

ANNUAL REPORT
2011-2012



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BOARD OF DIRECTORS

Aroon Purie, Chairman & Managing Director

Koel Purie Rinchet, Whole Time Director

Anil Mehra

Anil Vig

Rakesh Kumar Malhotra

Rajeev Thakore

Ashok Kapur

Audit Committee

Rakesh Kumar Malhotra, Chairman

Anil Mehra

Rajeev Thakore

Chief Executive Officer

Joy Chakraborty

Company Secretary & Head Legal & General Manager (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 Thirteenth Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March 2012.

1. Financial Results

The financial results of the Company for the year ended 31st March 2012 are summarized below for your consideration.

(Rs. in Crores)

Particulars	Year Ended 31 st Mar'12	Year Ended 31 st Mar'11
Income from operations	308.43	293.38
Other income	5.61	9.42
Profit before Finance, Charges, Amortization, Depreciation and Tax	31.90	35.40
Finance Charges (including Interest)	1.43	0.95
Depreciation	14.04	16.01
Profit before tax	16.42	18.45
Provision for Tax	5.90	6.03
Net Profit	10.51	12.42
Balance amount brought forward	161.68	155.10
Profit Available for appropriation	172.19	167.52
Transferred to General Reserve	0.55	0.65
Proposed Dividend	4.46	4.46
Corporate Dividend Tax	0.72	0.72
Balance Carried forward	166.46	161.68

2. Performance

During the financial year under review, your Company's revenue from operations has been Rs.308.43 Crores compared to Rs. 293.38 Crores last year, an increase of 5.12%. Profit before tax has been Rs 16.42 Crores compared to Rs. 18.45 Crores last year, registering a decline of 11% over the last year. Profit after tax has been Rs.10.51 Crores compared to Rs. 12.42 Crores last year, registering a decline of 15.37% over the last 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 Awards 2012

- TV News reporter - Neha Dixit
- Entertainment News Anchor - Denzil
- Investigative report - Inside Lanka's Killing Fields
- Entertainment News Show - Revisiting Ramayan-Saas and the city
- Investigative Feature - Telangana tangle
- Current Affairs Programme (Home & International) - Inside Libiya

Promo

- Best Use of Graphics in a Promo -HLT: Vote Drop Promo
- Promo Campaign by a News Channel - DAT : Aapka Chunaav Campaign Promos
 1. Promo for a Channel - Aaj Tak : Badal Gaya India

Aaj Tak

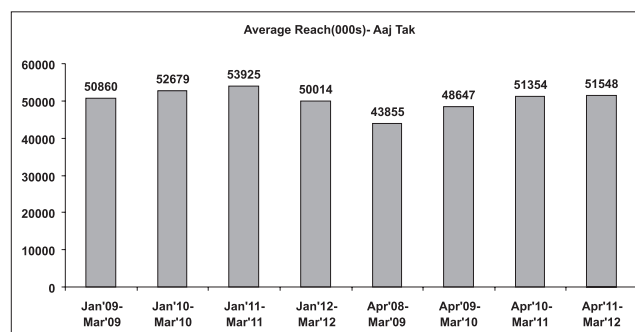
- Current Affairs Programme (Home & International) - Doctoron ki D-Company
- Special Awards - Anna /Lok Pal Show - Aaj Tak

Tez

- Entertainment News Show - Dhoonthe Reh Jaaoge

AAJ TAK

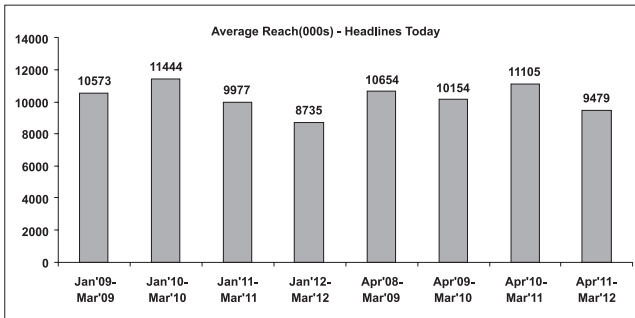
Aaj Tak continued to maintain its leadership position for the 11th consecutive year. Aaj Tak reach has increased from 48.64 million in FY 2009-10 to 51.54 million in 2011-12. Aaj Tak continues to dominate by being the channel of choice during key events. Whether it's a national or an international event, the credibility of Aaj Tak is unmatched. As per IRS Data, Aaj Tak maintains absolute leadership with a reach of 62.2 million (CS viewer). Also, Aaj Tak was bestowed with the Most Trusted Channel Award by the Brand Trust Survey, Aaj Tak was voted no. 1 across all television categories.



