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## **BOARD OF DIRECTORS**

Aroon Purie, Chairman & Managing Director  
Anil Mehra  
Anil Vig  
Rakesh Kumar Malhotra  
Rajan Bharti Mittal  
Rajeev Thakore

### **Audit Committee**

Rakesh Kumar Malhotra, Chairman  
Anil Mehra  
Rajeev Thakore

### **Chief Executive Officer**

G. Krishnan

### **GM (Legal) & Company Secretary**

S.N. Sridhar

### **Auditors**

Price Waterhouse  
Chartered Accountants  
New Delhi

### **Bankers**

Canara Bank  
IDBI Bank Limited  
ICICI Bank Limited

### **Registered Office**

Videocon Tower  
E-1, Jhandewalan Extn.  
New Delhi - 110 055

### **Registrar & Transfer Agents**

MCS Limited  
Sri Venkatesh Bhawan  
Plot No. 27, Road No. 11  
MIDC Area, Andheri (East)  
Mumbai-400 093

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting you this sixth Annual Report together with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2005.

#### 1. Financial Results

The financial results of the Company for the year ended 31<sup>st</sup> March, 2005 are summarized below for your consideration.

(Rs. in crores)

Particulars	Year Ended 31 <sup>st</sup> Mar'05	Year Ended 31 <sup>st</sup> Mar'04
Income from operations and other income	146.45	142.52
Profit before Interest, Depreciation and Tax	42.17	63.28
Interest and Finance Charges	0.09	1.19
Depreciation	15.87	11.44
Misc. Expenses Written off	0.73	0.73
Profit before tax	25.48	49.92
Provision for Tax (Including deferred tax of Rs. 0.39 cr (previous year Rs. 1.21 cr))	9.06	17.84
Net Profit	16.42	32.08
Balance amount brought forward (after adjustment for opening deferred tax assets)	42.76	18.08
Profit Available for appropriation	59.18	50.16
Transferred to General Reserve	2.50	2.50
Proposed Dividend	4.35	4.35
Corporate Dividend Tax	0.62	0.55
Balance Carried forward	51.71	42.76

#### 2. Performance

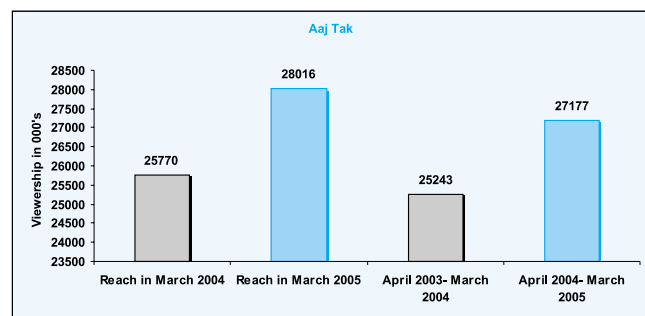
During the year, your Company's revenue from operations has been Rs. 139.06 crores compared to Rs. 140.17 crores last year. Cash Profit has been Rs. 33.02 crores compared to Rs. 44.25 crores last year. Profit before tax has been Rs. 25.48 crores compared to Rs. 49.92 crores last year. Net Profit has been Rs. 16.42 crores compared to Rs. 32.08 crores last year. The decrease in profit compared to previous year was mainly due to increase in the production costs incurred due to special events like Lok Sabha and Assembly elections in the States during the year and also due to increase in administrative and other costs incurred for changing the look and feel of Aaj Tak channel, international events like cricket, olympics etc. Also Headlines Today, in the full year of operation had substantial viewership, it could not generate much advertisement revenue due to time lag between the viewership and the advertisement bookings.

#### Aaj Tak

In a growing and competitive news broadcasting industry, "Aaj Tak" continued to maintain its leadership position in the Hindi news genre in terms of viewership despite increased competition from the existing as well as from a new channel launched during the year. This has been mainly due to its editorial excellence, introduction of innovative current affairs programmes catering to different segments, distribution and sales capabilities, customized state-of-the-art technology and a motivated team of well-qualified professionals.

Aaj Tak continues to be No. 1 News Channel in the Hindi genre with the largest number of viewers in India (27 million+).

The viewership of 'Aaj Tak' News Channel has increased from an average of 25.24 million during April-March'04 to an average of 27.17 million during April-March'05 registering a growth of 8%. During the month of March 2005, the viewership of Aaj Tak was 28.01 million compared to 25.77 million during the same month last year.



Source: TAM  
TG: 4+ yrs cs  
All India  
Period: Average of 52 weeks of financial year

Aaj Tak's continued strong position in Hindi News genre has enabled it to bag several awards in the year 2004-2005 as well:

#### Indian Television Academy Award 2004

- Best News Channel Award

#### RAPA Awards 2004

- Best Anchor Award – Ritul Joshi;
- Best Film-based programme – Cinema Aaj Tak;
- Best 'Telecast of Live Programme' – Kyun Sune Aapki;
- Best Channel Promo Award – Aaj Tak's 'anti-smoking' campaign (to Code Red)

#### Limca Book of Records

- Entry recorded in the chapter on Communications for the largest number of SMSs received by a television channel as responses to contests, poll, etc.



over a period of two years from May 1, 2002–May 25, 2004

### Promax & BDA India Awards

- Gold Award – Best Print Ad on *the Indo Pak huddle*;
- Silver award – Best news/current affairs promo for *Jurm*;
- Silver Award – Best public service announcement for *eve teasing (Romeo)*

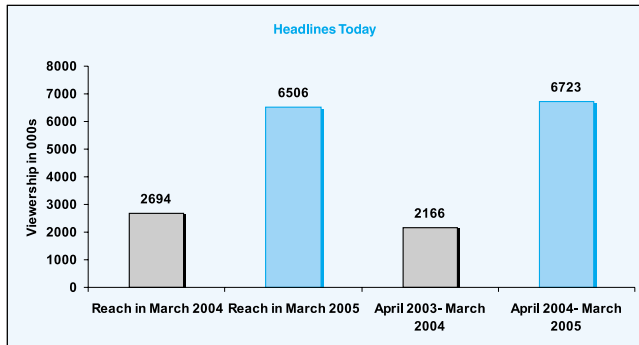
### NAB Awards

- Outstanding contributions in the field of broadcasting for its innovative and creative marketing initiatives including its usage of the 2424 platform

### Headlines Today

With its unique positioning and “News Crisply Told”, response to your Company’s 24 hours English News Channel ‘Headlines Today’ has been encouraging.

The viewership of Headlines Today has registered a phenomenal growth of over 300% from 2.17 million in 2003-04 to 6.72 million in 2004-05. The viewers response to Headlines Today is encouraging and the time spent is very close to No.1 English News Channel.



Source: TAM  
TG: 4+ yrs cs  
All India  
Period: Average of 52 weeks of financial year

### 3. Dividend

Your directors are pleased to recommend for your consideration and approval payment of dividend @ 15% amounting to Rs. 0.75 per equity share of Rs. 5/- each for the financial year 2004-05. Total amount of dividend outgo for the financial year shall be Rs. 4.97 crores (including Corporate Dividend Tax amounting to Rs. 0.62 crores).

### 4. Initial Public Offer (IPO)

In the year 2003-04, your Company had raised capital from the public aggregating to Rs. 950,000,000 by fresh issue of 10,000,000 equity shares of Rs. 5 each at a premium of Rs. 90 per share. Under the head ‘Objects of the issue’, in the Prospectus, your Company had made a statement that the proceeds of the issue will be deployed

for upgrading and expanding the news broadcasting business and for other General Corporate purposes.

Out of Rs. 95 crores raised through fresh issue of capital in the IPO, as at the financial year ended March 31, 2005, your Company has utilized Rs. 33.75 crores for the purposes specified in the ‘Objects of the issue’ in the prospectus. Henceforth, it is proposed to use the unutilized issue proceeds aggregating to Rs. 61.25 crores for the following purposes in addition to the purposes already specified in the Prospectus :

- Additional Engineering Equipments;
- Increase in upgradation of Transmission Equipment;
- Land, Building for studio, Corporate office and allied purposes;
- Increase in all production equipment and facilities;
- Any other up-gradation of technology / infrastructure;
- Hardware/equipment for new channels.

Your Company can vary the deployment of issue proceeds for purposes other than those specified in the Prospectus with the approval of the shareholders in the General Meeting.

Your Directors recommend the utilization of balance unutilized issue proceeds of Rs. 61.25 crores for the aforesaid purposes including the purposes already specified in the Prospectus commencing from financial year 2005-06 onwards.

### 5. Directors

During the year, Mr. Rakesh Kumar Malhotra was appointed as an Additional Director on the Board of your Company. Mr. Rakesh Kumar Malhotra holds office up to the date of ensuing Annual General Meeting of the Company.

Notice under Section 257 of the Companies Act, 1956 has been received from a member proposing the candidature of Mr. Rakesh Kumar Malhotra for appointment as Director on the Board of the Company.

Your Directors recommend the appointment of Mr. Rakesh Kumar Malhotra as a Director on the Board of the Company at the ensuing Annual General Meeting.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of your Company, Mr. Anil Vig, Director is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. Your directors recommend re-appointment of Mr. Anil Vig as director on the Board of the Company.

During the year, Ms. Bala Deshpande, nominee director of ICICI Trusteeship Services Limited (ICICI Emerging Sector Fund) resigned and ceased as Director of the Company w.e.f the close of business hours of the Company on 24th January 2005. Your Directors place on record their deep appreciation of the valuable contribution made by Ms. Bala Deshpande during her tenure as Director of the Company.

## 6. Director's Responsibility Statement

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors' subscribe to Directors Responsibility Statement and confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2004-05 and of the profit or loss of the company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

## 7. Fixed Deposit

During the year, your Company has neither invited nor accepted/renewed deposits from the Public within the meaning of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956, if any.

## 8. Auditors

The statutory auditors of your Company M/s. Price Waterhouse, Chartered Accountants holds office up to the conclusion of the forthcoming Annual General Meeting and have offered themselves for re-appointment. They have confirmed that, if re-appointed, they would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. Your directors recommend their re-appointment as Statutory Auditors of the Company.

## 9. Auditor's Report

There are no observation, qualification or adverse remark of the Auditors on the Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2005 requiring comment from the Board of Directors.

## 10. Corporate Governance

Your Company has implemented and complies with the principles of Corporate Governance as required under Clause 49 of the listing agreement applicable to your Company as on date laying strong emphasis on transparency, disclosure and independent supervision to increase various stakeholder's value. Your Company shall comply with the requirements, if any, to be complied with in the revised Clause 49 of the listing agreement within the stipulated time.

The report on Corporate Governance is given as a separate section titled "Report on Corporate Governance"

and Certificate of Company Secretary in Practice as required under the revised Clause 49 of the listing agreement is appended herewith which forms part of this Annual Report.

## 11. Management Discussion and Analysis

Separate report on Management Discussion & Analysis is appended herewith.

## 12. The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

In terms of the requirement of clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars with respect to "Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo" are given as under:

(a) Conservation of Energy	: Not applicable
(b) Technology Absorption	: Not applicable
(c) Transaction in Foreign Currency	
(i) Value of Imports (CIF basis)	: Rs 95,674,230
(ii) Expenditure in foreign currency (Accrued basis)	
(a) Traveling Expenses	Rs. 11,113,348
(b) Production Cost	Rs. 62,822,055
(c) Repair and Maintenance	Rs. 25,738,866
(d) Others	Rs. 4,893,937
(d) Income in foreign currency (Accrued basis)	Rs. 557,774

## 13. Particulars of Employees

Particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 (as amended) is annexed hereto and forms part of this report.

