

Business Directories



Special Interest Magazines

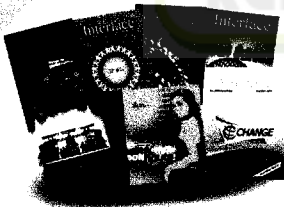


Print Management Solutions

# **INFOMEDIA**

INDIA LIMITED

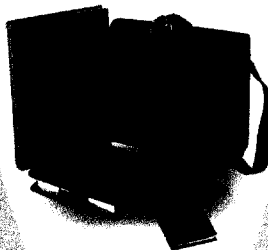
Report Junction



Direct Marketing



Children's Books



Corporate Gifting

Annual Report 2004 - 2005

## Board of Directors

Renuka Ramnath (**Chairperson**)

Prakash Iyer (**Managing Director**) (w.e.f. 24<sup>th</sup> August, 2004)

P. M. Devaiah

M. J. Subbaiah

Sanjay Asher

Company Secretary

Saghan Srivastava

Legal Advisors

Wadia Ghandy & Co.

Principal Bankers

Bank of Baroda

Central Bank of India

Auditors

A. F. Ferguson & Co.

Chartered Accountants

Registered Office

414, Veer Savarkar Marg,  
Prabhadevi, Mumbai 400 025

Registrars and  
Share Transfer Agents

Tata Share Registry Limited  
Army & Navy Building  
148, Mahatma Gandhi Road,  
Mumbai 400 001.

## Directors' Report

### To the Members of Infomedia India Limited

The Directors hereby present their Fiftieth Annual Report and Audited Statement of Accounts for the year ended March 31, 2005.

(Rs. in lakhs)

2004-05      2003-04

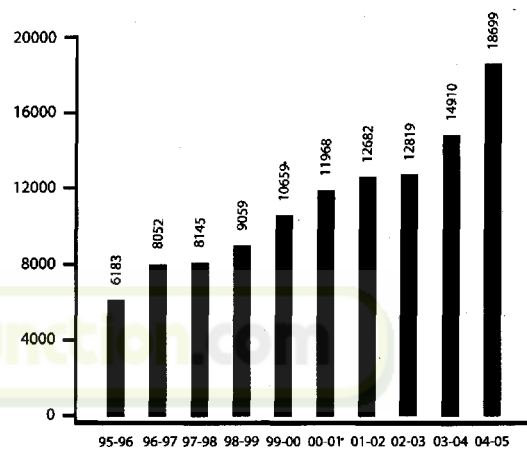
### FINANCIAL RESULTS

Profit before interest		
Depreciation & Amortisation	8158.49	4542.24
Interest	(9.05)	(11.52)
Profit After interest but before Depreciation & Amortisation	8149.44	4530.72
Depreciation & Amortisation	(875.21)	(1835.10)
Profit before tax	7274.23	2695.62
Tax		
Current tax	(1529.48)	(565.00)
Deferred tax	(26.77)	221.32
Excess provision for tax of earlier years written back		67.45
Profit after tax	5717.98	2419.39
(earnings per share: Rs. 24.99; previous year:Rs.10.57)(cash earnings per share after tax: Rs. 28.85; previous year: Rs.18.64)		
Add:Balance in Profit & Loss Account brought forward	4166.47	4296.06
Profit available for Appropriation	9884.45	6715.45
Appropriations:		
Proposed Dividend	(1830.74)	(1373.06)
Dividend Tax	(260.28)	(175.92)
Transfer to General Reserve	(1000.00)	(1000.00)
Profit & Loss Account balance carried forward	6793.43	4166.47

### Financial Performance

In a rapidly changing environment, both internal and external, your Company has reported higher turnover and profits. Your Directors are pleased to report that profit after tax is at a higher level for the fifteenth year in succession.

