



**INDIA'S No.1 NEWS NETWORK**

**ANNUAL REPORT 2009 – 2010**



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**BOARD OF DIRECTORS**

Aroon Purie, Chairman & Managing Director

Anil Mehra

Anil Vig

Rakesh Kumar Malhotra

Rajan Bharti Mittal

Rajeev Thakore

Koel Purie Rinchet

Ashok Kapur

**Audit Committee**

Rakesh Kumar Malhotra, Chairman

Anil Mehra

Rajeev Thakore

**Chief Executive Officer**

G. Krishnan

**Company Secretary & DGM (F&A)**

Puneet Jain

**Auditors**

Price Waterhouse

Chartered Accountants

New Delhi

**Bankers**

Canara Bank

ICICI Bank Limited

**Registered Office**

Videocon Tower

E-1, Jhandewalan Extn.

New Delhi - 110 055

**Registrar & Transfer Agents**

MCS Limited

F- 65, Okhla Industrial Area

Phase-I, New Delhi-110 020

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors are pleased to present the Eleventh Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March 2010.

#### 1. Financial Results

The financial results of the Company for the year ended 31st March 2010 are summarized below for your consideration.

(Rs. in crores)

Particulars	Year Ended 31 <sup>st</sup> Mar'10	Year Ended 31 <sup>st</sup> Mar'09
<b>Income from operations</b>	<b>284.82</b>	249.99
Other income	23.10	24.21
<b>Profit before Finance, Amortization, Depreciation and Tax</b>	<b>75.13</b>	68.46
Interest and Finance Charges	7.05	0.14
Depreciation	21.10	19.42
<b>Profit before tax</b>	<b>46.98</b>	48.74
Provision for Tax	16.12	15.19
<b>Net Profit</b>	<b>30.86</b>	33.55
Balance amount brought forward	134.30	110.84
Profit Available for appropriation	165.17	144.39
Transferred to General Reserve	5.00	5.00
Proposed Dividend	4.33	4.35
Corporate Dividend Tax	0.74	0.74
<b>Balance Carried forward</b>	<b>155.10</b>	134.30

- ESOP expenses have been regrouped and included in the employee cost.
- The figures above are not comparable with the results for the year ended March 31, 2009, as the current financial results for the year ended on 31st March, 2010 include merged results of FM Radio broadcasting business.

#### 2. Performance

During the financial year, the FM Radio broadcasting business of Radio Today Broadcasting Limited was merged with your Company. Hence the financial results for the year ended on 31st March, 2010 reflect the merged results of Television and FM Radio broadcasting business. During the financial year under review, your Company's revenue from operations has been Rs.284.82 Crores compared to Rs. 249.99 Crores last year, an increase of 14 %. Profit before tax has been Rs 46.98 Crores compared to Rs. 48.90 Crores last year, registering a decline of 4 % over the last year. Profit after tax has been Rs.30.86 Crores compared to Rs. 33.55 Crores last year, registering a decline of 8 % over the last year. Since the results of FM Broadcasting business has been merged

with the financial year ended on 31st March, 2010, the figures are not comparable with that of the previous financial year

Your company's business model is such that it mainly depends on Ad Revenues. Your Company due to its Channel's impeccable reputation and leadership position of the flagship channel "AAJ TAK", and confidence reposed by its viewers and clients managed to achieve a reasonably satisfactory performance.

In recognition of its leadership position, your Company's Channels have been conferred with the following prestigious awards:

#### News Television Award 2010

- Best Investigative News Report (English) - Centrestage (Dal Scam) on Headlines Today
- Best Presented Popular News Show (English) - Ground Zero on Headlines Today
- Best Show on Environment Awareness (English) - Beginning of the End on Headlines Today
- Best News Promo (English) - Headlines Today (Enigma Called Indira)
- Best Auto Show (Hindi) - Nano Launch on Aaj Tak
- Best Business News Program - Budget ka Reality Show on Aaj Tak
- Best News Promo (Hindi) - Aaj Tak (Martyr)
- Best News Campaign (Hindi) - Aaj Tak (No. 1 Campaign)