## 14. Acknowledgement

Your Directors wish to place on record their deep appreciation of the contribution made by the employees at all levels, for their all-round efforts, dedication, commitment and loyal services which helped your Company in achieving the performance during the year despite stiff competition from the existing as well as new players in the news and current affairs genre.

Your Directors also acknowledge with thanks the support given by the Central Government, bankers, shareholders and investors at large and look forward to their continued support.

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

Place : New Delhi  
Date : June 16, 2005

**Anil Mehra**  
Director

**Aroon Purie**  
Chairman &  
Managing Director



**Annexure to Directors' Report**

**Particulars of Employees under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) and forming part of Directors' Report for the year ended on March 31, 2005**

S. No.	Name	Designation	Remuneration Rs.	Qualification	Experience (years)	Date of Joining	Age (years)	Last Employemt, held before joining the Company	Share holding
<b>A. Employed throughout the year and were in receipt of remuneration of not less than Rs. 24,00,000/- per annum</b>									
1	Mr. G. Krishnan	Chief Executive Officer	13,899,764	B. Com. (Hon) M & B Management	27	01.10.2000	51	Executive Director - Living Media India Limited	20*
2	Mr. Q.W. Naqvi	News Director-Aaj Tak	4,619,758	M.A.	24	6.02.2004	50	Director-QS Media Guru (P) Ltd.	Nil
3	Mr. Rahul Kulshreshtha	Director-Technical & Operation	6,460,568	B. Com., Course in System Analysis & Design	21	01.05.2000	41	Technical Consultant - Living Media India Limited	Nil

**B. Employed for the part of the year and were receipt of remuneration of not less than Rs. 2,00,000/- per month**

1	Mr. Amitabh Srivastava	GM- Network Development	2,291,690	B.A, Certificate on IndianArt, Cetificate on Elementaries-French & PGD-Media & PR	16	01.07.2000	35	National Manager-BBC Worldwide	Nil
2	Mr. Milind Khandekar	Executive Producer	729,444	B.Sc. & Bachelor of Journalism & Comm.	14	01.04.2000	34	Bureau Chief-Living Media India Limited	Nil
3	Mr. Ramkripal Singh	Executive Producer Assignment	1,052,235	B.Sch., L.L.B. & P.G.D.J.	27	15.10.2004	52	Senior Editor-Navbharat Times	Nil
4	Mr. Rajnish Rikhy	Vice President-Sales	2,502,276	B.Com, L.L.B & M.B.A	25	12.07.2004	45	Vice President(R)-BCCL New Delhi	Nil

\* Holding shares as Nominee of Living Media (India) Limited, Promoter Company.

**Notes:**

1. Remuneration includes Salary, House Rent Allowance, Commission, Company's contribution to Provident Fund and Perquisites. Value of perquisites have been calculated on the basis of Income-Tax Act, 1961.
2. Information about qualification and last employment are based on particulars furnished by the employees concerned.

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

Place : New Delhi  
Date : June 16, 2005

**Anil Mehra**  
Director

**Aroon Purie**  
Chairman &  
Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry Structure and Developments

India has emerged as the third largest cable television viewing nation in the world after China & US. There are 85 million households in the country of which 44 millions receives Cable television services. As per recent FICCI-E&Y Report, television revenues are expected to grow at a CAGR of 17% to gross at Rs. 28852 crores by 2008. The Indian Television Broadcasting Industry has two main sources of revenues, namely, advertisement & subscriptions. The Industry is poised to see a good growth owing to increase in its advertisement revenues and the possible rise in its share of subscription revenues as per FICCI-E&Y Report. Currently, there are numerous news channels operating in the Indian Television Market. Ad spend on the channel's broadcasting news exhibited a growth of 16% in 2004-05 at Rs. 500 crores appx (which is 10% of the overall television ad spend). On the other hand, the viewership share of the news channels went up from 3% in 2003-04 to 5% in 2004-05 i.e. a growth of 70%. In the light of the 70% growth registered in the viewership share, 16% growth in the ad spend appears small.

News channels get a higher share of the total ad spend (in comparison to their viewership share) because they enjoy a higher reach between the SEC A and B, the target audience of the advertisers. Therefore, going forward, the share of the ad spend for the news channels is to grow at a higher rate compared to the overall television ad spend on the back of increasing viewership share and reach.

### Outlook

The primary source of income for the Company is Ad sales revenue. Your Company has witnessed consistent growth in the Ad sales revenue during 2002-03 and 2003-04 at Rs. 108.18 crores and Rs. 139.97 crores but there is a marginal fall in the Ad-sales revenue during the year at Rs. 138.93 crores. The ad spend on a Channel depends on its market share, its reach and its being the preferred platform for mass communication. The leadership position of Aaj Tak as the No. 1 Channel consecutively for the past four years has contributed to the Ad sales revenue. Your Company's 24 hour English News Channel "Headlines Today" catering to the upmarket urban population has also been well received and has the great potential to contribute to the revenue growth of the Company in the coming years as it has registered a growth of over 300% in viewership. Although, Headlines Today, in the full year of operation had substantial viewership, it could not generate much advertisement revenue due to time lag between the viewership and the advertisement bookings.

Your Company's strategy to have one combined rate card for both Aaj Tak and Headlines Today introduced at the fag end of the year 2004-05 has also been well received by the advertisers. Your Company's dedicated advertisers have shown keen interest in the new combined rate card to be present in both the channels at an optimum price. As a result, your Company's English news channel, Headlines Today has also

registered a growth in the number of advertisers. Your Company is also exploring the possibility of distributing its channels in countries like USA, UK, Middle East, South Africa, Canada etc which has large Indian population for earning both advertisement and subscription revenue. Combined effect of the above would enable your Company to increase its revenue manifold in the coming years.

### Opportunities and Threats

In India, although broadcasters heavily depend on the unorganised cable platform being the prime driver in reaching millions of homes, with the emergence of new platforms like Direct to Home (DTH), Broadband, Internet Protocol TV (IPTV), your Company would be exploiting the opportunity to be in those platforms as well so that Company's channels Aaj Tak and Headlines Today are more visible to the viewers even in the remotest place. Your Company's news channels, Aaj Tak and Headlines Today are the first to be in Doordarshan's DTH platform launched during the year by the Prime Minister of India. Your Company's channels are also in the Zee- DTH platform. With the Government of India also keen in promoting alternative platforms as above in the organised sector which requires huge investment in direct competition to the unorganised cable platform, your company envisages big opportunity both in terms of ad revenue as well as subscription revenue in these platforms. Your Company will also exploit the potential for launching new channels in the news genre. However, with more news channels in the pipeline, your Company is likely to face intense competition which may have an impact on the Company's revenue growth in the coming years.

### Risks and Concerns

Non-implementation of addressable system (CAS), demand of heavy carriage fee by the MSO's/Cable operators and changes in the viewers habits could impact the Company's revenue. The Government's inability to put in place an effective addressable system which prevented your Company to convert both Aaj Tak and Headlines Today which are currently Free to Air (FTA) into pay channels and the expected launch of a slew of new news and current affairs channels in both Hindi and English could also have an adverse effect on the Company's revenue in the coming years.

### Human Resources

During the year ended 31st March, 2005, your Company had 654 employees on its rolls. Your Company considers its human capital as one of the key elements of sustainable competitive advantage and shareholder value creation. Your company's human resource philosophy is to establish and build a strong performance and competence driven culture with greater sense of accountability and responsibility. The employees are exposed to various training programmes to help them upgrade their professional and inter-personal skills. Human Resource Development has been receiving high priority and the company is continuously working to create and nurture an organization that is highly motivated, result oriented and adaptable to the changing business environment. Your Company has a strong



team of professionals to oversee the operations and growth of the Company's businesses. Your Company's success is substantially dependent on the expertise and services of its personnel. In line with the philosophy, your Company makes continuous effort to frame HR policies employee friendly to retain its skilled and talented employees as in the present competitive environment, new entrants are out to grab the skilled and talented employees from the existing channels including your Company employees.

### Internal Control Systems and its adequacy

Your Company has adequate internal control system commensurate with the size and nature of its business. Your Company's internal audit process is being handled by one of the top 4 Audit firms, Ernst & Young, who continuously monitor the adequacy and effectiveness of the internal control system and the status of compliance of operating systems and policies. Efforts are made in securing adequacy and effectiveness of the laid down systems and policies. Further, Ernst & Young conducts extensive audits round the year covering each and every aspect of business activity so as to ensure accuracy, reliability and consistency of records, systems and procedures. The recommendations and observations of the Internal

Auditors are being reviewed regularly by the Audit Committee.

### Cautionary Statement

The Statements made in this report describing the Company's objective, expectations or predictions may be forward looking statement within the meaning of applicable securities laws and regulations. These statements and expectations envisaged by the management are only estimates and actual results may differ from such expectations due to known and unknown risks, uncertainties and other factors including, but not limited to, changes in economic conditions, Government policies, technological changes and exposure to market risks and other external and internal factors which are beyond the control of the Company.

### For and on behalf of the Board of Directors

Place : New Delhi  
Date : June 16, 2005

**Anil Mehra**  
*Director*

**Aroon Purie**  
*Chairman &  
Managing Director*



**REPORT ON CORPORATE GOVERNANCE**

**1. Company's Philosophy**

Corporate Governance is an insight into the management of affairs of the Company. It implies governance with the highest standards of professionalism, integrity, accountability, fairness, transparency, social responsiveness and business ethics for efficient and ethical conduct of business. Company is committed to and firmly believes in, practicing good corporate governance practices as they are critical for meeting its obligations towards shareholders and other stakeholders.

**2. Board of Directors**

**a) Composition of the Board**

Presently, the Board comprises of six directors, out of which one is a Managing Director & Chairman of the Board and the other five are Non-Executive Directors. Mr Rajeev Thakore, Mr Rajan Bharti Mittal and Mr Rakesh Kumar Malhotra, are Independent Directors.

**b) Number of Board Meetings**

During the financial year ended March 31, 2005, the Board met seven times on 6<sup>th</sup> May, 4<sup>th</sup> June, 29<sup>th</sup> July, 27<sup>th</sup> August & 18<sup>th</sup> October 2004, 24<sup>th</sup> January & 17<sup>th</sup> March, 2005.

**c) Directors' attendance record and Directorship in other Public Limited Companies:**

Name of the Director	Position	Board Meetings held during the year	Board Meetings attended during the year	Whether attended last AGM	Directorships in other public limited companies	No. of Memberships/ Chairmanships of other Board Committees	
						Chairmanship	Membership
Aroon Purie	Promoter Director, Chairman & Managing Director	7	7	Yes	6	—	—
Anil Mehra	Non-Executive Director	7	7	Yes	6	—	1
Anil Vig	Non-Executive Director	7	4	Yes	1	—	—
Rajan Bharti Mittal	Independent Director	7	4	No	8	—	4
Rajeev Thakore	Independent Director	7	7	Yes	—	—	—
Bala Deshpande	Independent Director	6*	3	Yes	12	2	8
Rakesh Kumar Malhotra	Independent Director	2*	1	N/A	1	—	1

\* Number of meetings held during their tenure as Directors. Ms. Deshpande ceased to be a Director with effect from 24<sup>th</sup> January, 2005 and Mr. Malhotra was appointed as an additional director on the Board effective 15<sup>th</sup> January 2005.

None of the Directors is a member of more than ten Board Committees, or a Chairman of more than five such committees, as required under Clause 49 of the listing agreement.

