6	5	0.61	0.01	302,062	1,062
FIIs & OCBs	10	10	9.16	9.24	4,555,052	1,837,486
Banks	11	13	0.01	0.03	4,994	5,209
NRIs	130	105	0.24	0.17	118,294	32,514
Total	**19,204**	**13,415**	**100.00**	**100.00**	**49,705,672**	**19,885,103**

Dematerialization of shares and liquidity:

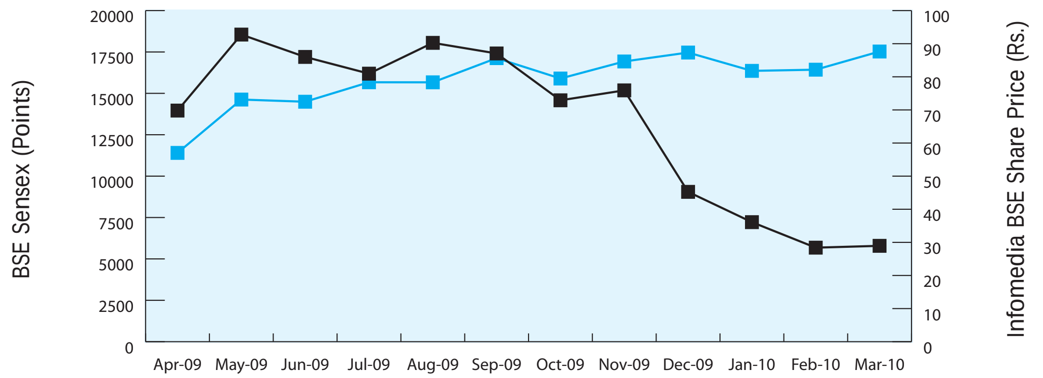
Trading in the Equity Shares of the Company is permitted only in dematerialised form as per the Securities and Exchange Board of India (SEBI) Circular dated May 29, 2000.

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. 98.55% of the Company's share capital is dematerialised as on 31.03.2010.

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

Graph I: Equity Share Price Movement vis-a-vis BSE Sensex:

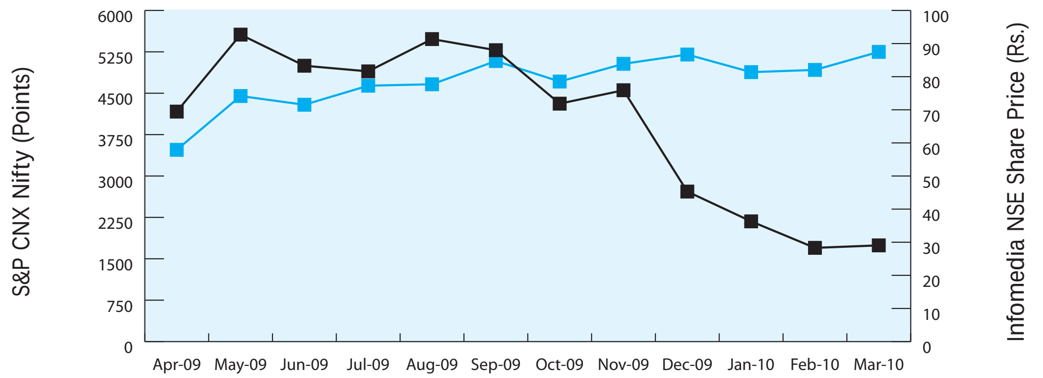
Infomedia 18 Ltd. - Monthly closing share price v/s BSE Sensex monthly closing points



	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
BSE Sensex Close	11403.25	14625.25	14493.84	15670.31	15666.64	17126.84	15896.28	16926.22	17464.81	16357.96	16429.55	17527.77
IIL Close	69.80	92.75	86.00	80.95	90.25	87.05	72.90	75.90	45.25	36.10	28.40	28.95

Graph II: 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-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
Nifty Close	3473.95	4448.95	4291.10	4636.45	4662.10	5083.95	4711.70	5032.70	5201.05	4882.05	4922.30	5249.10
IIL Close	69.45	92.70	83.30	81.60	91.35	88.00	71.85	75.90	45.30	36.30	28.30	29.05

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

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 on preferential basis, and each warrant was convertible into one equity share at an exercise price of Rs. 237/- per equity share, if exercised within a period of eighteen months from the date of allotment i.e. January 30, 2008. However, none of the warrant holders exercised the option to convert any of the aforesaid warrants till the last date of conversion (within 18 months from date of allotment). Accordingly, during the year, the Company forfeited the upfront amount paid on the warrants due to non Exercise of the option by the warrant holders and all the rights attached to the warrants lapsed automatically.

Plant Location:
Plot No.3, Sector 7,
Off Sion Panvel Road,
Nerul, Navi Mumbai – 400 706.

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 is given below:

- 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, 2010

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 ('the Company') as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto ('financial statements'). 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. Without qualifying our opinion, we draw attention to Note 25 of Schedule S to the accompanying financial statements. As at March 31, 2010, the accumulated losses of the Company are Rs. 933,669,865. During the year ended March 31, 2010, the Company has incurred losses of Rs. 500,343,241. This may raise substantial doubts regarding the Company's ability to continue as a going concern, which is dependent on establishing profitable operations and obtaining continuing financial support from its shareholders. These mitigating factors have been more fully disclosed in Note 25 of Schedule S to the accompanying financial statements, in view of which the accompanying financial statements have been prepared on going concern assumption, and consequently, no adjustments have been made to the accompanying financial statements in this regard.

5. 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 sub-section (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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
      a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
      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
Firm Registration no. 101049W
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai, May 7, 2010

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, except for the inventory held by third parties, in respect of which, the Company has received confirmation of physical verification.

(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 its holding company, which is 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 party is as follows:

Particulars	Maximum amount involved during the year (Amount in Rs.)	Year-end balance (Amount in Rs.)
Television Eighteen India Limited (Holding company)	641,322,890	229,480,562

(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 Company has repaid part of the loan during the year and there has been no default on the part of the Company. The interest accrued on the above loans amounting to Rs. 49,480,562 is outstanding as at March 31, 2010.

(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 respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs entered into during the financial year, *because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the 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, income tax, sales-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 service 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, sales-tax, 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	45.52	AY 2005-2006	Income Tax Appellate Tribunal
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	Income Tax	0.63	AY 2008-2009	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	FY 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 the 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.

(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 not given any guarantee for loans taken by others from bank or financial institutions.

(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. 435,206,069 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) We have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements.

(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
Firm Registration no. 101049W
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Mumbai, May 7, 2010

Infomedia 18 Limited (formerly Infomedia India Limited)
Balance Sheet as at March 31, 2010

	Schedules	Rs.	March 31, 2010 Rs.	March 31, 2009 Rs.
Sources of funds				
Shareholders' funds				
Share Capital	"A"	497,056,720		*198,851,030*
Right Issue Application Money		33,837		*-*
Stock Options Outstanding	"B"	14,006,600		*-*
Share Application money pending allotment (Refer Note 26 of Schedule 'S')		-		*142,200,000*
Reserves and Surplus	"C"	821,658,130		*37,803,846*
			1,332,755,287	*378,854,876*
Loan funds				
Secured Loans	"D"		398,191,247	*601,680,749*
Unsecured Loans	"E"		399,624,879	*500,209,304*
Deferred Tax Liabilities (Net)	"F"		12,922,035	*16,269,070*
Total			2,143,493,448	*1,497,013,999*
Application of funds				
Fixed assets	"G"			
Gross block		1,170,952,965		*1,147,837,756*
Less: Accumulated Depreciation		935,363,902		*892,362,166*
Less : Impairment Provision		7,559,157		*20,010,941*
Net block		228,029,906		*235,464,649*
Advances on capital account and capital work in progress		9,699,082		*640,000*
			237,728,988	*236,104,649*
Investments	"H"		1,067,174,786	*650,189,733*
Current assets, loans and advances	"I"			
Inventories		66,097,742		*82,054,665*
Sundry debtors		349,871,131		*312,077,565*
Cash and bank balances		69,866,554		*41,548,236*
Loans and advances		336,450,100		*376,631,594*
		822,285,527		*812,312,060*
Less:				
Current liabilities and provisions	"J"			
Current liabilities		883,048,852		*631,635,354*
Provisions		44,621,650		*35,374,274*
		927,670,502		*667,009,628*
Net current assets			(105,384,975)	*145,302,432*
Miscellaneous Expenditure (To the extent not written off or adjusted)	"K"		10,304,784	*1,817,366*
Debit Balance in Profit and Loss Account			933,669,865	*463,599,819*
Total			2,143,493,448	*1,497,013,999*
Notes to Accounts	"S"			

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
Firm Registration No. 101049W
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 07, 2010

Infomedia 18 Limited (formerly Infomedia India Limited)

Profit and Loss Account for the year ended March 31, 2010

	Schedules	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.
Income			
Sales (Refer Note 3 and 16(d) of Schedule 'S')		1,068,055,939	1,239,404,696
Other income (Refer Note 6 of Schedule 'S')	"L"	100,847,638	131,838,518
		1,168,903,577	1,371,243,214
Expenditure			
Materials Consumed	"M"	259,438,041	407,140,557
Cost of Traded Products	"N"	4,198,778	9,951,473
Personnel Expenses	"O"	500,839,603	510,311,163
Operating and other expenses	"P"	823,209,538	860,013,167
		1,587,685,960	1,787,416,360
Loss Before Interest, Tax, Depreciation		(418,782,383)	(416,173,146)
Depreciation / Amortisation	"G"	60,754,441	57,127,692
Financial Expenses	"Q"	164,606,588	109,855,443
Loss Before Tax before Exceptional items		(644,143,412)	(583,156,281)
Exceptional items Income/(Expense) (Refer Note 27 of Schedule 'S')		(148,000,000)	239,789,582
Loss Before Tax and Prior Period items		(496,143,412)	(822,945,863)
Prior Period items(Net) Income/(Expense)	"R"	3,877,355	-
Loss Before Tax		(500,020,767)	(822,945,863)
Tax Expenses			
Current Tax		3,669,509	-
Deferred Tax (Credit) / Charge (Refer Note 9 of Schedule 'S')		(3,347,035)	12,978,757
Fringe Benefit Tax		-	10,614,545
		322,474	23,593,302
Loss for the Year		(500,343,241)	(846,539,165)
Balance loss brought forward from previous year		463,599,819	383,069,503
Less: Profit and Loss Account Balance of I-Ven Interactive Limited transferred as per Scheme of Arrangement (Refer Note 29 of Schedule 'S')		(134,543,042)	-
Add: Amount adjusted as per Scheme of arrangement (Refer Note 29 of Schedule 'S')		104,269,847	-
Amount available for appropriation		(933,669,865)	(463,469,662)
Appropriations			
Short Provision of earlier year's Proposed Dividend and Dividend tax thereon		-	130,157
Balance carried to the balance sheet		(933,669,865)	(463,599,819)
Loss per share (Refer Note 14 of Schedule 'S')			
Basic - Nominal value of shares Rs. 10.		(16.63)	(33.97)
Diluted - Nominal value of shares Rs. 10.		(16.63)	(33.97)
Notes to Accounts	"S"		

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
Firm Registration No. 101049W
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 07, 2010

Cash Flow Statement for the year ended March 31, 2010

		March 31, 2010 Rs.	March 31, 2009 Rs.
A.	**Cash flow from operating activities:**		
	Net loss before tax and after Exceptional items	(500,020,767)	(822,945,863)
	Adjustments for		
	Exceptional items	(148,000,000)	217,010,941
	Depreciation and amortisation	60,754,441	57,127,692
	Interest Income	(1,226,710)	(12,723,762)
	Dividend Income	(317,500)	(82,639,652)
	Profit on sale of investments (Net)	(65,392)	-
	Interest charged	164,606,588	109,855,443
	Loss on sale of fixed assets	3,311,962	2,630,243
	Provision for Doubtful debts	6,125,934	43,342,240
	Provisions for obsolete inventories	1,400,000	-
	Miscellaneous Expenditure written off	1,853,207	785,680
	Employee Stock Compensation expenses	14,006,600	-
	Printing Provision written back	(72,062,162)	-
	Operating loss before working capital changes	(469,633,799)	(487,557,038)
	Adjustments for		
	Trade and other receivables	(65,757,908)	(15,229,893)
	Inventories	14,556,923	(29,524,038)
	Trade Payables/Provisions	302,324,579	383,800,204
	Amount paid as per Scheme of Arrangement	(11,151,041)	-
	Cash Used in operations	(229,661,246)	(148,510,765)
	Direct taxes (paid)/refunded	37,025,151	(11,070,038)
	Net Cash From/(Used in) Operating Activities	(192,636,095)	(159,580,803)
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	(68,419,391)	(89,080,135)
	Sale of fixed assets	14,543,633	1,719,524
	Sale of Investments	65,392	415,000
	Investments in subsidiaries and joint venture	(56,267,553)	(12,455,428)
	Dividend received	317,500	82,639,652
	Net Cash From/(Used in) Investing Activities	(109,760,419)	(16,761,387)
C.	**Cash flow from financing activities:**		
	Scheme of Arrangement for Share Buyback	(110,005)	(298,165)
	Shares Allotted - ESOS	-	15,886,050
	Shares Allotted - Right Issue (including share premium)	998,989,062	-
	Right Issue Application Money	33,837	-
	Intercorporate deposits repaid (Net)	(162,000,000)	372,000,000
	Term Loans repaid	(87,500,000)	-
	Proceeds from Term Loans (Net)	119,044,783	(87,500,000)
	Proceeds from Working Capital Loans	-	(180,000,000)
	Loan Processing Fees Paid	(10,340,625)	-
	(Reduction)/Utilisation of Cash Credit facilities (net)	(236,802,255)	146,752,457
	Commerical Paper Repayment	-	(250,000,000)
	Investments in Fixed Deposits	(5,259,493)	-
	Interest received	1,226,710	493,548
	Interest paid	(101,423,043)	(86,499,307)
	Dividend and tax thereon	(591,054)	(19,977,080)
	Net Cash From/(Used in) Financing Activities	515,267,917	(89,142,497)
	Net Increase/(decrease) in cash and cash equivalents	212,871,403	(265,484,687)
	Cash and Cash Equivalents as at April 1, 2009	36,333,758	301,818,445
	Cash and Cash Equivalents as at March 31, 2010	249,205,161	36,333,758
	Cash and Cash Equivalents:		
	Cash on hand	78,945	131,928
	Cheques on hand	1,332,232	1,139,077
	Credit balance in Bank book	(35,719,400)	(5,214,478)
	Balances with scheduled banks :		
	In current accounts	61,185,116	37,472,395
	In deposit accounts	1,875,000	2,797,666
	Balances with Other banks :		
	In current accounts	135,768	7,170
	In Current investments (Less than three months)	220,317,500	-
		249,205,161	36,333,758

Notes: 1. Direct taxes (paid)/refunded 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 2,339,122 *(2008-2009 : Rs. 3,888,782).*

As per our report of even date
For S.R. Batliboi & Associates
Firm Registration No. 101049W
Chartered Accountants
per Amit Majmudar
Partner
Membership No. : 36656
Mumbai: May 07, 2010

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

Yug Samrat
Company Secretary

Haresh Chawla
Managing Director

Senthil Chengalvarayan
Director

		March 31, 2010 Rs.	March 31,2009 Rs.
"A" Share Capital			
Authorised (Refer Note 31 of Schedule "S")			
100,000,000	*(2008-2009 : 50,000,000)* *Equity Shares of Rs.10/- each*	1,000,000,000	*500,000,000*
Nil	*(2008-2009 : 10,000,000)* *Preference Shares of Rs.10/- each*	-	*100,000,000*
Issued and subscribed			
49,705,672	(2008-2009 : 19,885,103) Equity Shares of Rs. 10 each, fully paid up	497,056,720	198,851,030

a) Of the above fully paid up shares:

(i) 148,000 *(2008-2009 : 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 *(2008-2009 : 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 *(2008-2009 : 17,798,900)* Equity Shares of Rs. 10 each are issued as fully paid up bonus shares by capitalisation of securities premium account.

(iv) 23,913,061 *(2008-2009 : 12,338,112)* Equity Shares of Rs. 10 each are held by Television Eighteen India Limited, (2008-09 : I-Ven Interactive Limited), the holding company.

(v) 317,000 *(2008-2009 : 317,700)* Equity shares of Rs. 10 each are issued as fully paid shares as per the Employee Stock Option Scheme of the Company.

(vi) 29,820,569 *(2008-2009: Nil)* Equity Shares of Rs. 10 each are issued as fully paid shares as per issue of shares on rights basis (Refer Note 28 of Schedule 'S')

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

36,750 *(2008-2009 : 39,750)* Share options under the Employee Stock Option Scheme ('ESOP') at the market price prior to the date of grant of options. 36,750(2008-2009:27,750) of these options have vested further Nil will vest on 26th June 2008, further Nil (2008-2009: 12,000) will vest on 21st November 2009.

911,000 (2008-2009: Nil) Share options under the Employees Stock Option plan, 2007 at the market price prior to the date of grant of options further 364,400 (2008-2009 Nil) of these options will vest on 1st April 2010, further 273,300 (2008-2009 : Nil) will vest on 1st April 2011, further 273,300 (2008-2009 Nil) will vest on 1st October 2011.

c) Pursuant to the scheme of arrangement between the Company and its shareholders, the Company had purchased 33,16,197 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.

d) Pursuant to the Scheme of Arrangement between I-Ven Interactive Limited and Infomedia 18 Limited and their respective shareholders approved by High Court vide its order dated 24th July 2009, the effective date being 25th August 2009, 123,38,112 Equity shares earlier held by I-Ven Interactive Limited had been cancelled and equivalent number of shares were issued to its respective shareholders. (Refer Note 29 of Schedule 'S')

	March 31, 2010 Rs.	March 31,2009 Rs.
"B" Stock Options Outstading (Refer Note 10 of Shedue 'S')		
Employees Stock options outstading	14,190,000	-
Less: Deferred Employee compensation outstading	183,400	-
Net Balance	14,006,600	-

		March 31, 2010	March 31, 2009
	Rs.	Rs.	Rs.
"C" Reserves and surplus			
Securities Premium account			
As per last balance sheet		35,872,637	*35,872,637*
Add : Securities Premium of I-Ven Interactive Limited accounted as per Scheme of Arrangement (Refer Note 29 of Schedule 'S')		783,540,429	-
Less : Utilised as per the Scheme of Arrangement (Refer Note 29 of Schedule 'S')		819,413,066	-
Add :Securities Premium received during the period from Rights issue of shares (Refer Note 28 of Schedule 'S')		700,783,372	-
Less : Rights Issue expenses written Off (Refer Note 28 of Schedule 'S')		21,325,242	-
		679,458,130	*35,872,637*
General reserve			
As per last balance sheet		1,931,209	*1,931,209*
Add : General Reserve of I-Ven Interactive Limited accounted as per the Scheme of Arrangement (Refer Note 29 of Schedule 'S')		22,655,458	
Less : Utilised as per the Scheme of Arrangement (Refer Note 29 of Schedule 'S')		24,586,667	-
		-	*1,931,209*
Capital Reserve			
As per last balance sheet	-		
Add : Share Application Money Forfeited (Refer Note 26 of Schedule 'S')	142,200,000	142,200,000	
		821,658,130	*37,803,846*
"D" Secured Loans			
From Banks :			
Long Term :			
- Term Loans		250,294,783	*218,750,000*
Term loans includes instalments payable within one year		250,294,783	*218,750,000*
Rs. 141,071,420 *(2008-2009 : 87,500,000)*			
Short Term:			
- Working Capital Demand Loans		50,000,000	*50,000,000*
- Cash Credit Facilities		93,737,287	*330,539,542*
Interest accrued and due on Term Loan		4,159,177	*2,391,207*
		147,896,464	*382,930,749*
(For Securities given, Refer Note 5 of Schedule 'S')		398,191,247	*601,680,749*
"E" Unsecured Loans (Short Term)			
Inter Corporate Deposit (ICD) Accepted			
- Holding Company		180,000,000	*405,000,000*
- Subsidiary Companies		148,000,000	*85,000,000*
- Interest Accrued and due on Inter Corporate Deposit		71,624,879	*10,209,304*
(Refer Note No.22 of Schedule 'S')			
(Maximum amount outstanding at any time during the year Rs. 834,900,000 (2008-2009 : 565,000,000))		399,624,879	*500,209,304*
"F" Deferred Tax Liabilities (Net) (Refer Note 9 of Schedule 'S')			
Deferred Tax Liabilities			
On account of timing differences on :			
Depreciation		12,922,035	*16,269,070*
		12,922,035	*16,269,070*

"G" Fixed Assets

(Amount in Rs.)

