

**MIDDAY INFOMEDIA LIMITED**

**STATUTORY AUDIT FOR THE YEAR  
ENDED MARCH 31, 2014**

## INDEPENDENT AUDITORS' REPORT

To the Members of Midday Infomedia Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Midday Infomedia Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for 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 Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
  - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

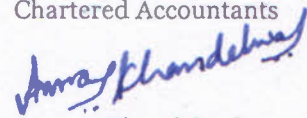


**Report on Other Legal and Regulatory Requirements**

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, 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 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 appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

New Delhi  
May 28, 2014

For Price Waterhouse  
Firm Registration Number: 012754N  
Chartered Accountants



Anurag Khandelwal  
Partner  
Membership Number 078571

**Annexure to Independent Auditors' Report**

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Midday Infomedia Limited on the financial statements as of and for the year ended March 31, 2014

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
  - (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, 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) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted/taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c) and (d) / (f) and (g)] of the said Order are not applicable to the Company.
- 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. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.



**Annexure to Independent Auditors' Report**

Referred to in paragraph 7 the Independent Auditors' Report of even date to the members of Midday Infomedia Limited on the financial statements for the year ended March 31, 2014

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- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and service tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, sales tax, wealth tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute.
- x. The accumulated losses of the Company did not exceed fifty percent of its net worth as at March 31, 2014 and it has incurred cash losses in the financial year ended on that date and incurred cash loss in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order 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 Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- 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 obtained Cash credit facility from bank



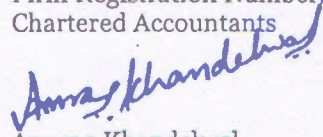
**Annexure to Independent Auditors' Report**

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- amounting to Rs.193.54 Lakhs on a short term basis, which has been used for investments in fixed assets.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company issued unsecured zero coupon optionally convertible debentures, aggregating Rs.1,000 Lakhs which are outstanding at the year-end, in respect of which it is not required to create security or charge.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

New Delhi  
May 28, 2014

For Price Waterhouse  
Firm Registration Number: 012754N  
Chartered Accountants

  
Anurag Khandelwal  
Partner  
Membership Number 078571

**MIDDAY INFOMEDIA LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2014**

	Note No.	As at March 31, 2014 (Rs. in Lakhs)	As at March 31, 2013 (Rs. in Lakhs)
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	1,987.03	1,987.03
(b) Reserves and Surplus	3	1,475.00	2,173.23
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	1,987.12	487.12
(b) Other Long-Term Liabilities	5	-	400.00
(c) Long-Term Provisions	6	211.76	237.51
<b>(3) Current Liabilities</b>			
(a) Short-term Borrowings	7	1,755.80	1,500.00
(b) Trade Payables	8	1,726.05	2,309.15
(c) Other Current Liabilities	9	1,350.46	1,593.55
(d) Short-term Provisions	10	16.78	37.56
<b>TOTAL</b>		<b>10,510.00</b>	<b>10,725.15</b>
<b>II ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	11	5,101.48	4,227.18
(ii) Intangible Assets	12	34.03	-
(iii) Capital Work-in-Progress		-	0.70
(b) Non-current Investments	13	170.00	1,170.00
(c) Deferred Tax Asset (Net)	14	33.15	100.50
(d) Long-term Loans and Advances	15	379.21	330.63
(e) Other Non-current Assets	16	169.73	129.77
<b>(2) Current Assets</b>			
(a) Current Investments	17	1,079.35	706.36
(b) Inventories	18	1,222.84	985.16
(c) Trade Receivables	19	1,895.49	2,497.78
(d) Cash and Bank Balances	20	121.98	270.76
(e) Short-term Loans and Advances	21	287.82	293.41
(f) Other Current Assets	22	14.92	12.90
<b>TOTAL</b>		<b>10,510.00</b>	<b>10,725.15</b>

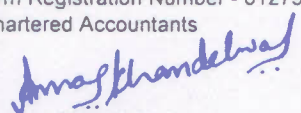
**Significant Accounting Policies**

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

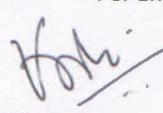
The notes referred to above form an integral part of these financial statements

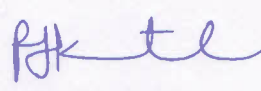
For Price Waterhouse  
Firm Registration Number - 012754N  
Chartered Accountants

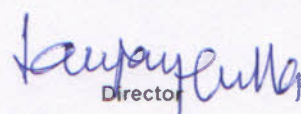
  
Anurag Khandelwal  
Partner  
Membership Number - 078571

Place: New Delhi  
Date: May 28, 2014

For and on behalf of the Board

  
Vikas Joshi  
Managing Director

  
Chief Financial Officer

  
Director

  
Prānālī Parekh  
Company Secretary

## MIDDAY INFOMEDIA LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note No.	Year ended March 31, 2014 (Rs. in Lakhs)	Year ended March 31, 2013 (Rs. in Lakhs)
I Revenue from Operations	23	11,662.79	11,179.87
II Other Income	24	139.62	53.00
III Total Revenue (I + II)		<u>11,802.41</u>	<u>11,232.87</u>
IV Expenses:			
(a) Cost of Materials Consumed	25	3,766.81	3,778.89
(d) Employee Benefits	26	3,075.28	3,165.66
(e) Finance Costs	27	249.60	295.21
(f) Depreciation and Amortization	28	598.22	606.30
(g) Other Expenses	29	4,743.37	4,620.07
Total Expenses		<u>12,433.28</u>	<u>12,466.13</u>
V Prior Period Expense	39	-	108.66
VI (Loss) Before Tax (III-IV-V)		(630.87)	(1,341.92)
VII Tax Expense			
(a) Current Tax		-	-
(b) Deferred Tax		67.36	88.27
VIII (Loss) for the Year (VI-VII)		<u>(698.23)</u>	<u>(1,430.19)</u>
IX Earnings/ (Loss) per Equity Share in Rupees	40		
- Basic		(15.56)	(21.91)
- Diluted		(15.56)	(21.91)
[Nominal value per share Rs. 10 (Previous year: Rs. 10)]			

## Significant Accounting Policies

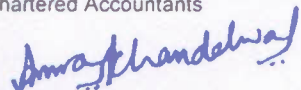
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This is the Statement of Profit and Loss referred to in our report of even date.

