



**N E T W O R K**

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

**Annual Report 2013-2014**



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





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## **BOARD OF DIRECTORS**

Aroon Purie, Chairman & Managing Director

Koel Purie Rinchet, Whole Time Director

Anil Vig

Rajeev Thakore

Ashok Kapur

Devajyoti Bhattacharya

### **Audit Committee**

Ashok Kapur, Chairman

Anil Vig

Rajeev Thakore

### **Head - Legal & Compliances & Company Secretary & Vice President - (Internal Audit)**

Dr. Puneet Jain

### **Auditors**

Price Waterhouse

Chartered Accountants

New Delhi

### **Bankers**

Canara Bank

ICICI Bank Limited

Yes Bank Limited

### **Registered Office**

F-26, First Floor,

Connaught Circus,

New Delhi - 110 001

### **Registrar & Transfer Agents**

MCS Limited

F- 65, Okhla Industrial Area

Phase-I, New Delhi-110 020

## DIRECTORS' REPORT

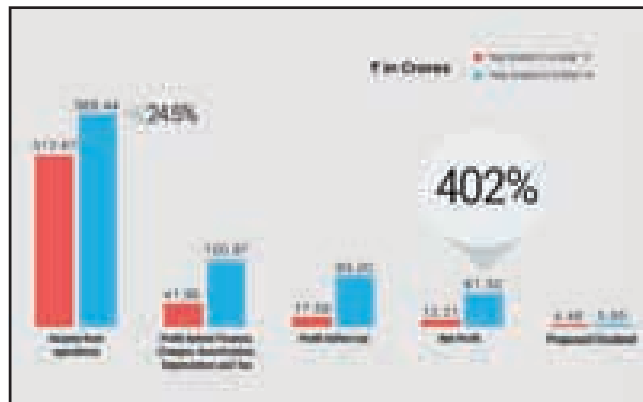
### TO THE MEMBERS

Your Directors have the pleasure in presenting the Fifteenth Annual Report on business and operations, together with the Audited Statement of Accounts of the Company for the financial year ended March 31, 2014.

#### 1. Financial Results

The financial results of the Company for the year ended 31st March 2014 are summarized below for your consideration:

| (Rs. in Crores)  |                                       |                                       |
|--|---------------------------------------|---------------------------------------|
| Particulars  | Year Ended<br>31 <sup>st</sup> Mar'14 | Year Ended<br>31 <sup>st</sup> Mar'13 |
| <b>Income from operations</b>  | <b>389.44</b>                         | 312.67                                |
| Other income   | 11.70                                 | 7.36                                  |
| Profit before Finance,<br>Charges, Amortization,<br>Depreciation and Tax | 120.97                                | 41.95                                 |
| Finance Charges<br>(including Interest)                                  | 3.59                                  | 3.34                                  |
| Depreciation   | 24.18                                 | 21.03                                 |
| <b>Profit before tax</b>   | <b>93.20</b>                          | 17.58                                 |
| Provision for Tax  | 31.88                                 | 5.37                                  |
| <b>Net Profit</b>  | <b>61.32</b>                          | 12.21                                 |
| Balance amount brought forward   | 172.80                                | 166.46                                |
| Profit Available for appropriation                                       | 234.12                                | 178.67                                |
| Transferred to General Reserve   | 5.00                                  | 0.65                                  |
| Proposed Dividend  | 5.95                                  | 4.46                                  |
| Corporate Dividend Tax   | 1.01                                  | 0.76                                  |
| Balance Carried forward  | 222.16                                | 172.80                                |



#### 2. Performance

During the financial year under review, your Company's revenue from operations has been Rs. 389.44 Crores compared to Rs. 312.67 Crores last year, an increase of 24.55 %. Profit before tax has been Rs 93.20 Crores compared to Rs. 17.58 Crores last year, an increase of 430.14% over the last year. Profit after tax has been Rs.61.32 Crores compared to Rs. 12.21 Crores last year, registering an increase of 402.21 % over the last year.

Your company's business model is such that it mainly depends on Ad Revenues. Your Company, due to its

impeccable reputation and leadership position of the flagship channel "AAJ TAK", and confidence reposed by its viewers and clients, managed to achieve a highly satisfactory performance.