	Gross Block				Depreciation, Amortisation & Impairment					Net Block	Net Block
	Cost as at 01.04.2009	Additions	Deductions	Cost as at 31.03.2010	As At 01.04.2009	For the Year	On Deductions	Impairment Provision Reversal	As at 31.03.2010 (Refer Note b)	As at 31.03.2010	As at 31.03.2009
Tangible Assets :											
Land-freehold	40,000	-	-	40,000	-	-	-	-	-	40,000	40,000
Land -leasehold	1,873,125	-	-	1,873,125	749,253	31,219	-	-	780,472	1,092,653	1,123,872
Building	61,540,224	1,315,518	3,772,213	59,083,529	34,981,311	4,119,110	3,772,213	-	35,328,208	23,755,321	26,558,913
Ownership flats (Refer Note a)	23,741,895	-	-	23,741,895	5,172,289	387,052	-	-	5,559,341	18,182,554	18,569,606
Plant, machinery and equipment	673,232,972	3,840,659	7,180,502	669,893,129	628,569,474	17,506,735	7,100,335	-	638,975,874	30,917,255	44,663,498
Computer Equipment, etc.	156,307,679	21,763,358	397,280	177,673,757	125,429,318	12,510,589	397,280	-	137,542,627	40,131,130	30,878,361
Furniture, fixtures, electrical and office equipment	115,780,847	13,486,569	13,649,920	115,617,496	69,229,812	11,665,033	11,975,624	-	68,919,221	46,698,275	46,551,035
Vehicles	20,226,254	5,044,605	10,605,185	14,665,674	11,039,975	1,850,297	6,959,037	-	5,931,235	8,734,439	9,186,279
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	61,422,500	13,269,600	-	74,692,100	3,529,415	12,684,406	-	-	16,213,821	58,478,279	57,893,085
Total	1,147,837,756	58,720,309	35,605,100	1,170,952,965	912,373,107	60,754,441	30,204,489	-	942,923,059	228,029,906	235,464,649
March 31,2009	*1,074,452,159*	*89,080,135*	*15,694,538*	*1,147,837,756*	*846,579,244*	*57,127,693*	*11,344,771*	*20,010,941*	*912,373,107*		
Advances capital on account and capitalwork in progress										9,699,082	640,000
Total										237,728,988	236,104,649

(a) Includes Rs. 3,500 being the face value of shares in co-operative housing societies.

(b) Depreciation as at 31.03.2010 includes Impairment of assets amounting to Rs. 7,559,157*(2008-2009:20,010,941)*

		March 31, 2010 Rs.	March 31, 2009 Rs.
"H" Investments			
Long Term - Unquoted (Non Trade) :			
Investment in subsidiares :			
	Glyph International UK Limited (formerly Keyword Group Limited) - 1,000 Equity shares of £1 each *(2008-2009 : 1,000)*	150,810,805	*150,810,805*
	Cepha Imaging Private Limited - 15,931 equity shares of Rs.100/- each . *(2008-2009 : 8,125)*	112,711,281	*76,043,728*
	Glyph International Limited (formerly American Devices India Private Limited) 469,996 equity shares of Rs 10/- each. *(2008-2009 : 469,996)*	401,315,243	*401,315,243*
	Glyph International US LLC (formerly Software Services LC) - 100% ownership interest (2008-2009 : 100%)	182,014,457	*182,014,457*
Joint Venture :	Reed Infomedia India Private Limited - 4,900,000 equity shares of Rs 10/- each. *(2008-2009 : 2,940,000)*	49,000,000	*29,400,000*
6 years National Savings Certificates		5,500	*5,500*
Total Long - Term		895,857,286	*839,589,733*
Less : Provision for Diminution of Investment (Refer Note 27 (i) and (ii)) os Schedule 'S')		49,000,000	*189,400,000*
		846,857,286	*650,189,733*
	Current - Unquoted (Non Trade) :		
4,967,879	*(2008-09 : Nil)* units of HDFC Floating Rate Income Fund Short Term Plan - Wholesale option - Dividend Reinvestment	50,080,695	-
2,343,512	*(2008-09 : Nil)* units of Reliance Medium Term Fund Daily Dividend Plan	40,063,518	-
3,005,581	*(2008-09 : Nil)* units of LICMF Income Plus Fund Daily Dividend Plan	30,055,814	-
5,004,534	*(2008-09 : Nil)* units of JM Money Manager Fund Super Plus Plan - Daily Dividend	50,071,861	-
2,980,465	*(2008-09 : Nil)* units of Kotak Floater Long Term Daily Dividend	30,042,487	-
189,182	*(2008-09 : Nil)* units of HDFC Floating Rate Income Fund Short Term Plan - Wholesale option - Dividend Reinvestment	20,003,125	-
Total Current		220,317,500	-
	Total	1,067,174,786	*650,189,733*

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

Sr. No.	Particulars	Units Nos	Cost
1	HDFC Cash Mgmt Fund - Savings Plan - Daily Dividend	4,700,869	50,000,000
2	Reliance Liquid Fund - TP - IP - Daily Dividend	2,616,568	40,000,000
3	LIC MF Liquid Fund - Daily Dividend	2,732,216	30,000,000
4	ICICI Prudential Liquid - Inst Plus - Daily Dividend	168,755	20,000,000
5	ICICI Prudential flexible income plan	98,536	1,591,106
	Total		141,591,106

Current Investments purchased and sold during the year 2008-2009 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**

		March 31, 2010	March 31,2009
"I" Current Assets, Loans and advances	Rs.	Rs.	Rs.
Inventories			
Stores and spare parts		8,980,116	8,575,152
Raw Materials : Paper, inks, printing and binding materials	48,440,234		66,429,528
Work in progress	3,778,624		709,047
Finished Goods : Children's books and stationery products, etc.	2,806,207		3,151,678
Finished Goods :Touch Stone Gifts and Other traded goods	3,492,561		3,189,260
Provision for Obsolete stock	(1,400,000)		-
		57,117,626	73,479,513
		66,097,742	82,054,665
Sundry debtors (Refer Note 15 and 22 of Schedule 'S')			
Debts outstanding for a period exceeding six months			
Secured - considered good	1,708,659		2,558,201
Unsecured			
Considered good	94,809,782		59,715,940
Considered doubtful	103,768,174		105,242,240
	198,577,956		164,958,180
Others - considered good			
Secured	842,796		1,307,367
Unsecured	252,509,894		248,496,057
	253,352,690		249,803,424
Less: Provision for doubtful debts	(103,768,174)		(105,242,240)
		349,871,131	312,077,565
Cash and bank balances			
Cash on hand	78,945		131,928
Cheques on hand	1,332,232		1,139,077
Balances with scheduled banks :			
In current accounts	61,185,116		37,472,395
In deposit accounts	7,134,493		2,797,666
Balances with other banks :			
In current accounts	135,768		7,170
		69,866,554	41,548,236
Bank balance with other Bank includes : Municipal Co-op. Bank, Navi Mumbai. (Maximum Amount Outstanding during the year Rs.428,003 *(2008-2009 Rs. 912,509/-))*			
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 30 of Schedule 'S')	165,292,459		160,502,405
Advance towards Investment in New company (Refer Note 30 of Schedule 'S')	-		46,800,410
Security Deposits	103,890,940		78,643,859
Advance payments of Income-tax less provisions Advance Tax : Rs. 410,715,215 (2008-2009: Rs. 433,603,762) Less: Provision for Tax : Rs. 343,448,514 (2008-2009: Rs. 343,448,514)	67,266,701		90,684,920
Advance payments of Fringe Benefit Tax ('FBT') less provisions Advance FBT: Rs. 29,614,372 (2008-2009: Rs. 29,813,058) Less: Provision for FBT: Rs.29,614,372 (2008-2009: Rs. 29,813,058)	-		-
		336,450,100	376,631,594
		822,285,527	812,312,060

	Rs.	March 31, 2010 Rs.	March 31, 2009 Rs.
"J" Current liabilities and provisions			
Current liabilities			
Sundry creditors (Refer Note 13,15 and 22 of Schedule 'S')			
Due to Micro, Small and Medium enterprises	2,301,901		611,488
Due to Holding company	189,589,475		73,466,743
Due to Others	328,785,544		454,179,491
Sundry Deposits	9,116,546		9,548,786
Unclaimed dividend *	2,340,226		2,551,373
Advances received from customers	298,335,888		45,452,340
Credit Balance in Bank Book	35,719,400		5,214,478
Other Liabilities	16,859,872		40,610,655
		883,048,852	631,635,354
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.			
Provisions			
Tax on proposed dividend	—		379,907
Provision for Rebates, returns etc. (Refer Note 8(b) of Schedule 'S')	10,886,086		5,697,817
Provision for Gratuity (Refer Note 23 of Schedule 'S')	9,876,572		9,267,718
Provision for leave encashment (Refer Note 23 of Schedule 'S')	23,858,992		20,028,832
		44,621,650	35,374,274
		927,670,502	667,009,628
"K" Miscellaneous Expenditure			
(to the extent not written off or adjusted) (Refer Note 2(s) of Schedule 'S')			
Opening Balance		1,817,366	2,603,046
Additions during the year		10,340,625	—
		12,157,991	2,603,046
Less : Written off during the year		1,853,207	785,680
		10,304,784	1,817,366

	Current Year Rs.	Previous Year Rs.
"L" Other income		
Interest others- gross (tax deducted at source on interest received Rs. Nil *(2008-2009 : Nil)*)	1,071,497	12,971,858
Interest received on Fixed Deposit (tax deducted at source on interest received Rs.5,314 *(2008-2009 : Rs. 6,791)*)	155,213	49,536
Dividend income from subsidiary and others	—	79,998,980
Dividend income from current investments	317,500	2,640,672
Establishment expenses recovered	—	6,370,716
Miscellaneous income	13,315,419	14,533,349
Provision for printing expenses written back (Refer Note 6 of Schedule 'S')	72,062,162	—
Scrap sales	13,860,455	14,225,613
Exchange gain (Net)	—	1,047,794
Profit on sale of investments (Net)	65,392	—
	100,847,638	131,838,518

	Rs.	Current Year Rs.	Previous Year Rs.
"M" Materials Consumed			
Opening Balance of Raw Material	66,429,528		32,553,031
Opening Balance of Work-In-Progress	709,047		3,043,582
Add: Purchase of paper, inks and binding materials	244,518,324		438,682,519
		311,656,899	474,279,132
Less:			
Closing Balance of Raw Material		48,440,234	66,429,528
Closing Balance of Work-In-Progress		3,778,624	709,047
Consumption of Paper, inks and binding materials		259,438,041	407,140,557
"N" Cost of Traded Products			
Opening Balance of Touch Stone Gifts and Other Traded products	3,151,678		2,983,601
Opening balance of Childrens Books and Stationery products	3,189,260		3,246,938
Add: Purchase for resale	2,756,608		10,061,872
		9,097,546	16,292,411
Less:			
Closing balance of Childrens Books and Stationery products	2,806,207		
Less : Provision for Obsolete stock	1,400,000	1,406,207	3,189,260
Closing balance of Touch Stone Gifts and Other Traded products		3,492,561	3,151,678
Cost of Goods Sold		4,198,778	9,951,473
"O" Personnel Expenses			
Payments to and provisions for employees			
Salaries, wages and bonus	415,174,873		429,405,093
Contribution to provident and other funds,retirement benefits	29,430,352		40,246,669
Employee Stock Option expenses	14,006,600		—
Employees' welfare expenses	42,227,778		40,659,401
		500,839,603	510,311,163
"P" Operating and other expenses			
Stores and spare parts consumed	16,780,737		21,302,636
Outwork and ancillary printing	53,967,066		58,785,120
Power and fuel	40,146,106		56,378,160
Distribution expenses	19,021,046		14,687,789
Postage	80,093,303		94,197,119
Repairs to building	1,857,723		2,215,618
Repairs and maintenance to plant and machinery	1,196,405		1,407,588
Other repairs and maintenance	11,176,468		10,647,994
Advertising and publicity	131,014,644		67,187,145
Marketing expenses	46,455,983		56,357,223
Design and Content Charges	15,564,746		19,351,699

	Rs.	Current Year Rs.	Previous Year Rs.
"P" Operating and other expenses (Contd.)			
Brokerage and Commission	1,021,408		193,409
Rebates, returns, etc (Refer Note 8(b) of Schedule 'S')	30,745,397		26,489,870
Rent	111,720,792		152,283,011
Rates and taxes	10,332,916		9,450,043
Bad debts written off	17,685,518		—
Exchange Loss (Net)	1,807,119		—
Miscellaneous Expenditure written off	1,853,207		785,680
Insurance	1,717,229		3,116,204
Traveling expenses	23,519,835		30,364,140
License Fees	8,347,295		5,552,492
Consultancy and professional fees	75,347,347		53,556,332
Event cost	33,608,682		53,017,865
Telephone Expenses	11,613,210		19,056,847
Loss On sale of Fixed Assets(Net)	3,311,962		2,630,243
Loss On sale of Investments	—		297,632
General expenses	64,567,256		54,373,909
		814,473,400	813,685,768
Auditors' remuneration			
Audit fees		1,950,000	1,950,000
Fees for tax audit		250,000	250,000
Fees for other services		—	—
Reimbursement of out-of-pocket expenses		60,204	65,159
Other Services		—	2,750,000
		2,260,204	5,015,159
Less:Fees for Right Issue related services grouped under Loans & Advances Schedule "I"		—	2,350,000
Provision for doubtful debts		6,125,934	43,342,240
Directors' sitting fees		350,000	320,000
		823,209,538	860,013,167
"Q" Financial Expenses			
Interest			
On Term Loans	36,158,736		31,083,404
On working capital Loans and Cash Credit Accounts	45,293,412		46,391,603
On inter corporate deposits	77,570,392		10,886,437
On others	2,764,679		17,040,069
Bank Charges	2,819,369		4,453,930
		164,606,588	109,855,443
"R" Prior Period Items(Net)			
Advertising & Pubilicity Expenses	8,213,100		—
Less : Net Advertisement Revenue	4,335,745		—
		3,877,355	—

"S" 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 (as amended) 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.

      Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

   d) Depreciation

      The Company depreciates its fixed assets as follows:

i.	Leasehold land	-	over the period of the lease on straight line method
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 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 on a straight line basis.

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.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

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

Raw materials, components, stores and spares: Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-progress and finished goods: Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

i) Revenue Recognition

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

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 is recognized on completion basis and is 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 is 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.

j) Employee Benefits

i. Retirement benefits in the form of Provident Fund 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 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 supported by convincing evidence 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 period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus element in a rights issue to existing shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive 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 SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and 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. Compensation expense is amortized over the vesting period of the option on a straight line basis.

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. During the year ended March 31, 2010, 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, 2010 has been grossed up to reflect revenue from barter transactions of Rs 46,123,298 *(2008-2009:Rs. 34,787,605)* and expenditure of Rs 46,123,298 *(2008-2009:Rs . 34,787,605)* being the fair value of barter transactions provided and received.

4. Estimated amount of contracts remaining to be executed on capital account and not provided for amounts to Rs. 17,293,874 *(2008-2009: Rs.14,457,643)*.

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

   a) Terms Loans:

   Axis Bank

   Principal of Rs. 131,250,000 *(2008-2009 : Rs.218,750,000)*

   Interest accrued and due of Rs. 2,693,132 *(2008-2009 : Rs.2,302,440)*

   - First charge on all fixed assets of the Company. (Both movable and immovable, present and future)
   - First pari passu charge on all current assets of the Company (Both 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)
   - Corporate Guarantee from Network18 Media & Investments Limited
   - Interest accrued and due of Rs. 2,693,132 has been duly debited by bank on April 5, 2010.

   Punjab National Bank

   Principal of Rs. 119,044,783 *(2008-2009 : Rs. Nil)*

   Interest accrued and due of Rs. 1,466,045 *(2008-2009 : Rs.Nil)*

   - First exclusive charge/ mortage on all immovable and moveable assets of the Company.
   - Second charge on all existing fixed assets of the Company.
   - Corporate Guarantee from Network18 Media & Investments Limited
   - Interest accrued and due of Rs. 1,466,045 has been duly debited by bank on April 6, 2010

   b) **Working Capital Demand Loans**:

   HSBC

   Principal of Rs. 50,000,000 *(2008-2009 : Rs. 50,000,000)*

   Interest accrued and due of Rs. Nil *(2008-2009 : Rs. 88,767)*

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

   c) **Cash Credit Facilities:**

   Axis Bank

   Principal of Rs. 93,737,287*(2008-2009 : Rs.89,486,550)*

   - Pari passu second charge on all fixed assets of the Company.
   - Pari passu first charge on all current assets of the Company.
   - Corporate Guarantee from Network18 Media & Investments Limited

   Standard Chartered

   Principal of Rs. Nil *(2008-2009 : Rs 241,052,992)*

   Charge exists till the loan is repaid

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

     Letter of comfort given by Infomedia 18 Limited

6. Other income for the year ended March 31, 2010 includes Rs. 72,062,162*(2008-2009: Nil)* pertaining to provision no longer required for printing expenses written back.

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) debited to profit and loss account is Rs. 1,807,119 *(2008-2009:gain of Rs. 1,047,794)*.