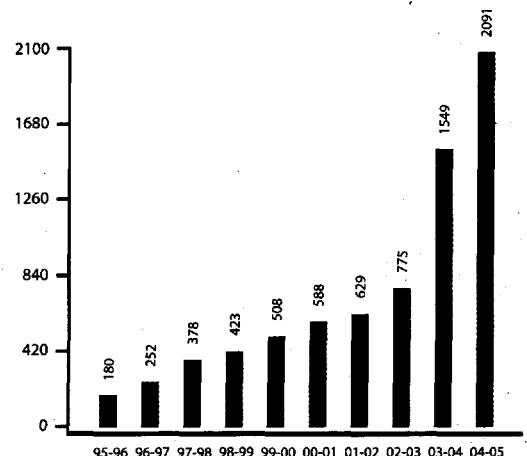
Corporate Income (Rs in Lakhs)



### Dividend:

Your Directors have recommended a dividend of 80 % (previous year 120%) on equity shares for the financial year 2004-2005. The dividend will absorb an amount of

Amount of Dividend (Rs in Lakhs)



## Directors' Report

Rs. 1830.74 lakhs (previous year Rs. 1373.06 lakhs) with dividend tax of Rs. 260.28 lakhs (previous year Rs. 175.92 lakhs). The dividend is tax-free in the hands of shareholders. For the fifteenth year in succession, your Company has increased or maintained its dividend.

### Transfer to Investor Education & Protection Fund :

During the year, in accordance with terms of section 205 C of the Companies Act, 1956, an amount of Rs.46,224/- being unclaimed dividend for the year 1996-97, were transferred to the Investor Education & Protection Fund established by the Central Government.

### Shifting of Registered Office:

As you are aware, the company has sold its property at 414, Veer Savarkar Marg, Prabhadevi, Mumbai-400 025. The existing operations of the company will be shifted to a suitable place within the city shortly. The sale of the existing premises will not have any adverse effect on the business of the company whatsoever.

### Management Discussion and Analysis

Annexed to this report.

### Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai, the Corporate Governance Report together with a certificate from the Company's Auditors is made part of the Annual Report.

### Directors

During the year under review, Mr. M Shankar Narayanan resigned from the Board of Directors with effect from May 31, 2004 as his nomination was withdrawn by I-ven Interactive Limited (Formerly ICICI ePayments Limited). Mr. H. S. Billimoria, Vice Chairman & Managing Director

also resigned from the Board of Directors with effect from August 24, 2004. The board of Directors wish to record their appreciation of the valuable services rendered by Mr. Billimoria and Mr. Narayanan to the company during their tenure as Directors.

Mr Prakash Iyer was appointed Additional Director on the Board of Directors of the Company w.e.f. August 24, 2004. He was also appointed Managing Director of the Company on the same date. Mr Prakash Iyer holds office upto the date of the forthcoming Annual General Meeting. The Company has received notice from a member of the Company under section 257 of the Companies Act 1956 proposing the candidature of Mr Prakash Iyer for the office of Director.

Mr M J Subaiah and Mr Sanjay Asher retire by rotation and are eligible for re-appointment.

### Directors' Responsibility Statement

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently except to comply with the accounting standards made applicable to the Company for the first time during the year ended March 31, 2005 and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance

## Directors' Report

of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

### Particulars of Employees

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

### Conservation of Energy

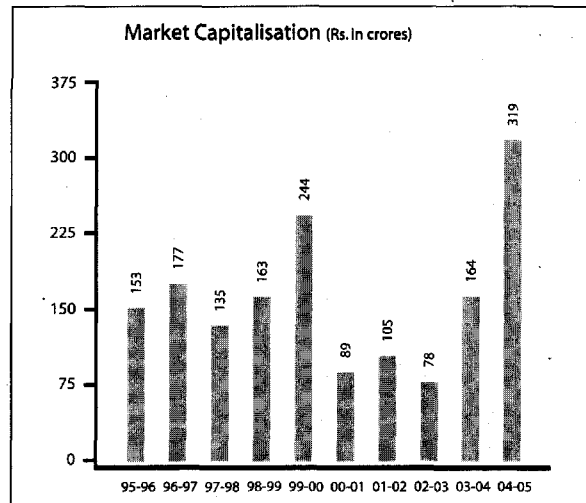
The Company on a continuous basis undertakes programmes of conserving energy.