**d) Non-Executive Directors' compensation**

During the financial year the Non-Executive Directors were not paid any sitting fee or any other compensation.

**e) Code of Conduct**

The Board has laid down a Code of Conduct for all the Board Members and Senior Management personnel of the Company which has also been posted on the web-site of the Company.

All Board Members and Senior Management personnel to whom the code of conduct is applicable have affirmed compliance with the code.

**3. Audit Committee**

**a) Composition**

Presently, the Audit Committee comprises of three Non-Executive Directors, namely, Mr. Rakesh Kumar Malhotra as Chairman and Mr. Anil Mehra & Mr. Rajeev Thakore as members. Two-thirds of the members including the Chairman are independent Directors.

All members of the Committee are financially literate. Mr Rajeev Thakore and Mr. Anil Mehra are Financial Experts.

**b) Terms of reference, powers & role of the Committee**

The terms of reference of the Audit Committee including its role & powers are as specified in Clause 49 of the listing agreement with the stock exchanges, as amended from time to time.

**c) Number of Committee meetings & attendance**

The Committee met thrice during the year on June 4, 2004, January 24, and March 17, 2005.

The attendance record of the members is as follows:

Name of the Director	Status	No. of Meetings held	No. of Meetings attended
Mr. Rajeev Thakore	Chairman	3	3
Mr. Anil Mehra	Member	3	3
Ms. Bala Deshpande	Member	2*	2
Mr. Rakesh Kumar Malhotra <sup>#</sup>	Member	2*	1

\* Number of meetings held during their tenure as directors. Ms Deshpande ceased to be a member with effect from 24<sup>th</sup> January, 2005 and Mr. Malhotra was appointed as a member effective 15<sup>th</sup> January 2005.

<sup>#</sup>Mr. Rakesh Kumar Malhotra took over as Chairman w.e.f. June 16, 2005 pursuant to resignation of Mr. Rajeev Thakore as Chairman of the Audit Committee.



**d) Review of information by the Audit Committee**

The Audit Committee reviews the report of the Internal Auditors, meets Statutory and Internal Auditors as and when required & discuss their findings, observations, suggestions, internal control system, scope of audit and other related matters.

**4. Remuneration Committee**

The Board has not yet adopted the non-mandatory requirement of setting up of a Remuneration Committee for deliberation of remuneration of executive directors considering the size of the Company and the nature of its business.

**5. Remuneration of Director**

Mr. Aroon Purie, Chairman & Managing Director was entitled to remuneration by way of commission @1% of the net profits of the Company, in addition to the facility of a Chauffer driven car for official and personal purposes. He was not entitled to any other benefit, salary, bonus, stock option, pension etc. The monetary value of the remuneration paid to him during the financial year is Rs. 25,65,063/-.

**6. Shareholders/Investors grievance and Share Transfer Committee**

**i) Composition**

The committee comprises of Mr. Anil Mehra, Mr. Aroon Purie and Mr. Anil Vig. Mr. Anil Mehra, a Non-Executive Director, is the Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

**ii) Terms of Reference**

The Committee has been constituted to specifically look into and redress the Investors/ Shareholders complaints including complaints relating to transfer of shares, non-receipt of Annual Report and non-receipt of declared dividends and/or any other matter relating to Shareholders/Investors Grievance. The Committee meets as and when required.

**iii) Name & Designation of Compliance officer**

Mr. S.N. Sridhar, General Manager- Legal & Company Secretary is the Compliance Officer.

**iv) Investors complaints received and resolved during the year**

During the year under review, 1080 complaints were received, out of which 1069 were resolved and 11 complaints were pending at the end of the financial year. All these pending complaints have been attended to/replied in the month of April, 2005.

**7. Disclosures**

- (i) The details of related party transaction with the company are given in Note no. 9 of Schedule Q(B) of the Notes to Accounts. Besides this, the company has no material significant transaction with the related parties viz. promoters, directors of the company, management, their relatives, subsidiaries of promoter company etc. that may have a potential conflict with the interest of the company at large.
- (ii) No penalties or strictures have been imposed on the company by the Stock Exchange or SEBI or any other statutory authority on any matter related to capital markets for non-compliance by the company during the year.

**8. Means of Communication**

- a) At present quarterly/half yearly reports are not being sent to each household of shareholders.
- b) The quarterly/half yearly results are published in leading English & Hindi Newspapers and are also displayed on website of the company- 'www.aajtak.com' along with official news releases and presentations. The same is also being sent to the institutional investors and to the analysts.
- c) Management Discussion and Analysis forms a part of the Annual Report.

**9. General Body Meetings**

**a) Details of the last three Annual General meetings are as under:**

Financial Year	Date	Time	Venue	Any Special Resolution
2003-04	27.08.2004	3.30 P.M.	FICCI Auditorium, Federation House, Tansen Marg, New Delhi	No
2002-03	30.09.2003	11.30 A.M.	Videocon Tower, E-1, Jhandewalan Extn., New Delhi-110 055	Yes (1) U/s 314(1) of the Companies Act 1956 (2) U/s 94 of the Companies Act 1956 (3) U/s 81(1A) of the Companies Act 1956 (4) U/s 31 of the Companies Act 1956
2001-02	27.09.2002	11.00 A.M.	Videocon Tower, E-1, Jhandewalan Extn., New Delhi-110 055	No

**b) Postal Ballot**

For the financial year 2004-2005, there has been no ordinary or special resolution passed by the company's shareholders through postal ballot.

No resolution is proposed to be passed through postal ballot till the date of AGM.

**10. General shareholder information**

**a) Annual General Meeting**

- Date :** August 25, 2005
- Venue :** M.P.C.U. Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, (Shree Delhi Gujarati Samaj), 2, Raj Nivas Marg, Delhi - 110 054.
- Time :** 10.00 a.m.



**b) Financial Calendar**

The next financial year 2005-06 ends on March 31, 2006. The tentative dates for approval of un-audited financial results are as follows:

Quarter ending June 30, 2005	:	last week of July, 2005
Quarter ending September 30, 2005	:	last week of October, 2005
Quarter ending December 31, 2005	:	last week of January, 2006
Quarter ending March 31, 2006	:	last week of April, 2006 (un audited)/ last week of June, 2006 (audited)

**c) Book Closure**

The register of members and share transfer records of the company shall remain closed from 16th August 2005 to 25th August 2005(both days inclusive).

**d) Dividend Payment Date** : 30th August 2005.

**e) Listing in stock exchanges and stock codes**

The name of the Stock Exchanges at which the equity shares are listed and the respective stock codes are as under:

Name of the Stock Exchanges	Stock Code/Symbol
The Stock Exchange, Mumbai	532515
National Stock Exchange of India Ltd.	TV Today

Listing fee for the financial year ended March 31, 2005, as payable to the aforesaid Stock Exchanges, has been paid. The ISIN number allotted to the company for dematerialisation of shares is as under:

NSDL - INE 038F01029  
CDSL - INE 038F01029

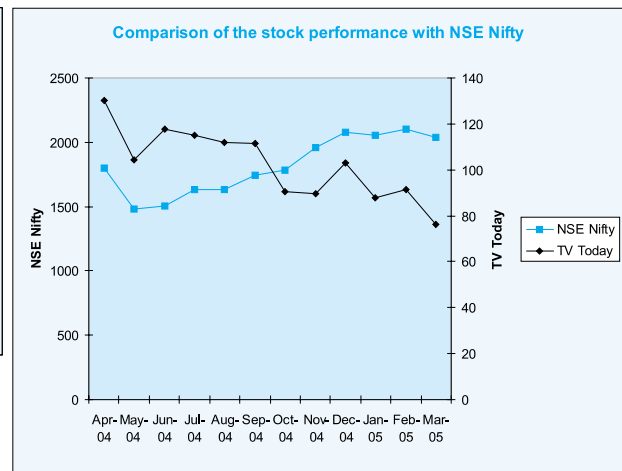
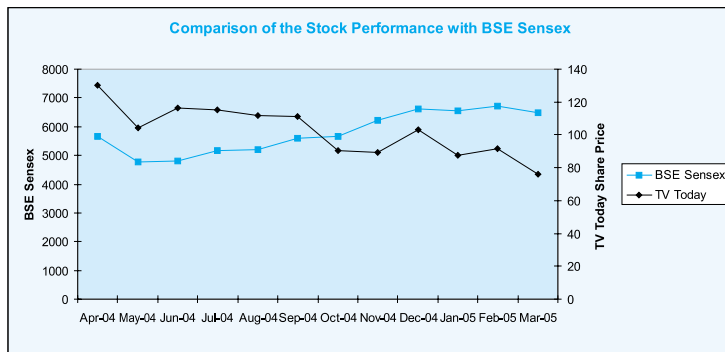
**f) Market Price Data**

The High/Low of the market price of the Company's equity shares traded on The Stock Exchange, Mumbai and National Stock Exchange, during the financial year ended 31<sup>st</sup> March 2005 were as follows:

(In Rupees)

Month	BSE		NSE	
	High	Low	High	Low
April 2004	149.50	129.00	150.50	129.00
May 2004	134.45	90.85	135.00	91.00
June 2004	119.75	104.95	120.00	100.00
July 2004	120.00	100.00	119.95	101.00
August 2004	115.80	104.10	115.85	104.10
September 2004	119.95	106.00	120.80	106.05
October 2004	117.00	90.05	117.80	90.25
November 2004	94.00	86.50	93.90	86.90
December 2004	105.50	83.90	105.85	87.80
January 2005	104.90	86.85	104.40	86.10
February 2005	97.75	88.00	98.00	87.85
March 2005	95.80	71.10	95.50	68.10

**g) Performance of Company's equity shares in comparison to BSE Sensex & NSE Nifty**





**h) Registrar & Share Transfer Agent**

**M/s. MCS Limited**

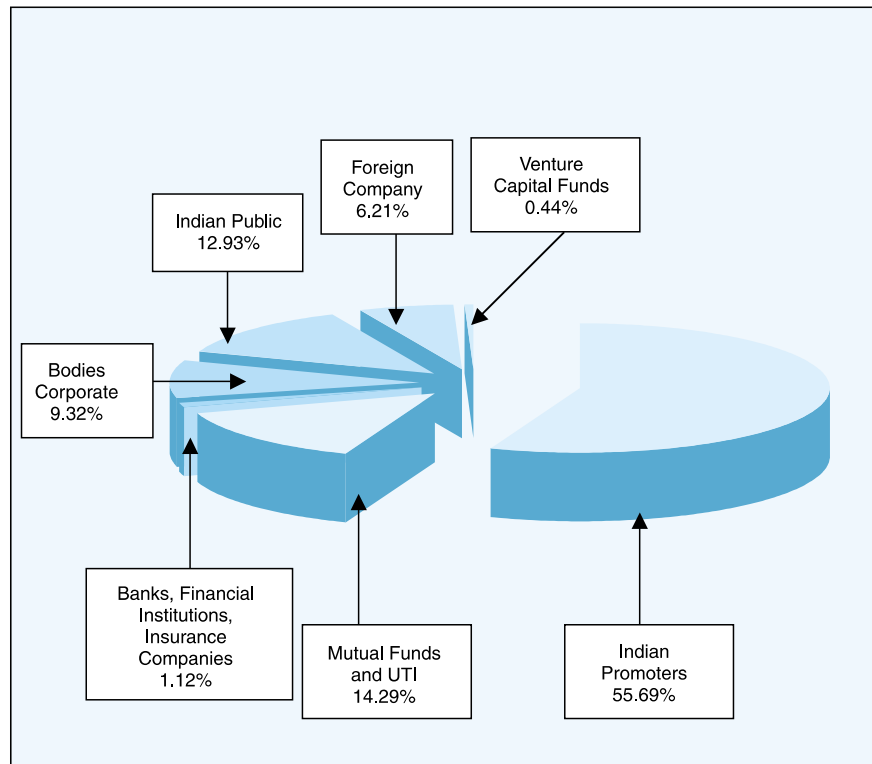
Sri Venkatesh Bhawan,  
Plot No. 27, Road No. 11, M.I.D.C. Area,  
Andheri (East), Mumbai-400 093  
(Category-I Registrar registered with SEBI).