8. Provisions and Contingencies –

   a) Claims against the Company not acknowledged as debts:

      i. The Company has received demands of Rs. 36,404,621*(2008-2009:Rs. 153,027,656)* towards Income Tax for the Assessment Year 2005-06, 2006-2007, 2007-2008 & 2008-2009 and 2,506,882 *(2008-2009: Rs. 2,506,882*) 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. 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 *(2008-2009: Rs. 4,839,279).*

      iii. Third party claim relating to compensation before Monopolies and Restrictive Trade Practices Commission aggregating to Rs. 20,000,000 *(2008-2009:Rs. 20,000,000)*, net of tax Rs.13,268,000 *(2008-2009:Rs. 13,268,000)*. The matter is pending for final hearing.

      iv. Standby Letter of Credit issued for GBP Nil *(2008-2009: GBP 200,000),* in favour of Barclays Bank Plc, towards banking facilities used by Glyph International UK Limited (Formerly Keyword Group Limited),UK (a subsidiary of the Company).

      v. Bank guarantee given to Bombay Stock Exchange ('BSE') towards issue of Equity shares on rights basis amounting to Rs. 5,000,000*(2008-2009: Rs. Nil).*

   b) Provision

Provision for Rebates, Returns etc.	**2009-2010 (Rs.)**	**2008-2009 (Rs.)**
Opening Balance	5,697,817	*14,475,042*
Addition during the Year	28,934,895	*26,489,870*
Amount utilized during the year	23,746,626	*35,267,095*
Unused amounts reversed during the year	—	—
Closing Balance	**10,886,086**	***5,697,817***

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

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	(16,269,070)	3,347,035	(12,922,035)
Total (D)	(16,269,070)	3,347,035	(12,922,035)
Deferred Tax Assets			
Provision for leave encashment	-	-	-
Provision for doubtful debts	-	-	-
Provision for discount	-	-	-
Total (E)	-	-	-
Net (D+E)	(16,269,070)	3,347,035	(12,922,035)

10. Employee Stock Option Plans (ESOP) 2004 and 2007

The Company has provided share based payment schemes to its employees. During the year ended March 31, 2010 the following schemes were in operation:

Employee Stock Option Plans 2004 (ESOP 2004):

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 (1Year)	8,750	26, Oct 07 (1Year)	9,250	21,Nov 08 (1Year)	19,250
	30, May 06 (1 Year & 217 days)	60,000	30, May 07 (2 Year & 21 days)	80,000	27, Oct 07 (2 Year)	77,750	26, Jun 08 (2 Year)	8,750	26, Oct 08 (2Year)	9,250	21,Nov 09 (1Year)	19,250
	30, Mar 06 (1 Year & 157 Days)	32,000										
	31, Mar 07 (2 Year & 157 Days)	32,000										
Exercise Period	Three Years		Three Years		Three Years		Three Years		Three Years		Three Years	

This scheme (ESOP 2004) is 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 and Annual General Meeting held on October 10, 2006.

The details of activity under the plan are summarized below:

Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
	No. of Shares	Weighted Average Exercise Price (Rs.)	No. of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	47,250	187.06	187,250	158.89
Grant during the year	-	-	-	-
Exercised during the year	-	-	111,250	142.80
No of options lapsed	10,500	186.66	28,750	174.88
Outstanding at the end of the year	36,750	187.17	47,250	187.06
Exercisable at the end of the year	36,750		27,750	
Weighted average remaining contractual life (in years)	1.46		2.29	
Weighted average fair value of the options granted (Rs.)	37.26		38.37	

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, 2010	150.80 to 209.85	36,750	1.46	187.17
March 31, 2009	150.80 to 209.85	47,250	2.29	187.06

Employee Stock Option Plan 2007 (ESOP 2007):

Particulars	**Grant 1**	
Date of Grant/Board Approval	2nd April 2009	
No of Options Granted	967,500	
Grant Price Per Option (Rs.) (Grant Price of 667,500 options was revised from Rs. 57.30 to Rs. 10 vide Compensation Committee approval dated February 25, 2010)	10.00	
Method of Settlement	Equity	
Vesting Period	Date	Options
	01, Apr 10(1 year)	387,000
	01, Apr 11(2 year)	290,250
	01, Oct 11 (2 year 6 months)	290,250
Exercise Period	Three Years	

This scheme (ESOP 2007) is covered under the approval of the shareholders vide their Extra-Ordinary General Meeting held on January 10, 2008.

The details of activity under the plan are summarized below:

Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
	No. of Shares	Weighted Average Exercise Price (Rs.)	No. of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Grant during the year	967,500	10.00	-	-
Exercised during the year	-	-	-	-
No of options lapsed	56,500	10.00	-	-
Outstanding at the end of the year	911,000	10.00	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	2.38		-	-
Weighted average fair value of the options granted (Rs.)	.95		-	-

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, 2010	10.00	911,000	2.38	10.00
March 31, 2009	-	-	-	-

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

ESOP Scheme	Range of Exercise Price (Rs.)	No. of Options Outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price (Rs.)
ESOP 2004	150.80 to 209.85	36,750	1.46	187.17
ESOP 2007	10.00	911,000	2.38	10.00

Since the Company uses 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:

	2009-2010 (Rs.)	**2008-2009 (Rs.)**
Loss as reported	(500,343,241)	*(846,539,165)*
Less: Employee stock compensation under intrinsic value method	14,006,600	-
Add: Employee stock compensation under fair value method	(648,147)	*(549,888)*
Proforma Loss	(486,984,788)	*(847,089,053)*
Loss Per Share		
Basic		
- As reported	(16.63)	*(33.97)*
- Pro forma	(16.19)	*(34.00)*
Diluted		
- As reported	(16.63)	*(33.97)*
- Pro forma	(16.19)	*(34.00)*

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

ESOP 2004	**2009-2010**	**2008-2009**
a) Risk Free Interest Rate	4.44% to 6.36%	4.6% to 5.68%
b) Expected Dividend yield	4%	0.4% to 8.8%
c) Expected life of the option	0.25 to 2.33 years	1.0 to 3.0 years
d) Expected Volatility of Share price	37.81% to 69.22 %	38.59% to 50.96%

ESOP 2007	**2009-2010**	**2008-2009**
a) Risk Free Interest Rate	6.14% to 6.60%	-
b) Expected Dividend yield	4%	-
c) Expected life of the option	2.0 to 2.75 years	-
d) Expected Volatility of Share price	69.22%	-

Since the intrinsic value being Rs. 14,006,600 *(2008-2009: Nil)* accrual has been made towards compensation cost in the financial statements for the year ended March 31, 2010.

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

	2009-2010 Rs.	2008-2009 Rs.
Loss before Tax	(500,020,767)	(822,945,863)
Add:		
Depreciation and amortisation	60,754,441	57,127,692
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
Directors' fees	350,000	320,000
Provision for doubtful debts	6,125,934	43,342,240
Loss on sale of fixed assets as per Profit and Loss Account	3,311,962	2,630,243
	(429,478,430)	(715,780,932)
Less:		
Depreciation and amortisation under Section 350	60,754,441	57,127,692
Net Profit/(Loss) for Section 198 of the Companies Act, 1956	(490,232,871)	(772,908,624)
Remuneration payable as per Schedule XIII	1,800,000	696,774
Maximum managerial remuneration payable as per the Companies Act, 1956	1,800,000	696,774

Managing Director's remuneration for the year ended March 31, 2010 is Rs. Nil (*(2008-2009 (from 01.04.2008 to 20.08.2008): Rs.3,744,756)*) is inclusive of, estimated money value of perquisites of Rs. Nil. *(2008-2009: 574,330).* 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 included above.

The Central Government approval for Managerial Remuneration paid to the Managing Director during financial year 2008-2009 has been received. The Auditors had modified their audit report in this respect for the financial year 2008-2009.

12. The Company's significant leasing arrangements are in respect of operating leases for premises (offices, residential, stores, godowns, etc.). These leasing arrangements, which are mutually cancellable generally, range between 11 months and 39 months. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements. The aggregate lease rentals amounting to Rs. 111,720,792 *(2008-2009: 152,283,011)* are charged as Rent under Schedule "P".

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

Particulars	2009-2010 (Rs.)	2008-2009 (Rs.)
Not later than one year	96,259,502	110,400,701
Later than one year but not later than five years	72,210,370	96,970,694
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, 2010. The Company has requested and received intimation from "suppliers" regarding their status as at March 31, 2010 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

		2009-2010 (Rs.)	2008-2009 (Restated for Rights issue (Rs.)
i)	Loss after taxation	(500,343,241)	(846,539,165)
ii)	Number of equity shares outstanding prior to Rights issue	19,885,103	19,885,103
iii)	Number of equity shares outstanding after Rights issue	49,705,672	-
iv)	Number of equity shares issued on Rights basis	29,820,569	-
v)	Fair value of one equity share immediately prior to exercise of rights on January 15, 2010	50.50	50.50
vi)	Theoretical ex-rights fair value per share	40.30	40.30
vii)	Rights issue adjustment factor	1.25	1.25
viii)	Basic Earnings per share (Rs.)	(16.63)	(33.97)
ix)	Weighted number of equity shares	30,078,839	24,917,458
x)	Equity shares arising on grant of stock options on ESOP	-	-
xi)	Weighted number of equity shares outstanding (includes ESOP)	30,078,839	24,917,458
xii)	Diluted Earnings per share (Rs.)*	(16.63)	(33.97)
xiii)	Nominal value of shares (Rs.)	10	10

* 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, 2010 in foreign currency on account of the following:

Particulars	2009-2010			2008-2009		
	Rs.	Value in foreign currency		Rs.	Value in foreign currency	
Receivable						
Services rendered	-	-	-	21,893	CAD	524
	18,079,443	USD	400,519	10,221,450	USD	200,617
	5,202,846	EURO	85,912	2,765,769	EURO	40,986
Advance for Import of Goods/services	5,071,812	USD	1,12,357	1,032,734	USD	23,832
Payable						
Import of goods	2,314,969	JPY	47,790	1,385,112	JPY	1,963,310
	72,494	USD	1,606	-	-	-
	50,873	EURO	840	-	-	-
Services utilized						
	4,514	USD	100	43,333	USD	850
	1,949,911	EURO	32,198	50,873	EURO	754
	452,954	GBP	6,658	-	-	-

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, 2010, computed on the basis of normal shifts worked, was 3,406 million *(2008-2009 : 3,406 million)* standard impressions. The actual production (including wastage) during the year was 1,306 million *(2008-2009 : 1,456 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 7,774 numbers *(2008-2009 ; 123,023 numbers)* of 'Touchstone' gift articles worth Rs. 401,805 *(2008-2009 : Rs. 7,712,211)* and 2,429 numbers*(2008-2009 : 5,628 numbers.)* numbers of other traded goods worth Rs. 343,795 *(2008-2009 : Rs. 923,569)*.

17 Analysis of Material consumed:

	Unit	2009-2010 Quantity	2009-2010 Value (Rs.)	*2008-2009 Quantity*	*2008-2009 Value (Rs.)*
Paper sheets	Nos.	12,094,419	207,333,299	*16,038,948*	*339,912,774*
Paper reels	Kgs.	4,780,296		*6,653,409*	
Inks	Kgs.	110,833	19,759,621	*173,853*	*35,216,475*
Operating Supplies			32,345,121		*31,516,852*
Other ancillary costs			-		*494,456*
			259,438,041		***407,140,557***

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

	2009-2010 (Rs.)	*2008-2009 (Rs.)*
Paper	83,703,810	*99,626,942*
Printing & Binding Material	452,206	*208,690*
Spares	860,850	*2,007,494*
	85,016,866	***101,843,126***

19 Expenditure in foreign currency (on accrual basis):

	2009-2010 (Rs.)	*2008-2009 (Rs.)*
Travelling	1,297,499	*2,998,141*
Content creation and License fee	11,318,293	*4,893,208*
Event costs, etc.	428,927	*805,135*
Others	1,632,670	*686,966*
	14,677,390	***9,383,450***

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

	2009-2010 (Rs.)	%	2008-2009 (Rs.)	%
Paper, inks, printing and binding materials:				
Imported, at landed cost	111,514,072	43	85,945,821	21
Indigenously obtained	147,923,969	57	321,194,736	79
	259,438,041	**100**	**407,140,557**	**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 cash basis):

	2009-2010 (Rs.)	2008-2009 (Rs.)
Magazine & Other advertisements	72,383,481	30,202,749
Events	-	23,595
Agency Commission	39,447,116	1,711,889
	111,830,597	**31,938,233**

22. Related Parties Disclosures:

a Particulars of parties where control exists:

i.	I-Ven Interactive Limited	Holding company till August 24, 2009, Merged with Infomedia 18 Limited on August 25, 2009. (Refer Note 29)
ii.	Television Eighteen India Limited ('TV 18')	Holding company of I-Ven Interactive Limited till August 24, 2009. Holding Company of Infomedia 18 Limited from August 21, 2008.
iii.	Network18 Media & Investments Limited ('Network 18')	Holding company of Television Eighteen India Limited.
iv.	Cepha Imaging Private Limited (CEPHA)	Subsidiary company since December 23, 2005
v.	Glyph International UK Limited (Formerly Keyword Group Limited)(Keyword)	Subsidiary company since December 23, 2005
vi.	Keyword Publishing Services (Formerly Keyword Group Limited)(Keyword)	Subsidiary company of Glyph International UK Limited
vii.	Keyword Typesetting Services Limited (Formerly Keyword Group Limited)(Keyword)	Subsidiary company of Glyph International UK Limited
viii.	Glyph International Limited (Formerly American Devices India Private Limited)(ADIPL)	Subsidiary company since April 1, 2006
ix.	Glyph International US LLC (Formerly Software Services LC)(SSLC)	Subsidiary company since April 1, 2006

b Particulars of other parties:

Key Management Personnel

Mr. Haresh Chawla — Managing Director of the Company since 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 ('ibn 18') — 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 ('Viacom 18') — Group company since August 21,2008

iv. Network18 Publication Limited — Group company since August 21,2008

v. Digital 18 Media Limited ('Digital 18') — Group company since August 21,2008

vi. Web18 Software Services Limited ('Web 18') — Group company since August 21,2008

vii. E18.com Limited('E 18') — Group company since August 21,2008

e. Transaction , Account Balance etc. with Related Parties

	Subsidiary Company	Holding Company/ Group Company	Joint Venture	Key Management Personnel	Grand Total
TRANSACTION					
Share Capital					
Share Application Money					
India Advantage Fund II		—			—
Previous Year		*23,700,000*			*23,700,000*
TV 18		—			—
Previous Year		*118,500,000*			*118,500,000*
Assets					
Investment made during the year					
CEPHA	36,667,553				36,667,553
Previous Year	—				—
REED			19,600,000		19,600,000
Previous Year			—		—
Purchase of Fixed Assets					
REED			921,352		921,352
Previous Year			—		—
Liabilities					
Inter Corporate Deposit (ICD) accepted					
ICD accepted-Taken during the year					
ADIPL	131,400,000				131,400,000
Previous Year	*31,000,000*				*31,000,000*
CEPHA	33,500,000				33,500,000
Previous Year	*27,000,000*				*27,000,000*
TV 18		180,000,000			180,000,000
Previous Year		*405,000,000*			*405,000,000*
ICD accepted-Repaid during the year					
ADIPL	101,900,000				101,900,000
Previous Year	*90,000,000*				*90,000,000*

Encashment

	Subsidiary Company	Holding Company/ Group Company	Joint Venture	Key Management Personnel	Grand Total
CEPHA	—				—
Previous Year	*1,000,000*				*1,000,000*
TV 18		405,000,000			405,000,000
Previous Year		—			—
ACCOUNT BALANCE					
Assets					
Accounts Receivable(Gross of TDS)					
Digital 18		33,858,828			33,858,828
Previous Year		—			—
ibn 18		5,225,000			5,225,000
Previous Year		—			—
Network18 Publication Ltd		313,802			313,802
Previous Year		*450,000*			*450,000*
TV 18		10,195,877			10,195,877
Previous Year		*39,571*			*39,571*
Viacom 18		380,000			380,000
Previous Year		—			—
Web 18		2,307,293			2,307,293
Previous Year		—			—
Homeshop 18		290,749			290,749
Previous Year		—			—
REED			85,150		85,150
Previous Year			*17,882,200*		*17,882,200*
Liabilities					
ICD accepted					
ADIPL	88,500,000				88,500,000
Previous Year	*59,000,000*				*59,000,000*
CEPHA	59,500,000				59,500,000
Previous Year	*26,000,000*				*26,000,000*
TV 18		180,000,000			180,000,000
Previous Year		*405,000,000*			*405,000,000*
Interest payable on ICD's (Net of TDS)					
ADIPL	17,643,181				17,643,181
Previous Year	*7,789,145*				*7,789,145*
CEPHA	4,501,134				4,501,134
Previous Year	*1,579,165*				*1,579,165*
TV 18		49,480,562			49,480,562
Previous Year		*840,993*			*840,993*
Deposit against premises					
REED			—		—
Previous Year			*2,430,000*		*2,430,000*
Sundry Creditors					
Digital 18		7,840,000			7,840,000
Previous Year		—			—
Network 18		26,865,625			26,865,625
Previous Year		*10,102,809*			*10,102,809*
ibn 18		32,091,035			32,091,035
Previous Year		*756,693*			*756,693*
Network18 Publication Ltd		188,500			188,500
Previous Year		—			—
TV 18		162,723,850			162,723,850
Previous Year		*63,363,934*			*63,363,934*
Web 18		6,252,612			6,252,612
Previous Year		—			—
Homeshop 18		59,828			59,828
Previous Year		*47,178*			*47,178*

	Subsidiary Company	Holding Company/ Group Company	Joint Venture	Key Management Personnel	Grand Total
Viacom 18		6,001,255			6,001,255
Previous Year		*39,121*			*39,121*
E 18		3,405,545			3,405,545
Previous Year		—			—
REED			3,000,000		3,000,000
Previous Year			—		—
Income					
Sales of goods and Services					
REED			—		—
Previous Year			*22,101,083*		*22,101,083*
Digital 18		49,887,802			49,887,802
Previous Year		—			—
ibn 18		5,225,000			5,225,000
Previous Year		—			—
TV 18		10,195,877			10,195,877
Previous Year		*514,800*			*514,800*
Viacom 18		380,000			380,000
Previous Year		—			—
Web 18		2,314,550			2,314,550
Previous Year		—			—
Network18 Publication Ltd		285,896			285,896
Previous Year		*450,000*			*450,000*
Other Receipt / Service Charges					
Digital 18		1,650,000			1,650,000
Previous Year		—			—
Interest Income on ICD's					
Keyword	744,945				744,945
Previous Year	*1,224,657*				*1,224,657*
Dividend Income					
ADIPL	—				—
Previous Year	*79,998,980*				*79,998,980*
Expenses					
Interest Expense on ICD's (Gross of TDS)					
ADIPL	15,093,782				15,093,782
Previous Year	*6,721,575*				*6,721,575*
CEPHA	3,471,404				3,471,404
Previous Year	*2,041,848*				*2,041,848*
TV 18					59,005,205
Previous Year					*2,123,013*
Interest Expense					
Network 18		1,378,252			1,378,252
Previous Year		—			—
TV 18		1,318,837			1,318,837
Previous Year		—			—
Sundry Expenses			—		—
Previous Year			*54,957*		*54,957*
Director's Sitting Fees					
Mr. Haresh Chawla				75,000	75,000
Previous Year				*55,000*	*55,000*
M.D's. Remuneration to Mr. Prakash Iyer				—	—
Previous Year				*3,744,756*	*3,744,756*
Remuneration to Mr. Prakash Iyer as CEO				—	—
Previous Year				*14,388,256*	*14,388,256*
Event cost					
TV 18		15,398,249			15,398,249
Previous Year		—			—
ibn 18		—			—
Previous Year		*1,307,118*			*1,307,118*

