



INDIA'S No.1 NEWS NETWORK

ANNUAL REPORT 2007 – 2008

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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

Ashok Kumar Vermani

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,
W-40, Okhla Industrial Area
Phase-II, New Delhi-110020

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors are pleased to present the Ninth Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March 2008.

1. Financial Results

The financial results of the Company for the year ended 31st March 2008 are summarized below for your consideration.

(Rs. in crores)

Particulars	Year Ended 31 st Mar'08	Year Ended 31 st Mar'07
Income from operations and other income	251.43	202.44
Profit before finance, Amortization, Depreciation and Tax	82.92	65.60
Interest and Finance Charges	0.09	0.12
Depreciation	16.01	17.01
Misc. Expenses Written off	-	0.29
Profit before tax	66.82	48.18
Employee Stock Compensation Expense	0.11	0.07
Provision for Tax	23.16	17.01
Net Profit	43.55	31.10
Balance amount brought forward	82.38	67.02
Profit Available for appropriation	125.93	98.12
Transferred to General Reserve	10.00	10.00
Proposed Dividend	4.35	4.35
Corporate Dividend Tax	0.74	0.74
Balance Carried forward	110.84	83.03

2. Performance

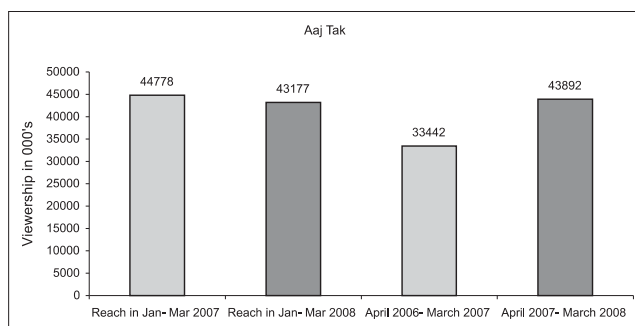
During the financial year, your Company's revenue from operations has been Rs. 231.06 crores compared to Rs. 188.90 crores last year, an increase of 22.32%. Profit before tax has been Rs. 66.82 crores compared to Rs. 48.18 crores last year, registering a growth of 38.69% over the last year. Profit after tax has been Rs. 43.55 crores compared to Rs. 31.10 crores last year, registering a growth of 40.03% over the last year. Increase in revenue and profit was mainly due to increased sales, international subscription and advertisement revenue, better operational efficiency and cost control (except distribution cost).

During the Financial year, Aaj Tak continued to maintain its leadership position for the 7th consecutive year despite increased competition in the Hindi news genre by the existing as well as new news channel launched in last year. Viewers reposed confidence in Aaj Tak for the seventh consecutive year due to its editorial excellence,

fair and unbiased reporting, launch of new innovative current affairs programmes catering to different segments of society and a motivated team of well-qualified professionals.

Aaj Tak

During the year, the viewership of 'Aajtak' news channel has been 43.89 million compared to 33.44 million last year, registering a growth of 31.25%. During the quarter January-March 2008, the viewership of Aaj Tak was 43.17 million compared to 44.78 million during the same quarter last year.



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

In recognition of its leadership position, Aaj Tak has been conferred with the following prestigious awards:

Sansui Television Award 2008

- Best Hindi News Channel – Aaj Tak
- Best Anchor - Prabhu Chawla for Seedhi Baat