### Technology Absorption

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

### Foreign Exchange Earnings/Outgo

The export earnings during the year amounted to Rs. 109.97 lakhs as against Rs. 71.82 lakhs in the previous



year. The total foreign exchange utilized, mainly for import of raw materials and spare parts for machinery not available indigenously, amounted to Rs. 971.28 lakhs (previous year: Rs. 922.06 lakhs).

### Auditors

Messrs. A.F. Ferguson & Company, Chartered Accountants retire at this Annual General Meeting and are eligible for reappointment as Auditors.

### Acknowledgements

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

ON BEHALF OF THE BOARD OF DIRECTORS

Mumbai, June 27, 2005

Renuka Ramnath  
Chairperson

## Management Discussion & Analysis

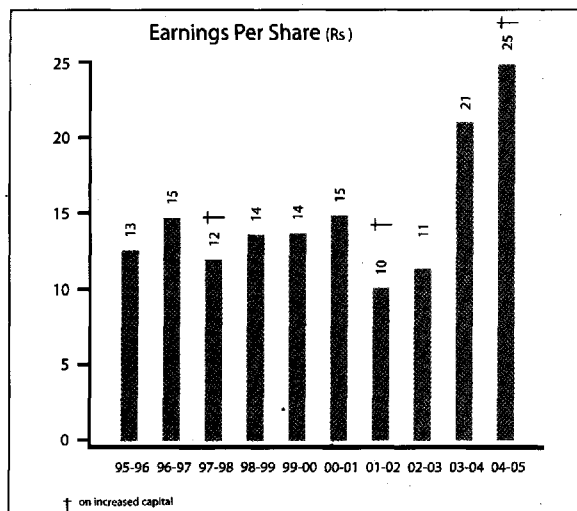
### Publishing

It was a good year for print advertising: While overall ad spends in India grew 9% in 2004, print advertising grew by 12% and outstripped the growth rate witnessed in TV advertising. Print advertising is currently estimated to account for Rs.4100 crores, about 43% of the ad pie.

It was a significant year for Infomedia Yellow Pages. After a slow start, a slew of new initiatives and a stronger customer focus helped the Directories Division finish the year strongly, with an overall growth of 9%. And in spite of rising paper costs, sales productivity measures helped profits to grow by 16% versus the previous year. New products, new geographies and new sales tools should help your company continue on the growth path and strengthen our dominant position in the directories business, across all media (print, phone, CD – ROM and internet)

Special Interest Publications had a banner year, registering a growth of 46%. We launched two new titles, successfully extended our brands into events & exhibitions such as Photo Imaging Asia, AV Expo and the Engineering Expo. Our portfolio now includes 12 titles spanning both B2B and B2C segments. With a view to strengthening your company's position in the growing B2B arena, we have tied up with Ringier to launch a range of titles that not only service identified niches but also

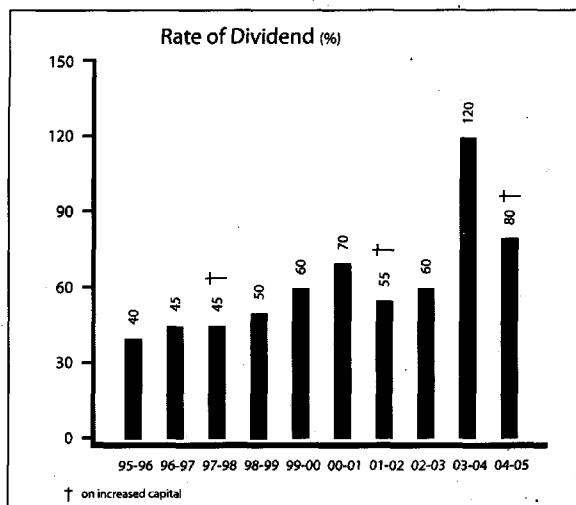
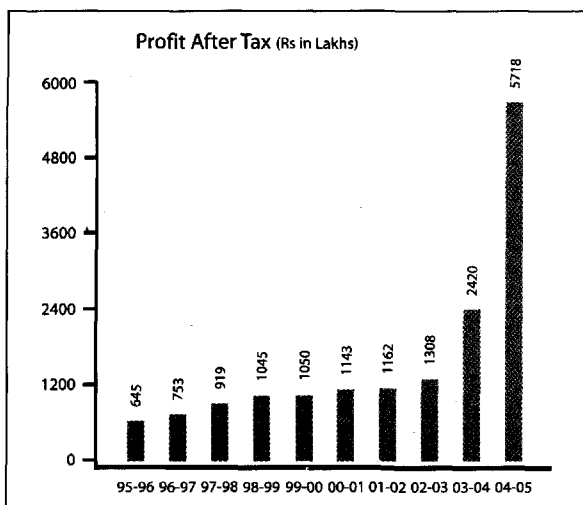
build on the growing interest in India and China. Ringier AG - a 2bn Euro Publisher, headquartered in Switzerland



