

# **Infomedia Press Limited**

## Independent Auditor's Report

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### To the Members of Infomedia Press Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Infomedia Press Limited, (the 'Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, its loss and its cash flows for the year ended on that date.

#### Emphasis of Matter

9. We draw attention to Note 33 to the financial statements which indicates that the Company had discontinued its operations during the year ended 31 March 2013 and has incurred a net loss of Rs 347.41 lakhs during the year ended 31 March 2015 and as of that date the Company's accumulated losses amount to Rs.7,528.90 lakhs resulting in erosion of hundred percent of net worth of the Company. The management of the Company is evaluating various options, including starting a new line of business.

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These conditions, along with other matters as set forth in the aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2015 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a. we have sought to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act;
  - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. as detailed in Note 24 to the financial statements, the Company has disclosed the impact of pending litigations on its financial position;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Walker Chandiok & Co LLP**  
(Formerly Walker, Chandiok & Co)  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

per **BP Singh**  
Partner  
Membership No.: 70116

**Place:** Noida  
**Date:** 15 April 2015

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## Balance Sheet as at 31st March, 2015

	Notes	As at 31 March 2015 Rs. in lakhs	As at 31 March 2014 Rs. in lakhs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	5,019.42	5,019.42
Reserves and surplus	4	(7,383.01)	(7,028.11)
		<b>(2,363.59)</b>	<b>(2,008.69)</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,023.00	2,023.00
Other long-term liabilities	6	548.69	275.59
		<b>2,571.69</b>	<b>2,298.59</b>
<b>Current liabilities</b>			
Trade payables	7	72.96	172.32
Other current liabilities	8	607.28	576.75
Short-term provisions	9	17.13	17.09
		<b>697.37</b>	<b>766.16</b>
		<b>905.47</b>	<b>1,056.06</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	54.02	54.97
Intangible assets	10A	-	-
Long-term loans and advances	11	775.90	775.87
		<b>829.92</b>	<b>830.84</b>
<b>Current assets</b>			
Trade receivables	12	-	30.00
Cash and bank balances	13	75.36	138.94
Short-term loans and advances	14	0.19	42.22
Other current assets	15	-	14.06
		<b>75.55</b>	<b>225.22</b>
		<b>905.47</b>	<b>1,056.06</b>

The accompanying notes 1 to 35 form an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date

For **Walker Chandiok & Co LLP**  
Chartered Accountants

per **B.P. Singh**  
Partner

Place: Noida  
Dated : 15 April, 2015

For and on behalf of the Board of directors

**Manoj Mohanka**  
Director  
DIN : 00128593

**Rohit Bansal**  
Director  
DIN : 02067348

**Sandeep Mantri**  
Chief Financial Officer

**Tasneem Udaipurwala**  
Company Secretary

## Statement of Profit and Loss for the year ended 31 March, 2015

	Notes	Year ended 31 March 2015 Rs. in lakhs	Year ended 31 March 2014 Rs. in lakhs
<b>REVENUE</b>			
Revenue from operations	16	-	3.71
Other income	17	<b>73.91</b>	149.67
<b>Total revenue</b>		<b>73.91</b>	<b>153.38</b>
<b>EXPENDITURE</b>			
Employee benefit expenses	19	<b>3.82</b>	81.43
Finance costs	20	<b>303.45</b>	300.57
Depreciation and amortization expense	21	<b>0.95</b>	21.61
Other expenses	22	<b>113.10</b>	240.59
Prior period expenses	23	-	11.91
<b>Total expenses</b>		<b>421.32</b>	<b>656.11</b>
<b>Loss before exceptional items and tax</b>		<b>(347.41)</b>	<b>(502.73)</b>
Exceptional items	24	-	489.41
<b>Loss before/after tax for the year</b>		<b>(347.41)</b>	<b>(992.14)</b>
<b>Loss for the year from continuing operations before/after tax</b>	31	<b>(304.40)</b>	<b>(308.04)</b>
Loss for the year from discontinuing operations before /after tax	31	<b>(43.01)</b>	(684.10)
<b>Loss for the year</b>		<b>(347.41)</b>	<b>(992.14)</b>
<b>Earnings per share (basic and diluted)</b>	27	<b>(0.69)</b>	(1.98)

The accompanying notes 1 to 35 form an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date