**i) Share Transfer Systems**

All share transfers are handled by company's Registrar & Share Transfer Agent.

Share transfers in physical form are registered within a month from the date of receipt provided the documents are found to be in order. The Shareholders/Investors Grievance and Share Transfer Committee, **meets at least once in a fortnight** to consider and approve the transfer requests.

**j) Distribution of shareholding as on 31<sup>st</sup> March, 2005**



**k) Shares held in physical and dematerialised form**

As on 31<sup>st</sup> March 2005, 43.61% of the Company's total equity shares representing 25,292,931 shares were held in dematerialized form and 56.38% equity shares representing 32,700,769 shares were held in physical form and 0.01% equity shares representing 6300 shares are in abeyance. The shares of the Company are traded in B'1' group in BSE.

l) There is no outstanding GDR's/ADR's/Warrants/convertible instruments.

**m) Plant Location**

Not Applicable

**n) Address for correspondence:**

TV Today Network Limited  
Videocon Tower,  
E-1 Jhandewalan Extension,  
New Delhi-110 055.  
Telephone: 23684878, 23684888  
Fax: 51540231  
E-Mail – [tvtodayipo@aahtak.com](mailto:tvtodayipo@aahtak.com)

**o) Shares held in electronic form**

Shareholders holding shares in electronic form may give instructions regarding bank details, which they wish to incorporate on their dividend warrants, to their depository participants. As per the regulations of NSDL and CDSL the company is obliged to print the bank details on the dividend warrants, as furnished by these depositories to the Company.

## Certificate on Compliance with the Conditions of Corporate Governance Under Clause 49 of the Listing Agreement(s)

To the Members of TV Today Network Limited:-

1. We have reviewed the implementation of Corporate Governance procedures by TV Today Network Limited (the Company) during the financial year ended March 31, 2005, by going through the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
4. On the basis of our review and according to the best of our information and according to the explanations given to us, the Company is already complying with the conditions of Corporate Governance, as stipulated in Clause 49 of the listing agreement with the Stock Exchanges as in force. However, the Company has taken effective steps to comply with the additional stipulations as contained in the revised Clause 49 as per SEBI letter dated October 29,2004, which are required to be adopted by the Company before December 31,2005.

AJAY K. JAIN

*Proprietor*

Membership No. FCS-1551

Certificate of Practice No. 3357

*Place: New Delhi  
Dated: June 16, 2005*

For & on behalf of  
AJAY JAIN & CO.  
*Company Secretaries*

## DECLARATION ON THE COMPLIANCE WITH THE CODE OF CONDUCT

Members,

In compliance with the provisions of revised Clause 49 of the Listing Agreement, the Company had laid down a "Code of Conduct" to be followed by all Board members and senior management personnel which received the sanction of the Board and had been posted on the website of the Company. The Code lays down the standards of ethical and moral conduct to be followed by the members in the course of proper discharge of their official duties and commitments. All the members are duty bound to follow and conform to the Code.

It is hereby certified that all the members of the Board and the senior management personnel have conformed to and complied with the "Code of Conduct" during the financial year 2004-2005 and that there has been no instances of violation of the Code.

**Place: New Delhi  
Date : June 16, 2005**

**Aroon Purie  
Chairman & Managing Director**

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**AUDITORS' REPORT TO THE MEMBERS OF T.V. TODAY NETWORK LIMITED**

1. We have audited the attached Balance Sheet of T.V. Today Network Limited, as at March 31, 2005 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended 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 Companies Act, 1956' of India (the 'Act') 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 further report that:
  - 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, the management has physically verified a portion of the fixed assets during the year and no material discrepancies between the book records and the physical inventory have been noticed.
    - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
  - ii. (a) The inventory has been physically verified by the management during the year. There is no inventory which is lying with the third parties. 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. No discrepancies have been noticed on physical verification of inventory as compared to book records.
- iii. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
  - (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- 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, 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) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
  - (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 nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
- 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 the undisputed statutory dues including provident fund, investor education and protection

fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess 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, excise duty and cess which have not been deposited on account of any dispute.
- x. The company has no accumulated losses as at 31 March, 2005 and it has not incurred any cash losses in the financial year ended on that date or 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.
- xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the company.
- xiv. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- 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.
- xvi. The company has not obtained any term loans.
- xvii. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- 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.
- xx. The management has disclosed the end use of money raised by public issues (Refer Note 8 of Schedule Q (B) and the same has been verified by us.
- 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 fraud on or by the company,

noticed or reported during the year, nor have we been informed of such case by the management.

- xxii. Clause (xix) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.
4. Further to our comments in paragraph 3 above, we report that:
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on March 31, 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2005;
- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

U. RAJEEV

Partner

Membership No. F-87191

Place: New Delhi  
Dated: June 16, 2005

For & on behalf of  
PRICE WATERHOUSE  
Chartered Accountants



## T.V. Today Network Limited

### BALANCE SHEET AS AT MARCH 31, 2005

	Schedule No.	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
<b>I. Sources of Funds</b>			
<b>(1) Shareholders' Funds</b>			
Capital	A	290,000,000	290,000,000
Reserves and Surplus	B	1,773,777,192	1,659,256,734
<b>Deferred Tax Liability/(Asset) - Net</b>	Q[B(4)]	84,077,823	80,245,927
<b>TOTAL</b>		<b>2,147,855,015</b>	<b>2,029,502,661</b>
<b>II. Application of Funds</b>			
<b>(1) Fixed Assets</b>			
Gross Block	C	1,399,020,778	1,166,176,868
Less: Depreciation		437,242,167	281,201,434
Net Block		961,778,611	884,975,434
Capital Work-in-Progress		39,822,363	14,972,097
		1,001,600,974	899,947,531
<b>(2) Investments</b>	D	309,045,238	—
<b>(3) Current Assets, Loans &amp; Advances</b>			
Inventories		—	32,250
Sundry Debtors	E	446,434,880	417,187,342
Cash and Bank Balances	F	657,768,614	995,604,085
Loans and Advances	G(a)	109,099,820	91,889,063
Other Current Assets	G(b)	6,374,025	7,530,283
		1,219,677,339	1,512,243,023
<b>Less: Current Liabilities &amp; Provisions</b>			
Liabilities	H	327,883,603	340,576,733
Provisions	I	66,459,090	61,304,707
		394,342,693	401,881,440
<b>Net Current Assets</b>		<b>825,334,646</b>	<b>1,110,361,583</b>
<b>(4) Miscellaneous Expenditure</b> to the extent not written off or adjusted	J	11,874,157	19,193,547
<b>TOTAL</b>		<b>2,147,855,015</b>	<b>2,029,502,661</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	Q		

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

The Schedules referred to above form an integral part of the Balance Sheet.

U. Rajeev

Partner

Membership No. F-87191

For & on behalf of

Price Waterhouse

Chartered Accountants

Place : New Delhi

Date : June 16, 2005

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For and on behalf of the Board

S N Sridhar  
GM - Legal &  
Company Secretary

Sanjay Jain  
GM - Finance

Anil Mehra  
Director

Aroon Purie  
Chairman &  
Managing Director



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005**

	Schedule	For the Year Ended March 31, 2005 Amount (Rs.)	For the Year Ended March 31, 2004 Amount (Rs.)
<b>INCOME</b>			
Revenue	K	1,390,688,224	1,401,753,915
Other Income	L	73,776,864	23,471,705
		<u>1,464,465,088</u>	<u>1,425,225,620</u>
<b>EXPENDITURE</b>			
Decrease (Increase) in Inventories		32,250	(32,250)
Employee Cost	M	252,054,844	201,412,610
Production Cost	N	211,682,971	126,516,303
Administrative and Other Costs	O	578,881,069	464,539,080
Finance Charges	P	946,434	11,858,850
Depreciation		158,683,925	114,405,378
Preliminary Expenses written off		182,340	182,340
Deferred Revenue Expenditure written off		7,137,050	7,137,050
		<u>1,209,600,883</u>	<u>926,019,361</u>
		<b>254,864,205</b>	<b>499,206,259</b>
<b>PROFIT BEFORE TAXATION</b>			
Current Tax (Including Rs. 3,200,812 (Previous Year Rs. Nil) for earlier years)		86,799,507	166,315,400
Deferred Tax		3,831,896	12,055,259
<b>Tax Expenses</b>		<u>90,631,403</u>	<u>178,370,659</u>
		<b>164,232,802</b>	<b>320,835,600</b>
<b>Balance brought forward</b>		<b>427,623,714</b>	<b>180,861,552</b>
<b>Profit available for appropriation</b>		<b>591,856,516</b>	<b>501,697,152</b>
<b>Proposed Dividend</b>		<b>43,500,000</b>	<b>43,500,000</b>
<b>Tax on Proposed Dividend (including Rs. 111,469 for previous year)</b>		<b>6,212,344</b>	<b>5,573,438</b>
<b>Transfer to General Reserve</b>		<b>25,000,000</b>	<b>25,000,000</b>
<b>Balance carried forward to Balance Sheet</b>		<b>517,144,172</b>	<b>427,623,714</b>
<b>Earnings Per Share [Refer Note 5 on Schedule Q(B)]</b>		<b>2.83</b>	<b>6.38</b>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	Q		

This is the Profit & Loss Account referred to in our report of even date

The Schedules referred to above form an integral part of the Profit & Loss Account.