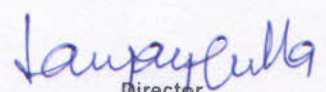
The notes referred to above form an integral part of these financial statements

For Price Waterhouse  
Firm Registration Number - 012754N  
Chartered Accountants


For and on behalf of the Board

  
Anurag Khandelwal  
Partner  
Membership Number - 078571

  
Vikas Joshi  
Managing Director

  
Director

Place: New Delhi  
Date: May 28, 2014

  
Rajeshri Bolaikar  
Chief Financial Officer

  
Prachi Parekh  
Company Secretary

## MIDDAY INFOMEDIA LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	For the Year Ended March 31, 2014 (Rs. in Lakhs)	For the Year Ended March 31, 2013 (Rs. in Lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit /(Loss) before tax:	(630.87)	(1,341.92)
Adjustments for:		
Depreciation and Amortization	598.22	606.30
Finance Cost	249.60	295.21
Interest Income	(27.63)	(4.27)
(Profit)/Loss on Fixed Assets sold (net)	31.81	3.12
Assets Written off	-	0.65
Dividend Income	-	(1.38)
(Profit)/Loss on Sale of Investments	-	1.49
Provision for Doubtful Receivables, Deposits and Advances	14.97	66.64
Bad Debts Written-off	2.98	48.41
Liability no longer required written back	(45.67)	(4.03)
Provision for Gratuity and Leave Encashment	(46.54)	(20.16)
Provision for Diminution in value of Investments	653.00	103.19
Unrealised Foreign Exchange (Gain) /Loss	16.83	(0.45)
Lease Equalisation	(36.20)	(40.16)
	1,411.37	1,054.56
<b>Operating profit before working capital changes</b>	<b>780.50</b>	<b>(287.36)</b>
Adjustments for changes in working capital :		
-(Increase)/Decrease in Trade Receivables	584.67	(167.83)
-(Increase)/Decrease in Other Current Assets and Loans & Advances	(10.30)	(14.82)
-(Increase)/Decrease in Inventories	(237.68)	(512.18)
-Increase/(Decrease) in Trade and Other Payables	(1,160.93)	1,335.59
	(824.24)	640.76
<b>Cash generated from operations</b>	<b>(43.74)</b>	<b>353.40</b>
- Taxes (Paid) / Received (net of TDS)	(32.62)	(42.11)
<b>Net cash from operating activities</b>	<b>(76.36)</b>	<b>311.29</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(1,569.26)	(1,402.60)
Capital Work in Progress	0.70	537.26
Sale Proceeds from Fixed Assets	29.92	209.21
Purchase of Long Term Investments	-	(100.00)
Purchase of Current Investments	(25.99)	(386.44)
Advance for purchase of immovable properties	(39.96)	(44.66)
Dividend Income	-	1.38
Interest Received	26.00	3.39
Investment in bank deposits (having original maturity of more than three months)	1.06	-
<b>Net cash used in investing activities</b>	<b>(1,577.53)</b>	<b>(1,182.46)</b>



Lawyer

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MIDDAY INFOMEDIA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	For the Year Ended March 31, 2014 (Rs. in Lakhs)	For the Year Ended March 31, 2013 (Rs. in Lakhs)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of Equity Shares	-	1,500.29
Proceeds / (Repayment) of Borrowings	1,755.80	(1,437.63)
Interest Paid	(249.60)	(295.21)
Inter-Corporate Deposits taken	500.00	2,000.00
Repayment of Inter-Corporate Deposits	(1,500.00)	(777.78)
Zero Coupon Optionally Convertible Debenture received	1,000.00	-
<b>Net cash from financing activities</b>	<b>1,506.20</b>	<b>989.67</b>
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(147.69)	118.50
Cash and Cash Equivalents at beginning of the year	248.59	130.09
Cash and Cash Equivalents at end of the year	100.90	248.59

Notes :

- 1 The above Cash flow statement has been prepared under the indirect method setout in AS 3 - Cash Flow Statement as notified under section 211(3C) of the Companies Act, 1956.
- 2 Figures in brackets indicate cash outflow.
- 3 Previous period figures have been regrouped and recast, wherever, necessary to conform to the current period classification.

This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse  
Firm Registration Number - 012754N  
Chartered Accountants

*Anurag Khandelwal*

Anurag Khandelwal  
Partner  
Membership Number - 078571

Place: New Delhi  
Date: May 28, 2014

For and on behalf of the Board

*Vikas Joshi*  
Vikas Joshi  
Managing Director

*Jayprakash*  
Director

*Rajeshri Bolaikar*  
Rajeshri Bolaikar  
Chief Financial Officer

*Pranali Parekh*  
Pranali Parekh  
Company Secretary

MIDDAY INFOMEDIA LIMITED

NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. **Accounting Convention**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Finance Reporting Authority, the existing Accounting Standards notified under Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material respects with accounting standards notified under section 211(3C) (Companies (Accounting Standards) Rules 2006 as amended) and other relevant provisions of the Companies Act, 1956. Accounting policies have been consistently applied, except where a newly issued accounting standard or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use or to the extent disclosed in this note.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has considered its operating cycle as 12 months for the purpose of classification of assets and liabilities between current and non-current.

b. **Tangible and Intangible Assets**

- i) Tangible assets and Intangible assets are recorded by the Company at the cost of acquisition or construction and depreciated on Written-Down Value basis, at the rates prescribed in Schedule-XIV to the Companies Act, 1956.
- ii) Assets individually costing less than Rs. 5000 each are fully depreciated in the year of acquisition. In respect of assets acquired, sold or discarded during the year, depreciation is provided on pro-rata basis for the period during which each asset was in use.
- iii) Leasehold land and Leasehold improvements are amortised on a straight-line basis over the total period of lease including renewals.
- iv) Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.
- v) Computer software and website development cost are amortised in three years.

c. **Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Long term investments are stated at cost of acquisition inclusive of expenditure incidental to acquisition. A provision for diminution is made to recognise a decline, other than temporary in the value of long term investments.

Current investments are stated at lower of cost and fair value determined on an individual basis.

Consideration for barter/exchange transactions is exchanged in accordance with the terms of the contract to formalise the arrangement.

Consideration for barter / exchange transactions involving the advertisement revenue and immovable properties is exchanged through cheques in accordance with the terms to facilitate the subsequent transfer, sale or registration of such property.



Handwritten initials and signatures: 'B', 'HJ', and 'AK'.

MIDDAY INFOMEDIA LIMITED

NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

d. Inventories

Inventories are valued at cost or net realisable value, whichever is lower. Cost of raw materials and stores is determined on first-in-first-out basis.

e. Foreign Currency Transactions

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

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 the previous financial statements, are recognized as income or as expense in the year in which they arise. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using exchange rates that existed when values were determined.

Foreign Currency Monetary Items outstanding as at Balance Sheet date are valued using the conversion rate prevailing as at Balance Sheet date and the exchange differences on restatement are recognised as income or as expense in the Statement of Profit and Loss.

The Company does not have any derivative transactions.

f. Revenue Recognition

Revenues are recognized to the extent that it is probable that economic benefit will flow to the Company and revenue can be reliably measured. It is accounted for net of trade discounts.

Specifically the following bases are adopted in respect of various sources of revenues of the Company:-

i) Advertisement

Revenue from advertisement space is recognized, as and when the relevant advertisement is published.