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

HEADLINES TODAY

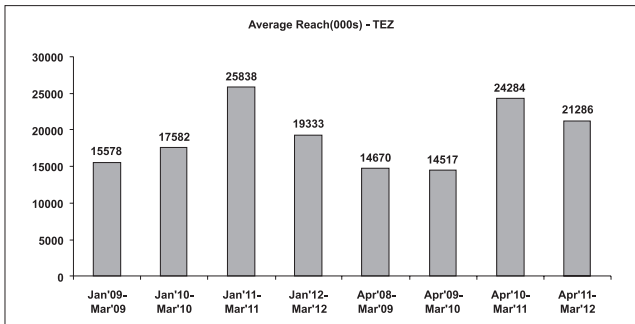
Year 2011-12 was the year of news. Be it Anna's movement for Lokpal or the Cricket world cup, Headlines Today reported from the front and was successful in binding the audience to the news. Headlines Today maintained a reach of approx 10 Million in FY 2011-12. Moreover, at the recently held News Television Academy Awards, Headlines Today was bestowed with 6 awards, including Best Entertainment Anchor Denzil O' Connell, Best Reporter Neha Dixit, Best Investigative report - Inside Lanka's Killing Fields, Best Investigative Feature - Telangana tangle and Best Current Affairs Programme (Home & International) - Inside Libya.



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

TEZ

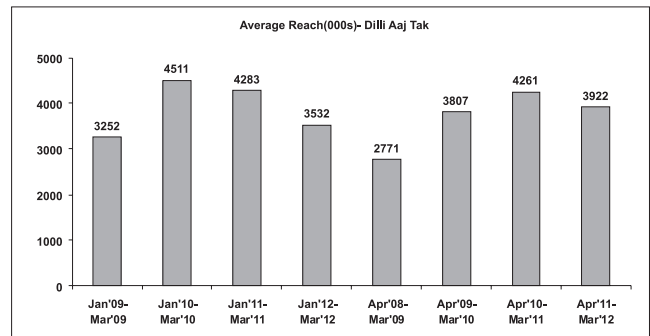
Tez was launched to cater to the news viewer who has little time and wants condensed news. "Tez" had reach of 21.28 million viewers in FY 11-12 in the country as compared to 14.51 million in FY 2009-10. In Mumbai, Tez has a higher market share than Zee News and IBN 7 (Source:-TAM, MKT-MUMBAI, TG-CS4+, Period-FY11-12).



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

DILLI AAJ TAK

Dilli Aaj Tak is the leading Delhi/NCR focused 24 hrs news channel. The channel has a news-you-can-use format, and has been No.1 in Delhi since the date of its launch with an average reach of 3.92 million in 2011-12 as compared to 3.80 million in FY 2009-10. Dilli Aaj Tak Also maintains a solid monopoly in Delhi .Our MCD election coverage beat even the national players in Delhi.



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 2011-12. Total amount of dividend outgo for the financial year shall be Rs. 5.18 Crores (including Corporate Dividend Tax amounting to Rs. 0.72 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. 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. Ashok Kapur, 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. Ashok Kapur as directors on the Board 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 had 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 2011-12 and of the profit of the company for that period;
- they had 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 had been prepared on a going concern basis.

7. 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 2012 is annexed.

8. 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.

9. Investments

Your Company has made a strategic investment in Mail Today Newspapers Pvt. Ltd for which it has acquired some stake amounting to Rs. 45.52 Crore. This investment is towards proposed entry into the Print Media utilizing the synergies of content and brand. The same has been further elaborated in Note no. 40 of the Financial statement which is self explanatory.

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.

Pursuant to the direction from the Ministry of Corporate Affairs for appointment of Cost Auditors, your Board of Directors has appointed M/s. Jitender, Navneet & Co., Cost Accountants, as the Cost Auditor for the financial year ended March 31st, 2012.

11. Auditor's Report

There are no qualifications of the Auditors on the Accounts of the Company for the financial year ended 31st March 2012 requiring further 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 2011-12 is given in 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 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.

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. 264,408,514
ii) Expenditure in foreign currency (Accrued basis)	
(a) Traveling Expenses	: Rs. 20,023,167
(b) Production Cost	: Rs. 79,802,299
(c) Repair and Maintenance	: Rs. 1,123,041
(d) Others	: Rs. 1,961,195
(d) Income in foreign currency (Accrued basis)	: Rs. 90,086,865



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.