#### Indian Television Academy Award 2009

- Best Hindi News Channel - Aaj Tak
- Best News & Current Affairs Anchor - Prabhu Chawla for Seedhi Baat

#### World Brand Congress 2009

- Most Popular Hindi News Channel - Aaj Tak
- Best Social Marketing - War on Terror

#### Indian News Broadcasting Awards 2009

- Best News Producer of the Year (English) - Sujay Bhattacharya for Headlines Today
- CEO of the Year - G. Krishnan
- News Director of the Year (Hindi) - Q W Naqvi for Aaj Tak

#### Promax India 2009

- Best News & Current Affairs Promo - Satta Ka Semifinal (Aaj Tak)
- Best on-air Channel ident - Snail id (Tez)

#### AAJ TAK

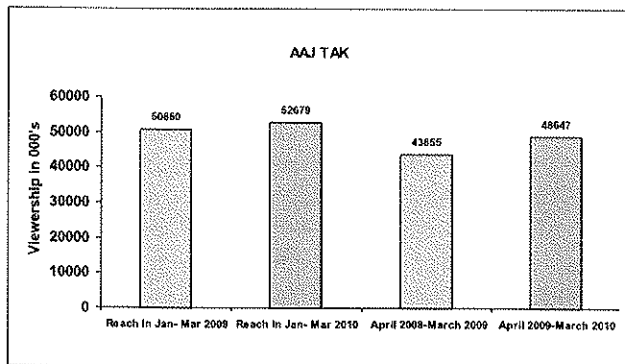
Aaj Tak continued to maintain its leadership position for the 9th consecutive year despite increased competition in the Hindi news genre by the existing as well as new news channels launched in the last year. Viewers reposed confidence in Aaj Tak for the ninth consecutive year due to its editorial excellence, 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.



## T.V. Today Network Limited

In spite of intense competition and a cluttered news space, Aaj Tak continues to dominate by being the channel of choice during key events. Whether it's a national or an international event, the credibility of Aaj Tak is unmatched.

During the year, viewership of 'Aaj Tak' news channel has been 48.64 million compared to 43.85 million last year. During the quarter January-March 2010, the viewership of Aaj Tak was 52.67 million compared to 50.86 million during the same quarter last year.



Source: TAM  
TG: CS 4+ Yrs  
Market: All India (AT; TEZ; HLT) & Delhi (DAT)

### HEADLINES TODAY

2009-10 was a very fruitful year for Headlines Today.

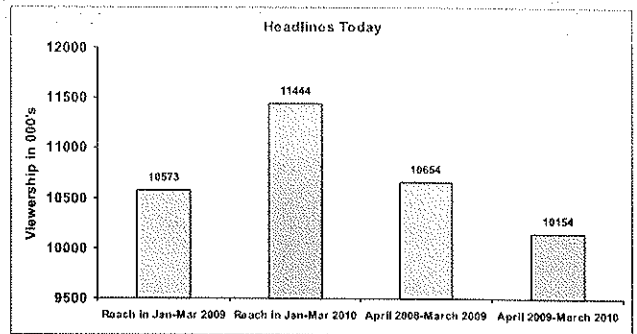
Headlines Today emerged as one of the top news destinations with TRPs and Time Spent reflecting it by the end of April 2010

It now has an investigation team and a bureau which is regularly breaking stories of national importance. Headlines Today has been able to penetrate deep into Chennai and Hyderabad markets both through its news coverage and distribution strength.

The channel has bagged 4 prizes at the ITA awards thereby garnering valuable industry appreciation. They include the prizes for Best Popular News Show, Best Environmental News Documentary, Best Promo (Enigma called Indira) and Best Investigative News Story (Dal scam).

German Bakery attacks and the Sania Wedding were breaking news stories where viewers stayed with Headlines Today and propelled us ahead of the competition

Headlines Today has reach of 10.15 million in 2009-10 as compared to 10.65 million in 2008-09. During the last quarter (Jan- Mar 2010) of the Financial year, the reach of Headlines Today was 11.44 million compared to 10.57 million during the same quarter last year.