Revenue/Expense against all Barter/ Exchange Contracts is recognised at the time of actual performance of the contract to the extent of performance completed by either party against its part of contract.

ii) News Paper Sales

Revenue from sale is recognised on dispatch, net of credits for unsold copies.

iii) Others

Revenue from printing job work is recognised on delivery of goods after completion as set out in the relevant contracts.

Claims from insurance companies/ Interest on income tax refunds/ Government department are recognised as and when amount receivable can be reasonably determined.

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

g. Employee Benefits

Short term employee benefits are recognised in the period during which the services have been rendered. The Company's contribution to Employee Provident Fund, Employee's State Insurance Fund and Employee's Pension Scheme 1995 are charged to revenue. These are defined contribution plans and the



## MIDDAY INFOMEDIA LIMITED

### NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Company deposits these amounts with the fund administered and managed by the Employee Provident Fund Organisation, Government of India and Employees State Insurance Corporation.

The Company has Defined Benefit plans namely leave encashment and gratuity for all employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year using the projected unit credit method. Gratuity Fund is recognised by the income tax authorities and is administered and managed by the Life Insurance Corporation of India ("LIC").

Termination benefits are recognised as an expense immediately. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as income or expense.

#### h. Taxation

- i) Tax expense comprises current tax and deferred tax.
- ii) Current tax comprises Company's tax liability for the current financial year as well as additional tax paid, if any, during the year in respect of earlier years on receipt of demand from the authorities.
- iii) Deferred tax assets and liabilities are computed on the timing differences at the Balance Sheet date using the tax rate and tax laws that have been enacted or substantively enacted by the Balance sheet date. Deferred tax assets are recognised subject to consideration of prudence based on management estimates of reasonable certainty that sufficient taxable income in the future periods will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on unabsorbed depreciation and carried forward tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable income. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.
- iv) Minimum Alternative tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the 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 Company will pay normal Income Tax during the specified period.

#### i. Lease

Payments made under operating leases are charged to Statement of Profit and Loss on a straight line basis over the period of the lease.

In case of non-cancellable operating leases, the total rent payable including future escalations till the expiry of lease is charged equally to Statement of Profit and Loss over the period of lease including renewals.

#### j. Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, the impairment loss is recognised for the amount by which the assets carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax



MIDDAY INFOMEDIA LIMITED

NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

k. Provisions and Contingent Liability

- i) The Company creates a provision when there is a present obligation arising as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.
- ii) A disclosure for a contingent liability is made when there is a possible obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation can not be made.

l. Earnings Per Share

Earnings Per Share ("EPS") are computed on the basis of net profit after tax for the year. The number of shares used in computing basic EPS is weighted average number of shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, since there are no dilutive equity shares.

m. Segment Information

The Company is engaged primarily in printing and publication of Newspaper in India. The other activity of the Company comprise of digital business. However, these in the context of the Accounting Standard 17 on Segment Reporting prescribed by the Companies (Accounting Standards) Rules, 2006 are considered to constitute single reportable business segment and single geographic segment. Accordingly, no separate disclosure for primary or secondary segments is given.

n. Cash Flow Statement

Cash Flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature. The cash flows from operating, investing and financing activities of the Company are segregated.

o. Borrowing Cost

Borrowing cost attributable to the acquisition or construction of fixed asset which takes substantial period of time to get ready for its intended use is capitalised as part of the cost of that asset. Other borrowing costs are recognized as an expense in the year in which they are incurred.



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**2. SHARE CAPITAL**

	As at March 31, 2014 (Rs. in Lakhs)	As at March 31, 2013 (Rs. in Lakhs)
<b>AUTHORISED:</b>		
10,000,000 Equity Shares of Rs. 10 each [Previous year: 10,000,000 Equity Shares of Rs. 10 each]	1,000.00	1,000.00
10,000,000 22.5% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each [Previous year: 10,000,000 22.5% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each]	1,000.00	1,000.00
	<b>2,000.00</b>	<b>2,000.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP:</b>		
9,870,327 Equity Shares of Rs. 10 each [Previous year: 9,870,327 Equity Shares of Rs. 10 each]	987.03	987.03
10,000,000 22.5% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each [Previous year: 10,000,000 22.5% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each]	1,000.00	1,000.00
<b>TOTAL</b>	<b>1,987.03</b>	<b>1,987.03</b>

**(a) Reconciliation of number of shares**

	As at March 31, 2014		As at March 31, 2013	
	Number of Shares	Amount (Rs. in Lakhs)	Number of Shares	Amount (Rs. in Lakhs)
<b>Equity Shares</b>				
Shares outstanding at the beginning of the year	9,870,327	987.03	9,212,305	921.23
Add: Shares issued during the year	-	-	658,022	65.80
Shares outstanding at the end of the year	<b>9,870,327</b>	<b>987.03</b>	<b>9,870,327</b>	<b>987.03</b>

	As at March 31, 2014		As at March 31, 2013	
	Number of Shares	Amount (Rs. in Lakhs)	Number of Shares	Amount (Rs. in Lakhs)
<b>22.5% Cumulative Non-Convertible Redeemable Preference Shares</b>				
Shares outstanding at the beginning of the year	10,000,000	1,000.00	10,000,000	1,000.00
Shares outstanding at the end of the year	<b>10,000,000</b>	<b>1,000.00</b>	<b>10,000,000</b>	<b>1,000.00</b>

**(b) Rights, preferences and restrictions attached to shares**

**Equity Shares:** The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**Preference Shares:** The redemption period of the preference shares, which was originally set at 24 months from the date of issue, was amended to 144 months by Jagran Prakashan Limited, the Holding Company, or such other period as may be mutually agreed.

During the current year, the holding company has also approved deferral of dividend payable cumulatively on these preference shares and accordingly, the aggregated dividend amounting to Rs. 837.36 Lakhs (Previous year: Rs. 612.36 Lakhs) remained unpaid and unaccounted as at March 31, 2014.



## NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**(c) Shares held by Holding Company**

	As at March 31, 2014 (Rs. in Lakhs)	As at March 31, 2013 (Rs. in Lakhs)
9,519,522 Equity Shares [Previous year: 9,519,522 Equity Shares] held by Jagran Prakashan Limited, the Holding Company	951.95	951.95
10,000,000 22.5% Cumulative Non-Convertible Redeemable Preference Shares [Previous year: 10,000,000 22.5% Cumulative Non-Convertible Redeemable Preference Shares] held by Jagran Prakashan Limited, the Holding Company	1,000.00	1,000.00

**(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at March 31, 2014		As at March 31, 2013	
	Number of Shares	%age	Number of Shares	%age
Equity Shares: Jagran Prakashan Limited, the Holding Company	9,519,522	96.45%	9,519,522	96.45%
22.5% Cumulative Non-Convertible Redeemable Preference Shares: Jagran Prakashan Limited, the Holding Company	10,000,000	100.00%	10,000,000	100.00%

**(e) Shares allotted as fully paid up pursuant to contract without payment being received in cash (during 5 years immediately preceding March 31, 2014/March 31, 2013)**

The Company vide Business Transfer Agreement (BTA) dated July 1, 2008 had purchased the News Media Division/Business from its erstwhile holding company Next Media Works Limited (Formerly known as "Mid-Day Multimedia Limited") for a consideration of Rs. 3,881 Lakhs, pursuant to which it had issued 8,811,500 equity shares of Rs. 10 each at par towards partial settlement of the purchase consideration. The balance consideration was settled in cash. The division was purchased together with all its properties, assets, rights, liabilities/obligations of whatsoever nature and kind and its employees on a going concern basis effective from July 1, 2008.