For **Walker Chandio & Co LLP**  
Chartered Accountants

per **B.P. Singh**  
Partner

Place: Noida  
Dated : 15 April, 2015

For and on behalf of the Board of directors

**Manoj Mohanka**  
Director  
DIN : 00128593

**Rohit Bansal**  
Director  
DIN : 02067348

**Sandeep Mantri**  
Chief Financial Officer

**Tasneem Udaipurwala**  
Company Secretary

## Cash Flow Statement for the year ended 31 March, 2015

	As at 31 March 2015 Rs. in lakhs	As at 31 March 2014 Rs. in lakhs
<b>A. Cash flow from operating activities:</b>		
Loss before tax	(347.41)	(992.14)
Adjustments for:		
Depreciation and amortisation	0.95	21.61
Provision of bad debts (written back)/provided for	-	(82.55)
Reversal of employee stock compensation	(7.49)	(52.67)
Interest and other financial charges	303.45	300.57
Interest income	(0.40)	(1.75)
Fixed assets written off	-	1.48
Sundry balances written off	-	15.02
Balances written back	-	(95.25)
Profit on sale of fixed assets	-	(247.21)
	<u>(50.90)</u>	<u>(1,132.89)</u>
Operating loss before working capital changes	(50.90)	(1,132.89)
Decrease in assets other than fixed assets	86.09	476.96
(Increase) in liabilities other than borrowings	(68.79)	(515.83)
	<u>(33.60)</u>	<u>(1,171.76)</u>
Net cash utilised in operations	(33.60)	(1,171.76)
Taxes paid	(0.03)	13.30
<b>Net cash used in operating activities</b>	<u>(33.63)</u>	<u>(1,158.46)</u>
<b>B. Cash flow from investing activities:</b>		
Sale of fixed assets	-	407.26
Decrease in other bank balances	2.69	2.46
Interest received	0.40	1.75
<b>Net cash from investing activities</b>	<u>3.09</u>	<u>411.47</u>
<b>C. Cash flow from financing activities:</b>		
Proceeds from borrowings	-	813.00
Repayment of Borrowing	-	(130.00)
Interest paid	(30.35)	(34.89)
<b>Net cash used in financing activities</b>	<u>(30.35)</u>	<u>648.11</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(60.89)</u>	<u>(98.88)</u>
Cash and cash equivalents as at the beginning of the year	77.40	176.28
Cash and cash equivalents as at the end of the year	<u>16.51</u>	<u>77.40</u>

This is the Balance Sheet referred to in our report of even date

For **Walker Chandiook & Co LLP**  
Chartered Accountants

per **B.P. Singh**  
Partner

Place: Noida  
Dated : 15 April, 2015

For and on behalf of the Board of directors

**Manoj Mohanka**  
Director  
DIN : 00128593

**Rohit Bansal**  
Director  
DIN : 02067348

**Sandeep Mantri**  
Chief Financial Officer

**Tasneem Udaipurwala**  
Company Secretary

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

	As at 31 March 2015 Rs. in lakhs	As at 31 March 2014 Rs. in lakhs
<b>3. Share capital</b>		
<b>a. Authorised share capital</b>		
100,000,000 (previous year 100,000,000) equity shares of Rs. 10 each	<b>10,000.00</b>	10,000.00
<b>b. Issued, subscribed and fully paid-up share capital</b>		
50,194,172 (previous year 50,194,172) equity shares of Rs. 10 each fully paid up	<u><b>5,019.42</b></u>	<u>5,019.42</u>
<b>Total issued, subscribed and fully paid-up share capital</b>	<u><b>5,019.42</b></u>	<u>5,019.42</u>
<b>c.</b> There is no movement in the share capital during the current and previous year		
<b>d. Description of the rights, preferences and restrictions attached to equity shares</b>		
The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
<b>e. Shares held by the Holding Company</b>		
<b>Particulars</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
<b>Nature of relationship</b>	<b>Numbers</b>	<b>Numbers</b>
	<b>% of Holding</b>	<b>% of Holding</b>
Network18 Media & Investments Limited	25,442,694	23,913,061
	50.69%	47.64%
<b>f. Details of shareholders holding more than 5% shares in the Company</b>		
<b>Name of shareholder</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>
	<b>No. of shares held</b>	<b>No. of shares held</b>
	<b>% of holding</b>	<b>% of holding</b>
Network18 Media & Investments Limited	25,442,694	23,913,061
	50.69%	47.64%
<b>g. Shares reserved for issue under options and other commitments</b>		
As on 31 March 2015, Nil (previous year : 45,150) Employee Stock Options were outstanding under the Employee Stock Option Plan of the Company. Each option would entitle the holder thereof to subscribe to one Equity Share of Rs. 10 each in the Company. For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company please refer note 26.		
<b>h.</b> No shares have been issued for consideration other than cash or as bonus shares in the current reporting period and in the last five years immediately preceding the current reporting period.		



## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

	As at 31 March 2015 Rs. in lakhs	As at 31 March 2014 Rs. in lakhs
<b>4. Reserves and surplus</b>		
<b>a. Securities premium account</b>		
Balance at the beginning /end of the year	145.89	145.89
<b>b. Employee stock options outstanding</b>		
Gross employee stock compensation for options granted	7.49	7.49
Less: Deferred employee stock compensation	(7.49)	-
	<u>-</u>	<u>7.49</u>
<b>c. Deficit at the beginning of the year</b>	(7,181.49)	(6,189.35)
Loss for the year	(347.41)	(992.14)
Net deficit in the statement of profit and loss	<u>(7,528.90)</u>	<u>(7,181.49)</u>
	<u>(7,383.01)</u>	<u>(7,028.11)</u>
<b>5. Long-term borrowings</b>		
Unsecured		
Loans and advances from related parties	2,023.00	2,023.00
	<u>2,023.00</u>	<u>2,023.00</u>
The above loan carries an interest rate of 15% per annum and is repayable in September 2016.		
<b>6. Other long-term liabilities</b>		
Interest accrued but not due on long-term borrowings	548.69	275.59
	<u>548.69</u>	<u>275.59</u>
<b>7. Trade payables</b>		
Due to micro and small enterprises*	-	-
Due to others	72.96	172.32
	<u>72.96</u>	<u>172.32</u>

\*The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro, small and medium enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2015 has been made in the financials statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMEDA is not expected to be material.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

	As at 31 March 2015 Rs. in lakhs	As at 31 March 2014 Rs. in lakhs
<b>8 Other current liabilities</b>		
Payable to related parties	504.98	466.49
Advance from customers	37.66	38.36
Unpaid dividend	1.80	4.06
Employees dues	0.07	0.07
Statutory dues payable	3.77	8.28
Security deposits	2.24	2.24
Other payables	56.76	57.25
	<b>607.28</b>	<b>576.75</b>
<b>9. Short-term provisions</b>		
Provision for gratuity	0.28	0.24
Provision for bonus and superannuation	16.85	16.85
	<b>17.13</b>	<b>17.09</b>

### 10. Tangible assets

	Rs. in Lakhs						
	Leasehold land	Buildings	Plant and equipment (Refer Note Below)	Furniture and fixtures	Vehicles	Information technology and office equipment	Total
<b>Gross block</b>							
<b>Balance as at 1 April 2013</b>	18.72	338.86	6,406.27	85.35	12.47	245.34	7,107.01
Disposal	-	-	(6,406.27)	(85.35)	(12.47)	(245.34)	(6,749.43)
<b>Balance as at 31 March 2014 / 31 March 2015</b>	18.72	338.86	-	-	-	-	357.58
<b>Balance as at 31 March 2015</b>	18.72	338.86	-	-	-	-	357.58
<b>Accumulated depreciation/ impairment</b>							
<b>Balance as at 1 April 2013</b>	8.74	281.02	6,267.99	74.08	12.35	231.63	6,875.81
Charge for the year	0.31	12.54	-	1.85	0.02	1.38	16.10
Reversal on disposal of assets	-	-	(6,267.99)	(75.93)	(12.37)	(233.01)	(6,589.30)
<b>Balance as at 31 March 2014</b>	9.05	293.56	-	-	-	-	302.61
Charge for the year	0.20	0.75	-	-	-	-	0.95
<b>Balance as at 31 March 2015</b>	9.25	294.31	-	-	-	-	303.56
<b>Net block</b>							
<b>Balance as at 31 March 2014</b>	<b>9.67</b>	<b>45.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54.97</b>
<b>Balance as at 31 March 2015</b>	<b>9.47</b>	<b>44.55</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54.02</b>