	Subsidiary Company	Holding Company/ Group Company	Joint Venture	Key Management Personnel	Grand Total
Network 18		—			—
Previous Year		*57,331*			*57,331*
Viacom 18		—			—
Previous Year		*40,000*			*40,000*
Advertising and publicity					
E 18		2,633,858			2,633,858
Previous Year		—			—
ibn 18		28,988,050			28,988,050
Previous Year		—			—
Network 18		898,300			898,300
Previous Year		—			—
TV 18		68,828,176			68,828,176
Previous Year		*49,213,875*			*49,213,875*
Viacom 18		5,546,275			5,546,275
Previous Year		—			—
Web 18		630,370			630,370
Previous Year		—			—
Digital 18		8,000,000			8,000,000
Previous Year		—			—
Insurance Cost					
Network 18		72,222			72,222
Previous Year		*111,111*			*111,111*
TV 18		5,721,422			5,721,422
Previous Year		*84,270*			*84,270*
Consultancy and Professional Fees					
TV 18		9,686,496			9,686,496
Previous Year		*9,200,000*			*9,200,000*
Network 18		16,248,209			16,248,209
Previous Year		*10,000,000*			*10,000,000*
Other Operating Costs					
E 18		516,654			516,654
Previous Year					—
Homeshop 18		59,828			59,828
Previous Year		*47,178*			*47,178*
ibn 18		—			—
Previous Year		*31,950*			*31,950*
Network 18		808,488			808,488
Previous Year		—			—
TV 18		10,854,422			10,854,422
Previous Year		—			—
Web 18		5,482,323			5,482,323
Previous Year		—			—
Network18 Publication Ltd		188,500			188,500
Previous Year		—			—
REED			3,000,000		3,000,000
Previous Year			*270,694*		*270,694*
Dividend Paid					
I-Ven Interactive Limited		—			—
Previous Year		*12,354,680*			*12,354,680*
TV 18		—			—
Previous Year		*720,931*			*720,931*
Exceptional Items					
Diminution in value of Investment (reversal) / provision	(160,000,000)		12,000,000		(148,000,000)
Previous Year	*160,000,000*		*29,400,000*		*189,400,000*
Provision for Bad Debts			—		—
Previous Year			*7,600,000*		*7,600,000*
Guarantee Taken					
Network 18		1,025,000,000			1,025,000,000
Previous Year		—			—
Guarantee Given					
Keyword Group Limited (Barclays Bank)	£0				£0
Previous Year	*£200,000*				*£200,000*

23. Employee Benefits

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

	2009-2010 (Rs.)	*2008-2009 (Rs.)*
Employer's Contribution to Provident Fund	15,047,086	*15,673,858*
Employer's Contribution to Superannuation Fund	24,300	*2,133,522*

	2010-2011 (Rs.)	*2008-2009 (Rs.)*
Expected Contribution for Gratuity	5,561,648	4,639,807

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 year. The short term compensated absences are provided for on the basis of actuarial valuation 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 (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	**2009-2010 Gratuity (Rs.)**	***2008-2009 Gratuity (Rs.)***	**2009-2010 Leave Encashment (Rs.)**	***2008-2009 Leave Encashment (Rs.)***
Current service cost	4,787,632	*4,052,858*	2,724,582	*2,306,515*
Interest cost on benefit obligation	3,469,948	*3,316,263*	1,244,892	*1,217,383*
Expected return on plan assets	(2,821,208)	*(2,967,682)*	-	-
Net actuarial (gain) / loss recognised in the year	(796,566)	*9,418,676*	5,731,575	*5,233,091*
Past service cost	-	-	-	-
Net (benefit) / expense	4,639,806	*13,820,115*	9,701,049	*8,756,989*
Actual return/(loss) on plan Assets	642,622	*(289,915)*	-	-

Details of Provision

Particulars	2009-2010 Gratuity (Rs.)	2008-2009 Gratuity (Rs.)	2009-2010 Leave Encashment (Rs.)	2008-2009 Leave Encashment (Rs.)
Defined benefit obligation / net liability	50,822,164	49,570,687	23,858,992	20,028,832
Fair value of plan assets	40,945,592	35,901,220	-	-
	9,876,572	13,669,467	23,858,992	20,028,832
Less: Unrecognised past service cost	-	-	-	-
Plan assets / (liability)	(9,876,572)	(13,669,467)	(23,858,992)	(20,028,832)
Less : Benefits paid by the Company on behalf of the fund	-	4,401,749	-	-
Assets / (liability) Balance	(9,876,572)	(9,267,718)	(23,858,992)	(20,028,832)

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

Particulars	2009-2010 Gratuity (Rs.)	2008-2009 Gratuity (Rs.)	2009-2010 Leave Encashment (Rs.)	2008-2009 Leave Encashment (Rs.)
Opening defined benefit obligation	49,570,687	40,442,236	20,028,832	16,689,457
Interest cost	3,469,948	3,316,263	1,244,892	1,217,383
Current service cost	4,787,632	4,052,858	2,724,582	2,306,515
Benefits paid	(4,030,951)	(4,401,749)	(5,870,889)	(5,417,614)
Actuarial (gains) / losses on obligation	(2,975,152)	6,161,079	5,731,575	5,233,091
Closing defined benefit obligation	50,822,164	49,570,687	23,858,992	20,028,832

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

Particulars	2009-2010 Gratuity (Rs.)	2008-2009 Gratuity (Rs.)
Opening fair value of plan assets	35,901,326	36,191,240
Expected return	2,821,208	2,967,682
Contributions by employer	8,432,595	4,401,749
Benefits paid	(4,030,951)	(4,401,749)
Actuarial gains / (losses)	(2,178,586)	(3,257,596)
Closing fair value of plan assets	40,945,592	35,901,326
Actuarial gains/(losses) recognized in the year	796,566	(9,418,676)

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

Particulars	2009-2010 Gratuity %	2008-2009 Gratuity %
Group Gratuity Funds	81.52	80.63
Special Deposits with Banks	18.12	18.99
Securities	0.36	0.38

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	2009-2010 Gratuity %	2008-2009 Gratuity %
Discount rate	8.00	7.00
Expected rate of return on assets	8.00	8.00
Salary Escalation	6.00	6.00
Attrition Rate	3% till age of 30, 2% till age of 44 and 1% thereafter.	3% till age of 30, 2% till age of 44 and 1% thereafter.

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.

Experience Adjustments

Particulars	2007-2008 Gratuity (Rs.)	2008-2009 Gratuity (Rs.)	2009-2010 Gratuity (Rs.)
Experience Adjustments on plan liabilities (Gain)/Loss	(2,800,055)	4,031,494	2,712,541
Experience Adjustments on plan Assets Gain/(Loss)	(561,357)	(3,257,596)	(2,178,586)

24 (i) **Segment Information for the year ended March 31,2010**

	Current Year					Previous Year				
	Printing	Publishing	Others	Eliminations	Consolidated Total	*Printing*	*Publishing*	*Others*	*Eliminations*	*Consolidated Total*
REVENUE										
External Revenue	323,469,000	685,872,075	58,715,307	-	1,068,056,381	*334,515,027*	*874,803,382*	*30,086,288*		*1,239,404,696*
Inter Segment Revenue	102,844,527	-	-	(102,844,527)	-	*82,009,811*			*(82,009,811)*	-
Net Revenue	426,313,527	685,872,075	58,715,307	(102,844,527)	1,068,056,381	*416,524,837*	*874,803,382*	*30,086,288*	*(82,009,811)*	*1,239,404,696*
Prior Period Item	-	-	4,335,745	-	4,335,745	-	-	-	-	-
Total Revenue	426,313,527	685,872,075	63,051,052	(102,844,527)	1,072,392,126	*416,524,837*	*874,803,382*	*30,086,288*	*(82,009,811)*	*1,239,404,696*
RESULT										
Segment Result	29,123,662	(347,613,559)	4,202,825	-	(314,287,072)	*(834,974)*	*(301,269,075)*	*(2,493,169)*		*(304,597,218)*
Unallocated Corporate Expenses										
net of Unallocated Income					(170,671,316)					*(264,364,666)*
Operating Profit /(Loss)					(484,958,388)					*(568,961,884)*
(Less) : Interest Expenses					(164,606,588)					*(109,855,443)*
Add : Interest Income, Dividend, Income from Investments, etc.					1,544,210					*95,661,046*
Add/(Less) : Exceptional Items					148,000,000					*(239,789,582)*
(Less) : Taxation					(322,474)					*(23,593,302)*
Net Profit/(Loss)					(500,343,240)					*(846,539,165)*

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

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.

24 (ii). **Segmental Balance Sheet as on March 31, 2010**

	Printing		Publishing		Others		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Other Information								
Segmental Assets	181,325,211	186,251,480	557,451,541	490,798,136	16,447,867	540,910	755,224,620	677,590,526
Unallocated Corporate Assets							1,371,964,682	1,021,015,916
Total Assets							**2,127,189,302**	**1,698,606,442**
Segmental Liabilities	(82,478,836)	(64,823,882)	(419,294,192)	(369,588,459)	(2,956,310)	(6,845,427)	(504,729,339)	(441,257,768)
Unallocated Corporate Liabilities							(1,247,719,760)	(1,343,910,983)
Total Liabilities							**(1,752,449,099)**	**(1,785,168,751)**
Capital Expenditure	2,342,488	3,928,562	22,606,964	12,571,097	167,138	4,464,412	25,116,590	20,964,071
Unallocated Capital Expenditure							33,603,719	68,116,064
Impairment of Assets/(Reversal)							12,451,784	20,010,941
Depreciation	19,375,128	29,842,360	28,117,219	11,322,470	1,030,121	395,860	48,522,468	41,560,690
Unallocated Depreciation							12,231,973	15,174,402
Non - cash expenses other than Depreciation	15,638,593	12,830,000	80,201,040	26,782,240	7,928,541	3,730,000	103,768,174	43,342,240
Unallocated Non - Cash Expenses/(Reversal)							(148,000,000)	189,400,000

25. Going Concern

The Company has incurred a loss of Rs. 500,343,241 during the financial year 2009-2010 *(2008-2009: Loss of Rs. 846,539,165)*. During the year, the Company has raised equity vide rights issue, amounting to Rs. 998,989,062 to augment the equity in the Company. The Parent Company has already infused liquidity in the nature of Inter Corporate Deposits amounting to Rs 180,000,000 *(2008-2009: 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 business. Accordingly, 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. 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. The Company has also entered in to a Share Purchase Agreement ('SPA') with Knowledgeworks Global Private Limited, a Cenveo Inc. company, in May 2010 to sell its entire equity stake in its four subsidiaries carrying on the Publishing BPO business which would result in significant cash flows to the Company during the year to end March 31, 2011, The SPA is subject to necessary approvals. Considering these factors, these financial results have been prepared on a going concern basis.

26. 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 were issued as per Chapter XIII of SEBI Guidelines on preferential basis and each warrant was 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 was Rs.142,200,000 representing 10% of the total value of convertible warrants, as per the terms of issue the investors were required to pay balance 90% at the time of conversion of said warrants into equity. Further in case the investors do not opt for conversion of the warrants, the upfront amount so paid would stand forfeited by the Company and all the rights attached to the warrants lapse automatically.

However, none of the warrant holders exercised the option to convert any of the aforesaid warrants till the last date of conversion (within 18 months from date of allotment). Accordingly, during the year the Company forfeited the amount of Rs. 142,200,000 paid on the warrants due to non exercise of the option by the warrant holders. This amount has been transferred from Share Application money account and credited to Capital Reserve Account during the year.

27. Exceptional items

i) The Company has entered into a Share Purchase Agreement ('SPA') with Knowledgeworks Global Private Limited, a Cenveo Inc. company, in May 2010 to sell its entire equity stake in its four subsidiaries carrying on the Publishing BPO business. In the previous year, the Company had made a provision of Rs.160,000,000, for diminution in the value of investments. Considering the sales consideration to be received as per the SPA, the Company is of the view that the provision made of Rs.160,000,000 is no longer required and hence the same has been reversed during the year. This amount has been disclosed as an exceptional item. The Company has also made provision for diminution in the value of investments in a joint venture company amounting to Rs.12,000,000 during the year and the same has also been disclosed as an exceptional item.

ii) Exceptional items for the year ended March 31, 2009 includes Rs. 22,778,641 towards Termination cost of employees, Rs. 20,010,941 towards Impairment of assets held at leased office, Rs. 37,000,000 towards Provision for diminution in value of Investment and Receivable in Joint Venture Company, Rs. 160,000,000 towards Provision for estimated diminution in the Value of Investment.

28. i) During the year, the Company has made an issue of equity shares on rights basis in the ratio of three equity shares for every two equity shares held on the record date. The rights issue consisted of 29,827,655 equity shares issued at a premium of Rs.23.50 per equity share aggregating to Rs. 998,989,062. The issue opened on December 29, 2009 and closed on January 15, 2010 and was fully subscribed.

ii) The Company has incurred expenses of Rs. 21,325,242 (*Rs. 20,000,000 up to March 31, 2009*) in connection with the rights issue of its equity shares. This amount has been set off against the share premium arises from the rights issue of equity shares as permitted under section 78 of the Companies Act, 1956. This amount was disclosed under the head 'Advances recoverable in cash or kind or for value to be received' under 'Loans and Advances' in the Balance Sheet in the previous year.

iii) The Company has utilized an aggregate sum of Rs. 778,989,062 towards the purposes as stated in the prospectus filed for the offer of shares on rights basis, from the proceeds of the rights issue of equity shares of Rs.33.50 each. The unutilized funds of Rs. 220,000,000 are deployed in Liquid Mutual Funds disclosed as Current Investments in the Balance sheet.

29. Hon'ble High Court of Bombay had approved the Scheme of Arrangement ('the Scheme') between I-Ven Interactive Limited ('I-Ven'), Infomedia 18 Limited and their respective shareholders vide its order dated 24th July 2009. The Scheme was effective from 25th August 2009 on filing the copies of the order of the Hon'ble High Court with the Registrar of Companies. Accordingly I-Ven was merged with Infomedia 18 Limited on the effective date. Further pursuant to the Scheme, the Company has extinguished 12,338,112 Equity Shares held by I-Ven and equivalent number of shares have been issued by the Company to the shareholders of I-Ven in the swap ratio of 96.076:100. Upon the scheme becoming effective, the Company has recorded I-Ven Undertaking vested in it pursuant to the Scheme, at the respective book values as appearing in the financial statements of I-Ven as on the effective date, in accordance with "The Pooling of Interest" method as prescribed under Accounting Standard – 14 issued by The Institute of Chartered Accountants of India. The Company has credited to its Share Capital Account, the aggregate face value of the new equity shares issued on amalgamation to the shareholders of I-Ven. The Company has recorded the balances in the share premium and the general reserve of I-Ven in the same form and at the same values as they appeared in the financial statements of I-Ven immediately preceding the effective date. The aggregate of the excess/deficit of the value of assets over the value of liabilities of I-Ven vested in the Company, and the differential between the value of the investment in the equity share capital of the Company appearing in the books of accounts of I-Ven and the face value of the equity share capital of the Company held by I-Ven, has been debited to following accounts in the under-mentioned sequence: balance in security premium account, balance in general reserve account and balance in profit and loss account.

30. The Company had paid Rs. 21,000,000 for acquisition of trade marks, copyrights, domain names etc. in connection with starting of call centre services. In addition to this, the Company has incurred expenditure on consultancy charges, rent and lease hold improvements as detailed below:

Particulars	2009-2010 (Rs.)	2008-2009 (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 had planned to float a separate company for the call centre services. The expenditure incurred as listed above was for setting up of the new company which was to be exchanged for shares in the new company. Accordingly, this amount was carried forward under the head "Advances recoverable in cash or in kind or for value to be received" under "Loans and Advances" in the Balance-Sheet as at March, 31 2009. During the year ended March 31, 2010 Management has decided that the call center service will be part of Infomedia operations, and hence all the expenditure (other than the Capital expenditure) amounting to Rs. 26,536,791 has been charged off to the profit and loss account during the year ended March 31, 2010.

31. The Company has, pursuant to the resolution of the shareholders of the Company passed on 12th June 2009 by way of a postal ballot, increased and altered the Authorised Share Capital of the Company from Rs. 600,000,000 to Rs. 1,000,000,000 including reclassification of 100,00,000 Redeemable Preference Shares of Rs. 10/- into 100,00,000 equity shares of Rs. 10/- each.

32. 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, 2010.(Unaudited)

	2009-2010 (Rs.)	**2008-2009 (Rs.)**
Assets	1,673,790	*7,056,073*
Liabilities	725,612	*15,664,257*
Revenue	2,145,800	*11,520,132*
Expenses	2,193,438	*32,589,345*
Loss before tax	(47,638)	*(21,069,213)*

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

As per our report of even date

For S.R. Batliboi & Associates
Firm Registration no. 101049W
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 7, 2010

Balance Sheet abstract and General Business Profile

I Registration Details

Registration No.	9551	State Code	11
Balance Sheet Date	31-03-10		

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

Public Issue	NIL	Rights Issue	298206
Bonus Issue	NIL	Private Placement Preference Shares	NIL

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

Total Liabilities (Net of debit balance in Profit and Loss Account)	2143460	**Total Assets**	2143460

Sources of Funds :

Paid-Up Capital (excluding share application money)	497057	Reserves & Surplus (includes the Stock Option Outstanding)	835665
Secured Loans	398191	Unsecured Loans	399625
Deferred Tax Liability(Net)	12922		

Application of Funds :

Net Fixed Assets	237729	Investments	1067175
Net Current Assets (+ -) ✔ -	105419	Deferred Tax Asset	NIL
Miscellaneous Expenditure	10305	Accumulated Losses	933670

(Please tick appropriate box + for positive - for negative)

IV Performance of Company (Amount in Rs. Thousands)

Turnover	1168904	Total Expenditure	1668925
Profit/(Loss) before Tax (+ -) ✔ -	500021	Profit/(Loss) after Tax (+ -) ✔ -	500343
Earnings per Share (Rs.) (+ -) ✔ -	16.63	Dividend Rate (%)	NIL

(Please tick appropriate box + for profit, - for loss)

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 7, 2009

CONSOLIDATED FINANCIAL ACCOUNTS

Infomedia 18 Limited (Formerly Infomedia India Limited)
Auditors' Report (Consolidated Accounts)

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, 2010, and the related consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto ('consolidated financial statements'). 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 consolidated 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 20 of Schedule T to the accompanying consolidated financial statements. As at March 31, 2010, the accumulated losses of the Group are Rs.797,493,412. During the year ended March 31, 2010, the Group has incurred losses of Rs. 333,956,106. This may raise substantial doubts regarding the Group's ability to continue as a going concern, which is dependent on establishing profitable operations and obtaining continuing financial support from its shareholders. These mitigating factors have been more fully disclosed in Note 20 of Schedule T to the accompanying consolidated financial statements, in view of which the accompanying consolidated financial statements have been prepared on going concern assumption, and consequently, no adjustments have been made to the accompanying consolidated financial statements in this regard.

4. We did not audit the financial statements of:

   a) certain subsidiaries whose financial statements reflect total assets of Rs. 287,369,993 as at March 31, 2010, total revenue of Rs. 419,390,537, profits of Rs. 149,107,564 and cash outflows of Rs. 14,037,356 for the year then ended; and,

   b) a joint venture company whose financial statements reflect total assets of Rs. 415,898 as at March 31, 2010, the total revenue of Rs. 182,811, losses of Rs. 17,873 and cash flows amounting to Rs. 221,275 for the year then ended, the Company's share of such assets, revenues, loss and cash flows being Rs. 203,790, Rs. 89,577, Rs. 8,758 and Rs. 108,425 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.

5. 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.

6. 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, 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, 2010;

      (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, 2010.