	As at March 31, 2014 (Rs. in Lakhs)	As at March 31, 2013 (Rs. in Lakhs)
<b>3. RESERVES AND SURPLUS</b>		
Securities Premium Account		
Balance as at the beginning of the year	3,699.41	2,264.92
Add: Securities Premium on Equity Shares	-	1,434.49
Balance as at the end of the year	3,699.41	3,699.41
(Deficit)/Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	(1,526.18)	(95.99)
Add: (Loss) for the year	(698.23)	(1,430.19)
Balance as at the end of the year	(2,224.41)	(1,526.18)
<b>TOTAL</b>	<b>1,475.00</b>	<b>2,173.23</b>

**4. LONG-TERM BORROWINGS**

	As at March 31, 2014 (Rs. in Lakhs)	As at March 31, 2013 (Rs. in Lakhs)
<u>Unsecured:</u>		
Loan taken from Holding Company (refer Note (a) below)	987.12	487.12
Debentures		
5,00,000 (Previous year: Nil) Zero Coupon Optionally Convertible Unsecured Debentures of Rs. 200 each held by Jagran Prakashan Limited, the Holding Company (Refer Note (b) below)	1,000.00	-
<b>TOTAL</b>	<b>1,987.12</b>	<b>487.12</b>

**Note:**

- a) Loan from holding Company Rs. 487.12 lakhs is repayable on 25th October 2015 and balance Rs. 500 lakhs is repayable on 4th December, 2016
- b) The Optionally Convertible debentures ("OCD") are convertible into one Equity Share for each OCD issued by the Company at the option holder at any point of time with in seven years from the date of allotment (i.e. March 27, 2014) or such other period as the Board may determine. In case, the debenture holders do not exercise the Conversion option during the aforesaid period, all/ outstanding OCDs shall be redeemed by the Company on the expiry of 7 years from the date of allotment.



## MIDDAY INFOMEDIA LIMITED

## NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2014 (Rs. in Lakhs)	As at March 31, 2013 (Rs. in Lakhs)
<b>5. OTHER LONG-TERM LIABILITIES</b>		
Advance from Customers	-	400.00
<b>TOTAL</b>	<b>-</b>	<b>400.00</b>
<b>6. LONG-TERM PROVISIONS</b>		
Provision for employee benefits:		
Gratuity	133.22	164.96
Leave Encashment	78.54	72.55
<b>TOTAL</b>	<b>211.76</b>	<b>237.51</b>
<b>7. SHORT-TERM BORROWINGS</b>		
Secured:		
Cash Credit facility from banks [Refer Note below]	1,755.80	-
Unsecured:		
Loan from the Holding Company	-	1,500.00
<b>TOTAL</b>	<b>1,755.80</b>	<b>1,500.00</b>
Cash credit facility from banks is Secured by hypothecation of Stocks and Book Debts of the Company and on equitable mortgage of fixed assets.		
<b>8. TRADE PAYABLES</b>		
Trade Payables:		
- Due to Micro and Small Enterprises	-	0.20
- Others	1,726.05	2,308.95
<b>TOTAL</b>	<b>1,726.05</b>	<b>2,309.15</b>
<b>9. OTHER CURRENT LIABILITIES</b>		
Interest accrued but not due	178.20	111.13
Security Deposits from Agents, Staff and Others	104.40	96.82
Unearned Revenue	185.76	204.81
Employee benefits payable	243.88	117.58
Advance from Customers	457.35	1,013.84
Statutory dues payable (including provident fund and tax deducted at source)	79.53	49.37
Other Creditors (Advance against sale of investments)	101.34	-
<b>TOTAL</b>	<b>1,350.46</b>	<b>1,593.55</b>
<b>10. SHORT-TERM PROVISIONS</b>		
Provision for employee benefits:		
Gratuity	13.25	29.40
Leave Encashment	3.53	8.16
<b>TOTAL</b>	<b>16.78</b>	<b>37.56</b>



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## NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

11. TANGIBLE ASSETS	(Rs. in Lakhs)									
	GROSS BLOCK			DEPRECIATION			NET BLOCK			(Rs. in Lakhs)
	As at April 1, 2013	Additions	Sale / Adjustments	As at March 31, 2014	As at April 1, 2013	For the Year	Sale / Adjustments	As at March 31, 2014	As at March 31, 2013	
Leasehold Land	334.64	-	-	334.64	10.95	3.75	-	14.70	319.94	323.69
Building	1,689.55	-	-	1,689.55	641.68	104.79	-	746.46	943.08	1,047.87
Leasehold Improvements	420.46	-	-	420.46	386.36	34.10	-	420.46	0.00	34.10
Plant and Machinery	3,594.62	1,526.40	143.03	4,978.00	916.62	401.03	81.43	1,236.22	3,741.79	2,677.99
Furniture and Fixtures	32.20	-	-	32.20	18.82	2.42	-	21.24	10.96	13.38
Vehicles	27.49	-	-	27.49	15.22	3.17	-	18.39	9.10	12.27
Computers	424.22	7.35	1.83	429.74	306.35	48.48	1.70	353.13	76.61	117.87
<b>TOTAL</b>	<b>6,523.18</b>	<b>1,533.75</b>	<b>144.86</b>	<b>7,912.08</b>	<b>2,296.00</b>	<b>597.74</b>	<b>83.13</b>	<b>2,810.60</b>	<b>5,101.48</b>	<b>4,227.18</b>
March 31, 2013	5,482.42	1,421.80	381.04	6,523.18	1,857.76	506.30	168.06	2,296.00	4,227.18	3,624.66

12. INTANGIBLE ASSETS	(Rs. in Lakhs)									
	GROSS BLOCK			DEPRECIATION			NET BLOCK			(Rs. in Lakhs)
	As at April 1, 2013	Additions	Sale / Adjustments	As at March 31, 2014	As at April 1, 2013	For the Year	Sale / Adjustments	As at March 31, 2014	As at March 31, 2013	
Title - MIDDAY Delhi Website Development Cost	17.78	-	-	17.78	17.78	0.48	-	17.78	-	-
<b>TOTAL</b>	<b>17.78</b>	<b>34.51</b>	<b>-</b>	<b>52.29</b>	<b>17.78</b>	<b>0.48</b>	<b>-</b>	<b>18.26</b>	<b>34.03</b>	<b>-</b>
March 31, 2013	17.78	-	-	17.78	17.78	-	-	17.78	-	-