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

### 10 A. Intangible assets

	Rs. in Lakhs	
	Computers software	Total
<b>Gross block</b>		
<b>Balance as at 1 April 2013</b>	38.39	38.39
Assets written off	(38.39)	(38.39)
<b>Balance as at 31 March 2014/ 31 March 2015</b>	-	-
<b>Accumulated amortisation</b>		
<b>Balance as at 1 April 2013</b>	31.41	31.41
Charge for the year	5.51	5.51
Reversal on writing off assets	(36.92)	(36.92)
<b>Balance as at 31 March 2014/ 31 March 2015</b>	-	-
<b>Net block</b>		
<b>Balance as at 31 March 2014</b>	-	-
<b>Balance as at 31 March 2015</b>	-	-

	As at 31 March 2015 Rs. in lakhs	As at 31 March 2014 Rs. in lakhs
<b>11. Long-term loans and advances</b>		
Unsecured, considered good		
Security deposits	18.78	18.78
Income tax paid (net of provisions of Rs. 258,487,438 (previous year Rs. 258,487,438))	757.12	757.09
	<u>775.90</u>	<u>775.87</u>
<b>12. Trade receivables</b>		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	30.00
	<u>-</u>	<u>30.00</u>
<b>13. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash in hand	-	0.09
Balances with banks:		
in current accounts	16.51	77.31
	<u>16.51</u>	<u>77.40</u>

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

	As at 31 March 2015 Rs. in lakhs	As at 31 March 2014 Rs. in lakhs
<b>Other bank balances</b>		
In current account - Earmarked balances	58.85	4.45
Unpaid dividend accounts	2.09	4.35
Unpaid right issue	0.10	0.10
Unpaid buy back money	56.66	-
Cheques in hand in respect of unclaimed buy back money	-	57.09
	<u>58.85</u>	<u>61.54</u>
	<u>75.36</u>	<u>138.94</u>
<b>14. Short-term loans and advances (unsecured, considered good)</b>		
Advances recoverable in cash or in kind or for the value to be received	-	1.03
Receivable from gratuity trust	-	41.13
Prepaid expenses	0.19	0.06
	<u>0.19</u>	<u>42.22</u>
<b>15. Other current assets</b>		
Receivable on account of sale of machinery	-	14.06
	<u>-</u>	<u>14.06</u>
	<u>-</u>	<u>14.06</u>
	<b>For the year ended 31 March 2015 Rs. in lakhs</b>	<b>For the year ended 31 March 2014 Rs. in lakhs</b>
<b>16. Revenue from operations</b>		
Sale of scrap	-	3.71
	<u>-</u>	<u>3.71</u>
	<u>-</u>	<u>3.71</u>
<b>17. Other income</b>		
Interest income	0.40	1.75
Reversal of employee compensation expenses	7.49	52.67
Sundry balances written back	-	95.25
Sale of scrap	40.28	-
Other income	25.74	-
	<u>73.91</u>	<u>149.67</u>
	<u>73.91</u>	<u>149.67</u>

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

	For the year ended 31 March 2015 Rs. in lakhs	For the year ended 31 March 2014 Rs. in lakhs
<b>18. Costs of material consumed</b>		
Opening stock		
- Raw material and components	-	205.79
- Add : Purchase of raw material and components	-	311.89
Less : Transfer to Holding Company	-	(517.68)
	<u>-</u>	<u>-</u>
<b>Details of purchases of raw material and components</b>		
Sheet paper and reel paper	-	311.89
	<u>-</u>	<u>311.89</u>
	<u><u>-</u></u>	<u><u>311.89</u></u>
<b>19. Employee benefit expenses</b>		
Salaries, wages and bonus	<b>3.04</b>	64.22
Contribution to provident fund and other funds	<b>0.11</b>	0.99
Staff welfare expenses	<b>0.67</b>	15.86
Employee benefits	-	0.36
	<u>3.82</u>	<u>81.43</u>
	<u><u>3.82</u></u>	<u><u>81.43</u></u>
<b>20. Finance costs</b>		
Interest expenses	<b>303.45</b>	300.57
	<u>303.45</u>	<u>300.57</u>
	<u><u>303.45</u></u>	<u><u>300.57</u></u>
<b>21. Depreciation and amortisation expense</b>		
Depreciation on tangible assets	<b>0.95</b>	16.10
Amortisation of intangible assets	-	5.51
	<u>0.95</u>	<u>21.61</u>
	<u><u>0.95</u></u>	<u><u>21.61</u></u>