Indian Telly Award 2007

- Best Hindi News Channel – Aaj Tak

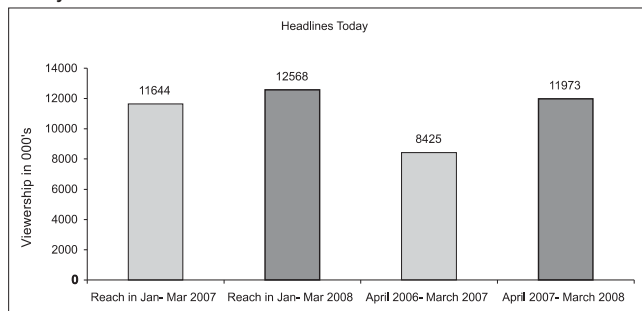
Indian Television Academy Award 2007

- Best Hindi News Channel Award – Aaj Tak

Headlines Today

It was a "refreshingly different" year for Headlines Today. The new tag line says it all. The channel, round the year displayed more energy; packaged news and programmes around it interestingly to appeal to the young and upwardly mobile; and evolved a newer look and feel. The channel today has carved out a position for itself from where it can target the Big Three. Despite consolidation in the top half of the news space, Headlines Today held its own increasing its viewership significantly in the last few months. The channel launched a slew of new shows. With an exciting line-up of big ticket news shows and in depth weekend shows, the channel is set for bigger things in the months to come. Despite increased competition from the new as well as existing players, Headlines Today registered 42.16% growth in viewership from 8.42 million in 2006-07 to 11.97 million in 2007-08. During the last

quarter January-March 2008, the viewership of Headlines Today registered growth of 7.93% at 12.57 million compared to 11.64 million during the same quarter last year.

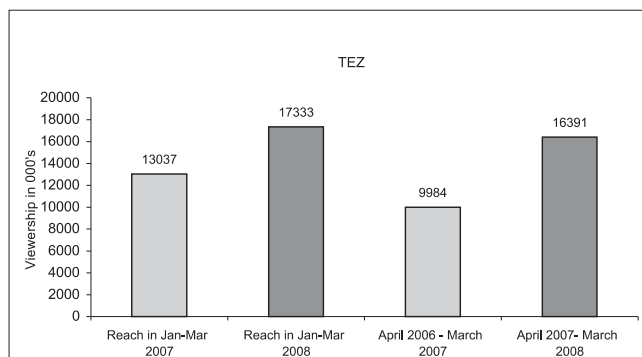


Source: TAM
TG: 4+ yrs cs
All India
Period: Average of 52 weeks of financial year

Tez

Tez was launched to cater to the time conscious people by providing crispy news. The channel has already made its place in the Hindi News genre. With a unique mix of headline format news and viewer friendly programmes, Tez has firmly established itself among top Hindi news channels. In the year 2007-08 many more Hindi news channels were launched, despite that Tez not only protected but kept growing steadily both in terms of reach and market share.

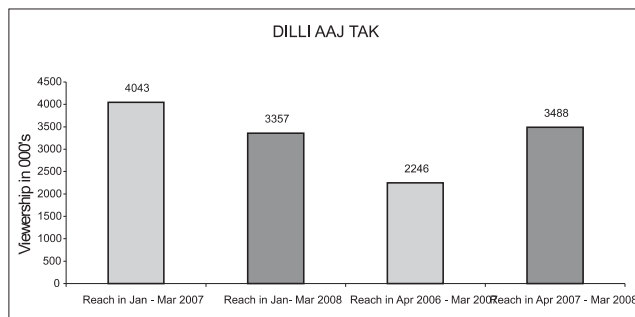
In the full year of operation ended March 31, 2008, "Tez" has achieved a remarkable reach of 16.39 million viewers in the Country as compared to 9.98 million last year registering a substantial growth of 64.23%. During the quarter January-March 2008, the viewership of "Tez" was 17.33 million compared to 13.04 million during the same quarter last year registering a growth of 32.90%.



Source: TAM
TG: 4+ yrs cs
All India Market

Dilli Aaj Tak

"Dilli Aaj Tak", with a caption "Aap Ka Shahr Aap Tak", a Metro centric 24x7 Hindi news channel was launched to cater to Delhi and NCR viewers. The channel has a news-



you-can-use format, and has been No.1 in Delhi since the date of its launch in Delhi with a viewership of 3.49 million in 2007-08 as compared to 2.25 million in 2006-07 registering a growth of 54.67%. During the quarter January-March 2008, the viewership of "Dilli Aaj Tak" was 3.36 million compared to 4.04 million during the same quarter last year. Delhi's rising consumerism, booming economy, rapidly improving infrastructure, among other things, have made it a city to reckon with at a global scale. Dilli Aaj Tak will address these and other issues to the viewers of Delhi and NCR.