For S.R. BATLIBOI & ASSOCIATES
Firm Registration no. 101049W
Chartered Accountants

per Amit Majmudar
Partner
Membership No. 36656
Place: Mumbai
Date: May 24, 2010

Infomedia 18 Limited (Formerly Infomedia India Limited)
Consolidated Balance Sheet as at March 31, 2010

	Schedules	Rs.	March 31, 2010 Rs.	March 31, 2009 Rs.
Sources of funds				
Shareholders' funds				
Share Capital	"A"	497,056,720		198,851,030
Right Issue Application Money		33,837		—
Stock Options Outstanding	"B"	14,006,600		—
Share Application money pending allotment (Refer Note 22 of Schedule 'T')		—		142,200,000
Reserves and Surplus	"C"	834,905,270		40,970,422
			1,346,002,427	382,021,452
Loan Funds				
Secured Loans	"D"		403,210,914	631,470,402
Unsecured Loans	"E"		229,480,562	405,840,993
Deferred Tax Liabilities	"F"		16,433,330	25,561,337
Total			1,995,127,233	1,444,894,184
Application of funds				
Fixed assets	"G"			
Gross block, at cost		1,941,717,441		1,953,590,677
Less: Accumulated Depreciation		1,011,535,761		974,246,119
Less : Impairment Provision		7,559,157		180,010,941
Net block		922,622,523		799,333,617
Advances on capital account and capital work in progress, at cost		9,699,082		640,000
			932,321,605	799,973,617
Investments	"H"		220,323,000	5,500
Deferred Tax Assets	"I"		6,437,230	9,130,078
Current assets, loans and advances	"J"			
Inventories		66,097,742		82,054,665
Sundry debtors		488,475,621		417,548,557
Cash and bank balances		79,375,063		64,923,794
Loans and advances		420,380,529		449,915,105
		1,054,328,955		1,014,442,121
Less:				
Current liabilities and provisions	"K"			
Current liabilities		962,915,970		815,163,631
Provisions		63,165,783		45,638,828
		1,026,081,753		860,802,459
Net current assets			28,247,202	153,639,662
Miscellaneous Expenditure - To the extent not written off	"L"		10,304,784	1,817,366
Debit Balance in Profit & Loss Account			797,493,412	480,327,961
Total			1,995,127,233	1,444,894,184
Notes to Accounts	"T"			

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
Firm Registration No. 101049W
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:
Dated: May 24, 2010

Infomedia 18 Limited (Formerly Infomedia India Limited)

Consolidated Profit and Loss Account for the year ended March 31, 2010

	Schedules	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.
Income			
Sales		1,487,536,053	1,636,997,145
Other income (Refer Note 8 Schedule 'T')	"M"	104,414,039	47,777,533
		1,591,950,092	1,684,774,678
Expenditure			
Materials Consumed	"N"	259,438,041	407,140,557
Cost of Traded Products	"O"	4,198,778	9,951,473
Personnel Cost	"P"	669,318,832	689,766,905
Operating and other expenses	"Q"	1,024,551,246	1,033,639,383
		1,957,506,897	2,140,498,318
Loss Before Interest, Tax, Depreciation		(365,556,805)	(455,723,640)
Depreciation and amortisation	"G"	77,712,437	75,467,449
Financial Expenses	"R"	148,752,149	105,457,671
Loss Before Tax and before Exceptional items		(592,021,391)	(636,648,760)
Exceptional items Income/(Expense) (Refer Note 23 of Schedule 'T')		262,797,026	(343,921,125)
Loss Before Tax and Prior Period items		(329,224,365)	(980,569,885)
Prior Period items(Net) Income/(Expense)	"S"	(3,877,355)	—
Loss Before Tax		(333,101,720)	(980,569,885)
Tax Expenses			
Current Tax		(15,274,731)	(5,780,154)
Deferred Tax Credit/(Charge) (Refer Note 11 of Schedule 'T')		6,435,160	(10,263,975)
Fringe Benefit Tax		(139,476)	(11,077,023)
Current Tax (MAT Credit) relating to prior years		8,124,661	—
		(854,386)	(27,121,152)
Loss for the year		(333,956,106)	(1,007,691,037)
Balance (loss)/profit brought forward from previous year		(480,327,961)	519,640,777
(Add)/Less: Foreign Exchange Translation in balances brought forward from previous year		(5,834,790)	7,852,456
Less: Profit and Loss Account Balance of I-Ven Interactive Limited transferred as per Scheme of Arrangement (Refer Note 25 of Schedule 'T')		134,543,042	
Add: Amount adjusted as per Scheme of Arrangement (Refer Note 25 of Schedule 'T')		(104,269,847)	—
Amount available for appropriation		(789,845,662)	(480,197,804)
Appropriations			
Proposed dividend		—	(111,250)
Dividend tax		(7,647,750)	(18,907)
Transfer to general reserve		—	—
Short Provision of earlier year's Proposed Dividend and Dividend tax thereon			—
Balance carried to the balance sheet		(797,493,412)	(480,327,961)
Loss per share (Refer Note 16 of Schedule 'T')			
Basic - Nominal value of shares Rs. 10.		(11.10)	(40.44)
Diluted - Nominal value of shares Rs. 10.		(11.10)	(40.44)
Notes to Accounts	"T"		

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
Firm Registration No. 101049W
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:
Dated: May 24, 2010

Infomedia 18 Limited (Formerly Infomedia India Limited)

Consolidated Cash Flow Statement for the year ended March 31, 2010

	March31, 2010 Rs.	March 31, 2009 Rs.
A. Cash flow from operating activities:		
Net loss before tax and after Exceptional items	(333,101,720)	*(980,569,885)*
Adjustments for		
Exceptional items	(262,797,026)	*321,142,484*
Depreciation and amortisation	77,712,437	*75,467,449*
Foreign Exchange	9,705,345	*4,759,305*
Interest Income	(495,255)	*(13,379,011)*
Dividend Income	(317,500)	*(2,964,403)*
(Profit)/Loss on Sale of Investments	(65,392)	*358,819*
Interest charged	148,752,149	*105,457,671*
Loss on sale of fixed assets	18,814,120	*3,001,096*
Provision for Doubtful debts	7,664,135	*44,592,956*
Employee Stock Compensation expenses	14,006,600	—
Miscellaneous Expenditure written off	1,807,119	*785,680*
Provisions for obsolete inventories	1,400,000	—
Liabilities no longer required written back	—	*212,007*
Printing Provision written back	(72,062,162)	—
Operating loss before working capital changes	(388,977,150)	*(441,135,832)*
Adjustments for		
Trade and other receivables	(126,753,886)	*20,686,976*
Inventories	14,556,923	*(29,524,038)*
Trade Payables/Provisions	302,686,869	*349,488,324*
Amount paid as per Scheme of Arrangement	(11,151,041)	—
Cash Used in operations	(209,638,285)	*(100,484,570)*
Direct taxes (paid) / refunded	36,772,021	*(14,654,797)*
Net Cash From/(Used in) Operating Activities	(172,866,264)	*(115,139,367)*
B. Cash flow from investing activities:		
Purchase of fixed assets	(76,274,990)	*(94,712,768)*
Sale of fixed assets	18,749,073	*1,899,111*
Sale of Investments	65,392	*415,000*
Investments in subsidiaries and joint venture	—	*(12,455,428)*
Dividend received	317,500	*2,964,403*
Net Cash From/(Used in) Investing Activities	(57,143,025)	*(101,889,682)*
C. Cash flow from financing activities:		
Scheme of Arrangement for Share Buyback	(110,005)	*(298,165)*
Shares Allotted - ESOS	—	*15,886,050*
Shares Allotted - Rights issue (including share premium)	998,989,062	—
Right Issue Application Money	33,837	—
Share Application Money Received in joint venture	—	*9,996,000*
Loan Processing charges	(10,340,625)	—
Intercorporate deposits repaid (Net)	(225,000,000)	*405,000,000*
Term Loans repaid	(87,500,000)	*(86,250,000)*
Proceeds from Term Loans	117,794,783	
Proceeds from Working Capital Loans	—	*(180,000,000)*
(Reduction)/Utilisation of Cash Credit facilities (net)	(259,810,812)	*132,384,383*
Commercial Paper Repayment	—	*(250,000,000)*
Investments in Fixed Deposits	(6,261,066)	—
Interest received	495,255	*493,548*
Interest paid	(98,856,039)	*(90,737,043)*
Dividend and tax thereon	(591,054)	*(33,574,100)*
Net Cash From/(Used in) Financing Activities	428,843,336	*(77,099,327)*
Net Increase/(decrease) in cash and cash equivalents	198,834,047	*(294,128,376)*
Cash and Cash Equivalents as at April 1, 2009	58,878,050	*353,837,692*
Cash and Cash Equivalents as at March 31, 2010	257,712,097	*59,709,316*
Cash and Cash Equivalents:		
Cash on hand	217,333	*352,988*
Cheques on hand	1,332,232	*1,143,606*
Credit Balance in Bank Book	(35,719,400)	*(5,214,478)*
Balances with scheduled banks :		
In current accounts	69,553,664	*60,400,586*
In deposit accounts	1,875,000	*3,019,444*
Balances with Other banks :		
In current accounts	135,768	*7,170*
In Current investments (Less than three months)	220,317,500	—
	257,712,097	*59,709,316*
Less : Effect of Exchange differences on Cash & Cash Equivalents held in foreign currency	—	*831,266*
	257,712,097	*58,878,050*

Notes:
1. Direct taxes (paid)/refunded 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 2,339,122 *(2008-2009 : Rs. 3,888,782).*

For S.R. Batliboi & Associates
Firm Registration No. 101049W
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:
Dated: May 24, 2010

			March 31, 2010 Rs.	*March 31, 2009 Rs.*
"A"	**Share Capital**			
	Authorised (Refer Note 27 of Schedule 'T')			
	100,000,000	*(2008-2009 : 50,000,000)* Equity Shares of Rs. 10 each	1,000,000,000	*500,000,000*
	Nil	*(2008-2009 : 10,000,000)* Preference Shares of Rs. 10 each (2007-2008 : NIL)	—	*100,000,000*
	Issued and subscribed			
	49,705,672	*(2008-2009: 19,885,103)* Equity Shares of Rs. 10 each, fully paid up	497,056,720	*198,851,030*

a) Of the above fully paid up shares:

(i) 148,000 *(2008-2009 : 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 *(2008-2009 : 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 *(2008-2009 : 17,798,900)*Equity Shares of Rs. 10 each are issued as fully paid up bonus shares by capitalisation of securities premium account.

(iv) 23,913,061 *(2008-2009 : 12,338,112)*Equity Shares of Rs. 10 each are held by Television Eighteen India Limited, the holding company (*2008-2009: I-Ven Interactive Limited the Holding company*).

(v) 317,000 *(2008-2009 : 317,700)*Equity shares of Rs. 10 each are issued as fully paid shares as per the Employee Stock Option Scheme of the Company.

(vi) 29,820,569 *(2008-2009 : Nil)*Equity shares of Rs. 10 each are issued as fully paid shares as per the Right Issue of the Company. (Refer Note 24(i) of Schedule 'T')

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

36,750 *(2008-2009 : 39,750)*Share options under the Employee Stock Option Scheme ('ESOP') at the market price prior to the date of grant of options. 36,750 *(2008-2009 : 27,750)* of these options have vested, further Nil will vest on on 26th June 2008, further Nil *(2008-2009 : 12,000)* will vest on 21st November 2009.

911,000 *(2008-2009 : Nil)*Share options under the Employee Stock Option plan, 2007 at the market price prior to the date of grant of options further 364,400 *(2008-2009 : Nil)* of these options will vest on 1st April 2010, further 273,300 *(2008-2009 : Nil)* will vest on 1st April 2011, further 273,300 *(2008-2009 : Nil)* will vest on 1st Octber 2011.

c) Pursuant to the scheme of arrangement between the Company and its shareholders, the Company had purchased 33,16,197 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.

d) Pursuant to the Scheme of Arrangement between I-Ven Interactive Limited and Infomedia 18 Limited and their respective shareholders approved by High Court vide its order dated 24th July 2009, the effective date being 25th August 2009, 123,38,112 Equity shares earlier held by I-Ven Interactive Limited had been cancelled and equivalent number of shares were issued to its respective shareholders.(Refer Note 25 of Schedule 'T')

	March 31, 2010 Rs.	*March 31, 2009 Rs.*
"B" Stock Options Outstanding (Refer Note 12 of Schedule 'T')		
Employee Stock options outstanding	14,190,000	-
Less : Deferred Employee compensation	183,400	-
Net Balance	14,006,600	-

		March 31, 2010 Rs.	March 31, 2009 Rs.
"C" Reserves and surplus			
Securities Premium account			
As per last balance sheet	35,872,637		*21,099,087*
Add : Securities Premium of I-Ven Interactive Limited accounted as per Scheme of Arrangement (Refer Note 25 of Schedule 'T')	783,540,429		
Less : Utilised as per the Scheme of Arrangement (Refer Note 25 of Schedule 'T')	819,413,066		
Add :Securities Premium received during the period from Rights issue of shares (Refer Note 24(i) of Schedule 'T')	700,783,372		
Less : Rights Issue expenses written Off (Refer Note 24(ii) of Schedule 'T')	21,325,242		
Securities Premium received during the year from ESOP			*14,773,550*
		679,458,130	*35,872,637*
General reserve			
As per last balance sheet	1,931,209		*1,931,209*
Add : General Reserve of I-Ven Interactive Limited accounted as per the Scheme of Arrangement (Refer Note 25 of Schedule 'T')	22,655,458		-
Less : Utilised as per the Scheme of Arrangement (Refer Note 25 of Schedule 'T')	24,586,667		-
		-	*1,931,209*
Capital Reserve			
As per last balance sheet	-		
Add : Share Application Money Forfeited (Refer Note 22 of Schedule 'T')	142,200,000	142,200,000	
Foreign Exchange Translation reserve			
As per last balance sheet		3,166,576	*(3,347,269)*
Add : Net adjustments during the year		10,080,564	*6,513,845*
		13,247,140	*3,166,576*
		834,905,270	*40,970,422*
"D" Secured Loans			
From Banks :			
Long Term			
- Term Loans		250,294,783	*220,000,000*
Term Loans include instalments payable within one year Rs. 141,071,420 *(2008-2009 : Rs. 87,500,000)*			
Short Term			
- Working Capital Demand Loans		50,000,000	*50,000,000*
- Cash Credit Facilities		98,756,954	*358,567,766*
Interest accrued and due on Term Loan		4,159,177	*2,902,636*
(For Securities given, Refer Note 7 of Schedule 'T')		403,210,914	*631,470,402*
"E" Unsecured Loans(Short Term)			
Inter Corporate Deposit from Holding Company		180,000,000	*405,000,000*
Interst Accrued and due on Inter Corporate Deposit (Television Eighteen India Limited - the holding company) (Refer Note 18 of Schedule 'T')		49,480,562	*840,993*
(Maximum amount outstanding at any time during the year Rs. 585,000,000 *(2008-2009: Rs. 425,000,000)*		229,480,562	*405,840,993*
"F" Deferred Tax Liabilities (Refer Note 11 of Schedule 'T')			
Deferred Tax Liabilities			
On account of timing differences on :			
Depreciation		16,433,330	*25,561,337*
		16,433,330	*25,561,337*

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

	Gross Block				Depreciation, Amortisation and Impairment					Net Block	*Net Block*
	Cost as at 01.04.2009	Additions	Deductions	Cost as at 31.03.2010	As at 01.04.2009	For the Year	On Deduction	Impairment Provisions/ (Reversal)	As at 31.03.2010	As at 31.03.2010	*As at 31.03.2009*
	(Refer note b)				(Refer note b)						
Tangible Assets :											
Land-freehold	40,000	—	—	40,000	—	—	—	—	—	40,000	*40,000*
Land-leasehold	1,873,125	—	—	1,873,125	749,253	31,219	—	—	780,472	1,092,653	*1,123,872*
Building	61,540,224	1,315,518	3,772,213	59,083,529	34,981,311	4,119,110	3,772,213	—	35,328,208	23,755,321	*26,558,913*
Ownership flats *(Refer Note a)*	23,741,895	—	—	23,741,895	5,172,289	387,052	—	—	5,559,341	18,182,554	*18,569,606*
Plant, machinery				—							
and equipment	680,542,963	3,894,159	8,454,330	675,982,792	629,979,793	17,845,850	7,447,961	—	640,377,682	35,605,110	*50,530,578*
Computer Equipment, etc.	233,287,292	24,842,925	15,665,474	242,464,743	175,108,529	22,600,164	13,818,471	—	183,890,222	58,574,521	*58,245,574*
Furniture, fixtures,electrical and				—							
office equipment	176,674,681	15,764,861	38,710,939	153,728,603	87,835,024	15,739,328	20,389,377	—	83,184,975	70,543,628	*89,271,794*
Vehicles	21,337,129	5,044,605	10,905,212	15,476,522	11,619,920	1,922,977	6,971,937	—	6,570,960	8,905,562	*9,717,209*
Intangible Assets :				—							
Enterprise Resource Planning Software	46,819,126	2,444,240	—	49,263,366	42,095,906	2,382,331	—	—	44,478,237	4,785,129	*4,723,220*
Goodwill On Consolidation (Refer note d)	645,320,766	—	—	645,320,766	162,661,000	—	—	(160,000,000)	2,661,000	642,659,766	*482,659,766*
Goodwill	50,000	—	—	50,000	50,000	—	—	—	50,000	—	—
Brands and Trademarks	61,422,500	13,269,600	—	74,692,100	3,529,415	12,684,406	—	—	16,213,821	58,478,279	57,893,085
Total	1,952,649,701	66,575,908	77,508,168	1,941,717,441	1,153,782,440	77,712,437	52,399,959	(160,000,000)	1,019,094,918	922,622,523	799,333,617
March 31, 2009	*1,876,138,672*	*94,712,768*	*17,260,763*	*1,953,590,677*	*910,305,790*	*75,467,449*	*11,527,120*	*180,010,941*	*1,154,257,060*		
Advances on capital account and capital work in progress, at cost										9,699,082	*640,000*
Total										932,321,605	*799,973,617*

(a) Cost Includes Rs. 3500 *(2008-2009: 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 940,976 *(2008-2009: Rs.864,920)* and Rs 474,620 *(2008-2009: Rs. 274,598)* respectively, being the translation of balances as on 01.04.2009, on the closing rate as on 31.03.2010.

(c) Refer Note 28 of Schedule 'T' for proportionate share of joint venture entity assets, as included under the proportionate consolidation method.

(d) Depreciation as at 31.03.2010 includes the impairment of Goodwill Rs Nil. *(2008-2009 : Rs.160,000,000)* and impairment of Fixed Assets of Rs. 7,559,157 *(2008-2009 : Rs. 20,010,941)*. Also refer Note 23(i) in Schedule 'T'.