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

	For the year ended 31 March 2015 Rs. in lakhs	For the year ended 31 March 2014 Rs. in lakhs
<b>22. Other expenses</b>		
Distribution, advertising and business promotion	-	4.66
Director sitting fees	11.00	-
Power and fuel	13.19	19.97
Rates and taxes	24.55	31.23
Rent	-	14.85
Repairs and maintenance		
Plant and equipment	-	0.21
Others	0.14	1.52
Insurance	0.13	2.54
Legal and professional expenses *	21.23	82.58
Exchange difference (net)	-	2.89
Travelling and conveyance	1.04	0.01
Postage and communication	6.79	1.76
Printing and stationery	6.06	3.61
Housekeeping charges	3.10	4.05
Security charges	18.42	24.25
Customer claims	-	25.42
Fixed assets written off	-	1.48
Sundry balances written off	-	15.02
Miscellaneous expenses	7.45	4.54
	<b>113.10</b>	<b>240.59</b>
<b>* Payment to statutory auditor</b>		
Statutory audit	6.00	6.00
For reimbursement of expenses	1.22	0.27
	<b>7.22</b>	<b>6.27</b>
<b>23. Prior period expenses</b>		
Interest on delayed payments	-	9.45
Legal and professional expenses	-	2.46
	-	11.91
<b>24. Exceptional items</b>		
Voluntary retirement scheme and other (refer note 29)	-	819.17
Profit on sale of fixed assets	-	(247.21)
Provision for bad and doubtful debts written back	-	(82.55)
	-	489.41

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

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### 1. Background:

Infomedia Press Limited ('the Company') was incorporated on 30 May 1955. The Company has in the previous year discontinued its business of printing operations and the management is in the process of evaluating various options, including starting a new line of business.

### 2. Summary of significant accounting policies:

#### (a) Basis of preparation

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The accounting Policies have been consistently applied by the Company.

#### (b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 reported amount of revenue and expenses during the reporting period. Actual result could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period.

#### (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, amortisation and impairment loss if any.

#### (d) Depreciation/amortisation

The Company depreciates/amortises its fixed assets as follows:

- |                   |   |  |
|-------------------|---|--|
| i) Leasehold land | - | over the period of the lease on straight line method   |
| ii) 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 II to the Companies Act, 2013. |

#### (e) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

#### (f) Employee benefits

##### *Provident fund*

The Company's Employees Provident Fund scheme is a defined contribution plan. The Company's contribution to the Employees' Provident Fund is charged to the Statement of Profit and Loss during the period in which the employee renders the related service.

##### *Gratuity*

Provision for gratuity, a defined benefit plan, is made on the basis of last drawn salary and accrued for the number of years of service as per the provisions of the Payment of Gratuity Act, 1972.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

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### *Short term employee benefits*

Short term employee benefits expected to be paid or payable in exchange for the services rendered is recognized on undiscounted basis.

### **(g) Foreign currency transactions**

#### *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 items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

### **(h) Income tax**

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Income Tax Act, 1961 as applicable to the financial year. Deferred income taxes reflects 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 are recognized 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 realized. In a situation, where the Company has unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Minimum alternative tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. In the year in which MAT credit becomes eligible to be recognised 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 statement of profit and loss and shown as MAT credit entitlement. The Company 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 the Company will pay normal income tax during the specified year.

### **(i) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares). 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 year are adjusted for the effects of all dilutive potential equity shares except where the results would be anti dilutive



## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

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**(j) Provisions and contingencies**

The Company makes provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made.

A disclosure is made for a contingent liability when there is a:

- Possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company; or
- Present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- Present obligation, where a reliable estimate cannot be made.

Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**(k) Employee Stock Option Plan**

Accounting value of stock options is determined on the basis of "Intrinsic Value" representing the excess of the market price on the date of grant over the exercise price of the options granted under the "Employees Stock Option Scheme" of the Company, and is being amortized as 'Deferred employee compensation' on a straight-line basis over the vesting period in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Guidance Note 18 'Share Based Payments' issued by the Institute of Chartered Accountants of India.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

### 24. Provisions and contingencies

(a) Claims against the Company not acknowledged as debts:

- i) The Company has received demands amounting to Rs. 974.17 Lakhs (previous year - Rs. 974.17 Lakhs) towards Income Tax for the assessment years 2005-06, 2006-07, 2008-09 and 2010-11. The Company has disputed the demands and has preferred appeals before appellate authorities and also deposited Rs 681.25 Lakhs upto 31 March 2015
- ii) Sales tax/Works Contract tax matters disputed by the Company relating to issue of applicability, allowability, etc. aggregating to Rs. 2999.87 Lakhs (previous year Rs. 2999.87 Lakhs) for the F.Y 2001-02, 2002-03, 2003-04, 2004-05, 2006-07, 2008-09 and F.Y 2009-10.

In respect of the demands/claims described in paragraphs (i) and (ii) above, the Company has also assessed that the possibility of these cases being decided against the Company and the demand crystalizing on the Company is not likely and hence no provision is required.

25. The Company has reached a compensation settlement with the permanent employees of the Company through a Voluntary Retirement Scheme resulting in expenditure amounting to Rs. Nil (Previous year: Rs 819.17 Lakhs). The compensation was paid during the previous financial year and was charged to the statement of profit and loss for the previous year ended 31 March 2014 and presented as an exceptional item in note 24.

### 26. Employee Stock Option Plans

The Company's Employee Stock Option Plans (ESOPs) framed in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('SEBI Guidelines') have been approved by the Board of Directors and the Shareholders.

Employee Stock Option Plan 2007 (ESOP 2007):

Particulars	Grant 1		Grant 2		Grant 3	
	Date	Options	Date	Options	Date	Options
Date of grant/board approval	2 April 2009		26 October 2010		16 June 2011	
No of options granted	967,500		200,000		130,000	
Exercise per option (Rs.)	10 (Exercise price of 667,500 options was revised from Rs. 57.30 to Rs.10 vide Compensation Committee approval dated 25 February 2010)		10		10	
Method of settlement	Equity		Equity		Equity	
Vesting period	Date	Options	Date	Options	Date	Options
	1 April 2010 (1 Year)	387,000	26 October 2011 (1 Year)	80,000	16 June 2012 (1 Year)	52,000
	1 April 2011 (2 Years)	290,250	26 October 2012 (2 Years)	60,000	16 June 2013 (2 Years)	39,000
	1 October 2011 (2 Years 6 months)	290,250	26 October 2013 (3 Years)	60,000	16 June 2014 (3 Years)	39,000
Exercise period	Three years		Three years		Three years	

This scheme (ESOP 2007) is covered under the approval of the shareholders vide their Extra-Ordinary General Meeting held on 10 January 2008 and further modified through postal ballot resolution, results whereof were declared on 7 May 2010.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

The details of activity under the plan are summarized below:

Particulars	Year ended 31 March 2015		Year ended 31 March 2014	
	No. of shares	Weighted average exercise Price (Rs.)	No. of shares	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	452,400	10.00	538,550	10.00
Grant during the year	-	-	-	-
Exercised during the year	-	-	-	-
No. of options lapsed during the year	452,400	10.00	86,150	10.00
Outstanding at the end of the year	-	-	452,400	10.00
Exercisable at the end of the year	-	-	314,400	10.00
Weighted average remaining contractual life (in years)	-	-	2.35	-

### Employee Stock Purchase Plan 2010 (ESPP 2010):

During the year 2010-2011, the Company had also introduced an Employee Stock Purchase Plan, 2010 (ESPP 2010) which was approved by shareholders vide postal ballot resolution, results whereof were declared on 7 May 2010. However, there has been no activity under this scheme till balance sheet date.

Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

ESOP 2007	2011-2012
Expected dividend yield	1.2 %
Expected volatility of share price	61.80% to 66.20 %
Risk free interest rate	8.47% to 8.51 %
Weighted average share price on date of exercise	Rs. 19.00
Exercise price Rs.	10
Expected life of the options	0.50 to 2.61 years

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The Company has adopted the intrinsic value method as stipulated under the SEBI Guidelines and the Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India for measuring the cost of the options granted.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

Had the Company used the fair value method in accordance with Black Scholes Model to determine employee stock compensation, its loss after tax and loss per share as reported would have changed to the amounts indicated below:

	31 March 2015 (Rs. in Lakhs)	31 March 2014 (Rs. in Lakhs)
Loss as reported	(347.41)	(992.14)
Add: Employee stock compensation under intrinsic value method	(7.49)	(52.67)
Less: Employee stock compensation under fair value method	(7.83)	(62.34)
Pro forma loss	(347.07)	(982.47)
<b>Earnings Per Share</b>		
<b>Basic</b>		
- As reported	(0.69)	(1.98)
- Proforma	(0.69)	(1.96)
<b>Diluted</b>		
- As reported	(0.69)	(1.98)
- Pro forma	(0.69)	(1.96)

Since the intrinsic value being Rs 7.49 Lakhs (previous year 52.67 Lakhs) accrual has been made towards compensation cost in the financial statements for the year ended 31 March, 2015.

### 27. Earnings per share

Particulars	31 March 2015 (Rs. in Lakhs)	31 March 2014 (Rs. in Lakhs)
Loss after tax attributable to equity shareholders	(347.41)	(992.14)
Weighted average number of equity shares in calculating basic loss per share	501.94	501.94
Earnings per share (basic and diluted)	(0.69)	(1.98)

### 28. Value of imports calculated on CIF basis

Particulars	31 March 2015 (Rs. in Lakhs)	31 March 2014 (Rs. in Lakhs)
Paper	-	308.95
<b>Total</b>	-	<b>308.95</b>

### 29 Related party disclosures

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below

(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships

Sr No	Name of Related Party	Relationship
1	Independent Media Trust (w.e.f. 07.07.2014)	Enterprises exercising control
2	Adventure Marketing Private Limited (w.e.f. 07.07.2014)#	
3	Watermark Infratech Private Limited (w.e.f. 07.07.2014)#	
4	Colorful Media Private Limited (w.e.f. 07.07.2014)#	
5	RB Media Holdings Private Limited (w.e.f. 07.07.2014)#	
6	RB Mediasoft Private Limited (w.e.f. 07.07.2014)#	
7	RRB Mediasoft Private Limited (w.e.f. 07.07.2014)#	
8	RB Holdings Private Limited (w.e.f. 07.07.2014)#	
9	Network18 Media & Investments Limited	
10	Reliance Industries Limited (RIL) (w.e.f. 07.07.2014)	Beneficiary/Protector of Independent Media Trust
11	Reliance Industrial Investments and Holdings Limited (w.e.f. 07.07.2014)	
12	TV18 Broadcast Limited	Subsidiary
13	Raghav Bahl (upto 07.07.2014)	Key management personnel

# Control by Independent Media Trust of which RIL is the sole beneficiary

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

Rs in Lakhs

	Enterprises exercising control	Fellow subsidiary	Grand Total
<b>Transactions during the year</b>			
<b>Loan taken during the year</b>			
Network18 Media & Investments Limited	-	-	-
	(813.00)	(-)	(813.00)
<b>Loan repaid during the year</b>			
Network18 Media & Investments Limited	-	-	-
	(130.00)	(-)	(130.00)
<b>Finance costs</b>			
Network18 Media & Investments Limited	303.45	-	303.45
	(295.19)	(-)	(295.19)
<b>Expenditure incurred for service received</b>			
Network18 Media & Investments Limited	-	-	-
	(100.00)	-	(100.00)
<b>Reimbursement of expenses (paid/payable)</b>			
Network18 Media & Investments Limited	0.14	-	0.14
	(2.02)	-	(2.02)
TV18 Broadcast Limited	-	-	-
	(-)	(100.00)	(100.00)
<b>Reimbursement of expenses (received/receivable)</b>			
Network18 Media & Investments Limited	-	-	-
	(1.49)	(-)	(1.49)
<b>Inventory transfer to</b>			
Network18 Media & Investments Limited	-	-	-
	(517.68)	-	(517.68)
<b>Purchase on behalf of others</b>			
Network18 Media & Investments Limited	-	-	-
	(311.89)	-	(311.89)
<b>Balance at the year end</b>			
<b>Amounts due to</b>			
Network18 Media & Investments Limited	542.17	-	542.17
	( 593.54)	(-)	(593.54)
<b>Loan outstanding</b>			
Network18 Media & Investments Limited	2023.00	-	2023.00
	(2023.00)	(-)	(2023.00)
<b>Interest payable</b>			
Network18 Media & Investments Limited	548.69	-	548.69
	(275.59)	-	(275.59)