publish over 20 successful B2B titles in China and have a strong presence in seminars & exhibitions.

### Printing

It was a year of challenge for Print Sales with continued pricing pressure. The focus on driving production efficiencies continues, and that should help lower costs and improve competitiveness. We have also introduced state-of-the-art Computer-to-Plate technology at our printing press in Nerul this year.



## Management Discussion & Analysis

### Other Businesses

The company's audio-visual division – Cutting Edge has been shut down. Our focus would be to stick to the knitting, and drive growth in our core area of publishing directories and special interest magazines.

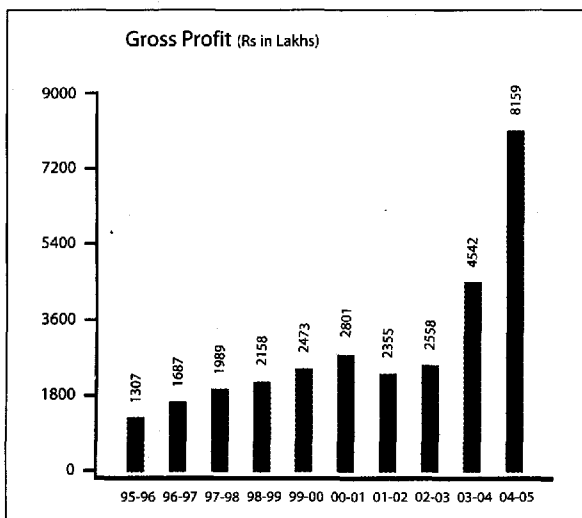
Direct Edge, Bright Sparks and Touchstone saw topline declining. The focus is squarely on driving profitable growth across businesses, and new strategies have been devised and put in place to make these divisions profitable.

With a view to leveraging synergies and improving productivity, the businesses are being re-structured. Bright Sparks, the Children's Books business will now be a part of the Special Interest Publishing division and Touchstone, print & stationery products is being merged with Print Sales.

### Finance

Your company continues to maintain its zero debt status. Due to sale of investments and internal cash generations, your company had a surplus cash accumulation of Rs. 12698 lakhs as at March 31, 2005. This balance varies during the year in line with the changing working capital position. Going forward, your company would continue to seek growth opportunities in the current business.

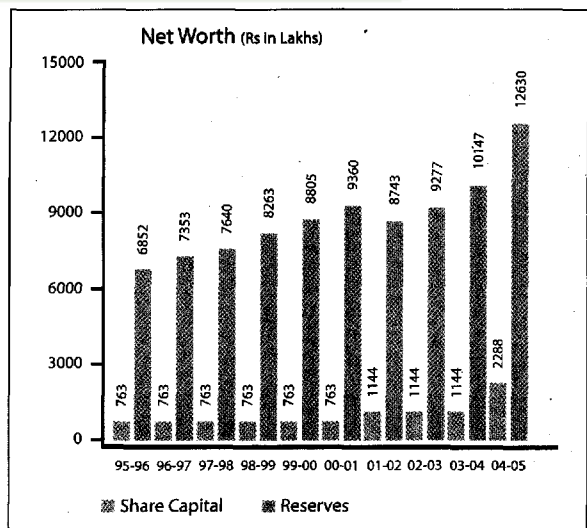
### Internal Control Systems



The Company's internal control systems are designed to provide adequate assurance regarding the security of its assets. The Company's internal auditors review business processes and controls and also monitor compliance with laid down systems and policies. The Audit Committee of the Board reviews the reports of the internal auditors. The external auditors also attend these meetings and report on the internal control systems and necessary financial disclosures.