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## NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2014 (Rs. in Lakhs)	As at March 31, 2013 (Rs. in Lakhs)
<b>13. NON-CURRENT INVESTMENTS</b>		
<b>Unquoted</b>		
<b>(a) Investment in Equity Instruments</b>		
Nil [Previous year: 54,057] Equity Shares of Rs. 10 each held in Naaptol Online Shopping Private Limited	-	200.00
Nil [Previous year: 111,111] Equity Shares of Rs. 10 each held in Micro Secure Solutions Limited	-	500.00
54,546 [Previous year: 54,546] Equity Shares of Rs. 10 each held in Micro Retail Limited [ Net of provision for other than temporary diminution aggregating to Rs. 225 lacs (Previous year: NIL)]	-	300.00
<b>(b) Investment in Private Equity Fund</b>		
Morpheus Media Fund 17 [Previous year: 17] units of Rs. 1,000,000 each	170.00	170.00
<b>TOTAL</b>	<b>170.00</b>	<b>1,170.00</b>
Aggregate amount of unquoted investments	170.00	1,170.00
Aggregate provision for diminution in value of investments	-	-
<b>14. DEFERRED TAX ASSET (NET)</b>		
<b>Deferred Tax Liability</b>		
(a) Difference between book and tax depreciation on fixed assets	(154.39)	(102.11)
<b>Deferred Tax Asset</b>		
(a) Provision for doubtful debts and advances allowable under Income-Tax Act, 1961 on actual write off	73.77	72.58
(b) Provision for diminution in value of Immovable Properties	36.09	33.48
(c) Provision for other than temporary diminution in the value of investment allowable under Income-tax Act, 1961 on actual payments	77.68	96.55
<b>TOTAL</b>	<b>33.15</b>	<b>100.50</b>



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MIDDAY INFOMEDIA LIMITED

NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2014 (Rs. in Lakhs)	As at March 31, 2013 (Rs. in Lakhs)
<b>15. LONG-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good (unless otherwise stated)		
Capital Advances	1.00	
Security Deposits		19.89
- Considered good	34.85	33.04
- Considered doubtful	33.04	33.04
Less: Allowance for doubtful security deposits	34.85	19.89
Income Tax paid (including Tax Deducted at Source)	658.62	615.07
Less: Provision for Income Tax	315.26	304.33
<b>TOTAL</b>	<b>379.21</b>	<b>330.63</b>
<b>16. OTHER NON-CURRENT ASSETS</b>		
Unsecured, considered good (unless otherwise stated)		
Investment in Immovable Properties	84.62	44.66
MAT Credit Entitlement	85.11	85.11
<b>TOTAL</b>	<b>169.73</b>	<b>129.77</b>
<b>17. CURRENT INVESTMENTS</b>		
<b>Unquoted</b>		
<b>Investment in Equity Instruments</b>		
a) 54,057 [Previous year: 54,057] Equity Shares of Rs. 10 each held in Naaptol Online Shopping Private Limited	200.00	
b) 111,111 [Previous year: Nil] Equity Shares of Rs. 10 each held in Micro Secure Solutions Limited [ Net of provision for other than temporary diminution aggregating to Rs. 425 lacs ]	75.00	
c) 54,546 [Previous year: Nil] Equity Shares of Rs. 10 each held in Micro Retail Limited [ Net of provision for other than temporary diminution aggregating to Rs. 225 lacs ]	75.00	
Investment in Immovable Properties	729.35	706.36
<b>TOTAL</b>	<b>1,079.35</b>	<b>706.36</b>
Aggregate amount of unquoted investments	1,079.35	706.36
Aggregate provision for diminution in value of investments	756.19	103.19
<b>Note:</b> (a) Title Deeds for the Investments in Immovable Properties included above, with the carrying value amounting to Rs. 421.52 Lakhs [Previous year: Rs. 398.52 Lakhs] are yet to be executed.		
<b>18. INVENTORIES</b>		
Raw Material (Including in Transit Rs. 347.62 Lakhs, Previous year: Rs. 389.31 Lakhs)	1,217.64	978.51
Stores	5.20	6.65
<b>TOTAL</b>	<b>1,222.84</b>	<b>985.16</b>



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MIDDAY INFOMEDIA LIMITED

NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2014 (Rs. in Lakhs)		As at March 31, 2013 (Rs. in Lakhs)	
<b>19. TRADE RECEIVABLES</b>				
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	4.87		2.72	
Unsecured, considered good	250.76		427.69	
Considered doubtful	162.26		142.16	
Less: Provision for doubtful trade receivables	162.26	255.63	142.16	430.41
Other receivables				
Secured, considered good	53.82		58.08	
Unsecured, considered good	1,586.04		2,009.29	
Considered doubtful	12.79		24.94	
Less: Provision for doubtful trade receivables	12.79	1,639.86	24.94	2,067.37
<b>TOTAL</b>		<b>1,895.49</b>		<b>2,497.78</b>

**20. CASH AND BANK BALANCES**

Cash and Cash Equivalents				
Cash on Hand		8.74		7.82
Cheques on Hand		38.50		29.12
Bank Balances				
- in Current Accounts		53.66		211.65
Other bank balances				
- in Fixed Deposits [with original maturity of more than three months but less than twelve months]		21.08		19.45
- in Fixed Deposits under lien		-		2.72
<b>TOTAL</b>		<b>121.98</b>		<b>270.76</b>

**21. SHORT-TERM LOANS AND ADVANCES**

Unsecured, considered good (unless otherwise stated)				
Other Loans and Advances				
- Prepaid Expenses		24.75		47.63
- Service Tax Recoverable		-		2.73
Security Deposits		190.77		190.77
Advances recoverable in cash or in kind				
- Unsecured, considered good	72.30		52.28	
- Unsecured, considered doubtful	8.94		23.57	
Less: Provision for Doubtful Loans and Advances	8.94	72.30	23.57	52.28
<b>TOTAL</b>		<b>287.82</b>		<b>293.41</b>

**22. OTHER CURRENT ASSETS**

Unsecured, considered good (unless otherwise stated)				
Receivable against sale of investment		3.49		4.00
Unbilled Revenue		11.43		8.90
<b>TOTAL</b>		<b>14.92</b>		<b>12.90</b>



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MIDDAY INFOMEDIA LIMITED

NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2014 (Rs. in Lakhs)		Year ended March 31, 2013 (Rs. in Lakhs)	
<b>23. REVENUE FROM OPERATIONS</b>				
Sale of Products				
Advertisement Revenue	8,983.63		8,789.81	
Newspaper Sale	<u>2,454.04</u>		<u>2,192.81</u>	
		11,437.67		10,982.62
Other Operating Revenue				
Jobwork	95.13		73.90	
Scrap and Waste Paper Sale	<u>129.99</u>		<u>123.35</u>	
		225.12		197.25
<b>TOTAL</b>		<u><u>11,662.79</u></u>		<u><u>11,179.87</u></u>