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

30. The Company has contributed Rs. 0.11 Lakhs (previous year Rs. 0.99 Lakhs) towards Contribution to provident fund.
31. During the year ended 31 March 2013 the Company has closed the printing press business and discontinued the printing operations. As at 31 March 2015, the carrying amount of such assets and liabilities of discontinuing operations which were not disposed off was Rs.851.44 Lakhs (previous year Rs. 1,001.07 Lakhs) and Rs. 697.36 Lakhs (previous year Rs. 766.16) respectively. The following statement shows the revenue and expenses of continuing and discontinuing operations:

Rs in Lakhs

	Continuing operation		Discontinuing operations		Total	
	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2014
<b>Revenue</b>						
Revenue from operations	-	-	-	3.71	-	3.71
Other income	-	-	73.91	149.67	73.91	149.67
<b>Revenue</b>	-	-	<b>73.91</b>	<b>153.38</b>	<b>73.91</b>	<b>153.38</b>
<b>Expenses</b>						
Employee benefits expense	-	-	3.82	81.43	3.82	81.43
Finance costs	303.45	295.19	-	5.38	303.45	300.57
Depreciation and amortization expense	0.95	12.85	-	8.76	0.95	21.61
Other operating expenses	-	-	113.10	240.59	113.10	240.59
Prior period expenses	-	-	-	11.91	-	11.91
<b>Total Expenses</b>	<b>304.40</b>	<b>308.04</b>	<b>116.92</b>	<b>348.07</b>	<b>421.32</b>	<b>656.11</b>
<b>Loss before exceptional items and tax</b>	<b>(304.40)</b>	<b>(308.04)</b>	<b>(43.01)</b>	<b>(194.69)</b>	<b>(347.41)</b>	<b>(502.73)</b>
Exceptional items	-	-	-	489.41	-	489.41
<b>Loss before tax</b>	<b>(304.40)</b>	<b>(308.04)</b>	<b>(43.01)</b>	<b>(684.10)</b>	<b>(347.41)</b>	<b>(992.14)</b>
Current tax expenses earlier years	-	-	-	-	-	-
<b>Loss for the period</b>	<b>(304.40)</b>	<b>(308.04)</b>	<b>(43.01)</b>	<b>(684.10)</b>	<b>(347.41)</b>	<b>(992.14)</b>

32. The accumulated losses of the Company have resulted in the erosion of its net worth. The Company has been legally advised that in view of closure of its printing operations, the provisions of Sick Industrial Companies (Special provisions) Act, 1985 are not applicable to it.
33. The Company had discontinued its operations during the year ended 31 March 2013 and has incurred net loss of Rs. 347.41 Lakhs during the year ended 31 March 2015 and as of that date the Company's accumulated losses amount to Rs. 7528.90 Lakhs which has resulted in erosion of hundred percent of net worth of the Company. The management is evaluating various options, including starting a new line of business. There is a material uncertainty related to the aforementioned conditions that may cast significant doubt on the Company continuing as a going concern and accordingly the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Network18 Media & Investments Limited, holding company, has given a support letter to extend for the foreseeable future (i.e. twelve months from 31 March 2015), any financial and business support, which may be required by the Company. Considering these factors, the management has assessed that the Company continues to be a going concern and hence, these financial statements have been prepared on a going concern basis.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

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34. As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by Accounting Standard 17 "Segment Reporting", have not been provided in these financial statements.

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

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As per our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants

per **B.P. Singh**  
Partner

Place: Noida  
Dated : 15 April, 2015

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

**Manoj Mohanka**  
Director  
DIN : 00128593

**Rohit Bansal**  
Director  
DIN : 02067348

**Sandeep Mantri**  
Chief Financial Officer

**Tasneem Udaipurwala**  
Company Secretary