In recognition of its qualitative coverage and mass appeal, your Company's Channels have been conferred with the following prestigious awards:

- Aaj tak dominated the ENBA with 10 awards and won the Best News Channel of the Year. The list included Best Current Affair Programme, Best Indepth Series, Best Anchor, Best Continuing Coverage by a Reporter, Best Video Editor, Best News Producer, Best Integration of a Brand in a News Programme, Best Channel Marketing and Best Channel/Programme Promo.
  - The English Channel Headlines today was also awarded the Best Public Service Campaign for a brand by a news channel and Best Channel Marketing- English.
  - Aajtak was also conferred the best Hindi news channel at the Indian Television Academy Award 13th year in a row. Aaj tak also set a new benchmark in the events business by winning the ITA Award for Best Television Event – for Agenda Aaj Tak
- News Television Awards 2013** also saw the TV Today network bagging 11 awards including-
- Guns and glory - News Documentary limited episode – Headlines Today
  - RTH Channel Promo - Headlines Today
  - Chennai Channel express promo – Aaj Tak
  - Chennai express marketing campaign promo - Aaj Tak
  - Dustak - Aaj Tak
  - Best Anchor Punya Prasoon Bajpai - Aaj Tak
  - Budget cafe - Aaj Tak
  - Kushti ko bachana hai - Aaj Tak
  - Superhit Muqabla - Aaj Tak
  - Tez - News doc limited episode
  - Best videographer Aaj Tak - Himanshu sharma

#### PROMAX INDIA also awarded the below awards:

- GOLD - Best Launch Campaign – Halla Bol – Aaj Tak
- SILVER - Best News/Current Affair Promo – Chennai Express Halla Bol – Aaj Tak
- SILVER - Best Integrated Marketing Campaign – Sach On Karo – Aaj Tak
- SILVER - Most Outstanding Programme Image Campaign – Chennai Express Halla Bol – Aaj Tak

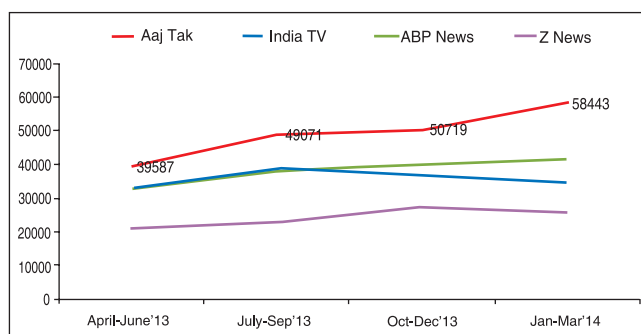
**This Year TV Today Network also took home the Broadcaster Creative Abbys at the Goafest by emerging as the undisputed leader in the News Category TV Channel Promo:**

- GOLD – Best TV news channel promo – Headlines Today
- SILVER – Best TV news channel promo – Aaj Tak

## AAJ TAK:

Aaj Tak continued to maintain its leadership position for the 13th consecutive year. Aaj Tak avg. weekly GVTs has increased from 39587 in April-June'13 to 58443 in Jan-Mar'14. 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 viewership of 6.57 cr (CS viewer). Aajtak was the nation's choice on all major events – Verdict on Aarushi murder case, Nirbhaya Case Judgement and the Uttarakhand Tragedy.

### AAJ TAK



Source : TAM

TG : CS 15+ Yrs

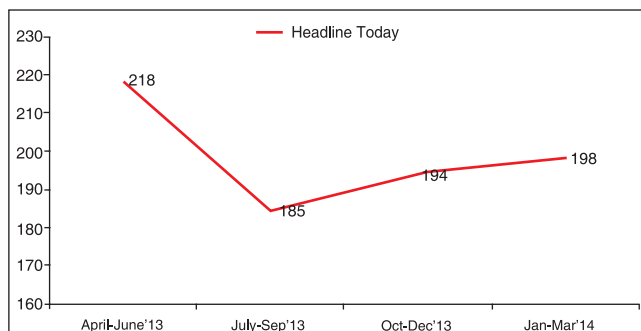
Market : HSM

Channel shares calculated among 14 Hindi News

## HEADLINES TODAY

Headlines Today Avg. Weekly GVTs has grown from 185 in July-Sep'13 (Post Digitisation fall of smaller channels) to 198 in Jan-Mar'14 after fall from 218 in Apr-Jun'13. Headlines Today won 06 ENBA 2013-14 awards in different categories and its programs RTH show and documentary on Telangana won ITA 2013-14 Awards. Headlines Today also won GOLD at CREATIVE ABBY Awards 2014- Best TV news channel promo. Headlines Today show Guns and Glory and for RTH channel promo were also awarded at NT Awards 2013-14.