**24. OTHER INCOME**

Interest Income				
- On Fixed Deposits	1.63		1.76	
- On Loans Given	1.09		2.51	
- On Income Tax Refund	<u>24.91</u>		-	
		27.63		4.27
Gratuity liability written back (Refer Note 26)		<u>24.50</u>		-
Provisions / Liabilities no Longer Required Written-back		45.67		4.03
Dividend Income		-		1.38
Rental Income		38.25		40.43
Miscellaneous Income		3.57		2.89
<b>TOTAL</b>		<u><u>139.62</u></u>		<u><u>53.00</u></u>

**25. COST OF RAW MATERIAL CONSUMED**

Raw Materials Consumed [Refer Note (a) Below]				
Opening Inventory		978.51		464.94
Add: Purchases (net)		<u>4,005.94</u>		<u>4,292.46</u>
		4,984.45		4,757.40
Less: Inventory at the end of the year		<u>1,217.64</u>		<u>978.51</u>
<b>TOTAL</b>		<u><u>3,766.81</u></u>		<u><u>3,778.89</u></u>

(a) Major items of raw materials

Newsprint		3,457.42		3,458.20
Printing Ink		309.39		320.69
<b>TOTAL</b>		<u><u>3,766.81</u></u>		<u><u>3,778.89</u></u>



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## NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2014 (Rs. in Lakhs)	Year ended March 31, 2013 (Rs. in Lakhs)
<b>26. EMPLOYEE BENEFIT EXPENSES</b>		
Salary, Wages, Bonus etc.	2,871.53	2,941.43
Contribution to Employees Provident and Other Funds [Refer Note (a) (i) below]	110.69	106.94
Gratuity including Contribution to Gratuity Fund [Refer Note (a) (ii) below]	-	30.72
Staff Welfare Expenses	93.06	86.57
<b>TOTAL</b>	<b>3,075.28</b>	<b>3,165.66</b>

(a) The Company has classified various benefits provided to the employees as under -

**i. Defined Contribution Plans**

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

**Particulars**

Employers' Contribution to Provident Fund*	110.69	106.94
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\* Included in Contribution to Employees Provident and Other Funds under Employee Benefit Expenses.

**ii. State Plans**

During the Year, the Company has recognised the following amounts in the Statement of Profit and Loss

**Particulars**

Employers' Contribution to Employees' Pension Scheme, 1995 *	27.63	28.09
Employers' Contribution to Employees' State Insurance Act, 1948**	5.97	2.91

\* Included in Contribution to Employees Provident and Other Funds under Employee Benefit Expenses

\*\* Included in Contribution to staff welfare expenses [Refer Note 26]

**iii. Defined Benefit Plans**

- Contribution to Gratuity Funds – The Company operates a gratuity plan through Life Insurance Corporation. Every employee is entitled to benefit salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

- Leave Encashment - The Company provides for the liability on account of leave encashment at the year end as per the actuarial valuation done by the actuary.

**1. Changes in the Present Value of Obligation**

(Rs. in Lakhs)

Particulars	Leave Encashment (Unfunded)		Employee's Gratuity Fund (Funded)	
	Year Ended	Year Ended	Year Ended	Year Ended
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Balance at the beginning of the year	*80.72	83.05	279.20	295.04
Current Service Cost	16.56	14.86	24.99	22.29
Interest Cost	7.10	6.64	24.57	23.60
Actuarial (gain)/loss on obligation	(5.16)	6.69	37.28	(7.77)
Benefits paid	(17.16)	(30.52)	(58.91)	(53.96)
Balance at the end of the year	*82.05	*80.72	307.13	279.20

\* Disclosed as Provision for Leave Encashment [Refer Note 6 and 10]

**2. Changes in the Fair value of Plan Assets**

(Rs. in Lakhs)

Particulars	Employee's Gratuity Fund (Funded)	
	Year Ended	Year Ended
	March 31, 2014	March 31, 2013
Balance at the beginning of the year	84.84	82.86
Expected return on plan assets	7.51	7.79
Actuarial gain/ (loss) on plan assets	(1.67)	(0.40)
Contributions (refer note (a) below)	128.88	48.55
Benefits paid	(58.91)	(53.96)
Balance at the end of the year	160.65	84.84

Note:(a) Out of the total contribution, Rs. 105.50 lakhs have been paid by the ESOP trust for welfare of employees and not refundable

Actual Return on Plan Assets

8.85

7.39



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## NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## 3. Assets and Liabilities recognized in the Balance Sheet

(Rs. In Lakhs)

Particulars	Employee's Gratuity Fund (Funded)	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Present Value of Defined Benefit Obligation	307.12	279.20
Less: Fair Value of Plan Assets	(160.65)	(84.84)
Less: Unrecognized Past Service Costs	-	-
Amount recognized as liability	146.47	194.36
Recognized under:		
Long-Term Provision [Refer Note 6]	133.22	164.96
Short-Term Provision [Refer Note 10]	13.25	29.40
Total	146.47	194.36

## 4. Expenses recognised in the Statement of Profit and Loss

(Rs. In Lakhs)

Particulars	Leave Encashment (Unfunded)		Employee's Gratuity Fund (Funded)	
	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2014	Year Ended March 31, 2013
Current Service Cost	16.56	14.86	24.99	22.29
Past Service Cost	-	-	-	-
Interest Cost	7.10	6.64	24.57	23.60
Expected Return on Plan Assets	-	-	(7.51)	(7.79)
Net actuarial (gain)/loss recognised	(5.16)	6.69	38.95	(7.38)
Contribution by ESOP Trust (Refer Note 2(a) above)			(105.50)	
Total expense recognized in the Statement of Profit and	*18.5	*28.19	**[24.5]	**30.72

\* Included in Salary, Wages, Bonus etc. above

\*\* Included in Other Income in Note 24 above

## 5. Major Categories of Plan Assets (as a %age of total planned assets)

Particulars	Employee's Gratuity Fund (Funded)	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Government Securities	NA	NA
Debentures/ Bonds	NA	NA
Deposits, Money Market, Securities and Other Assets	NA	NA
Total	100.00%	100.00%

Note: Breakup of plan assets as at March 31, 2014 and 2013 has not been provided by LIC.