	March 31, 2010 Rs	March 31, 2009 Rs
"H" Investments		
Long Term - Unquoted (Non Trade) :		
6 years National Savings Certificates	5,500	5,500
Total Long - Term	5,500	5,500
Current - Unquoted (Non Trade) :		
4,967,879 *(2008-09 : Nil)* units of HDFC Floating Rate Income Fund Short Term Plan - Wholesale option - Dividend Reinvestment	50,080,695	—
2,343,512 *(2008-09 : Nil)* units of Reliance Medium Term Fund Daily Dividend Plan	40,063,518	
3,005,581 *(2008-09 : Nil)* units of LICMF Income Plus Fund Daily Dividend Plan	30,055,814	
5,004,534 *(2008-09 : Nil)* units of JM Money Manager Fund Super Plus Plan - Daily Dividend	50,071,861	—
2,980,465 *(2008-09 : Nil)* units of Kotak Floater Long Term Daily Dividend	30,042,487	—
189,182 *(2008-09 : Nil)* units of HDFC Floating Rate Income Fund Short Term Plan - Wholesale option - Dividend Reinvestment	20,003,125	—
Total Current	220,317,500	—
Total	220,323,000	5,500

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

Sr. No.	Particulars	Units Nos	Cost
1	HDFC Cash Mgmt Fund - Savings Plan - Daily Dividend	4,700,869	50,000,000
2	Reliance Liquid Fund - TP - IP - Daily Dividend	2,616,568	40,000,000
3	LIC MF Liquid Fund - Daily Dividend	2,732,216	30,000,000
4	ICICI Prudential Liquid - Inst Plus - Daily Dividend	168,755	20,000,000
5	ICICI Prudential flexible income plan	98,536	1,591,106
	Total		141,591,106

Current Investments purchased and sold during the year 2008-2009 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

	Rs	March 31, 2010 Rs	March 31, 2009 Rs
"I" Deferred Tax Assets (Refer Note 11 of Schedule 'T')			
On account of timing differences on :			
Provision for Leave Encashment		5,833,763	8,047,342
Provision for Doubtful Debts		603,467	1,082,736
		6,437,230	9,130,078
"J" Current assets, loans and advances			
Inventories			
Stores and spare parts		8,980,116	8,575,152
Raw Materials : Paper, inks, printing and binding materials	48,440,234		66,429,528
Work in progress	3,778,624		709,047
Finished Goods : Children's books and stationery products, etc.	2,806,207		3,189,260
Finished Goods : Touch Stone Gifts and Other traded goods	3,492,561		3,151,678
Provision for Obsolete stock	(1,400,000)		—
		57,117,626	73,479,513
		66,097,742	82,054,665
Sundry debtors (Refer Note 17 and 18 of Schedule 'T')			
Debts outstanding for a period exceeding six months			
Secured - considered good	1,708,659		2,558,201
Unsecured			
Considered good	117,793,563		105,027,181
Considered doubtful	107,759,427		105,626,260
	227,261,649		213,211,642
Others - considered good			
Secured	842,796		6,285,743
Unsecured	368,130,603		304,657,472
	368,973,399		524,154,857
Less: Provision for doubtful debts	107,759,427		106,606,300
		488,475,621	417,548,557
Cash and bank balances			
Cash on hand	217,333		352,988
Cheques on hand	1,332,232		1,143,606
Balances with scheduled banks :			
In current accounts	69,553,664		60,400,586
In deposit accounts	8,136,066		3,019,444
Balances with other banks :			
In current accounts	135,768		7,170
		79,375,063	64,923,794
Bank balance with other Bank includes : Municipal Co-op. Bank, Navi Mumbai. (Maximum Amount Outstanding during the year Rs.428,003 (2008-2009 Rs. 912,509/-))			
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 26 of Schedule 'T')	225,130,458		211,464,367
Advance towards Investment in New company (Refer Note 26 of Schedule 'T')	—		46,800,410
Security Deposits	103,448,075		89,520,329
MAT Credit Entitlement	8,124,661		—
Advance payments of Income-tax less provisions Advance Tax : 425,546,920 (2008-2009:445,578,513) Less: Provision for Tax : 343,448,514 (2008-2009 : 343,448,514)	82,098,406		102,129,999
Advance payments of Fringe Benefit Tax ('FBT') less provisions Advance FBT : 31,193,300 (2008-2009 : 29,813,058) Less: Provision for FBT : 29,614,371 (2008-2009 : 29,813,058)	1,578,929		—
		420,380,529	449,915,105
		1,054,328,955	1,014,442,121

	Rs	March 31, 2010 Rs	March 31, 2009 Rs
"K" Current liabilities and provisions			
Current liabilities			
Sundry creditors (Refer Note 15,17 and 18 of Schedule 'T')			
Due to Micro, Small and Medium enterprises	2,301,901		611,488
Due to Holding Company	189,589,475		73,466,743
Due to Others	355,423,680		500,797,692
Sundry Deposits	9,125,366		8,866,706
Unclaimed dividend *	2,340,226		2,551,373
Advances received from customers	298,335,888		45,963,275
Credit Balance in Bank Book	35,719,400		5,214,478
Provision for Mark To Market Adjustments	30,734,517		133,531,543
Other Liabilities	39,345,517		44,160,333
		962,915,970	815,163,631
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.			
Provisions			
Tax on proposed dividend	7,647,750		379,907
Provision for Rebates, returns etc. (Refer Note 10(b) of Schedule 'T')	10,886,086		5,697,817
Provision for Gratuity (Refer Note 19 of Schedule 'T')	18,997,534		18,017,853
Provision for leave encashment (Refer Note 19 of Schedule 'T')	25,634,413		21,543,251
		63,165,783	45,638,828
		1,026,081,753	860,802,459
"L" Miscellaneous Expenditure (to the extent not written off or adjusted)			
(Refer note 3(s) of Schedule 'T')			
Processing Fees			
Opening Balance		1,817,366	2,603,046
Additions during the year		10,340,625	—
		12,157,991	2,603,046
Less : Written off during the year		1,853,207	785,680
		10,304,784	1,817,366

	Current Year Rs.	Previous Year Rs.
"M" Other income		
Interest others- gross (tax deducted at source on interest received Rs. Nil) *(2008-2009 : Nil)*	326,553	13,329,475
Interest received on Fixed Deposit (tax deducted at source on interest received Rs.9,253) *(2008-2009 : Rs. 6,791)*	168,702	49,536
Dividend income from Trade investments	317,500	2,964,403
Establishment expenses recovered	—	2,938,266
Miscellaneous receipts	17,613,275	14,270,240
Scrap Sales	13,860,455	14,225,613
Provision for printing expenses written back (Refer Note 8 of Schedule 'T')	72,062,162	—
Profit on sale of Investment	65,392	—
	104,414,039	47,777,533

	Rs.	March 31, 2010 Rs.	*March 31, 2009 Rs.*
"N" Materials Consumed			
Opening Balance of Raw Material	66,429,528		*32,553,031*
Opening Balance of Work-In-Progress	709,047		*3,043,582*
Add: Purchase of Paper, inks and binding Materials	244,518,324		*438,682,519*
		311,656,899	*474,279,132*
Less:			
Closing Balance of Raw Material		48,440,234	*66,429,528*
Closing Balance of Work-In-Progress		3,778,624	*709,047*
Consumption of Paper, inks and binding materials		259,438,041	*407,140,557*
"O" Cost of Traded Products			
Opening Balance of Touch Stone Gifts and Other Traded products	3,151,678		*2,983,601*
Opening balance of Childrens Books and Stationery products	3,189,260		*3,246,938*
Add: Purchase for resale	2,756,608		*10,061,872*
		9,097,546	*16,292,411*
Less:			
Closing balance of Childrens Books and Stationery products	2,806,207		
Less : Provision for Obsolete stock	(1,400,000)	1,406,207	*3,189,260*
Closing balance of Touch Stone Gifts and Other Traded products		3,492,561	*3,151,678*
Cost of Goods Sold		4,198,778	*9,951,473*
"P" Personnel Cost			
Payments to and provisions for employees			
Salaries, wages & bonus	568,818,400		*590,284,575*
Contribution to provident and other funds, retirement benefits	36,046,712		*49,827,000*
Employee's Stock Compensation Exp	14,006,600		*—*
Employees' welfare expenses	50,447,120		*49,655,330*
		669,318,832	*689,766,905*
"Q" Operating and other expenses			
Stores and spare parts consumed	16,780,737		*21,302,636*
Outwork and ancillary printing	80,019,237		*96,296,170*
Power and fuel	47,379,847		*64,708,004*
Distribution expenses	19,021,046		*14,687,789*
Postage	81,640,756		*96,634,182*
Repairs to building	1,857,723		*2,215,618*
Repairs and maintenance to plant and machinery	1,344,503		*3,155,278*
Other repairs and maintenance	25,261,460		*14,482,698*
Advertising and publicity	131,014,644		*67,382,948*
Marketing expenses	48,081,289		*58,038,721*
Design and Content Charges	15,564,746		*19,552,831*

	Rs.	March 31, 2010 Rs.	March 31, 2009 Rs.
Brokerage & Commission	1,021,408		1,560,003
Discounts Allowed to Customers	37,398,121		29,091,053
Rent	133,095,569		182,413,821
Rates and taxes	12,722,777		13,351,949
Bad debts written off	17,685,518		—
Miscellaneous Expenditure written off	1,807,119		785,680
Insurance	4,319,658		5,757,704
Traveling expenses	37,409,219		43,298,462
License Fees	6,671,043		5,906,319
Consultancy and professional fees	87,400,903		63,360,292
Event cost	33,608,682		53,625,053
Telephone Expenses	14,305,951		21,530,952
Loss On sale of Fixed Assets(Net)	18,814,120		3,001,096
Loss On sale of Investments	—		358,820
Exchange Loss (net)	48,505,691		31,960,125
General expenses	90,933,863		70,613,322
		1,013,665,630	985,071,526
Auditors' remuneration			
Audit fees		2,407,813	2,717,292
Fees for tax audit		403,464	468,271
Fees for other services		—	2,750,000
Reimbursement of out-of-pocket expenses		60,204	69,338
		2,871,481	6,004,901
Less: Fees for Right issue related services grouped under Loans & Advance Schedule "I"		—	2,350,000
Provision for doubtful debts		7,664,135	44,592,956
Directors' fees		350,000	320,000
		1,024,551,246	1,033,639,383

"R" Financial Expenses

Interest			
On Term Loans	36,158,736		31,083,404
On working capital Loans and Cash Credit Accounts	46,649,541		49,498,419
On ICD	59,005,205		—
On others	2,764,680		19,368,884
Bank Charges	4,173,987		5,506,964
		148,752,149	105,457,671

"S" Prior Period Items(Net)

Advertising & Publicity Expenses	8,213,100		—
Less : Net Advertisement Revenue	4,335,745		—
		3,877,355	—

"T" 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 along with 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, 2010	Percentage of Ownership interest as at 31st March, 2009
	Subsidiary Companies:			
1.	Cepha Imaging Private Limited w.e.f. 22nd December'2005	India	100%	100%
2.	Glyph International UK Limited (Formerly Keyword Group Limited) (Keyword) 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.	Glyph International Limited (Formerly American Devices India Private Limited) (ADIPL) w.e.f. 1st April'2006	India	100%	100%
6.	Glyph International US LLC (Formerly Software Services LC) (SSLC) 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, 2010.

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 (as amended) 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.

Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

d) Depreciation

The Group depreciates its fixed assets as follows:

i.	Leasehold land	-	over the period of the lease on straight line method
ii.	Furniture, Fixtures, Electrical And Office Equipment (inLeased 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 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

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 on straight line basis.

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.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

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

Raw materials, components, stores and spares: Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-progress and finished goods: Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

i) Revenue Recognition

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

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 is recognised on completion basis and is 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 is 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.

j) Employee Benefits

i. Retirement benefits in the form of Provident Fund 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 is a defined benefit obligation 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 at the year-end. The actuarial valuation is done as per projected unit credit method.

Gratuity liability for Glyph International Limited (Formerly American Devices India Private Limited) and Cepha Imaging Private Limited is a 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 year-end.

iii. Short term compensated absences are provided 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.

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. 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 average exchange rate during the year; 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.

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 Group has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence 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.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

o) 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 Group 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 period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus element in a rights issue to existing shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive 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 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 SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and 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. Compensation expense is amortized over the vesting period of the option on a straight line basis.

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.

u) Derivative instruments

As per the announcement of Institute of Chartered Accountants of India 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. During the year ended March 31, 2010, 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, 2010 has been grossed up to reflect revenue from barter transactions of Rs 46,123,298 *(2008-2009:Rs 34,787,605)* and expenditure of Rs. 46,123,298 *(2008-2009:Rs 34,787,605)* being the fair value of barter transactions provided and received.

5. Goodwill on Consolidation (Net) comprises of:

	Name	2009-2010 (Rs.)	2008-2009 (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	4,714,217
Total Capital Reserve		4,714,217	4,714,217
Goodwill (Net)		645,320,766	645,320,766
Less:	Goodwill amortised in earlier years	2,661,000	2,661,000
	Goodwill impaired in earlier years	160,000,000	160,000,000
Add:	Reversal of earlier impairment provision (Refer Note 23 (i))	(160,000,000)	-
Goodwill Net		642,659,766	482,659,766

6. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 17,293,874 *(2008-2009: Rs. 14,457,643)*

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:

Axis Bank

Principal of Rs. 131,250,000 *(2008-2009 : Rs.218,750,000)*

Interest accrued and due of Rs. 2,693,132 *(2008-2009 : Rs.2,302,440)*

- First charge on all fixed assets of the Company. (Both movable and immovable, present and future)
- First pari passu charge on all current assets of the Company (Both present and future)
- Pledge of shares in subsidiary companies (29% of issued and subscribed share capital of

  Glyph International Limited (Formerly American Devices India Private Limited) and Cepha Imaging Private Limited pledged in Favour of bank)
- Corporate Guarantee from Network18 Media & Investments Limited
- Interest accrued and due of Rs. 2,693,132 has been duly debited by bank on April 5, 2010

Punjab National Bank

Principal of Rs. 119,044,783 *(2008-2009 : Rs. Nil)*

Interest accrued and due of Rs. 1,466,045 *(2008-2009 : Rs.Nil)*

- First exclusive charge/ mortgage on all immovable and moveable assets of the Company.
- Second charge on all existing fixed assets of the Company.
- Corporate Guarantee given by Network18 Media & Investments Limited.
- Interest accrued and due of Rs. 1,466,045 has been duly debited by bank on April 6, 2010

Cepha Imaging Private Limited:

Principal Rs. Nil *(2008-2009: Rs. 1,250,000)*

Interest accrued and due of Rs. Nil *(2008-2009: Rs. 155,712)*

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

b) **Working Capital Demand Loans**:

Infomedia 18 Limited:

HSBC

Principal of Rs. 50,000,000 *(2008-2009 : Rs. 50,000,000)*

Interest accrued and due of Rs. Nil *(2008-2009 : Rs. 88,767)*

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

c) **Cash Credit Facilities**:

Infomedia 18 Limited:

Axis Bank

Principal of Rs. 93,737,287*(2008-2009 : Rs.89,486,550)*

- Pari passu second charge on all fixed assets of the Company.
- Pari passu first charge on all current assets of the Company.
- Corporate Guarantee given by Network18 Media & Investments Limited.

Standard Chartered Bank

Principal of Rs. Nil *(2008-2009 : Rs 241,052,992)*

Charge exists till the loan is repaid

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

Cepha Imaging Private Limited:

Standard Chartered Bank

Principal of Rs. 4,603,902 *(2008-2009: Rs. 2,274,564)*

Interest accrued and due of Rs. Nil *(2008-2009:Rs. 355,717)*

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

Keyword Group Limited:

Principal of **£** Equivalent Rs. Nil *(2008-2009: £ 353,463 Equivalent Rs. 25,753,660)*

Standby Letter of Credit issued for GBP Nil *(2008-2009: GBP 200,000)* issued by Infomedia 18 Limited

8. Other income for the year ended March 31, 2010 includes Rs. 72,062,162 *(2008-2009: Nil)* pertaining to provision no longer required for printing expenses written back.

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. 48,505,691 *(2008-2009: loss Rs. 31,960,125)*.

10. Provisions and Contingencies –

a) Claims against the Group not acknowledged as debts:

i) The Group has received demands of Rs. 37,950,921 (*2008-2009: Rs. 156,120,256)* towards Income Tax for the Assessment Year 2005-2006, 2006-2007, 2007-2008 and 2008-2009 and Rs. 2,506,882 *(2008-2009: Rs. 2,506,882)* 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 Group relating to issue of applicability, allowability, etc. aggregating to Rs. 6,618,177 *(2008-2009: Rs. 4,839,279)*.

iii) Third party claim relating to compensation before Monopolies and Restrictive Trade Practices Commission aggregating to Rs. 20,000,000 *(2008-2009: 20,000,000)*, net of tax Rs. 13,268,000 *(2008-2009: 13,268,000)*. The matter is pending for final hearing.

iv) Bank guarantee given to Bombay Stock Exchange ('BSE') towards issue of Equity shares on rights basis amounting to Rs. 5,000,000*(2008-2009: Rs. Nil)*.

v) VAT matters disputed by the Group with VAT authorities relating to issues of allowability aggregating to Rs. 1,778,898 *(2008-09: Rs. Nil)*. The company has made an appeal on this issue with appellate authorities.

vi) Standby Letter of Credit issued for GBP Nil *(2008-09: GBP 200,000)*, in favour of Barclays Bank Plc, towards banking facilities used by Glyph International UK Limited (Formerly Keyword Group Limited),UK (a subsidiary of the Company).

b) Provision

	2009-2010 (Rs.)	2008-2009 (Rs.)
Provision for		
Rebates, Returns etc.		
Opening Balance	5,697,817	14,475,042
Addition during the year	28,934,895	26,489,870
Amount utilized during the year	23,746,626	35,267,095
Unused amounts reversed during the year	-	-
Closing Balance	10,886,086	5,697,817

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

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	(25,561,337)	9,128,008	(16,433,330)
Total Deferred Tax Liabilities	**(25,561,337)**	**9,128,008**	**(16,433,330)**
Deferred Tax Assets			
Provision for leave encashment	8,047,342	(2,213,579)	5,833,763
Provision for gratuity	1,082,736	(479,269)	603,467
Provision for doubtful debts	-	-	-
Provision for discount & rebate	-	-	-
Total Deferred Tax Assets	**9,130,078**	**(2,692,848)**	**6,437,230**

12. Employee Stock Option Plans (ESOP) 2004 and 2007

The Company has provided share based payment schemes to its employees. During the year ended March 31, 2010 the following schemes were in operation

Employee Stock Option Plan 2004 (ESOP 2004):

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	

This scheme (ESOP 2004) is 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 and Annual General Meeting held on October 10, 2006.

The details of activity under the plan are summarized below:

	Year ended March 31, 2010		Year ended March 31, 2009	
Particulars	No. of Shares	Weighted Average Exercise Price (Rs.)	No. of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	47,250	187.06	187,250	158.89
Grant during the year	-	-	-	-
Exercised during the year	-	-	111,250	142.80
No of Options Lapsed	10,500	186.66	28,750	174.88
Outstanding at the end of the year	36,750	187.17	47,250	187.06
Exercisable at the end of the year	36,750		27,750	
Weighted average remaining contractual life (in years)	1.46		2.29	
Weighted average fair value of the options granted (Rs.)	37.26		38.37	

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, 2010	150.80 to 209.85	36,750	1.46	187.17
March 31, 2009	150.80 to 209.85	47,250	2.29	187.06

Employee Stock Option Plan 2007 (ESOP 2007):

Particulars	**Grant 1**	
Date of Grant/Board Approval	2nd April 2009	
No of Options Granted	967,500	
Grant Price Per Option (Rs.) (Grant Price of 667,500 options was revised from Rs. 57.30 to Rs. 10 vide Compensation Committee approval dated Ferbruary 25, 2010)	10.00	
Method of Settlement	Equity	
Vesting Period	Date	Options
	01, Apr 10 (1 year)	387,000
	01, Apr 11 (2 year)	290,250
	01, Oct 11 (2 year 6 months)	290,250
Exercise Period	Three Years	

This scheme (ESOP 2007) is covered under the approval of the shareholders vide their Extra-Ordinary General Meeting held on January 10, 2008.