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 2007-08. Total amount of dividend outgo for the financial year shall be Rs. 5.09 Crores (including Corporate Dividend Tax amounting to Rs. 0.74 Crores).

4. Directors

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of your Company, Mr. Rajan Bharti Mittal and Mr. Rakesh Kumar Malhotra, Directors, liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Your directors recommend re-appointment of Mr. Rajan Bharti Mittal and Mr. Rakesh Kumar Malhotra as directors on the Board of the Company.

5. Directors' 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 2007-08 and of the profit 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.

6. Subsidiary Company

The Audited Statement of Accounts, alongwith the report of the Board of Directors and the Auditors' Report pursuant to Section 212 of the Companies Act, 1956 of the wholly owned subsidiary Company, T.V. Today Network (Business) Limited, for the year ended on 31st March, 2008 is annexed.

7. Consolidated Accounts

In accordance with the requirement of Accounting Standard 21 of the Institute of Chartered Accountants of India to present consolidated accounts, your Company, in compliance with the said requirement has prepared the Consolidated Accounts which is annexed herewith.

8. Proposed Merger of Radio Today with the Company

During the year the Board of Directors of your Company approved the draft scheme of merger of Radio Today Broadcasting Limited (a fellow subsidiary) with your Company subject to necessary approval of Ministry of Information and Broadcasting(MIB). Both your company and Radio Today have written to the MIB for their approval, which is still awaited and accordingly no further action could be taken.

9. 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.

10. 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, their appointment 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.

11. Auditors' Report

There are no observation, qualification or adverse remark of the Auditors on the Accounts of the Company for the financial year ended 31st March, 2008 requiring comment from the Board of Directors.

12. Corporate Governance

In accordance with Clause 49 of the Listing Agreement,

your Company has ensured continued compliance of Corporate Governance requirements during the financial year. Your Company lays strong emphasis on transparency, disclosure and independent supervision to increase various stakeholders' value.

The report on Corporate Governance for the financial year 2007-08 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.

13. Employees Stock Option Plan

Human Resource is the key to the success of any organization. The Company has always valued its human resources and has tried to adopt the best HR practices. To retain and nurture well-performing employees who are contributing to the growth of the Company, your Company has formulated and introduced a stock option plan (ESOP) for its employees and Directors. The Plan/ Scheme was approved by the shareholders at the Seventh Annual General Meeting after it was recommended by the Remuneration Committee and the Board of Directors.

The disclosures in compliance with clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (as amended) are set out in the Annexure appended herewith.

A certificate from M/s. Price Waterhouse, Chartered Accountants, Statutory Auditors, with regard to the implementation of the Company Employees' Stock Option Scheme, would be placed before the shareholders in the next Annual General Meeting, and a copy of the same shall be available for inspection at the registered office of the Company.

14. Management Discussion and Analysis

Separate report on Management Discussion & Analysis is appended herewith.

15. 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. 24,724,234 |

- ii) Expenditure in foreign currency (Accrued basis)
- (a) Traveling Expenses : Rs. 11,837,834
 - (b) Production Cost : Rs. 72,274,367
 - (c) Repair and Maintenance: Rs. 2,445,902
 - (d) Others : Rs. 3,345,495
- (d) Income in foreign currency : Rs. 56,038,579
(Accrued basis)

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.

16. 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.

For and on behalf of the Board of Directors

17. Acknowledgement

Your Directors place on record their deep appreciation of the contribution made by all section of employees with dedication, commitment and team effort which helped your

Place : New Delhi
Date : June 24, 2008

Sd/-
Anil Mehra
Director

Sd/-
Aroon Purie
Chairman &
Managing Director

Note: As per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, read with amended Clause 32 of the Listing Agreement with the Stock Exchanges, the Annual Report is being sent to all shareholders of the Company excluding Particulars of Employees under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Company's New Delhi office at Videocon Tower, E-1, Jhandewalan Extension, New Delhi-110 055.