## 6. In accordance with Accounting Standard 15(Revised) – Employee Benefits as prescribed by the Companies (Accounting Standards) Rules, 2006, actuarial valuation was done in respect of the aforesaid defined benefit plans based on the following assumptions:

Particulars	Leave Encashment (Unfunded)		Employee's Gratuity Fund (Funded)	
	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2014	Year Ended March 31, 2013
Discount Rate (per annum)	8.80%	8.00%	8.80%	8.00%
Rate of Increase in Compensation levels (per annum)+	6.00%	5.00%	6.00%	5.00%
Rate of Return on Plan Assets (per annum)*	NA	NA	8.85%	9.40%
Expected Average remaining working lives of employees	21.14 Years	21.25 Years	21.14 Years	21.25 Years

+ Estimates of future salary increases considered in actuarial valuation taking into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market

\* The expected rate of return on plan assets is based on the average long-term rate of return expected to prevail over the next 15 to 20 years on the investments made by the LIC. This is based on the historical returns suitably adjusted for movements in long-term government bond interest rates. The discount rate is based on approximate average yield on government bonds of tenure of nearly of 20 years.



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## NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7. Amounts recognized in current year and previous four years

(Rs. In Lakhs)

Particulars	Employee's Gratuity Fund (Funded)				
	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
Defined Benefit Obligation	307.12	279.20	295.04	307.36	305.27
Plan Asset	(160.65)	(84.84)	(82.86)	(123.90)	(164.00)
Surplus / Deficit	(146.47)	(194.36)	(212.18)	(183.46)	(141.27)
Experience Adjustments in Plan Liabilities	(34.23)	8.93	(5.02)	(4.05)	-
Experience Adjustments in Plan Assets	(2.14)	(0.40)	(1.15)	(3.37)	-

(Rs. in Lakhs)

Particulars	Leave Encashment (Unfunded)				
	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
Defined Benefit Obligation	(82.07)	(80.71)	(83.05)	(89.83)	(84.30)
Plan Asset	-	-	-	-	-
Surplus / Deficit	(82.07)	(80.71)	(83.05)	(89.83)	(84.30)
Experience Adjustments in Plan Liabilities	6.07	(6.69)	6.98	(6.93)	0.51

8. Expected Contributions to the Funds in the next year

(Rs. in Lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Gratuity	30.98	62.47

**27. FINANCE COSTS**

	Year Ended March 31, 2014 (Rs. in Lakhs)	Year Ended March 31, 2013 (Rs. in Lakhs)
Interest on Short Term Borrowings	171.02	186.53
Interest on Other Borrowings	78.58	108.68
<b>TOTAL</b>	<b>249.60</b>	<b>295.21</b>

**28. DEPRECIATION AND AMORTIZATION EXPENSE**

	Year Ended March 31, 2014	Year Ended March 31, 2013
Depreciation on Tangible Assets	597.74	606.30
Amortization on Intangible Assets	0.48	-
<b>TOTAL</b>	<b>598.22</b>	<b>606.30</b>



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## NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year Ended March 31, 2014 (Rs. in Lakhs)	Year Ended March 31, 2013 (Rs. in Lakhs)
<b>29. OTHER EXPENSES</b>		
Stores	144.32	129.82
Repairs and Maintenance		
Building	1.87	0.84
Plant and Machinery	114.54	147.09
Others	114.96	288.41
News Collection and Contribution	225.65	283.97
Composing, Printing and Binding	375.03	252.15
Power and Fuel	167.41	180.79
Freight and Cartage	17.55	15.60
Rates and Taxes	25.94	18.80
Rent	333.02	308.03
Carriage and Distribution	1,495.58	1,332.12
Travelling and Conveyance	63.86	92.36
Communication	87.32	129.11
Promotion, Publicity and Sales Incentives	654.89	1,136.58
Director's Sitting Fee	0.57	0.59
Insurance	8.61	10.93
Loss on Sale of Fixed Assets (Net)	31.81	3.12
Loss on Sale of Investments	-	1.49
Donation	-	0.43
Bad Debts Written-off	9.44	48.41
Less: Already Provided	6.46	-
Provision for doubtful receivables, deposits and advances	14.97	66.64
Provision for Diminution in the Value of Investments	653.00	103.19
Exchange Rate Fluctuation Loss (Net)	49.52	15.58
Auditors' Remuneration [Refer Note (a) below]	17.18	15.54
Assets Written Off	-	0.65
Miscellaneous	142.79	185.76
<b>TOTAL</b>	<b>4,743.37</b>	<b>4,620.07</b>
<b>(a) Auditors' Remuneration (including service tax)</b>		
Statutory Audit	16.85	15.17
Out of Pocket Expenses	0.33	0.37
<b>TOTAL</b>	<b>17.18</b>	<b>15.54</b>



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NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

30. CONTINGENT LIABILITIES

Particulars	As at March 31, 2014	As at March 31, 2013
In respect of various pending labour and defamation cases (In view of large number of cases it is impracticable to disclose the details of each case)	Amount not ascertainable	Amount not ascertainable
Preference Share Dividend	837.36	612.36

31. CAPITAL AND OTHER COMMITMENTS

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Capital Commitments</b>		
i. Uncalled liability in respect of commitments made for contribution to Morpheus Media Fund [83 Units (March 31, 2013: 83 Units) of Rs. 1,000,000 each] to be subscribed	830.00	830.00
<b>TOTAL</b>	<b>830.00</b>	<b>830.00</b>

32. VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS

(Rs. in Lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Raw Material, including in transit Rs. 220.69 Lakhs [March 31, 2013: Rs. 389.31 Lakhs]	2,432.29	3,155.77

33. EXPENDITURE IN FOREIGN CURRENCY (on accrual basis)

(Rs. in Lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
News/Subscription	32.31	25.03
<b>Total</b>	<b>32.31</b>	<b>25.03</b>

34. BREAKUP OF IMPORTED AND INDIGENOUS RAW MATERIALS AND STORES AND SPARES CONSUMED

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Amount (Rs. in Lakhs)	%age of Consumption	Amount (Rs. in Lakhs)	%age of Consumption
<b>Raw Materials</b>				
Imported	2,462.53	65.37	2,547.74	67.42
Indigenous	1,304.29	34.63	1,231.15	32.58
<b>Total</b>	<b>3,766.82</b>	<b>100.00</b>	<b>3,778.89</b>	<b>100.00</b>
<b>Stores</b>				
Imported	-	-	-	-
Indigenous	144.32	100.00	129.82	100.00
<b>Total</b>	<b>144.32</b>	<b>100.00</b>	<b>129.82</b>	<b>100.00</b>



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## NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

35. During the current year, the Company has incurred loss of Rs. 630.87 Lakhs (Previous year Rs. 1,341.92 Lakhs) thereby resulting in accumulated losses of Rs. 2,224.41 Lakhs. However, considering the future business plan which has been approved by the Board of Directors as well as the continued support assured from the Holding Company, the Company is confident of its ability to continue operations for the foreseeable future and accordingly the accounts have been prepared on a going concern basis.

36. The Company has entered into barter / exchange contracts aggregating Rs. 1,238.75 lakhs for sale of advertisement space in exchange of rights to acquire immovable properties. The fair value of advertisement space sold at the inception of the contract is recognised as an advance from customers and immovable property acquired as current investments / Other long-term assets where the rights to immovable properties is not yet transferred. Revenue is recognised on publication of the advertisement and gain / loss is recognised on sale of immovable property.