### Human Resources

Employee Relations continued to be cordial. The company employs 1335 people, and we would like to thank each and every member of the Infomedia family for their role and contribution in the company's performance. The company recognises the key role played by people and has implemented a wide-ranging program to make Infomedia a truly great place to work.



### Employee Stock Options

The Company has a scheme for grant of stock options for the Managing Director and for the employees. The Compensation Committee has formulated the "Employees Stock Option Scheme" (ESOS) and the Committee shall administer and monitor the ESOS. The



## Management Discussion & Analysis

major criteria involved in selection of the eligible employees will include the following factors:

- Employees in key functional areas
- Managerial Cadre
- Past Service/Performance
- Current Performance Evaluation
- Expected Future Performance/Contribution
- Minimum years of Future Service

During the year, the company had allotted 1,64,000 stock options to its employees including the Managing Director at an exercise price of Rs. 86.85/- per equity share.

### Outlook

A buoyant economy and continued industrial growth and a significant increase in fresh investments in industry across the country augurs well for us.

As businesses grow and information needs increase, your company is ideally placed to exploit the opportunities that become available in the directories and publishing space. Also, your company is looking to partner with international publishers to bring new titles into the country, and use the India cost arbitrage advantage to extend back-end support.

### NOTE :

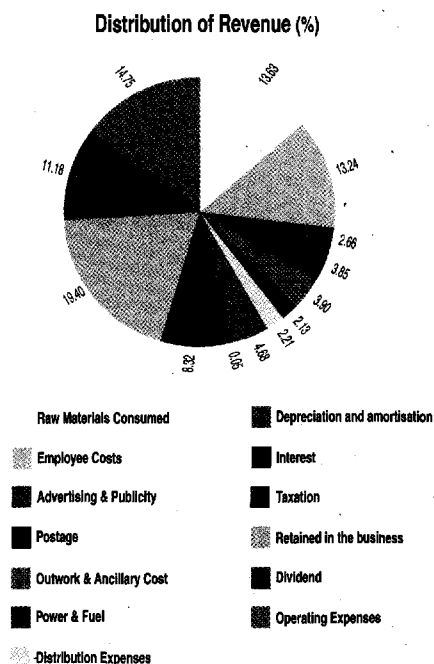
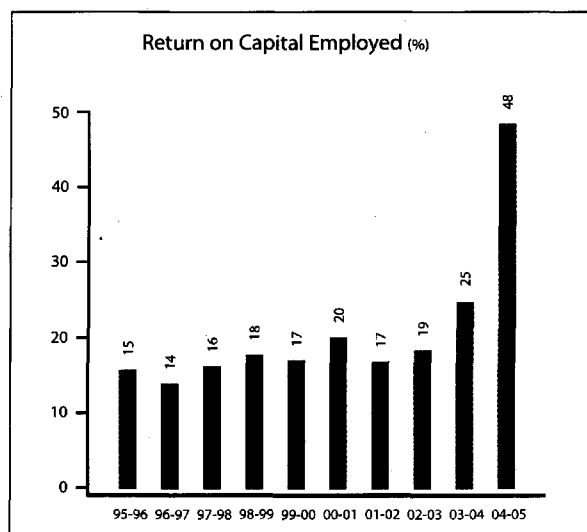
### CAUTIONARY STATEMENT

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

ON BEHALF OF THE BOARD OF DIRECTORS

Renuka Ramnath  
Chairperson

Mumbai, June 27, 2005





## Annexure To The Directors' Report 2005

**Disclosures as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2005.**

### Summary of Status of Stock Options Granted

**A.** The position of the existing ESOP scheme is summarised as under:

Particulars	ESOP Scheme 2004
1 Details of the Meeting	Annual General Meeting (July 28, 2004)
2 Options Granted	1,64,000
3 The Pricing Formula	Closing Price on National Stock Exchange (NSE) on working day prior to the date of grant.
4 Options Lapsed	24,000
5 Variation of Terms of Options General Meeting, 20th January 2005 so as to:	Modification approved in Extra Ordinary <ol style="list-style-type: none"> <li>1. Increase the total number of Options available for grant under the scheme from 2,00,000 shares to 5,00,000 shares.</li> <li>2. Increase maximum number of options to be issued per employee to 2,00,000 options from 1,00,000 option.</li> <li>3. Exercise period to commence from date of vesting and will expire not later than 3 years from the date of vesting of the options.</li> </ol>
6 Total Number of Options in force	1,40,000