INFORMATION REGARDING THE EMPLOYEES STOCK OPTION PLAN
(As on March 31, 2008)

Sl. No.	Particulars	First Grant	Second Grant	Third Grant
I	Date of Grant	December 01, 2006	March 01, 2007	December 1, 2007
II	Market value on date of grant of the underlying equity shares	Rs. 74.35	Rs. 134.85	Rs. 152.75
III	Exercise Price (50% of options) (Balance 50% of options)*	Rs. 74.35 Rs. 44.35	Rs. 134.85 Rs. 104.85	Rs. 152.75 Rs. 122.75
IV	Vesting Period	4 Years	4 Years	4 years
a	Options Granted (NET OF OPTIONS CANCELLED)	2,16,750	55,000	15,000
b	Pricing Formula	50% of options are granted at the market price and balance 50% of the options at a discount to the market price. Discount shall vary from Rs. 0 to Rs. 30/- depending upon the meeting of the performance criteria by the employee from year to year.		
c	Option Vested	9,000	NIL	NIL
d	Option Exercised	9,000	NIL	NIL
e	Number of shares arising as a result of exercise of option	9,000	NIL	NIL
f	Option Lapsed	NIL	NIL	NIL
g	Variation of terms of options	NA	NA	NA
h	Money realized by exercise of options	5,34,150	NA	NA
i	Total number of options in force	2,07,750	55,000	15,000
j	Employee-wise details of options granted to			
	i) Senior Management Personnel	<ol style="list-style-type: none"> 1. Q.W Naqvi- News Director - 45,000 options 2. Rajnish Rikhy – Senior VP-Ad Sales - 45,000 options 3. Rajmohan Nair – VP-Network - 45,000 options 4. Sanjay Jain – VP-Finance (resigned) - 3,000 options 5. Rinku Paul – GM-Ad Sales - 15,000 options 6. Nikita Tulsian – GM-Ad Sales - 15,000 options 7. Satyaky Chowdhury – GM-Ad Sales - 15,000 options 8. Rehan Kidwai – VP-Operations - 15,000 options 9. Prince Sharma – VP-Technology - 22,500 options 10. Sona Jha – Executive Producer - 15,000 options 11. Amitabh – Executive Producer - 15,000 options 12. Deepak Chaurasia – Executive Editor - 11,250 options 13. Shailesh Kumar – Executive Producer - 15,000 options 14. Bijo – GM-Ad Sales - 10,000 options <p>(Out of above, 9,000 options have been exercised as mentioned under Sl. No. d).</p>		
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year;	None.		

iii)	Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of the grant.	None.		
k	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with accounting Standard (AS) 20 'Earning Per Share'.	Not Applicable		
l	In case, the employees compensation cost is calculated on the basis of intrinsic value of stock option, the difference between the employees compensation of the stock option cost based on intrinsic value of the stock and the employees compensation of the stock option cost based fair value, and the impact of this difference on profits and on EPS of the Company.	The Company has used intrinsic value method for calculating the employee compensation cost with respect to the Stock Options. If the employee compensation cost for the ESOP had been determined in a manner consistent with the fair value approach the Stock Option compensation expenses would have been higher by Rs. 5.11 million. Consequently, the profit would have been Rs. 430.42 million instead of the current profit of Rs. 435.53 million and the EPS of the Company would have been (Rs. 7.42) instead of (Rs. 7.51).		
m	For options whose exercise price either equals or exceeds or is less than the market price of the stock the following are disclosed separately: a) Weighted average exercise price i) when the exercise price is equal to market price ii) when the exercise price is less than market price b) Weighted average fair value i) when the exercise price is equal to market price ii) when the exercise price is less than market price	Rs. 152.75 Rs. 122.75 Rs. 105.87 Rs. 111.10		
n	A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted-average information: i) risk-free interest rate; ii) expected life; iii) expected volatility; iv) expected dividends; and v) the price the underlying shares in the market at the time of option grant.	7.35% 10 years 48.28% 1.01% 74.35	7.87% 10 years 55.44% 0.56% 134.85	8.07 % 10 years 51.27 % 0.49 % 152.75

* Maximum discount of Rs. 30/- which may vary between Rs. 0 to Rs. 30/- based on the employees performance.