U. Rajeev  
Partner  
Membership No. F-87191  
For & on behalf of Price Waterhouse  
Chartered Accountants

Place : New Delhi  
Date : June 16, 2005

For and on behalf of the Board

S N Sridhar  
GM - Legal &  
Company Secretary

Sanjay Jain  
GM - Finance

Anil Mehra  
Director

Aroon Purie  
Chairman &  
Managing Director



## T.V. Today Network Limited

### FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2005

	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
<b>SCHEDULE - A SHARE CAPITAL</b>		
<b>Authorised</b>		
68,000,000 (Previous year 68,000,000) Equity Shares of Rs. 5/- each	340,000,000	340,000,000
300,000 (Previous year 300,000) Preference Shares of Rs. 100/- each	30,000,000	30,000,000
	<u>370,000,000</u>	<u>370,000,000</u>
<b>Issued, Subscribed and Paid-up</b>		
58,000,000 (Previous year-58,000,000) Equity Shares of Rs. 5/- each fully paid up	<u>290,000,000</u>	<u>290,000,000</u>
32,300,000 (Previous year-32,300,000) Equity Shares of Rs. 5/- each are held by Living Media India Limited, the holding company.		
<b>SCHEDULE - B RESERVES AND SURPLUS</b>		
<b>Securities Premium</b>		
Opening Balance	1,206,633,020	356,400,000
Add: Share premium received on issue of Equity Shares	—	900,000,000
Less: Public Issue Expenses	—	49,766,980
Closing Balance	<u>1,206,633,020</u>	<u>1,206,633,020</u>
<b>General Reserve</b>		
Opening Balance	25,000,000	—
Add: Additions during the year	25,000,000	25,000,000
	<u>50,000,000</u>	<u>25,000,000</u>
<b>Profit &amp; Loss Account</b>		
Balance transferred from the Profit and Loss Account	<u>517,144,172</u>	<u>427,623,714</u>
<b>TOTAL</b>	<u>1,773,777,192</u>	<u>1,659,256,734</u>

## FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2005

### SCHEDULE - C FIXED ASSETS

[Refer Note A(b), (c), (d) & note B(13) on Schedule Q]

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31-3-2004 Rs.	Additions Rs.	Deletions/ Adjustments Rs.	As at 31-3-2005 Rs.	As at 31-3-2004 Rs.	For the year Rs.	Deletions/ Adjustments Rs.	As at 31-3-2005 Rs.	As at 31-3-2005 Rs.	As at 31-3-2004 Rs.
<b>Tangible Assets</b>										
Plant & Machinery	959,136,519	155,398,956	9,778,159 (Note 1)	1,104,757,316	235,377,100	122,572,887	24,004 (Note 2)	357,925,983	746,831,333	723,759,419
Vehicles	31,615,856	28,654,382	7,728,477	52,541,761	5,948,654	4,225,564	2,537,130	7,637,088	44,904,673	25,667,202
Computers	38,354,108	12,936,189	—	51,290,297	10,873,482	7,993,081	—	18,866,563	32,423,734	27,480,626
Office Equipments	24,123,303	9,753,952	123,885	33,753,370	7,521,714	3,906,215	82,058	11,345,871	22,407,499	16,601,589
Furniture & Fixtures	20,805,935	4,780,712	—	25,586,647	3,229,136	1,627,795	—	4,856,831	20,729,816	17,576,799
Leasehold Improvements	52,899,049	20,180,809	—	73,079,858	15,381,114	6,627,795	—	22,008,909	51,070,949	37,517,935
<b>Intangible Assets</b>										
– Production Software	35,956,665	18,769,431	—	54,726,096	2,506,423	10,635,653	—	13,142,076	41,584,020	33,450,242
– Computer Software	3,285,433	—	—	3,285,433	363,811	1,095,035	—	1,458,846	1,826,587	2,921,622
<b>TOTAL</b>	<b>1,166,176,868</b>	<b>250,474,431</b>	<b>17,630,521</b>	<b>1,399,020,778</b>	<b>281,201,434</b>	<b>158,683,925</b>	<b>2,643,192</b>	<b>437,242,167</b>	<b>961,778,611</b>	<b>884,975,434</b>
Capital work-in-progress (includes capital advances amounting to Rs. 39,822,363, Previous year Rs. 14,960,779)									39,822,363	14,972,097
<b>TOTAL</b>									<b>1,001,600,974</b>	<b>899,947,531</b>
Previous Year	823,080,909	347,959,728	4,863,769	1,166,176,868	167,811,730	114,405,378	1,015,674	281,201,434	884,975,434	—

**Notes:**

- 1) Includes Rs. 9,768,324 adjusted on account of reduction in cost on final negotiations with Supplier
- 2) Includes depreciation of Rs. 22,138 written back on adjustment indicated in Note (1) above



## T.V. Today Network Limited

### FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2005

	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
<b>SCHEDULE - D</b>		
<b>Other Investment (unquoted, Non-trade) - at cost</b>		
<b>Current Investment</b>		
44,039 units (Previous Year Nil) of Templeton India Treasury Management Account Weekly Dividend	54,793,967	—
1,211,679 units (Previous Year Nil) of Templeton Floating Rate Income fund STP	12,125,844	—
5,949,955 units (Previous Year Nil) of HSBC Cash Fund Institutional weekly Dividend	62,125,427	—
5,000,000 units (Previous Year Nil) of Reliance Fixed Term Scheme-Qtr Plan-VII Dividend option	50,000,000	—
5,000,000 units (Previous Year Nil) of JM Fixed Maturity Plan SA5-(QD)	50,000,000	—
3,000,000 units (Previous Year Nil) of UTI-Fixed Maturity Plan-Quarterly Feb 2005 (IR)	30,000,000	—
5,000,000 units (Previous Year Nil) of Prudential ICICI Plan 1 Year Plus Direct Growth	50,000,000	—
<b>TOTAL</b>	<b>309,045,238</b>	<b>—</b>

[Aggregate Net Asset Value of unquoted investments as on 31st March, 2005 is Rs. 309,457,936]

<b>SCHEDULE - E</b>		
<b>SUNDRY DEBTORS (Unsecured)</b>		
Outstanding for a period exceeding six months		
- Considered good	12,106,998	14,456,361
- Considered doubtful	42,654,142	30,360,204
	<b>54,761,140</b>	<b>44,816,565</b>
Other Debts		
- Considered good	434,327,882	402,730,981
- Considered doubtful	20,343,239	31,971,942
	<b>454,671,121</b>	<b>434,702,923</b>
Total	<b>509,432,261</b>	<b>479,519,488</b>
Less: Provision for doubtful debts	62,997,381	62,332,146
<b>TOTAL</b>	<b>446,434,880</b>	<b>417,187,342</b>

<b>SCHEDULE - F</b>		
<b>CASH AND BANK BALANCE</b>		
<b>[Refer Note 8 on Schedule Q(B)]</b>		
Cash in hand (including cheques in hand Rs. NIL, Previous Year Rs. 500,000)	287,533	814,407
Balance with scheduled banks		
- Current Accounts	6,979,801	2,256,424
- Deposit Accounts (including Unutilised Public Issue Proceeds Rs. 612,498,872 : Previous year Rs. 835,134,713)	650,353,396	985,193,442
- Dividend Account	147,884	—
- Cash Credit Accounts (Book Balance)	—	7,339,812
<b>TOTAL</b>	<b>657,768,614</b>	<b>995,604,085</b>



**FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2005**

	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
<b>SCHEDULE - G</b>		
<b>a) LOANS &amp; ADVANCES</b>		
<b>(Unsecured, considered good, unless otherwise stated)</b>		
Advance Tax	305,333,302	224,241,789
Less: Provision for Income Tax	297,532,907	210,733,400
Advance tax net of Provision for Tax	7,800,395	13,508,389
Advances recoverable in cash or in kind or for value to be received*	101,299,425	78,380,674
	109,099,820	91,889,063
Considered doubtful	1,783,132	233,132
Less: Provision for doubtful Advance	(1,783,132)	(233,132)
	—	—
<b>TOTAL</b>	<b>109,099,820</b>	<b>91,889,063</b>
* Includes amounts due from Managing Director Rs. Nil (Previous Year Rs. Nil) and maximum outstanding balance at any time during the year of Rs. 1,090 (Previous Year Nil)		
* Includes amounts due from Company Secretary Rs. Nil (Previous Year Rs. Nil) and maximum outstanding balance at any time during the year of Rs. 15,500 (Previous Year Rs. 5,000)		
<b>b) OTHER CURRENT ASSETS</b>		
<b>(Unsecured, considered good, unless otherwise stated)</b>		
Interest receivable	6,374,025	7,530,283
	6,374,025	7,530,283
<b>SCHEDULE - H</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
- Due to others	239,292,355	272,075,997
Dividend Payable	147,884	—
Other Liabilities	61,959,235	56,475,398
Book Overdraft	11,972,583	—
Security Deposits	14,511,546	12,025,338
<b>TOTAL</b>	<b>327,883,603</b>	<b>340,576,733</b>
<b>SCHEDULE - I</b>		
<b>PROVISIONS</b>		
Provision for Gratuity	9,584,141	6,879,755
Provision for Leave Encashment	7,274,074	5,351,514
Proposed Dividend	43,500,000	43,500,000
Corporate Dividend Tax	6,100,875	5,573,438
<b>TOTAL</b>	<b>66,459,090</b>	<b>61,304,707</b>



## T.V. Today Network Limited

### FORMING PART OF THE BALANCE SHEET FOR THE YEAR ENDED MARCH 31, 2005

	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
<b>SCHEDULE - J</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
<b>Preliminary Expenses</b>		
Opening Balance	182,340	364,680
Less : Amortization for the year	<u>182,340</u>	<u>182,340</u>
Closing Balance	—	182,340
<b>Deferred Revenue Expenditure</b>		
Opening Balance	19,011,207	26,148,257
Less : Amortization for the year	<u>7,137,050</u>	<u>7,137,050</u>
Closing Balance	<u>11,874,157</u>	<u>19,011,207</u>
<b>TOTAL</b>	<u><u>11,874,157</u></u>	<u><u>19,193,547</u></u>

**FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005**

	For the Year Ended March 31, 2005 Amount (Rs.)	For the Year Ended March 31, 2004 Amount (Rs.)
<b>SCHEDULE - K REVENUE</b>		
Advertisement Income	1,389,396,468	1,399,772,666
Service Fee	5,000	1,710,954
Equipment Hire Charges	—	80,000
Sale of Recorded Tapes	798,222	190,295
Subscription Income	488,534	—
<b>TOTAL</b>	<b>1,390,688,224</b>	<b>1,401,753,915</b>
<b>SCHEDULE - L OTHER INCOME</b>		
Interest on Bank Deposit (Gross of Tax deducted at source Rs. 7,267,896/-; Previous Year Rs. 3,270,000)	34,902,240	15,905,270
Other Interest Income	—	1,828,041
Dividend Income	10,995,781	—
Miscellaneous Income	385,841	523,521
Profit on sale of Investment (Net)	61,458	—
Provisions / Balances no longer required written back	27,431,544	5,214,873
<b>TOTAL</b>	<b>73,776,864</b>	<b>23,471,705</b>
<b>SCHEDULE - M EMPLOYEE COST</b>		
Salaries, Wages and Allowances	225,976,963	173,461,523
Contribution to Provident and Other Funds	18,856,034	17,241,953
Staff and Workers' Welfare	4,656,784	5,717,584
Managerial Remuneration	2,565,063	4,991,550
<b>TOTAL</b>	<b>252,054,844</b>	<b>201,412,610</b>
<b>SCHEDULE - N PRODUCTION COST</b>		
Reporting Expenses	35,890,181	9,778,589
Uplinking Charges	8,590,555	6,552,151
Assignment Charges	14,855,661	7,876,709
Production Expenses	56,900,278	13,103,066
Subscription	21,887,621	19,792,499
Consumables	9,614,706	10,307,299
Transponder Lease Rentals	53,735,090	44,462,024
Programme Procurement	10,046,379	14,568,966
Purchase of Tapes	162,500	75,000
<b>TOTAL</b>	<b>211,682,971</b>	<b>126,516,303</b>



## T.V. Today Network Limited

### FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

	For the Year Ended March 31, 2005 Amount (Rs.)	For the Year Ended March 31, 2004 Amount (Rs.)
<b>SCHEDULE - O</b>		
<b>ADMINISTRATIVE AND OTHER COST</b>		
Advertising and Sales Promotion	139,907,507	137,129,892
Communication Expenses	38,210,125	30,111,765
Traveling and Conveyance	101,088,455	72,171,892
Car Hire Charges	26,976,571	18,087,536
Rent	52,411,482	45,295,308
Legal and Professional Charges	7,933,163	3,556,706
Electricity and Water	18,293,900	13,785,289
Vehicle Running and Maintenance	6,265,399	4,104,337
Insurance	9,251,446	8,723,514
Agency Incentive	14,759,186	3,188,795
Housekeeping	21,353,797	22,626,805
Repairs and Maintenance		
- Plant & Machinery	30,313,314	28,001,218
- Building	284,707	976,778
- Other	44,624,793	11,839,043
Newspapers and Periodicals	8,508,451	6,809,354
Business Promotion	9,260,387	5,780,859
Foreign Exchange Fluctuation	733,660	255,041
Printing and Stationery	5,857,935	3,170,340
Freight and Courier	3,244,507	1,476,928
Guard Services	3,002,699	2,440,064
Rates and Taxes	554,903	364,980
Provision for Doubtful Debts & Advances	29,614,412	37,513,973
Loss (Net) on Sale of Fixed Assets	1,642,114	252,725
Technical Consultancy Fees	1,576,763	5,492,815
Miscellaneous Expenses (Includes prior period expenditure of Rs. 1,383,679; Previous Year : Rs. Nil)	3,211,393	1,383,123
<b>TOTAL</b>	<b>578,881,069</b>	<b>464,539,080</b>

### SCHEDULE - P INTEREST & FINANCE CHARGES

Interest		
- Term Loan	—	7,224,514
- Others	153,911	217,209
Guarantee Commission	337,941	281,794
Finance Charges	454,582	634,918
Prepayment Premium	—	3,500,415
<b>TOTAL</b>	<b>946,434</b>	<b>11,858,850</b>



**SCHEDULE - Q**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**a. Accounting Convention**

The financial statements are prepared under the historical cost convention, on a going concern basis in accordance with the generally accepted accounting principles and the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 as adopted consistently by the company.