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.

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 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.

For and on behalf of the Board of Directors

Place : New Delhi
Date : May 18th, 2012

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, 2012)

Sl. No.	Particulars	First Grant	Second Grant	Third Grant	Fourth Grant	Fifth Grant	Sixth Grant	Seventh Grant
I	Date of Grant	December 01, 2006	March 01, 2007	December 01, 2007	June 24, 2008	April 05, 2010	May 20, 2010	September 30, 2010
II	Market value on date of grant of the underlying equity shares	Rs. 74.35	Rs. 134.85	Rs. 152.75	Rs. 93.15	Rs. 113.90	Rs. 102.85	Rs. 85.15
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	Rs. 113.90 Rs. 83.90	Rs. 102.85 Rs. 72.85	Rs. 85.15 Rs. 55.15
IV	Vesting Period	4 years	4 years	4 years	4 years	4 years	4 years	4 years
a	Options Granted (NET OF OPTIONS CANCELLED)	1,90,500	55,000	15,000	104,000	21,500	37,500	200,000
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	45,500	NIL	NIL	NIL	NIL	NIL	NIL
d	Option Exercised	45,500	NIL	NIL	NIL	NIL	NIL	NIL
e	Number of shares arising as a result of exercise of option	45,500	NIL	NIL	NIL	NIL	NIL	NIL
f	Option Lapsed	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g	Variation of terms of options	NA	NA	NA	NA	NA	NA	NA
h	Money realized by exercise of options	27,22,925	NA	NA	NA	NA	NA	NA
i	Total number of options in force	1,34,500	10,000	0	89,000	5,000	37,500	1,00,000
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. Sanjay Jain VP Finance 3,000 options (resigned) 4. Rinku Paul GM - Ad Sales 15,000 options (resigned) 5. Nikita Tulsian GM Ad Sales 15,000 options 6. Satyaky Chowdhury GM Ad Sales 15,000 options 7. Rehan Kidwai VP Operations 15,000 options 8. Prince Sharma VP Technology 22,500 options 9. Amitabh Executive Producer 15,000 options 10. Rajmohan Nair VP Network 45,000 options (resigned) 11. Bijo GM Ad Sales 10,000 options 12. Shailesh Kumar Executive Producer 15,000 options (resigned) 13. Rahul Kanwal Executive Producer 15,000 options 14. Denzil O'Connell Associate Executive Producer 9,000 options 15. Ritul Joshi Deputy Editor 7,500 options 16. Sonia Singh Senior Special Correspondent 7,500 options 17. Sahil Joshi Bureau Chief 7,500 options 18. Deepak Sharma Editor 7,500 options 19. Shams Editor 7,500 options 20. Tahir Khan Editor 7,500 options 21. Vikrant Gupta Editor 7,500 options 22. Gautam Roy Senior Special Correspondent 7,500 options (resigned) 23. Avantika Singh Associate Senior Producer 7,500 options (resigned) 24. Samip Rajguru Senior Special Correspondent 5,000 options 25. Sanjiv Chauhan Special Correspondent 5,000 options 						

		25. Prateek Trivedi Special Correspondent 5,000 options 26. Nida Khan Associate Senior Producer 5,000 options 27. Mandeep Bevil Associate Executive Producer 9,000 options 28. Manish Dubey Editor 7,500 options 29. Ruchika Tomar Principal Correspondent 5,000 options 30. Ajay Kumar Executive Producer 15,000 options 31. Abhisar Deputy Editor 7,500 options 32. Poonam Sharma Deputy Editor 7,500 options 33. Gaurav Sawant Associate Editor 7,500 options 34. G. Krishnan Chief Executive Officer 100,000 options 35. Anil Mehra Director 100,000 options (Out of above, 45,500 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. 1.77						
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. 3.58 million (Need to confirm). Consequently, the profit would have been Rs. 124.19 million instead of the current profit of Rs. 105.15 million and the EPS of the Company would have been (Rs. 2.15) instead of (Rs. 1.77).						
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. 89.58 Rs. 75.10 Rs. 56.78 Rs. 63.15						
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	8.09% 10 years 54.44% 0.66% 113.90	7.94% 10 years 52.40% 0.74% 102.85	8.10% 10 years 43.13% 0.89% 85.15

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