**B. Employee-wise details of options granted during the financial year 2004-05 to:**

**(i) Senior Managerial Personnel**

Name	Options Granted
Mr. Prakash Iyer-(MD)	1,00,000
Makarand Lele	8,000
Milind Kalelkar	2,000
Milind Desai	2,000
Ajay Asija	2,000
Mukhtar Qureshi	2,000
Kaiser Faruqi	2,000
Manesh Patel	2,000
Adil Darukhanawala	2,000
Charles Assisi	2,000
Deepak Israni	2,000
Cyrus Soonawalla	1,000
Raman Khole	1,000

Name	Options Granted
A R Iyer	1,000
A S Vadiwala	1,000
Dinesh Kumar	1,000
Sunil Mehra	1,000
Mohan Gajria	1,000
Shekhar Jitkar	1,000
Sunjay Pradhan	1,000
B.Srinivas	1,000
A.K.Roy	1,000
Vasudevan Iyer	1,000
Vikramaditya Goyal	1,000
Hemant Parikh	1,000
<b>TOTAL</b>	<b>1,40,000</b>

(ii) Employees who were granted, during any one-year, options amounting to 5% or more of the options granted during the year. None

(iii) Identified employees who were granted option, during any one-year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company under the grant. None

**C.** Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20

Rs. 24.92

## Corporate Governance Report

Corporate Governance Report for the year 2004-2005  
(As required under Clause 49 of the Listing Agreement as entered into with the Stock Exchange)

### 1. Company's philosophy on code of governance

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

### 2. Board of Directors

The Board Composition was not in line with the requirements of Clause 49 for an interim period of April 1, 2004 to May 19, 2004. The Board was reconstituted in compliance with Clause 49 on May 20, 2004.

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

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

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

7 Board Meetings were held during the year 2004-2005 and the gap between two meetings did not exceed four months.

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

May 25, 2004; July 7, 2004; July 28, 2004; August 5, 2004; August 24, 2004; October 25, 2004 and January 27, 2005.

The information as required under Annexure 1 to Clause 49 is being made available to the Board.

The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during 2004-2005 except for the payment of sitting fees made to the Non-Executive Directors for Board Meetings in Table II and Committee Meetings attended as shown in Table No. III of paragraph No. 4 below:

Name	Category	No. of Board Meetings attended during 2004-05	Whether attended AGM held on July 28, 2004	No. of Directorships in other Public companies		No. of Committee Positions held in other companies	
				Chairman	Member	Chairman	Member
Ms. Renuka Ramnath* (Chairperson)	Promoter Non Independent Non-Executive	7	Yes	-	8	-	-
Mr. Prakash Iyer (1) Managing Director	Non Independent Executive	2	N.A.	-	-	-	-
Mr. Hoshang S. Billimoria Vice Chairman & Managing Director (2)	Non Independent Executive	4	Yes	N.A.	N.A.	N.A.	N.A.
Mr. M. Shankar Narayanan (3)	Promoter Non-Independent Non-Executive		-	NA	N.A.	N.A.	N.A.
Mr. P.M. Devaiah*	Promoter Non Independent Non-Executive	6	Yes	-	5	-	-
Mr. M.J. Subbaiah	Independent Non-Executive	7	Yes	-	7	1	4
Mr. Sanjay Asher	Independent Non-Executive	7	Yes	-	13	1	6

(1) Appointed on the Board with effect from August 24, 2004

(2) Resigned from the Board with effect from August 24, 2004

(3) Resigned from the Board with effect from May 31, 2004

\* representing I-Ven Interactive Limited (formerly known as ICICI ePayments Limited) as nominee.