The details of activity under the plan are summarized below:

Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
	No. of Shares	Weighted Average Exercise Price (Rs.)	No. of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Grant During the year	967,500	10.00	-	-
Exercised during the year	-	-	-	-
No of Options Lapsed	56,500	10.00	-	-
Outstanding at the end of the year	911,000	10	-	-
Exercisable at the end of the year	-		-	-
Weighted average remaining contractual life (in years)	2.38		-	-
Weighted average fair value of the options granted (Rs.)	.95		-	-

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, 2010	10.00	911,000	2.38	10.00
March 31, 2009	-	-	-	-

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

ESOP Scheme	Range of Exercise Price (Rs.)	No. of Options Outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price (Rs.)
ESOP 2004	150.80 to 209.85	36,750	1.46	187.17
ESOP 2007	10.00	911,000	2.38	10.00

Since the Company uses 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:

	2009-2010 (Rs.)	**2008-2009 (Rs.)**
Loss as reported	(333,956,106)	(1,007,691,037)
Less: Employee stock compensation under intrinsic value method	14,006,600	-
Add: Employee stock compensation under fair value method	(648,147)	(549,888)
Proforma Loss	(320,597,653)	(1,008,240,925)
Loss Per Share		
Basic		
- As reported	(11.10)	(40.44)
- Pro forma	(10.66)	(40.46)
Diluted		
- As reported	(11.10)	(40.44)
- Pro forma	(10.66)	(40.46)

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

ESOP 2004	**2009-2010**	**2008-2009**
a) Risk Free Interest Rate	4.44% to 6.36%	4.6% to 5.68%
b) Expected Dividend yield	4%	0.4% to 8.8%
c) Expected life of the option	0.25 to 2.33 years	1.0 to 3.0 years
d) Expected Volatility of Share price	37.81% to 69.22 %	38.59% to 50.96%

ESOP 2007	**2009-2010**	**2008-2009**
a) Risk Free Interest Rate	6.14% to 6.60%	-
b) Expected Dividend yield	4%	-
c) Expected life of the option	2.0 to 2.75 years	-
d) Expected Volatility of Share price	69.22%	-

Since the intrinsic value being Rs. 14,006,600 *(2008-2009: Nil)* accrual has been made towards compensation cost in the financial statements for the year ended March 31, 2010.

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

	2009-2010 (Rs.)	2008-2009 (Rs.)
Loss before Tax	**(500,020,767)**	**(822,945,863)**
Add:		
Depreciation and amortization	60,754,441	57,127,692
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
Directors' fees	350,000	320,000
Provision for doubtful debts	6,125,934	43,342,240
Loss on sale of fixed assets as per Profit and Loss Account	3,311,962	2,630,243
	(429,478,430)	**(715,780,932)**
Less:		
Depreciation and amortisation under Section 350	60,754,441	57,127,692
Net Profit / (Loss) for Section 198 of the Companies Act, 1956	**(490,232,871)**	**(772,908,624)**
Remuneration payable as per Schedule XIII	1,800,000	696,774
Maximum managerial remuneration payable as per the Companies Act, 1956	1,800,000	696,774

Managing Director's remuneration for the year ended March 31, 2010 is Rs. Nil *((2008-2009 (from 01.04.2008 to 20.08.2008) : Rs.3,744,756))* is inclusive of, estimated money value of perquisites of Rs. Nil. *(2008-2009: 5,74,330).* 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 included above.

The Central Government approval for Managerial Remuneration paid to the Managing Director during financial year 2008-2009 has been received. The Auditors had modified their audit report in this respect for the financial year 2008-2009.

14. The Group's significant leasing arrangements are in respect of operating leases for premises (offices, residential, stores, godowns, etc.). These leasing arrangements that are mutually cancelable generally range between 11 months and 45 months. The aggregate lease rentals amounting to Rs. 133,095,569 *(2008-09: Rs. 182,413,821)* are charged as Rent under Schedule "Q".

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

Particulars	**2009-2010 (Rs.)**	***2008-2009 (Rs.)***
Not later than one year	116,122,121	*127,540,701*
Later than one year but not later than five years	94,927,939	*172,260,853*
More than five years	-	-

15. The identification of Micro, Small and Medium enterprises is based on the management's knowledge of their status as at March 31, 2010. The Company has requested and received intimation from "suppliers" regarding their status as at March 31, 2010 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

	Particulars	2009-2010 (Rs.)	2008-2009 (Restated for Rights issue) (Rs.)
i)	Loss after taxation	(333,956,106)	*(1,007,691,037)*
ii)	Number of equity shares outstanding prior to Rights issue	19,885,103	*19,885,103*
iii)	Number of equity shares outstanding after Rights issue	49,705,672	-
iv)	Number of equity shares issued on Rights basis	29,820,569	-
v)	Fair value of one equity share immediately prior to Exercise of rights on January 15, 2010	50.50	*50.50*
vi)	Theoretical ex-rights fair value per share	40.30	*40.30*
vii)	Rights issue adjustment factor	1.25	*1.25*
viii)	Basic Earnings per share (Rs.)	(11.10)	*(40.44)*
ix)	Weighted number of equity shares	30,078,839	*24,917,458*
x)	Equity shares arising on grant of stock options on ESOP (see note below)	-	-
xi)	Weighted number of equity shares outstanding (includes ESOP)	30,078,839	*24,917,458*
xii)	Diluted Earnings per share (Rs.)*	(11.10)	*(40.44)*
xiii)	Nominal value of shares (Rs.)	10	*10*

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

17. Derivative Instruments and Unhedged Foreign Currency Exposure

Forward Contract Outstanding at the Balance sheet date.

Year	Particulars of Derivatives	Purpose
2009-2010	Sell US $ 5,200,000.00	Hedge of expected receivables against future sales.
2008-2009	Sell US $ 10,000,000.00	Hedge of expected receivables against future sales.

The Group has entered into options contracts to the tune of $ 5,200,000 (2008-2009 : $ 10,000,000)for hedging its US Dollar (USD)/GBP revenues for a period up to ten months (2008-2009 : *1 year and 10 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 ten months). Further, the Group 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, 2010 indicates a loss of Rs 30,734,517 *(2008-2009:* loss of Rs.*133,531,543)*. The resultant MTM reversal of loss of Rs. 102,797,026(2008-2009: *loss of Rs. 133,531,543*) has been credited to profit and loss account and disclosed as an exceptional item.

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 Group 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 Group 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 Group would be meeting these obligations by acquiring the relevant foreign exchange from the open market.

Based on the past history of the Group's operations as well as the projected plans in the future, the Group will have robust inflows in dollar as well as in GBP during the tenure of the said options. The Group believes that the options would safeguard it from USD fluctuation in future. The Group 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, 2010 in foreign currency on account of the following:

Particulars	2009-2010			2008-2009		
	Rs.	Value in foreign Currency		Rs.	Value in foreign Currency	
Receivable						
Services rendered	-	CAD	-	21,893	CAD	524
	98,178,277	USD	2,174,973	85,145,212	USD	1,609,732
	5,202,846	EURO	85,912	2,765,769	EURO	40,986
	52,365,239	GBP	769,737	34,468,757	GBP	577,815
Advance for Import of Goods/Services	5,071,812	USD	112,357	1,032,734	USD	23,832
Payable						
Import of goods	2,314,969	JPY	47,790	1,385,112	JPY	1,963,310
	72,494	USD	1,606	-	USD	-
	50,873	EURO	840	-	EURO	-
	585,670	GBP	8,609	-	GBP	-
Services utilized	312,258	GBP	4,590	3,992,637	GBP	54,798
	4,473,825	USD	99,110	667,267	USD	13,096
	1,949,911	EURO	32,198	50,873	EURO	754

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 till August 24, 2009, Merged with Infomedia 18 Limited on August 25, 2009. (Refer Note 25)
ii.	Television Eighteen India Limited ('TV 18')	Holding company of I-Ven Interactive Limited till August 24, 2009. Holding Company of Infomedia 18 Limited from August 21, 2008.
iii.	Network18 Media & Investments Limited ('Network 18')	Holding company of Television Eighteen India Limited.
iv.	Cepha Imaging Private Limited (CEPHA)	Subsidiary company since December 23, 2005
v.	Glyph International UK Limited (Formerly Keyword Group Limited) (Keyword)	Subsidiary company since December 23, 2005
vi.	Keyword Publishing Services	Subsidiary company of Glyph International UK Limited (Formerly Keyword Group Limited)(Keyword)
vii.	Keyword Typesetting Services Limited	Subsidiary company of Glyph International UK Limited (Formerly Keyword Group Limited)(Keyword)
viii.	Glyph International Limited (Formerly American Devices India Private Limited) (ADIPL)	Subsidiary company since April 1, 2006
ix.	Glyph International US LLC (Formerly Software Services LC) (SSLC)	Subsidiary company since April 1, 2006

b Particulars of other parties where there have been transactions:

Key Management Personnel

Mr. Haresh Chawla- Managing Director of the Company since 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 ('ibn 18') – 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 ('Viacom 18')- Group company since August 21,2008

iv. Network18 Publication Limited - Group company since August 21,2008

v. Digital 18 Media Limited ('Digital 18') - Group Company since August 21,2008

vi. Web18 Software Services Limited ('Web 18') - Group company since August 21,2008

vii. E18.com Limited('E 18') - Group company since August 21,2008

e. Transaction , Account Balance etc. with Related Parties

	Holding Company/ Group Company	Joint Venture	Key Manage-ment Personnel	Grand Total
<u>TRANSACTION</u>				
Share Capital				
Share Application Money				
India Advantage Fund II	-			-
Previous Year	*23,700,000*			*23,700,000*
TV 18	-			-
Previous Year	*118,500,000*			*118,500,000*
Assets				
Investment made during the year				
REED		19,600,000		19,600,000
Previous Year		-		-
Purchase of Fixed Assets				
REED		921,352		921,352
Previous Year		-		-
Liabilities				
Inter Corporate Deposit (ICD) accepted				
ICD accepted-Taken during the year				
TV 18	180,000,000			180,000,000
Previous Year	*405,000,000*			*405,000,000*
ICD accepted-Repaid during the year				
TV 18	405,000,000			405,000,000
Previous Year	-			-
<u>ACCOUNT BALANCE</u>				
Assets				
Accounts Receivable(Gross of TDS)				
Digital 18	33,858,828			33,858,828
Previous Year	-			-

	Holding Company/ Group Company	Joint Venture	Key Manage-ment Personnel	Grand Total
ibn 18	5,225,000			5,225,000
Previous Year	-			-
Network18 Publication Ltd	313,802			313,802
Previous Year	*450,000*			*450,000*
TV 18	10,195,877			10,195,877
Previous Year	*39,571*			*39,571*
Viacom 18	380,000			380,000
Previous Year	-			-
Web 18	2,307,293			2,307,293
Previous Year	-			-
Homeshop 18	290,749			290,749
Previous Year	-			-
REED		85,150		85,150
Previous Year		*17,882,200*		*17,882,200*
Liabilities				
ICD accepted				
TV 18	180,000,000			180,000,000
Previous Year	*405,000,000*			*405,000,000*
Interest payable on ICD's (Net of TDS)				
TV 18	49,480,562			49,480,562
Previous Year	*840,993*			*840,993*
Deposit against premises				
REED		-		-
Previous Year		*2,430,000*		*2,430,000*
Sundry Creditors				
Digital 18	7,840,000			7,840,000
Previous Year	-			-
Network 18	26,865,625			26,865,625
Previous Year	*10,102,809*			*10,102,809*
ibn 18	32,091,035			32,091,035
Previous Year	*756,693*			*756,693*
Network18 Publication Ltd	188,500			188,500
Previous Year	-			-
TV 18	162,723,850			162,723,850
Previous Year	*63,363,934*			*63,363,934*
Web 18	6,252,612			6,252,612
Previous Year	-			-
Homeshop 18	59,828			59,828
Previous Year	*47,178*			*47,178*

	Holding Company/ Group Company	Joint Venture	Key Manage-ment Personnel	Grand Total
Viacom 18	6,001,255			6,001,255
Previous Year	*39,121*			*39,121*
E 18	3,405,545			3,405,545
Previous Year	-			-
REED		3,000,000		3,000,000
Previous Year		-		-
Income				
Sales of goods and Services				
REED		-		-
Previous Year		*22,101,083*		*22,101,083*
Digital 18	49,887,802			49,887,802
Previous Year	-			-
ibn 18	5,225,000			5,225,000
Previous Year	-			-
TV 18	10,195,877			10,195,877
Previous Year	*514,800*			*514,800*
Viacom 18	380,000			380,000
Previous Year	-			-
Web 18	2,314,550			2,314,550
Previous Year	-			-
Network18 Publication Ltd	285,896			285,896
Previous Year	*450,000*			*450,000*
Other Receipt/Service Charges				
Digital 18	1,650,000			1,650,000
Previous Year	-			-
Expenses				
Interest Expense on ICD's (Gross of TDS)				
TV 18	59,005,205			59,005,205
Previous Year	*2,123,013*			*2,123,013*
Interest Expense				
Network 18	1,378,252			1,378,252
Previous Year	-			-
TV 18	1,318,837			1,318,837
Previous Year	-			-
Sundry Expenses		-		-
Previous Year		*54,957*		*54,957*
Director's Sitting Fees				
Mr. Haresh Chawla			75,000	75,000
Previous Year			*55,000*	*55,000*
M.D's. Remuneration to Mr. Prakash Iyer			-	-
Previous Year			*3,744,756*	*3,744,756*
Remuneration to Mr. Prakash Iyer as CEO			-	-
Previous Year			*14,388,256*	*14,388,256*

	Holding Company/ Group Company	Joint Venture	Key Manage-ment Personnel	Grand Total
Event cost				
TV 18	15,398,249			15,398,249
Previous Year	-			-
ibn 18	-			-
Previous Year	*1,307,118*			*1,307,118*
Network 18	-			-
Previous Year	*57,331*			*57,331*
Viacom 18	-			-
Previous Year	*40,000*			*40,000*
Advertising and publicity				
E 18	2,633,858			2,633,858
Previous Year	-			-
ibn 18	28,988,050			28,988,050
Previous Year	-			-
Network 18	898,300			898,300
Previous Year	-			-
TV 18	68,828,176			68,828,176
Previous Year	*49,213,875*			*49,213,875*
Viacom 18	5,546,275			5,546,275
Previous Year	-			-
Web 18	630,370			630,370
Previous Year	-			-
Digital 18	8,000,000			8,000,000
Previous Year	-			-
Insurance Cost				
Network 18	72,222			72,222
Previous Year	*111,111*			*111,111*
TV 18	5,721,422			5,721,422
Previous Year	*84,270*			*84,270*
Consultancy and Professional Fees				
TV 18	9,686,496			9,686,496
Previous Year	*9,200,000*			*9,200,000*
Network 18	16,248,209			16,248,209
Previous Year	*10,000,000*			*10,000,000*
Other Operating Costs				
E 18	516,654			516,654
Previous Year	-			-
Homeshop 18	59,828			59,828
Previous Year	*47,178*			*47,178*
ibn 18	-			-
Previous Year	*31,950*			*31,950*

	Holding Company/ Group Company	Joint Venture	Key Manage-ment Personnel	Grand Total
Network 18	808,488			808,488
Previous Year	-			-
TV 18	10,854,422			10,854,422
Previous Year	-			-
Web 18	5,482,323			5,482,323
Previous Year	-			-
Network18 Publication Ltd	188,500			188,500
Previous Year	-			-
REED		3,000,000		3,000,000
Previous Year		*270,694*		*270,694*
Dividend Paid				
I-Ven Interactive Limited	-			-
Previous Year	*12,354,680*			*12,354,680*
TV 18	-			-
Previous Year	*720,931*			*720,931*
Exceptional Items				
Provision for Bad Debts		-		-
Previous Year		*7,600,000*		*7,600,000*
Guarantee Taken				
Network 18	1,025,000,000			1,025,000,000
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:

	2009-2010 (Rs.)	**2008-2009 (Rs.)**
Employer's Contribution to Provident Fund	20,603,623	22,208,788
Employer's Contribution to Superannuation Fund	24,300	2,133,522

	2010-2011 (Rs.)	**2009-2010 (Rs.)**
Expected Contribution for Gratuity for next year	8,066,131	*5,423,786*

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 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 Glyph International Limited (Formerly 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	2009-2010 Gratuity (Rs.)	2008-2009 Gratuity (Rs.)
Current service cost	7,125,981	6,199,970
Interest cost on benefit obligation	4,082,457	3,837,198
Expected return on plan assets	(2,821,208)	(2,967,682)
Net actuarial (gain)/loss recognized in the period	(2,963,446)	9,498,169
Past service cost	-	-
Net (benefit)/expense	5,423,784	16,567,655
Actual return/(loss) on plan Assets	642,622	(289,915)

Balance sheet

Details of Provision

Particulars	2009-2010 Gratuity (Rs.)	2008-2009 Gratuity (Rs.)
Defined benefit obligation/net liability	59,943,125	58,320,822
Less: Fair value of plan assets	40,945,592	35,901,220
	18,997,533	22,419,602
Less: Unrecognised past service cost	-	-
Plan assets/(liability)	(18,997,533)	(22,419,602)
Less : Benefits paid by the Group on behalf of the fund	-	4,401,749
Assets/(liability) balance	(18,997,533)	(18,017,853)

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

Particulars	2009-2010 Gratuity (Rs.)	2008-2009 Gratuity (Rs.)
Opening defined benefit obligation/net liability	58,320,822	46,795,099
Interest cost	4,082,457	3,837,198
Current service cost	7,125,981	6,199,970
Benefits paid	(4,444,103)	(4,752,018)
Actuarial (gains)/losses on obligation	(5,142,032)	6,240,573
Closing defined benefit obligation/net liability	59,943,125	58,320,822

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

Particulars	2009-2010 Gratuity (Rs.)	2008-2009 Gratuity (Rs.)
Opening fair value of plan assets	35,901,220	36,191,134
Expected return	2,821,208	2,967,682
Contributions by employer	8,845,853	4,752,018
Benefits paid	(4,444,103)	(4,752,018)
Actuarial gains/(losses)	(2,178,586)	(3,257,596)
Closing fair value of plan assets	40,945,592	35,901,220
Actuarial gains / (losses) recognized in the period	2,963,446	(9,498,169)

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

Particulars	2009-2010 Gratuity	2008-2009 Gratuity
	%	%
Group Gratuity Funds	81.52	80.63
Special Deposits with Banks	18.12	18.99
Securities	0.36	0.38

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	2009-2010 Gratuity	2008-2009 Gratuity
	%	%
Discount rate	8.00	7.00
Expected rate of return on assets	8.00	8.00
Salary Escalation	6.00	6.00
Attrition Rate	3% till age of 30, 2% till age of 44 and 1% thereafter.	3% till age of 30, 2% till age of 44 and 1% thereafter.

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.