**37. FOREIGN CURRENCY BALANCES EXPOSURES**

The status of the Company's exposure to foreign currency balances are:

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Unhedged foreign currency payables	443.63	389.45

**38. DUES TO SMALL AND MICRO ENTERPRISES**

(Rs. in Lakhs)

S. No.	Particulars	March 31, 2014	March 31, 2013
1	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	0.20
2	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	0.44
3	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
4	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
5	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
6	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	0.44
7	Further interest remaining due and payable for earlier years	-	0.36

**39. PRIOR PERIOD EXPENDITURE**

(Rs. in Lakhs)

Nature of Expense	Year Ended March 31, 2014	Year Ended March 31, 2013
Promotion, Publicity and Sales Incentives	-	108.66
<b>TOTAL</b>	-	<b>108.66</b>

**40. EARNINGS/ (LOSS) PER SHARE (EPS)**

Particulars	As at March 31, 2014	As at March 31, 2013
Net (Loss) as per Statement of Profit and Loss (Rs. in Lakhs)	(698.23)	(1,430.19)
Dividend on Cumulative Preference shares not accrued	837.36	612.36
Weighted Average number of equity shares used as denominator for calculating EPS (Nos.)	9,870,327	9,321,975
Basic and Diluted Earnings/ (Loss) per share of face value of Rs. 10 each (in Rs.)	(15.56)	(21.91)
Basic and Diluted Earnings/ (Loss) per share of face value of Rs. 10 each (in Rs.)	(15.56)	(21.91)

0% Optional Convertible Debentures issued by the Company are anti dilutive in nature therefore not considered for the purpose of calculation of dilutive earning per share in current year.



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## NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

41. RELATED PARTY DISCLOSURESA. Related Party and their relationship:

## (a) Holding Company:

Jagran Prakashan Limited

## (b) Entities in which Directors have significant Influence:

Radio One Limited  
 Inquilab Offset Printers Limited  
 Ferrari Investments and Trading Company Private Limited  
 MMI Online Limited

## (c) Key Management Personnel:

Mr Vikas Joshi	Managing Director and CEO
Mr Sanjay Gupta	Director
Mr Shailesh Gupta	Director
Mr Amit Dixit	Director
Mr Tarique Ansari	Director
Mr Rajendra Kumar Jhunjhunwala	Director

B. Related Party Transactions:

Related party transactions during the year March 31, 2014

Particulars	(Rs. in Lakhs)					
	Jagran Prakashan Limited	MMI Online	Inquilab Offset Printers Private Limited	Radio One Limited	Ferrari Investments and Trading Company Private Limited	Key Management Personnel
Advertisement Revenue Share Income	258.21	-	-	-	-	-
Advertisement Expense Share	361.94	-	-	-	-	-
Jobwork Expense	233.95	-	-	-	-	-
Jobwork Revenue	46.63	-	-	-	-	-
Advertisement Revenue	12.00	-	-	-	-	-
Newsprint Loan Taken	561.74	-	-	-	-	-
Newsprint Loan Repaid	402.58	-	-	-	-	-
Debentures	1,000.00	-	-	-	-	-
Loan Taken – ICD	500.00	-	-	-	-	-
Loan Repaid – ICD	1,500.00	-	-	-	-	-
Rent Received	-	-	-	38.25	-	-
Interest Paid	78.14	-	-	-	-	-
Purchase of Software	-	25.32	-	-	-	-
Expenses incurred on behalf of the Company by the related party, debited to the Company	46.20	-	6.36	-	-	-
Expenses incurred by the Company on behalf of the related party charged to the related party	33.47	-	-	-	-	-
Remuneration	-	-	-	-	-	53.73
Sitting Fees	-	-	-	-	-	0.57
Outstanding Balance as at March 31, 2014						
- Amount Payable	32.30	15.68	0.21	-	-	-
- Debtors	119.48	-	-	17.12	-	-
- Newsprint Loan Payable	142.79	-	-	-	-	-
- ICD	987.12	-	-	-	-	-
- Debentures	1,000.00	-	-	-	-	-
- Interest accrued but not due on ICD	178.20	-	-	-	-	-
- Equity Share Capital	951.95	-	-	-	35.08	-
- Preference Share Capital	1,000.00	-	-	-	-	-

Related party transactions during the year March 31, 2013

Particulars	(Rs. in Lakhs)				
	Jagran Prakashan Limited	Inquilab Offset Printers Private Limited	Radio One Limited	Ferrari Investments and Trading Company Private Limited	Key Management Personnel
Advertisement Revenue Share Income	176.84	-	-	-	-
Advertisement Expense Share	507.04	-	-	-	-
Jobwork Expense	125.57	-	-	-	-
Jobwork Revenue	45.26	-	-	-	-
Advertisement Revenue	12.00	-	-	-	-
Newsprint Loan Taken	290.32	-	-	-	-
Newsprint Loan Repaid	495.49	-	-	-	-
Loan Taken – ICD	2,000.00	-	-	-	-



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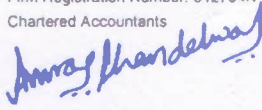
MIDDAY INFOMEDIA LIMITED

NOTES REFERRED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Loan Repaid – ICD	777.78	-	-	-	-
Rent Received	-	-	40.43	-	-
Interest Paid	108.23	-	-	-	-
Purchase of Asset	714.00	-	-	-	-
Sale of Asset	19.22	-	-	-	-
Expenses incurred on behalf of the Company by the related party, debited to the Company	70.31	31.49	-	-	-
Expenses incurred by the Company on behalf of the related party charged to the related party	29.35	-	-	-	-
Funds Received – Equity Shares	1,500.29	-	-	-	-
Remuneration	-	-	-	-	80.60
Sitting Fees	-	-	-	-	0.59
<b>Outstanding Balance as at March 31, 2013</b>	-	-	-	-	-
- Amount Payable	653.50	1.52	-	-	-
- Debtors	62.73	1.86	68.50	-	-
- Newsprint Advance	16.38	-	-	-	-
- ICD	1,987.12	-	-	-	-
- Interest accrued but not due on ICD	111.13	-	-	-	-
- Equity Share Capital	951.95	-	-	35.08	-
- Preference Share Capital	1,000.00	-	-	-	-

42. Previous years figures have been regrouped / re-classified to conform to current year's classification.

For Price Waterhouse  
Firm Registration Number: 012754N  
Chartered Accountants



Anurag Khandelwal  
Partner  
Membership Number - 078571

Place: New Delhi  
Date: May 28, 2014

For and on behalf of the Board

  
Vikas Joshi  
Managing Director

  
Director

  
Rajeshni Bolaikar  
Chief Financial Officer

  
Praneel Parekh  
Company Secretary