

Courier

DCS/COMP/NM/112/2014-15

October 29, 2014

The Company Secretary / Compliance Officer
Next Mediaworks Ltd
Peninsula Centre
Dr S S Rao Road
Opp. Mahatma Gandhi Hospital, Parel
Mumbai – 400012
Maharashtra

Dear Sir/Madam,

Sub: Audit Reports filed by listed companies

This has reference to the provisions of Clause 31(a) of the Listing Agreement and SEBI Circulars pertaining to the "Manner of Dealing with Audit Reports filed by Listed Companies" dated August 13, 2012 and June 05, 2013 which inter-alia mandated listed companies to submit either Form A (Unqualified / Matter of Emphasis Report) or Form B (Qualified / Subject to / Except for Audit Report) along with the company's Annual Report to the Stock Exchange.

As per the provisions of the said circulars, the qualifications raised by the Statutory Auditors in their Audit Report, would be scrutinized by the Qualified Audit Review Committee (QARC) constituted by SEBI.

Accordingly, after scrutiny and discussion by QARC and thereafter by FRRB and as directed by SEBI, you are advised to:

Restate the Financial Statements pertaining to Financial Year 2012-13 giving effect to the qualifications*, in terms of Clause 31A of the Listing Agreement and in terms of SEBI Circular No. CIR/CFD/DIL/7/2012 dated August 13, 2012 read with the SEBI's Clarificatory Circular CIR/CFD/DIL/9/2013 dated June 05, 2013.

(* Refer Annexure-I for details)

You are requested to take note of the same and comply accordingly, under information to the Exchange.

In case you need any clarifications on the above, you may please contact Mr. Nitesh Mhatre on 02222728880 / Ms. Dhara Barot on 22728559 / Mr. Rakesh Parekh on 22728307 (email rakesh.parekh@bseindia.com, dhara.barot@bseindia.com) for assistance.

Yours truly,



Netra Sahani
D.G.M - Listing Compliance



Abhijit Pai
A.G.M – Listing Compliance

ANNEXURE I:

Next Mediaworks Ltd

Auditor Qualification:

The management of Next Mediaworks Limited and Next Radio Limited (formerly known as Radio One limited) has recognized Deferred Tax Assets of Rs.24.62 Lacs and Rs.60.37 Lacs for the year and Rs.110.02 Lacs and Rs.4318.01 Lacs as on the Balance Sheet Date respectively, on unabsorbed Business Losses/unabsorbed Depreciation on the basis of expected profits in future. This is not in accordance with Accounting Standard 22 on "Accounting for Taxes on Income" which requires that such assets should be recognized to the extent that there is virtual certainty supported by convincing evidence that the future taxable income will be available against which such assets can be realized. In our opinion such expectation cannot be considered as virtual certainty to recognize such assets. Consequently the consolidated loss for the year is understated by Rs.84.99 Lacs and relevant consolidated asset and the reserves and surplus are overstated by Rs.4,428.03 Lacs.

Further the management of Next Mediaworks Limited has considered that no provision is required against fall in the value of investments aggregating Rs.15,602.86 Lacs in the subsidiary company Next Radio Limited (formerly known as Radio One limited) even though the net worth of the subsidiary has been eroded substantially. Consequently no impairment has been considered necessary by the management on Goodwill on Consolidation amounting to Rs.5,489.67 Lacs in the Consolidated Accounts.