The company follows mercantile system of accounting and recognizes items of income and expenditure on accrual basis.

**b. Fixed Assets**

Fixed assets are stated at their original cost and include all expenses relating to acquisition and installation.

The signals of the television channels of the Company are received by the affiliates by use of digital satellite receivers. These assets are generally installed at the affiliates and the user charges / license fees recovered, if any, are reflected in "Service Fee" in the Profit & Loss Account. The digital satellite receivers are reflected as 'Plant and Machinery' in the Fixed Assets Schedule.

**c. Intangible Assets**

Acquired Intangible Assets are stated at their original cost and include all expenses relating to acquisition and installation.

**d. Depreciation**

- Depreciation on Fixed Assets (other than Leasehold Improvements, Digital Satellite Receiver boxes and Intangibles) is provided on straight-line method at the rates prescribed in Schedule XIV on triple shift basis.
- Leasehold Improvements are written off over the period of the lease.
- Digital Satellite Receiver Boxes (included in Plant & Machinery) are being depreciated over the useful life of 3 years at the rate of 33.33% per annum on straight line method.
- Depreciation on Intangibles is provided as follows:  
Computer / Production Software: Depreciated on Straight Line basis over estimated useful life of the software on a case to case basis.

**e. Revenue recognition**

- Ad Sale Revenue is recognized for the period for which services have been provided and for which there is certainty of ultimate collection.
- Subscription revenue is recognized on the basis of the terms of the contract with the distributor and collection agency.
- Service Fee Income collected is recognized in the period to which it relates.

**f. Inventory**

Inventory consists of blank videotapes used in the sale of recorded tapes and is valued at lower of cost or net realizable value. Cost is taken on First In First Out (FIFO) basis.

Blank videotapes which are not used in the sale of Recorded Tapes, are charged off as expense in the books at the time of their purchase.

**g. Investments**

Long-term investments are stated at cost unless there is a permanent decline in the carrying value thereof, in which case, it is provided for. Current Investments are stated at lower of cost or market value.

**h. Retirement benefits**

Liabilities towards Employee Gratuity and Leave Encashment have been provided as per actuarial valuation based on Projected Unit Credit Method at the year-end.

The actuarial valuation of the liability towards the Gratuity and Leave Encashment Retirement benefits of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations including estimation of interest rate of earnings on investments. During the year, the said estimated rate of return has been realigned with the existing market rate of interest the impact of which on the charge for the year is not readily ascertainable.

**i. Foreign currency transaction**

- Foreign exchange transactions during the year are recorded at the exchange rates prevailing on the dates of the transactions. Gains or losses out of fluctuations in rate between transaction date and settlement date in respect of revenue and expense items are recognized in the Profit and Loss account.



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- Foreign currency denominated assets and liabilities are translated into rupees at the exchange rates prevailing at year-end rate and overall net gain / loss is adjusted in the Profit and Loss Account.

### j. Miscellaneous Expenditure

- Preliminary expenses are amortized over a period of 5 years from the year of incorporation.
- Expenditure incurred in the initial period of operations on market launch, including advertising & brand building has been considered as deferred revenue expenditure and charged off over a period of 5 years from the year in which such expenditure is incurred.
- Expenditure incurred in the financial year 2002-03 which was related to indirect expenditure for expansion for its new television channel titled "Headlines Today" has been considered as deferred revenue expenditure in accordance with the Guidance Note on "Treatment of Expenditure during Construction Period" of the Institute of Chartered Accountants of India to be charged off over a period of 5 years from the year in which such expenditure is incurred on a pro-rata basis.

### k. Taxes on Income

Tax expense for the period, comprising current tax and deferred tax is included in determining the net profit for the period.

In the year of transition the accumulated deferred tax asset at the beginning of the period has been recognized with a corresponding credit to the opening reserves in accordance with the Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

Deferred tax assets are recognized for all deductible timing differences and carried forward to the extent there is reasonably certainty that sufficient future taxable profit will be available against which such deferred tax assets can be realized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

### l. Leases

Lease of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as expense in the profit and loss account, on a straight – line basis over the lease term.

### m. Earnings per Share

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax and includes the post tax effect of any extra ordinary items. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

### n. Borrowing Cost

Borrowing costs attributable to the acquisition or construction of a qualifying asset is capitalized as a part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### o. Public Issue Expenses

Public issue expenses are being written off against the Securities Premium Account in accordance with Section 78 of the Companies Act, 1956.

## B. NOTES ON ACCOUNTS

### 1. Capital Commitments / Contingent Liabilities :

- (a) Estimated amounts of contract remaining to be executed on capital account, net of advances, not provided for Rs. 118,939,881 (Previous year Rs. 198,317,719)
- (b) During the year the company has received a statement of claim dated 28 September 2004 from Prasar Bharti towards uplinking charges of Rs. 21,420,430 for the period February 1995 to March 1998 plus 18% interest per annum thereon from March 1998 onwards, which is disputed by the company and is currently referred to arbitration. The company has also received an Notice of invocation of arbitration by Prasar Bharti on claim towards uplinking charges for the period April 1998 to March 2000. However no statement of claim for the latter has been filed with the arbitrator. In the opinion of the management, based on the facts of the case, the provision aggregating Rs 10,643,605 made in these books in earlier years against the claim is considered adequate.
- (c) The Company has received legal notices of claims / lawsuits filed against it in respect of programmes aired on the Channels. In the opinion of the management, no liability is likely to arise on account of such claims / lawsuits.

2. Details of Investments purchased and sold/redeemed during the year:

(Amount Rs.)

Particulars	For the year ended 31st March 2005			For the year ended 31st March 2004		
	Units Purchase During the year	Purchase At Cost	Units Sold	Units Purchase During the year	Purchase At Cost	Units Sold
HDFC Cash Management Fund-Saving Plan-Weekly Dividend Reinvestment	5,819,818	61,856,474	5,819,818	-	-	-
HSBC Cash Fund-institutional -Weekly Dividend	5,949,955	62,125,428	-	-	-	-
Alliance Cash Manager-IP -Weekly Dividend	6,179,244	61,829,126	6,179,244	-	-	-
Reliance Fixed Term Scheme -Monthly Plan-9-Dividend Option	6,021,960	60,219,600	6,021,960	-	-	-
Reliance Fixed Term Scheme -Monthly Plan-15-Dividend Option	1,505,775	15,057,750	1,505,775	-	-	-
Reliance Fixed Term Scheme -Qtr Plan-VII-Dividend Option	5,000,000	50,000,000	-	-	-	-
Templeton Floating Rate Income fund STP	6,200,475	62,051,071	4,988,796	-	-	-
Templeton India Treasury Management Account weekly Dividend	44,039	54,793,966	-	-	-	-
JM Fixed Maturity PI-QSA5-Dividend	5,000,000	50,000,000	-	-	-	-
UTI -Fixed Maturity Plan -Quarterly Feb 2005 (IR) Dividend Plan	3,000,000	30,000,000	-	-	-	-
Prudential ICICI Plan 1 year Plus-Direct Growth	5,000,000	50,000,000	-	-	-	-
<b>Total</b>		<b>557,933,415</b>				

3. Particulars of Managerial Remuneration

(a) The remuneration paid to the managerial personnel during the year aggregates:

(Amount Rs.)

Particulars	Managing Director	
	31-03-2005	31-03-2004
Commission	2,565,063	4,991,550
Taxable value of perquisites	NIL	19,200
<b>Total</b>	<b>2,565,063</b>	<b>5,010,750</b>



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(b) Computation of managerial remuneration under section 349 of the Companies Act, 1956 –

	For the year ended March 31, 2005 Amount (Rs.)	For the year ended March 31, 2004 Amount (Rs.)
Profit before taxation	254,864,205	499,206,259
Add : Depreciation as per books	158,683,925	114,405,378
Add : (Profit)/Loss on sale of assets	1,642,114	(51,273)
Excess of expenditure over income in respect of earlier years	NIL	NIL
Less : Depreciation under section 350 of the Companies Act, 1956	(158,683,925)	(114,405,378)
Add : Managerial remuneration	2,565,063	4,991,550
Profits for the purposes of		
Managing Directors' commission as per the Companies Act, 1956	259,071,382	504,146,536
Maximum remuneration payable to Managing Director being 5% of the above profits after providing managerial remuneration	12,336,732	24,006,978
Actual remuneration payable to the Managing Director		
- Commission	2,565,063	4,991,550
- Taxable value of perquisites		19,200
<b>Total</b>	<b>2,565,063</b>	<b>5,010,750</b>

4. The deferred tax liability as at March 31, 2005 comprises of the following:

	As at April 1, 2004, Amount (Rs.)	Charged / Credited during the year Amount (Rs.)	As at March 31, 2005 Amount (Rs.)
<b>Tax impact of amounts charged off to Profit and Loss account but allowable in future years under Income Tax</b>			
Provision for Bad & Doubtful Debts	22,445,293	(640,173)	21,805,120
Other disallowances as per the Income tax Act, 1961	4,425,370	7,818,237	12,243,607
<b>Total Deferred Tax Assets</b>	<b>26,870,663</b>	<b>7,178,064</b>	<b>34,048,727</b>
<b>Tax impact of amounts to be charged off to Profit and Loss account in future years but allowable under Income Tax</b>			
Depreciation	102,955,180	12,243,680	115,198,860
Deferred Revenue Expenditure	4,161,410	(1,233,720)	2,927,690
<b>Total Deferred Tax Liabilities</b>	<b>107,116,590</b>	<b>11,009,960</b>	<b>118,126,550</b>
<b>Net Deferred Tax Assets / (Liabilities)</b>	<b>(80,245,927)</b>	<b>(3,831,896)</b>	<b>(84,077,823)</b>

- "Depreciation" on the additions in "Vehicles" during the financial year 2001 – 2002 has been claimed at the special rate prescribed for the said year for "commercial vehicles".

5. Earnings per share

	2004-2005	2003-2004
(a) Weighted average number of Equity Shares outstanding during the year	58,000,000	50,267,760
(b) Net Profit after tax available for Equity Shareholders (Rs.)	164,232,802	320,835,600
(c) Basic and Diluted Earnings Per Share (Rs.)	2.83	6.38
(d) Nominal Value Per Share (Rs.)	5	5

The Company does not have any outstanding dilutive potential equity shares.