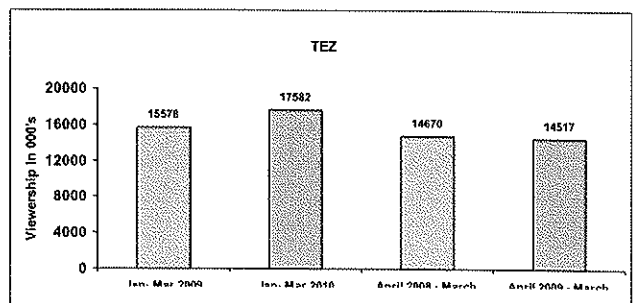


Source: TAM  
TG: CS 4+ Yrs  
Market: All India (AT; TEZ; HLT) & Delhi (DAT)

### Tez

Tez was launched to cater to the news viewer who has little time and wants condensed news, mostly in the target group of Male, 25-44 years, SEC AB. Tez hold its own and retained its ratings over the preceding year.

In the full year of operation ended March 31, 2010, "Tez" had reach of 14.51 million viewers in the Country as compared to 14.67 million last year. During the quarter January-March 2010, the reach of "Tez" was 17.58 million compared to 15.57 million during the same quarter last year.

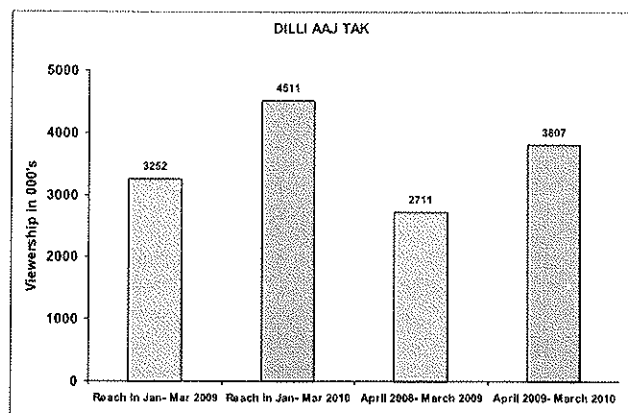


Source: TAM  
TG: CS 4+ Yrs  
Market: All India (AT; TEZ; HLT) & Delhi (DAT)

### Dilli Aaj Tak

The network's only metro centric 24 hrs news channel "Dilli Aaj Tak" has completely changed the paradigms related to local news coverage since its launch in 2006. The channel's news radar has always picked issues ranging from local water power crisis to assembly & parliament elections & very recently, commonwealth games & their impact on overall capital canvas. Through its powerful performance year after year it has carved a niche when compared with national broadcasters. It has truly lived its catch line "Aap Ka Shahr Aap Tak" by consolidating its connect with viewers by raising their issues, their problems & emerging as an aggressive & unbiased campaigner for a decent life in a metropolitan space like Delhi. 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 an average

viewership of 3.80 million in 2009-10 as compared to 2.71 million in 2008-09. During the quarter January-March 2010, the reach of "Dilli Aaj Tak" was 4.51 million compared to 3.25 million during the same quarter last year.



Source: TAM  
TG : CS 4+ Yrs  
Market : All India (AT; TEZ; HLT) & Delhi (DAT)

### 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 2009-10. Total amount of dividend outgo for the financial year shall be Rs. 5.07 Crores (including Corporate Dividend Tax amounting to Rs.0.74 Crores).

### 4. Deposits

During the year, your Company has not accepted/ renewed deposits from the Public within the meaning of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956, if any.

### 5. Demerger of Radio Broadcasting Business of Radio Today Broadcasting Limited and its merger with your Company

In the process of implementation of the composite scheme of arrangement and in accordance with the order of Hon'ble High Court of Delhi, a court convened meeting of the equity shareholders of the Company was held at Kamani Auditorium, Copernicus Marg, New Delhi - 110 001 on 21st day of November 2009 to approve the proposed Scheme of Arrangement between your Company and Radio Today Broadcasting Limited. Shareholders present in person or by proxy or through authorized representative at the meeting, represented 55.92% of total issued share capital of the Company and 100% of those so present voted in favour of the resolution.

In addition to the meeting of the equity shareholders, meeting of unsecured Creditors of your Company was also held on 21st day of November 2009 wherein the resolutions to implement the scheme of arrangement was passed unanimously.