Experience Adjustments

Particulars	**2007-2008 Gratuity (Rs.)**	**2008-2009 Gratuity (Rs.)**	**2009-2010 Gratuity (Rs.)**
Experience Adjustments on plan liabilities (Gain)/Loss	(2,764,633)	3,821,667	1,443,293
Experience Adjustments on plan Assets Gain/(Loss)	(561,357)	(3,257,596)	(2,178,586)

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	2009-2010 Leave Encashment (Rs.)	2008-2009 Leave Encashment (Rs.)
Current service cost	3,295,306	2,839,801
Interest cost on benefit obligation	1,350,901	1,309,145
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognized in the period	5,330,686	5,019,342
Past service cost	-	-
Net (benefit) / expense	9,976,893	9,168,288

Balance sheet

Details of Provision

Particulars	2009-2010 Leave Encashment (Rs.)	*2008-2009 Leave Encashment (Rs.)*
Defined benefit obligation / net liability	25,634,413	*21,543,251*
Less: Fair value of plan assets	-	-
	25,634,413	*21,543,251*
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(25,634,413)	*(21,543,251)*
Less: Benefits paid by the Group on behalf of the fund	-	-
Assets/ (Liability) Balance	(25,634,413)	*(21,543,251)*

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

Particulars	2009-2010 Leave Encashment (Rs.)	*2008-2009 Leave Encashment (Rs.)*
Opening defined benefit obligation / net liability	21,543,251	*17,808,503*
Interest cost	1,350,901	*1,309,145*
Current service cost	3,295,306	*2,839,801*
Benefits paid	(5,885,732)	*(5,433,540)*
Actuarial (gains) / losses on obligation	5,330,686	*5,019,342*
Closing defined benefit obligation / net liability	25,634,412	*21,543,251*

20. Going Concern

a) Group

The Group has incurred a loss of Rs. 333,956,106 during the financial year 2009-2010 *(2008-2009: Loss of Rs. 1,007,691,037)*. During the year, the Group has raised equity vide rights issue, amounting to Rs. 998,989,062 to augment the equity in the Group. The Parent company has already infused liquidity in the nature of Inter Corporate Deposits amounting to Rs 180,000,000 *(2008-2009: 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 business. Accordingly, 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. 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. The Company has also entered in to a Share Purchase Agreement ('SPA') with Knowledgeworks Global Private Limited, a Cenveo Inc. company, in May 2010 to sell its entire equity stake in its four subsidiaries carrying on the Publishing BPO business which would result in significant cash flows to the Company during the year to end March 31, 2011, The SPA is subject to necessary approvals. Considering these factors, these financial results 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, 2010. 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.

"T" Notes to Accounts

21. Segmental Information for the year ended March 31, 2010

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	323,469,000	685,961,652	419,390,094	58,715,307	-	1,487,536,053	328,183,779	885,289,831	393,437,247	30,086,288	-	1,636,997,145
Inter Segmental Revenue	102,844,527	-	-	-	(102,844,527)	-	82,009,811	-	-	-	(82,009,811)	
Net Revenue	426,313,527	685,961,652	419,390,094	58,715,307	(102,844,527)	1,487,536,053	410,193,590	885,289,831	393,437,247	30,086,288	(82,009,811)	1,636,997,145
Prior Period items				4,335,745		4,335,745	-	-	-	-	-	-
Total Revenue	426,313,527	685,961,652	419,390,094	63,051,052	(102,844,527)	1,491,871,798	410,193,590	885,289,831	393,437,247	30,086,288	(82,009,811)	1,636,997,145
RESULT												
Segment Result -Profit/(Loss)	29,123,662	(347,565,921)	48,951,398	4,202,825	-	(265,288,036)	(834,974)	(279,986,384)	(92,016,383)	(2,493,169)	-	(375,330,910)
Allocated Exceptional items-Income/(Expenses)	-	-	262,797,026	-	-	262,797,026	-	(7,600,000)	(293,531,543)	-	-	(301,131,543)
Unallocated Exceptional items-Income/(Expenses)						-						(42,789,582)
Less : Unallocated Corporate Expenses												
net of Unallocated Income						(182,671,316)						(172,203,593)
Operating Loss						(185,162,326)						(891,455,628)
Less : Interest Expenses						(148,752,149)						(105,457,671)
Add : Interest Income, Dividend, Income from Investments, etc.						812,755						16,343,414
Less : Taxation						(854,386)						(27,121,152)
Net Loss						(333,956,106)						(1,007,691,037)

"T" Notes to Accounts

21 (ii) Segmental Balance Sheet as on 31.03.2010

	Printing		Publishing		Others		E-Publishing		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Other Information										
Segmental Assets	181,325,211	186,891,481	565,739,160	487,754,056	16,447,867	540,910	275,688,664	769,043,107	1,039,200,902	1,444,229,554
Unallocated Corporate Assets									1,174,209,888	379,321,761
Total Assets									2,213,410,790	1,823,551,315
Segmental Liabilities	(82,512,670)	(64,823,882)	(417,824,192)	(375,152,563)	(2,956,310)	(6,845,427)	(99,847,422)	(238,443,198)	(603,140,594)	(685,265,070)
Unallocated Corporate Liabilities									(1,086,106,402)	(1,238,410,120)
Total Liabilities									(1,689,246,996)	(1,923,675,190)
Capital Expenditure	2,342,488	3,928,562	22,606,964	12,690,235	167,138	4,464,412	7,855,599	5,513,494	32,972,189	26,596,703
Unallocated Capital Expenditure									33,603,719	68,116,065
Impairment of Goodwill/(Reversals)	-	-	-	-	-	-	-	-	(160,000,000)	160,000,000
Impairment of Assets/(Reversal)	-	-	-	-	-	-	-	-	-	20,010,941
Depreciation	19,375,128	29,842,360	28,265,412	11,501,075	1,030,121	395,860	16,809,803	18,553,752	65,480,464	60,293,047
Unallocated Depreciation									12,231,973	15,174,403
Non - cash expenses other than depreciation	15,638,593	12,830,000	80,201,040	28,032,956	7,928,541	3,730,000		-	103,768,174	44,592,956

Information about secondary Geographical segments

	March 31, 2010	March 31, 2009
1. Segment Revenue (Including prior period revenue)		
- Within India	938,530,873	1,187,626,542
- Outside India	553,340,925	449,370,603
Total Revenue	1,491,871,798	1,636,997,145
2. Segment Assets		
- Within India	815,633,037	1,286,794,448
- Outside India	223,567,865	157,435,106
Total Assets	1,039,200,902	1,444,229,554
3. Capital Expenditure		
- Within India	66,476,330	94,413,672
- Outside India	99,578	299,096
Total Capital Expenditure	66,575,908	94,712,768
4. Unallocated Corporate Assets		
- Within India	1,174,209,888	379,321,761
- Outside India	-	-
Total Unallocated Corporate Assets*	1,174,209,888	379,321,761
5. Total Revenue (Including prior period revenue)		
- Within India	1,042,944,912	1,235,404,075
- Outside India	553,340,925	449,370,603
Total Unallocated Corporate Assets	1,596,285,837	1,684,774,678

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.

Unallocated Corporate Assets include defered tax assets of Rs. 6,437,230(2008-2009 : Rs. 9,130,078)*

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

22. 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 were issued as per Chapter XIII of SEBI Guidelines on preferential basis and each warrant was 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 was Rs.142,200,000 representing 10% of the total value of convertible warrants as per the terms of issue the investors were required to pay balance 90% at the time of conversion of said warrants into equity. Further in case the investors do not opt for conversion of the warrants, the upfront amount so paid would stand forfeited by the Company and all the rights attached to the warrants lapse automatically.

    However, none of the warrant holders exercised the option to convert any of the aforesaid warrants till the last date of conversion (within 18 months from the date of allotment). Accordingly, during the year the Company forfeited the amount of Rs. 142,200,000 paid on the warrants due to non-exercise of the option by the warrant holders. This amount has been transferred from Share Application money account and credited to Capital Reserve Account during the year.

23. Exceptional items:

    i) The Company has entered into a Share Purchase Agreement ('SPA') with Knowledgeworks Global Private Limited, a Cenveo Inc. company, in May 2010 to sell its entire equity stake in its four subsidiaries carrying on the Publishing BPO business. In the previous year, the Company had made a provision of Rs.160,000,000, for impairment in the value of Goodwill. Considering the sales consideration to be received as per the SPA, the Company is of the view that the provision made of Rs.160,000,000 is no longer required and hence the same has been reversed during the year. This amount has been disclosed as an exceptional item.

    ii) Exceptional items for the year ended March 31, 2009 includes Rs. 22,778,641 towards Termination cost of employees, Rs. 20,010,941 towards Impairment of assets held at leased office, Rs. 7,600,000 towards Provision for doubtful debts in joint venture company, Rs. 160,000,000 towards provision for estimated Impairment in the value of Goodwill.

    iii) As detailed in Note 17 above, the MTM reversal of loss of Rs. 102,797,026 *(2008-2009: loss of Rs. 133,531,543)* has been credited to the Profit and Loss Account and disclosed as an exceptional item.

24. i) During the year, the Company has made an issue of equity shares on rights basis in the ratio of three equity shares for every two equity shares held on the record date. The rights issue consisted of 29,827,655 equity shares issued at a premium of Rs.23.50 per equity share aggregating to Rs. 998,989,062. The issue opened on December 29, 2009 and closed on January 15, 2010 and was fully subscribed.

    ii) The Company has incurred expenses of Rs. 21,325,242 (*Rs. 20,000,000 up to March 31, 2009*) in connection with the rights issue of its equity shares. This amount has been set off against the share premium arising from the issue of shares on rights basis as permitted under section 78 of the Companies Act, 1956. The amount of Rs. 20,000,000 incurred up to March 31, 2009 was disclosed under the head 'Advances recoverable in cash or kind or for value to be received' under 'Loans and Advances' in the Balance Sheet in the previous year.

    iii) The Company has utilized an aggregate sum of Rs. 778,989,062 towards the purposes as stated in the prospectus filed for the offer of shares on rights basis, from the proceeds of the rights issue of equity shares of Rs.33.50 each. The unutilized funds of Rs. 220,000,000 are deployed in Liquid Mutual Funds disclosed as Current Investments in the Balance sheet.

25. Hon'ble High Court of Bombay had approved the Scheme of Arrangement ('the Scheme') between I-Ven Interactive Limited ('I-Ven'), Infomedia 18 Limited and their respective shareholders vide its order dated 24th July 2009. The Scheme was effective from 25th August 2009 on filing the copies of the order of the Hon'ble High Court with the Registrar of Companies. Accordingly I-Ven was merged with Infomedia 18 Limited on the effective date. Further pursuant to the Scheme, the Company has extinguished 12,338,112 Equity Shares held by I-Ven and equivalent number of shares have been issued by the Company to the shareholders of I-Ven in the swap ratio of 96.076:100. Upon the scheme becoming effective, the Company has recorded I-Ven Undertaking vested in it pursuant to the Scheme, at the respective book values as appearing in the financial statements of I-Ven as on the effective date, in

accordance with "The Pooling of Interest" method as prescribed under Accounting Standard – 14 issued by The Institute of Chartered Accountants of India. The Company has credited to its Share Capital Account, the aggregate face value of the new equity shares issued on amalgamation to the shareholders of I-Ven. The Company has recorded the balances in the share premium and the general reserve of I-Ven in the same form and at the same values as they appeared in the financial statements of I-Ven immediately preceding the effective date. The aggregate of the excess/deficit of the value of assets over the value of liabilities of I-Ven vested in the Company, and the differential between the value of the investment in the equity share capital of the Company appearing in the books of accounts of I-Ven and the face value of the equity share capital of the Company held by I-Ven, has been debited to following accounts in the under-mentioned sequence: balance in security premium account, balance in general reserve account and balance in profit and loss account.

26. The Company had paid Rs. 21,000,000 for acquisition of trade marks, copyrights, domain names etc. in connection with starting of call centre services. In addition to this, the Company has incurred expenditure on consultancy charges, rent and lease hold improvements as detailed below:

Particulars	2009-2010 (Rs.)	*2008-2009 (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 had planned to float a separate company for the call centre services. The expenditure incurred as listed above was for setting up of the new company which was to be exchanged for shares in the new company. Accordingly, this amount was carried forward under the head" Advances recoverable in cash or in kind" under "Loans and Advances" in the Balance-Sheet as at March, 31 2009. During the year ended March 31, 2010 Management has decided that the call center service will be part of Infomedia operations, and hence all the expenditure (other than the Capital expenditure) amounting to Rs. 26,536,791 has been charged off to the profit and loss account during the year ended March 31, 2010.

27. The Company has, pursuant to the resolution of the shareholders of the Company passed on 12th June 2009 by way of a postal ballot, increased and altered the Authorised Share Capital of the Company from Rs. 600,000,000 to Rs. 1,000,000,000 including reclassification of 10,000,000 Redeemable Preference Shares of Rs. 10/- into 10,000,000 equity shares of Rs. 10/- each.

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

(a) Fixed Assets

Particulars	Gross Block				Depreciation/Amortisation/Impairment				Net Block	
	As at 01.04.2009	Additions during the Year	Deletions during the Year	As at 31.03.2010	As at 01.04.2009	For the year	On Deletions	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Plant and Machinery	41,896	-	37,538	4,358	4,359	1,860	1,860	4,359	-	37,538
Computers and Networking Equipment	862,631	-	584,556	278,075	278,075	133,094	133,094	278,075	-	584,556
Office Equipment	22,589	-	7,116	15,473	15,473	340	340	15,473	-	7,116
Vehicle	538,724	-	300,027	238,697	238,697	12,900	12,900	238,697	-	300,027
Total	**1,465,840**	**-**	**929,237**	**536,603**	**536,604**	**148,194**	**148,194**	**536,604**	**-**	**929,237**
Previous year	**1,383,652**	**119,139**	**36,951**	**1,465,840**	**182,163**	**364,498**	**10,058**	**536,947**	**929,237**	**-**

(b) Sundry Debtors Rs.

Sundry Debtors	As at 31.03.2010	As at 31.03.2009
(Unsecured)		
Debts Outstanding For a Period More Than Six Months		
- Considered good	-	616,624
- Considered doubtful	-	1,364,060
Other Debts		-
- Considered good	1,470,000	4,224,146
- Considered doubtful	3,991,253	-
Less : Provision for doubtful debtors	3,991,253	1,364,060
	1,470,000	4,840,770

(c) Cash and Bank Balances Rs.

Cash and Bank Balances	As at 31.03.2010	As at 31.03.2009
Cash In Hand	-	2,537
Cheques On hand	-	4,530
Balances with Scheduled Banks in:		
- Current Accounts	203,790	88,299
	203,790	95,366

(d) Loans and Advances Rs.

Loans and Advances	As at 31.03.2010	As at 31.03.2009
(Unsecured and considered good, unless otherwise stated)		
Advances Recoverable in Cash or in Kind or for Value to be Received	-	-
Deposits	-	1,190,700
Balance with Excise Authorities	-	-
Advance tax/ Tax Deducted At Source	-	-
	-	1,190,700

(e) Current Liabilities and Provisions Rs.

Current Liabilities	As at 31.03.2010	As at 31.03.2009
Sundry Creditors		
a) Micro and Small Enterprises	-	-
b) Others	601,916	14,061,997
Security Deposit	8,820	508,620
Advance From Customers	-	510,935
Temporary Book Overdraft	-	147,175
Other Liabilities	114,875	250,979
	725,611	15,479,706
Provisions		
Retirements Benefits		
- Gratuity	-	-
- Leave Encashment	-	144,593
Taxation (Fringe Benefit Tax)	-	39,958
	-	184,551
	725,611	15,664,257

(f) Sales Rs.

Sales	For the year ended March 2010	For the year ended March 2009
Advertisement Revenue	-	8,935,808
Magazine Subscription	89,577	187,322
Circulation Revenue	-	878,906
Event Sales	-	484,414
	89,577	10,486,450

(g) Other Income Rs.

Other Income	For the year ended March 2010	For the year ended March 2009
Dividend from Mutual Funds	-	154,055
Profit on sale of Mutual Funds	-	-
Commission	-	694,100
Rental Income (Net)	-	44,100
Liabilities No Longer Required Written Back	-	39,878
Exchange Gain (Net)	-	75,024
Profit on Sale of Fixed Assets	90,724	36
Other Income	1,965,499	26,490
	2,056,223	1,033,683

(h) Printing and Publishing Costs Rs.

Printing and Publishing Costs	For the year ended March 2010	For the year ended March 2009
Printing and Publishing Costs	-	4,882,053
	-	4,882,053

(i) Employee Costs Rs.

Employee Costs	For the year ended March 2010	For the year ended March 2009
Salaries, Allowances and Incentives	527,923	9,909,058
Contribution to Provident and Other Funds	11,538	383,836
Gratuity	-	(116,139)
Staff Welfare	-	116,108
	539,461	10,292,863

(j) Administration and Other Expenses Rs.

Administration and Other Expenses	For the year ended March 2010	For the year ended March 2009
Rent	-	3,432,450
Rates and taxes	8,996	2,165,515
Management Services	-	1,445,498
Utilities	-	176,400
Travelling Expenses	-	1,047,939
Communication	63,505	560,168
Legal and Professional Fees	18,370	559,155
Advertising and Business Promotion	(67,143)	1,327,834
Printing and Stationery	-	282,886
Entertainment Expenses	-	22,002
Provision for Incometax(CG)-P&L	38,880	207,918
Exchange Loss (Net)	-	-
License Fees	(206,252)	353,827
Selling and Distribution Expenses	-	1,257,722
Commission	-	1,366,595
Event Management Cost	-	607,188
Provision for Doubtful Debts	1,538,201	1,250,716
Auditors' Remuneration		
- Statutory Audit	-	-
- Tax Audit Fees	-	-
- Other Services	-	-
- Out of Pocket Expenses	62,278	408,429
Recruitment Expenses	-	140,321
Sundry Balances Written off	-	251,885
Loss on sale of Assets	42,455	61,188
General Expenses	6,494	124,296
	1,505,784	17,049,932

(k) Depreciation

Depreciation	For the year ended March 2010	For the year ended March 2009
Depreciation	148,193	364,498

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

As per our report of even date
For S.R. Batliboi & Associates
Firm Registration no. 101049W
Chartered Accountants

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

per Amit Majmudar
Membership No.: 36656

Yug Samrat
Company Secretary

Haresh Chawla
Managing Director

Senthil Chengalvarayan
Director

Mumbai: May 24, 2010

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies for the year ended 31st March 2010

Name of the Subsidiary	Cepha Imaging Private Limited	Glyph International UK Limited (Formerly Keyword Group Limited)	Keyword Publishing Services Limited*	Keyword Typesetting Services Limited*	Glyph International Limited (Formerly American devices India Private Limited)	Glyph International US LLC (Formerly Software services LC (USA))
Additional Information						**(Amount in Rs.)**
a. Capital	1,593,100	68,030	7,286	219	4,700,020	10,754,334
b. Reserves	128,359,836	(8,206,565)	—	—	116,739,998	53,873,146
c. Total Assets	275,737,489	67,390,100	7,286	219	268,282,497	156,476,095
d. Total Liabilities	145,784,553	75,528,635	—	—	146,842,479	91,848,615
e. Details of Investment (except in case of Investment in Subsidiaries)	—	—	—	—	—	—
f. Turnover	198,317,949	63,387,987	—	—	222,393,179	69,510,048
g. Profit/(Loss) before Taxation	74,103,665	18,221,763	—	—	82,482,852	13,632,777
h. Provision for taxation	(2,418,891)	1,201,818	—	—	921,652	550,302
i. Profit after Taxation	76,522,556	17,019,945	—	—	81,561,200	13,082,475
j. Proposed Dividend	15,000,000	—	—	—	30,000,000	—

Notes

1 The following exchange rates have been adopted for disclosure of additional information.

Name of the Company	Reporting Currency	Exchange Rate (Amount INR)
Glyph International UK Limited (Formerly Keyword Group Limited)	GBP £	68.03
Keyword Publishing Services Limited	GBP £	68.03
Keyword Typesetting Services Limited	GBP £	68.03
Glyph International US LLC (Formerly Software services LC (USA))	USD $	45.14

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

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

Yug Samrat Company Secretary	Haresh Chawla Managing Director	Senthil Chengalvarayan Director

Mumbai:
Date :May 24, 2010

NOTES

NOTES

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-Fifth Annual General Meeting of the Company held on **Thursday, September 30, 2010 at 9.30 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 Fifth Annual General Meeting of the Company to be held **Thursday, September 30, 2010 at 9.30 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 ____________, 2010

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 18 Limited, Ruby House, 'A' Wing, 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.