6. Information pursuant to the provisions of paragraph 3, and 4 of Part-II of Schedule-VI to the Companies Act, 1956:-

	2004-05 Rs.	2003-04 Rs.
<b>(a) Value of imports on CIF basis</b>		
Capital goods	93,572,133	83,090,065
Components & Spare parts	2,102,097	—
<b>(b) Income in Foreign Currency (Accrued basis)</b>		
Subscription Income	488,534	NIL
Footage Sale	69,240	NIL
<b>(c) Expenditure in Foreign Currency (Accrued basis)</b>		
Traveling	11,113,348	10,402,181
Production Cost	62,822,055	33,717,803
Repair & Maintenance	25,738,866	—
Other Expenses	4,893,937	2,274,724
<b>(d) Auditors Remuneration</b>		
Statutory Audit (excluding service tax)	1,250,000	900,000
Tax Audit (excluding service tax)	100,000	100,000
Other Services	600,000	—
Audit Fee for Public Issue	—	1,600,000
Out of Pocket Expenses	—	50,000

7. Quantitative Information for 2004-05:

Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Tapes	43	32,250	250	1,62,500	293	798,222	—	—
	(—)	(—)	(100)	(75,000)	(57)	(190,295)	(43)	(32,250)

Note:

1. Previous year figures are in italics and bracket

8. The Company has utilized the gross public issue proceeds on issue of 10,000,000 equity shares of Rs. 5/- each, issued at a premium of Rs. 90 each in the following manner:

	As at 31st March-05 Rs.	As at 31st March-04 Rs.
Gross Public Issue Proceeds	950,000,000	950,000,000
Less : Purchase of Fixed Assets	(277,501,128)	(92,236,637)
Less : Corporate Advertisement Expenditure	(60,000,000)	(22,628,650)
Unutilised Public Issue Proceeds in deposits	<u>612,498,872</u>	<u>835,134,713</u>



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9. Related Party Disclosures (as identified and certified by the Company) as per the requirement of Accounting Standard 18 issued by the Institute of Chartered Accountants of India:

**(I) Name of the related party and nature of related party relationship where control exists:**

**(a) Directors and their relatives:**

- Mr. Aroon Purie (Managing Director)

**(b) Entities Controlling the Company (Holding Companies):**

- World Media Private Limited
- Living Media India Limited

**(c) Fellow Subsidiary Companies:**

- Radio Today Broadcasting (Delhi) Limited
- Radio Today Broadcasting (Calcutta) Limited
- Radio Today Broadcasting (Mumbai) Limited

**(d) Companies under common control :**

- Thomson Press (India) Ltd.
- Integrated Data Bases India Limited

**(e) Others**

- Vasant Valley School.

(II) Transactions with related parties during the year in the ordinary course of business:

Nature of Transaction	Holding Companies	Companies under common control	Fellow-Subsidiaries	Directors	Others
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Purchases of Ad Space/Material	14,510,772 <i>(21,968,502)</i>	–	8,720,484 <i>(10,828,743)</i>	–	– <i>(27,500)</i>
Sale of Ad Space*	19,380,473 <i>(10,693,638)</i>	2,856,935 <i>(2,966,060)</i>	18,476,480 <i>(17,697,212)</i>	–	–
Sale of recorded tapes*	861,000 <i>(162,000)</i>	–	–	–	–
Management Fee	600,000 <i>(3,600,000)</i>	1,200,000	–	–	–
Purchase of Fixed Assets	10,987,977 <i>(124,725)</i>	–	–	–	–
Sale of Fixed Assets (at Sale Value)	300,949 <i>(44,643)</i>	–	584,048	–	–
Ticker Services	162,000 <i>(2,889,000)</i>	–	–	–	–
SMS Charges	2,622,800 <i>(2,812,000)</i>	–	–	–	–
Creative Charges	2,461,081 <i>(7,265,981)</i>	–	–	–	–
Agency Commission	130,738 <i>(51,914)</i>	–	–	–	–
Printing Charges	– <i>(1,506,610)</i>	1,217,862 <i>(809,660)</i>	–	–	–
Rent payments made to related parties for use of common facilities / utilities	13,978,514 <i>(12,269,877)</i>	–	–	–	–
Rent charged to related parties for use of common facilities/utilities	164,378 <i>(19,003)</i>	–	2,497,092 <i>(2,469,496)</i>	–	–
Remuneration/Fee paid	–	–	–	2,565,063 <i>(4,991,550)</i>	–
Proceeds for Sale of Equity Shares	– <i>(161,500,000)</i>	–	–	–	–
Share of Public Issue related Expenses	– <i>(4,440,524)</i>	–	–	–	–
Other Misc. Inter-Company services received from related parties	5,320,080 <i>(2,262,919)</i>	155,589 <i>(195,701)</i>	–	–	–
Other Misc. Inter-Company services rendered to related parties	1,088,241 <i>(474,350)</i>	–	3,797,818 <i>(1,305,958)</i>	–	–

(\*) The figures include Sales Tax / Service Tax as applicable

Note:

1. Previous year figures are in italics and bracket
2. Other Related Party transactions:

The Company is using certain 2 MB telephone leased obtained from Mahanagar Telephone Nigam Limited. These facilities were originally obtained in the name of Living Media India Limited and are pending transfer in the name of the Company.



### (III) Outstanding Balances pertaining to Related Parties

Name of the Related Party	Amount outstanding as at March 31, 2005 Amount (Rs.)	Amount outstanding as at March 31, 2004 Amount (Rs.)
Living Media India Limited	(19,974,982)	(20,876,732)
<b>Total Holding Companies</b>	<b>(19,974,982)</b>	<b>(20,876,732)</b>
Thomson Press India Limited	(314,638)	(976,182)
<b>Total Companies under common Control</b>	<b>(314,638)</b>	<b>(976,182)</b>
Radio Today Broadcasting (Delhi) Limited	15,738,081	2,233,340
Radio Today Broadcasting (Mumbai) Limited	4,441,577	(4,864,424)
Radio Today Broadcasting (Calcutta) Limited	1,058,958	(1,382,578)
<b>Total Fellow Subsidiary Companies</b>	<b>21,238,616</b>	<b>(4,013,662)</b>
Aroon Purie	(1,677,764)	(3,344,338)
<b>Total Directors</b>	<b>(1,677,764)</b>	<b>(3,344,338)</b>
<b>Others-Vasant Valley School</b>	<b>(—)</b>	<b>(26,950)</b>

Figures in brackets represent amount payable.

10. Segment Reporting:
  - a) Primary Segment:

The Company operates predominantly in only one business segment viz. 'Advertisement Sale' and there are no significant reportable business segments.
  - b) Secondary Segment:

The Company caters to the predominantly to the needs of Indian market and there are no significant reportable geographical segments.
11. Operating Leases - Other than non-cancellable  
The Company has entered into lease transactions during the current financial year mainly for leasing of office premises and company leased accommodations for its employees for periods upto 10 years. Terms of lease include terms of renewal, increase in rents in future periods and terms of cancellation. The operating lease payments recognized in the Profit & Loss account amount to Rs. 18,506,612/- (Previous Year: Rs. 15,651,600) for the leases, which commenced on or after April 1, 2001.
12. Prior period expenses includes Advertisement expenses of Rs. 1,129,432.
13. Upto year 2003-04, depreciation on Intangibles was provided on a straight line basis on the basis of life of 3 & 6 years for Software & Production Software respectively. In 2004-05, management has decided to change the policy prospectively from 1<sup>st</sup> April 2004 & accordingly the depreciation has been computed based on the estimated useful life of each of the items of Intangible Assets, as specified in Significant Accounting Policies (Refer A (d) above), resulting in higher charge on account of depreciation of Rs.2,150,739 with a consequential impact on the profit for the year ended March 31, 2005 and the net assets in accordance with Accounting Standard – 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies" and Accounting Standard – 6 "Depreciation Accounting" issued by the Institute of Chartered Accountants of India.
14. Previous year's figures have been regrouped/ reclassified wherever necessary to make them comparable to current year's figures.



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

	For the Year Ended March 31, 2005 Amount (Rs.)		For the Year Ended March 31, 2004 Amount (Rs.)	
<b>Cash flows from operating activities</b>				
Net profit before taxation, and extraordinary item	254,864,205		499,206,259	
Adjustments for:				
Depreciation	158,683,925		114,405,378	
Preliminary Expenses written off	182,340		182,340	
Deferred Revenue Expenditure written off	7,137,050		7,137,050	
Provision for Gratuity	2,704,386		2,450,672	
Provision for Leave Encashment	1,922,560		2,259,007	
Provision for Doubtful Debts & Advances	29,614,412		37,513,973	
Provision for no longer required written back	(27,431,544)		(5,214,873)	
Provision for Wealth Tax	334,200		160,000	
Loss/(Profit) on sale of Fixed Assets	1,642,114		252,725	
Interest received on deposits	(34,902,240)		(15,905,270)	
Dividend received	(10,995,781)		—	
interest Paid	153,911		7,441,723	
Profit on sale of investments	(61,458)		—	
Prepayment Premium on term loan repaid	—		3,500,415	
<b>Operating profit before working capital changes</b>	<b>383,848,080</b>		<b>653,389,399</b>	
Change in Sundry Debtors	(40,682,366)		(114,455,302)	
Change in inventory	32,250		—	
Change in Other Current Assets	(24,359,964)		(34,725,963)	
Change in Current Liabilities	(4,451,768)		155,773,998	
<b>Cash generated from operations</b>	<b>314,386,232</b>		<b>659,982,132</b>	
Income taxes paid	(81,091,513)		(154,356,893)	
<b>Net cash from operating activities</b>		<b>233,294,719</b>		<b>505,625,239</b>
<b>Cash flows from investing activities</b>				
Purchase of investments	(557,933,415)		—	
Sale of investments	248,949,636		—	
Purchase of fixed assets	(250,474,431)		(347,959,728)	
Dividend received	10,995,781		—	
(Increase)/ Decrease in Capital Work in Progress	(24,850,265)		18,385,247	
Proceeds from sale of equipment	3,490,243		3,595,370	
Interest received on deposits	36,058,498		9,334,173	
<b>Net cash from investing activities</b>		<b>(533,763,953)</b>		<b>(316,644,938)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of share capital	—		950,000,000	
Public Issue Expenses	—		(49,766,980)	
Repayment of long-term borrowings from banks	—		(335,000,000)	
Proceeds from Cash Credits (Net)	19,312,395		(31,236,667)	
Interest paid	(153,911)		(16,747,871)	
Prepayment Premium on term loan repaid	—		(3,500,415)	
Dividend & CDT paid	(49,184,907)		—	
<b>Net cash used in financing activities</b>		<b>(30,026,423)</b>		<b>513,748,067</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(330,495,657)</b>		<b>702,728,368</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>988,264,273</b>		<b>285,535,905</b>
<b>Cash and cash equivalents at end of year (see Note 1)</b>		<b>657,768,614</b>		<b>988,264,273</b>

**Note : 1**

**Cash and cash equivalents at end of year**

Cash in hand	287,533	314,407
Cheques in hand	—	500,000
Balance with scheduled banks —		
— Current Accounts	6,979,801	2,256,424
— Dividend Account	147,884	—
— Deposit Accounts (including Unutilised Public Issue Proceeds Rs. 612,498,872 : Previous year Rs. 835,134,713)	650,353,396	985,193,442
<b>Cash and cash equivalents</b>	<b>657,768,614</b>	<b>988,264,273</b>

**Note : 2**

Figures in brackets indicate cash outflow

**Note : 3**

The above Cash flow statement has been prepared under the indirect method setout in AS—3 issued by the Institute of Chartered Accountants of India.