Subsequently, pursuant to the Composite Scheme of Arrangement, under the provisions of the Companies Act, 1956 (The Scheme), approved by the shareholders, sanctioned by the Hon'ble High Court at Delhi and the Ministry of Information and Broadcasting on November 21, 2009, February 24, 2010 and May 20, 2010 respectively, the undertaking of the radio broadcasting business of Radio Today Broadcasting Limited, a company engaged in the radio broadcasting and trading business (the Transferor Company), was transferred to and vested in your Company (the Transferee Company) with effect from 1st April 2009 (Appointed Date). 'The Scheme', a copy of which was filed with the Registrar of Companies subsequent to the year end on 13th April, 2010, is an amalgamation in the nature of merger. In accordance with 'The Scheme', all assets and liabilities pertaining to the radio broadcasting business of the Transferor Company, as on the appointed date, has been acquired by your Company.

As a consequence of such merger, the financial results of your Company for the year ending on 31st March, 2010 include the merged results of Television and FM Radio broadcasting business.

### 6. Directors

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of your Company, Mr. Anil Vig 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. Anil Vig and Mr. Rakesh Kumar Malhotra as directors on the Board of the Company.

Mr. Ashok Kapur was appointed as Additional Director on the Board of your Company after the last Annual General Meeting. Mr. Ashok Kapur holds office upto the date of ensuing Annual General Meeting. Your Directors recommend the appointment of Mr. Ashok Kapur as a Director on the Board of the Company at the ensuing Annual General Meeting.

Ms. Koel Purie Rinchet was appointed as a Whole Time Director on the Board of your Company after receiving clearance from the Ministry of Information & Broadcasting w.e.f. 24th May 2010, subject to approval of shareholders.

The Directors of your Company recommend the appointment of Ms. Koel Purie Rinchet as Whole Time Director on the Board of the Company at the ensuing Annual General Meeting.

### 7. 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 judgement 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 2009-10 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.

## 8. Subsidiary Company

The Audited Statement of Accounts, alongwith the report of the Board of Directors and the Auditor's Report pursuant to Section 212 of the Companies Act, 1956 of the wholly owned subsidiary Company, TV Today Network (Business) Limited, for the year ended on 31st March 2010 is annexed.

## 9. 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.

## 10. Buy Back of Equity Shares of the Company

Your Company's Buy-back Scheme for purchase of its Equity shares through open market under the Stock Exchange Mechanism was opened on 16th March 2009. Under the Scheme your Company has bought back and extinguished 2,03,752 Equity Shares from 1st April 2009 upto conclusion of buy back i.e. 25th July 2009.

In totality your Company has bought back and extinguished 2,44,884 equity shares under Buy Back Scheme.

## 11. Investments

Your company has made a strategic investment in Mail Today Newspapers Pvt. Ltd for which it has paid a sum of Rs.18.50 crores towards advance payment for purchase of equity shares during the year ended March 31, 2010. This investment is towards considering a foray into Hindi newspaper market utilizing the synergies of content & brand subject to necessary approvals. The same has been further elaborated in Note no 12 of the Financial statement which is self explanatory.

## 12. 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.

## 13. Auditors' Report

There are no qualifications of the Auditors on the Accounts of the Company for the financial year ended 31st March 2010 requiring further comment from the Board of Directors.

## 14. 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 2009-10 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.

## 15. 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 introduced stock option plan (ESOP) for its employees and Directors in 2006. 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 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.

## 16. Management Discussion and Analysis

Separate report on Management Discussion & Analysis is appended herewith.

## 17. 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	Rs. 17,189,659
(CIF basis)	
ii) Expenditure in foreign currency (Accrued basis)	
(a) Traveling Expenses	: Rs. 12,125,759
(b) Production Cost	: Rs. 131,990,652
(c) Repair and Maintenance	: Rs. 2,940,188
(d) Others	: Rs. 928,820
(d) Income in foreign currency	: Rs. 83,477,363
(Accrued basis)	

the contribution made by all section of employees with dedication, commitment and team effort 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.

## 18. 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**

## 19. Acknowledgement

Your Directors place on record their deep appreciation of

Place : New Delhi  
Date : 24<sup>th</sup> May 2010

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 Delhi-110 055.



**INFORMATION REGARDING THE EMPLOYEES STOCK OPTION PLAN**  
(As on March 31, 2010)

Sl. No.	Particulars	First Grant	Second Grant	Third Grant	Fourth Grant
I	Date of Grant	December 01, 2006	March 01, 2007	December 01, 2007	June 24, 2008
II	Market value on date of grant of the underlying equity shares	Rs. 74.35	Rs. 134.85	Rs. 152.75	Rs. 93.15
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	Rs. 93.15 Rs. 63.15
IV	Vesting Period	4 Years	4 Years	4 years	4 years
a	Options Granted (NET OF OPTIONS CANCELLED)	1,90,500	55,000	15,000	1,13,000
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	36,500	NIL	NIL	NIL
d	Option Exercised	36,500	NIL	NIL	NIL
e	Number of shares arising as a result of exercise of option	36,500	NIL	NIL	NIL
f	Option Lapsed	NIL	NIL	NIL	NIL
g	Variation of terms of options	NA	NA	NA	NA
h	Money realized by exercise of options	21,88,775	NA	NA	NA
i	Total number of options in force	1,54,000	55,000	15,000	1,13,000
j	Employee-wise details of options granted to i) Senior Management Personnel	<ol style="list-style-type: none"> <li>1. Q.W Naqvi - News Director - 45,000 options</li> <li>2. Rajnish Rikhy - Senior VP -Ad Sales - 45,000 options</li> <li>3. Sanjay Jain - VP Finance - 3,000 options (resigned)</li> <li>4. Rinku Paul - GM - Ad Sales - 15,000 options</li> <li>5. Nikita Tulsian - GM Ad Sales - 15,000 options</li> <li>6. Satyaky Chowdhury - GM Ad Sales - 15,000 options</li> <li>7. Rehan Kidwai-VP Operations - 15,000 options</li> <li>8. Prince Sharma - VP Technology - 22,500 options</li> <li>9. Amitabh - Executive Prod - 15,000 options</li> <li>10. Rajmohan Nair - VP Network - 45,000 options</li> <li>11. Bijoy - GM Ad Sales - 10,000 options</li> <li>12. Shailesh Kumar - Executive Prod - 15,000 options</li> <li>13. Rahul Kanwal - Executive Producer - 15,000 options</li> <li>14. Denzil O'Connell - Associate Exec Prod - 9,000 options</li> <li>15. Sakka C Jacob - Associate Exec Prod - 9,000 options</li> <li>16. Ritul Joshi - Deputy Editor - 7,500 options</li> <li>17. Sonia Singh - Senior Special Correspondent - 7,500 options</li> <li>18. Sahil Joshi - Bureau Chief - 7,500 options</li> <li>19. Deepak Sharma - Editor - 7,500 options</li> <li>20. Shams Tahir Khan - Editor - 7,500 options</li> <li>21. Vikrant Gupta- Editor - 7,500 options</li> <li>22. Gautam Roy - Senior Special Correspondent - 7,500 options</li> <li>23. Avantika Singh Associate Senior Producer - 7,500 options</li> <li>24. Samip Rajguru Senior Special Correspondent - 5,000 options</li> <li>25. Sanjiv Chauhan - Special Correspondent - 5,000 options</li> </ol>			

		26. Prateek Trivedi - Special Correspondent - 5,000 options 27. Nida Khan - Associate Senior Producer - 5,000 options (Out of above, 36,500 options have been exercised as mentioned under Sl. No. d)			
	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'.	Rs. 5.19			
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. 4.68 million. Consequently, the profit would have been Rs. 303.95 million instead of the current profit of Rs. 308.63 million and the EPS of the Company would have been (Rs. 5.11) instead of (Rs. 5.19).			
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: <b>a) Weighted average exercise price</b> i) when the exercise price is equal to market price ii) when the exercise price is less than market price <b>b) Weighted average fair value</b> i) when the exercise price is equal to market price ii) when the exercise price is less than market price	Rs.93.15  Rs.63.15  Rs.63.62  Rs.67.86			
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	8.83 % 10 years 58.35 % 0.83 % 93.15

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