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

The notes referred to above forms an integral part of the Cash Flow statement

U. Rajeev

For and on behalf of the Board

Partner

Membership No. F-87191

For & on behalf of

Price Waterhouse

Chartered Accountants

S N Sridhar

GM - Legal &

Company Secretary

Sanjay Jain

GM - Finance

Anil Mehra

Director

Aroon Purie

Chairman &

Managing Director

Place : New Delhi

Date : June 16, 2005

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## T.V. Today Network Limited

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### (A) REGISTRATION DETAILS

REGISTRATION NUMBER	:	103001
STATE CODE	:	55
BALANCE SHEET DATE	:	MARCH 31, 2005

#### (B) CAPITAL RAISED DURING THE YEAR (Amount in Rs.' 000)

PUBLIC ISSUE*	:	NIL
RIGHTS ISSUE	:	NIL
BONUS ISSUE	:	NIL
PRIVATE PLACEMENT	:	NIL

#### (C) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs '000)

TOTAL LIABILITIES	:	2,542,198
TOTAL ASSETS	:	2,542,198

#### SOURCES OF FUNDS

PAID-UP CAPITAL	:	290,000
RESERVES AND SURPLUS	:	1,773,777
SHARE APPLICATION	:	-
SECURED LOANS	:	-
UNSECURED LOANS	:	-
DEFERRED TAX LIABILITY - NET	:	84,078

#### APPLICATION OF FUNDS

NET FIXED ASSETS	:	961,779
CAPITAL ADVANCES	:	39,822
INVESTMENTS	:	309,045
NET CURRENT ASSETS	:	825,335
MISCELLANEOUS EXPENDITURE	:	11,874
ACCUMULATED LOSSES	:	-

#### (D) PERFORMANCE OF THE COMPANY (Amount in Rs. '000)

TURNOVER	:	1,464,465
TOTAL EXPENDITURE	:	1,209,601
PROFIT/(LOSS) BEFORE TAX	:	254,864
PROFIT/(LOSS) AFTER TAX	:	164,233
EARNINGS PER SHARE IN RS	:	2.83
DIVIDEND RATE %	:	15

#### (E) GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

ITEM CODE NUMBER	:	-
PRODUCT DESCRIPTION	:	TELECAST & BROADCAST

## NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the shareholders of the Company is scheduled to be held on Thursday, the 25<sup>th</sup> August, 2005 at 10.0 A.M at M.P.C.U. Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, (Shree Delhi Gujarati Samaj), 2, Raj Nivas Marg, Delhi - 110 054 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March 2005 and the Profit & Loss Account for the year ended on that date, together with the reports of the Auditors and Directors thereon.
2. To consider declaration of dividend on equity shares.
3. To appoint a Director in place of Mr. Anil Vig, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Price Waterhouse, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and authorize the Board of Directors and/or Committee thereof to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:  

“RESOLVED THAT Mr. Rakesh Kumar Malhotra, who was appointed as an Additional Director of the Company on 15<sup>th</sup> January 2005 and holds office up to the date of this Annual General Meeting, be and is hereby appointed as Director of the Company liable to retire by rotation.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:  

RESOLVED THAT pursuant to Section 61 and other applicable provisions, if any, of the Companies Act, 1956 the consent of the shareholders be and is hereby accorded for variation in the 'Objects of the issue' as mentioned in the Prospectus with reference to the deployment of balance IPO proceeds aggregating to Rs. 61.25 crores for the following purposes in addition to the purposes already specified in the Prospectus:

- a) Additional Engineering Equipments;
- b) Increase in upgradation of Transmission Equipment;
- c) Land, Building for studio, Corporate office and allied purposes;
- d) Increase in all production equipment and facilities;
- e) Any other up-gradation of technology / infrastructure;
- f) Hardware/equipment for new channels.

By order of the Board  
**For TV Today Network Limited**

Place : New Delhi  
 Date : June 16, 2005

**S.N. SRIDHAR**  
*G.M. (Legal) &  
 Company Secretary*

### NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint one or more persons as his proxies to attend and vote instead of himself and the proxy need not be a member of the company.**
2. **The proxy form in order to be effective should be duly stamped, signed and completed in all respects and must be deposited at the registered office of the company not less than 48 hours before the commencement of the aforesaid meeting.**
3. No person shall be entitled to attend or vote at the meeting as a duly authorized representative of any body corporate which is a shareholder of the Company, unless a certified copy of the resolution appointing him/her as duly authorized representative has been deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Books of the Company will be closed from 16<sup>th</sup> August to 25<sup>th</sup> August, 2005 (Both days inclusive).
5. If the dividend on equity shares as recommended by the Directors is approved at the meeting, the payment of such dividend will be made to those members of the Company whose name appear on the Register of Members and as per beneficial owners position received from National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the close of 15<sup>th</sup> August, 2005
6. Members are requested to:
  - a. Notify promptly any change in their address either to the Company at its registered office or to the Company's Registrar and Share Transfer Agent, M/s. MCS Limited, Sri Venkatesh Bhawan, Plot No. 27, Road No. 11, MIDC Area, Andheri (East), Mumbai - 400 093.
  - b. Send their queries, if any, at least 15 days in advance of the meeting at the Company's registered office at Videocon Tower, E-1, Jhandewalan Extension, New Delhi-110 055 so that the information can be made available at the meeting.
  - c. Fill the attendance slip for attending the meeting and those who hold the shares in dematerialised form are requested to bring their Client ID and DP ID for easy identification of attendance at the meeting.
7. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Items No. 5 & 6 of the Notice is appended hereto and forms part of this Notice.
8. Shareholders are advised that copies of the Annual Report will not be distributed at the venue of the Annual General Meeting and hence the shareholders are requested to bring their copies of the Annual Report, which are mailed to them at their registered addresses intimated and available in the records of the Company.



9. Mr. Anil Vig, Director retires by rotation and is eligible for re-appointment at the Annual General Meeting and Mr. Rakesh Kumar Malhotra is being proposed for appointment as a

Director liable to retire by rotation. Brief resumes of the said Directors are as under:

Name	Anil Vig	Rakesh Kumar Malhotra
Age	40 years	53 years
Qualifications	B.A. from Delhi University Degree from Paper Association of Finland, Helsinki	Graduate in Commerce from Hansraj College, Delhi University
Expertise in specific functional area	International Business	Industrialist
Date of appointment on the Board of the Company	2 <sup>nd</sup> August 2001	15 <sup>th</sup> January 2005
Name(s) of the Other Companies in which Directorship held	Anika International Limited Anika Global Trading Private Limited Ebony Fashions Private Limited	Thomson Press (India) Limited High Speed Construction & Marketing Private Limited Sanjha Properties Private Limited
Name (s) of Companies in which Committee Membership(s)/ Chairmanship(s) held (as per Clause 49 of the Listing Agreement)	Member: Shareholders/ Investors Grievance and Share Transfer Committee - TV Today Network Limited	Chairman: Audit Committee-TV Today Network Limited Member: Audit Committee- Thomson Press (India) Limited
Shareholding in the Company	Nil	Nil

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

**ITEM NO. 5**

Mr. Rakesh Kumar Malhotra was appointed as an additional director by resolution passed by circulation by Board of Directors on January 15, 2005. As an additional director, Mr. Rakesh Kumar Malhotra holds the office up to the date of the ensuing Annual General Meeting of the Company.

Mr. Rakesh Kumar Malhotra is a commerce graduate from Hansraj College, Delhi University. He has about 28 years of experience in Business and Industry. Mr. Malhotra's rich experience in General Management, Export-Import etc. and his business acumen would be of immense help to the Company.

One of the members of the Company has given notice under Section 257 of the Companies Act, 1956 for appointment of Mr. Rakesh Kumar Malhotra on the Board of Directors of the Company.

Your Directors recommend the appointment of Mr. Rakesh Kumar Malhotra as director on the Board of the Company.

None of the Directors except Mr. Rakesh Kumar Malhotra is interested in the proposed resolution.

**ITEM NO. 6**

In the "Object of the Issue" in the Prospectus issued for the Initial Public Offer (IPO), the Company had represented that the IPO proceeds will be utilised for the following purposes:-

- i) Setting up / up-gradation of news bureaus;
- ii) Up-gradation of existing news channels & news gathering infrastructure;
- iii) For General Corporate purposes;
- iv) Pay Channel infrastructure

Out of issue proceeds of Rs 95 crores, Company had utilized Rs 33.75 crores upto the financial year ended 31.03.2005 for the purposes specified at (i) to (iii) above.

In view of non implementation of CAS by the Government of India, the Company could not use the IPO proceeds for Pay Channel infrastructure specified at (iv) above. Thus there is a need for change in the utilization of the balance issue proceeds aggregating to Rs 61.25 crores for the following purposes in addition to the purposes already specified in the Prospectus:

- a) Additional Engineering Equipments;
- b) Increase in upgradation of Transmission Equipment;
- c) Land, Building for studio, Corporate office and allied purposes;
- d) Increase in all production equipment and facilities;
- e) Any other up-gradation of technology / infrastructure;
- f) Hardware/equipment for new channels.

Pursuant to Section 61 of the Companies Act 1956, for variation in the 'Object of the Issue' of the Prospectus, i.e. with reference to the variation in the utilization of issue proceeds, shareholders approval is required.

Your Directors recommend the resolution as set out in the agenda item for your approval.

None of the Directors of the Company, in any way, is interested or concerned in the proposed resolution.

By order of the Board  
For **TV Today Network Limited**

Place : New Delhi  
Date : June 16, 2005

**S.N.SRIDHAR**  
G.M (Legal) &  
Company Secretary

**T.V. TODAY NETWORK LIMITED**

Registered Office: Videocon Tower, E-1, Jhandewalan Extn.,  
New Delhi –110 055

**PROXY FORM**

Folio No. \_\_\_\_\_

I/We \_\_\_\_\_

Being a member/ members of \_\_\_\_\_

hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_

as my/ our proxy to vote for me/us on my/our behalf at the **ANNUAL GENERAL MEETING** of the company to be held on 25<sup>th</sup> August, 2005 at 10.00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2005.

Name \_\_\_\_\_

Address \_\_\_\_\_ **Signature** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Rs. 1/-  
Revenue  
Stamp

**NOTE: Proxy Forms must reach the Company's Registered Office not less than 48 hours before the Commencement of the Meeting.**

----- TEAR HERE -----

**T.V. TODAY NETWORK LIMITED**

Registered Office: Videocon Tower, E-1, Jhandewalan Extn.,  
New Delhi –110 055

**ATTENDANCE SLIP**

To be handed over at the entrance of the meeting hall

Name of the attending Member \_\_\_\_\_  
(In Block Letters)

Folio No. \_\_\_\_\_

Name of Proxy (In Block Letters) \_\_\_\_\_  
(To be filled in if the Proxy attends instead of the Member)

No. of Shares held \_\_\_\_\_

I hereby record my presence at the **ANNUAL GENERAL MEETING** of the Company held at the M.P.C.U. Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, (Shree Delhi Gujarati Samaj), 2, Raj Nivas Marg, Delhi - 110 054 on 25<sup>th</sup> August, 2005 at 10.00 a.m.

Member's / Proxy's Signature  
(To be signed at the time of handing over this slip)

**NOTE: PLEASE BRING YOUR COPY OF THE ANNUAL REPORT TO THE MEETING HALL AS COPIES OF THE REPORT WILL NOT BE DISTRIBUTED AT THE MEETING.**