### HEADLINES TODAY



Source : TAM

TG : CS 25+ M AB

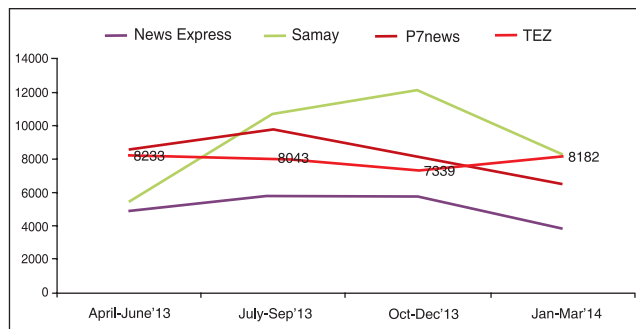
Market : 6 Metros

Channel shares calculated among 5 English News

## TEZ

Tez was launched to cater to the news viewer who has little time and wants condensed news. Tez Avg. Weekly GVTs has maintained from 8043 in July-Sep'13 to 8182 in Jan-Mar'14 after fall from 8233 in April-June'13. Tez has higher Avg. weekly GVTs than P7 News and News Express.

### TEZ



Source : TAM

TG : CS 15+ Yrs

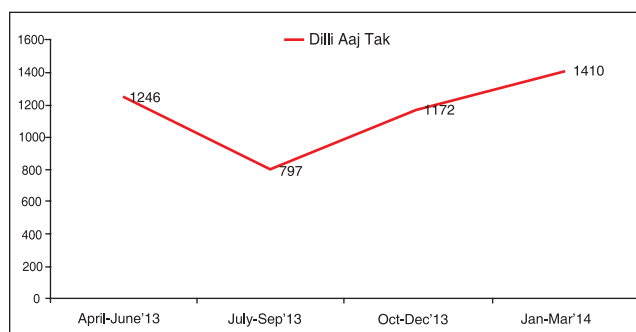
Market : HSM

Channel shares calculated among 14 Hindi News

## DILLI AAJ TAK

Dilli Aaj Tak's Avg. Weekly GVTs has increased from 1246 in Apr-June'13 to 1410 in Jan-Mar'14. Dilli Aaj Tak is the leading Delhi/NCR focused 24 hrs news channel with tag line "Aap Ka Shehar Aap Tak". The channel has a news-you-can-use format. Dilli Aaj Tak maintains a solid monopoly in Delhi.

### DILLI AAJ TAK



Source : TAM

TG : CS 15+ Yrs

Market : Delhi

Channel shares calculated among 4 Hindi Regional News

## 3. Dividend

Your Directors are pleased to recommend for your consideration and approval payment of dividend @ 20% amounting to Rs. 1.00 per equity share of Rs. 5 each for the financial year 2013-14. Total amount of dividend outgo for the financial year shall be Rs.6.96 Crores (including Corporate Dividend Tax amounting to

Rs. 1.01 Crores).

The dividend will be paid to members whose names appear in the Register of Members as at the close of August 7, 2014; in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

#### 4. Transfer to Reserve

We propose to transfer Rs. 5 crores (8.15 % of the standalone net profit for the year) to the General Reserve. An amount of Rs. 222.16 crores is proposed to be retained in the Surplus.

#### 5. 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.

#### 6. Directors

Mr. Rakesh Malhotra and Mr. Anil Mehra do not meet the test of independence as per Section 149 of the Companies Act, 2013 which has come into force with effect from April 1, 2014 and have therefore, resigned on March 31, 2014. In order to maintain the balance of Independent and Non-independent Directors on the Board, Mr. Ashish Bagga and Mr. Dinesh Bhatia, who were appointed as Additional Directors during the year, have also resigned on the same date. We place on record our appreciation for strategic direction and guidance provided by Mr. Rakesh Malhotra, Mr. Anil Mehra, Mr. Ashish Bagga and Mr. Dinesh Bhatia during their tenure as Directors of the Company.

In terms of Section 152(6) of the Companies Act, 2013, not less than two-third of the total number of directors shall be liable to retire by rotation. Further at least one-third of those liable to retire by rotation shall retire at every Annual General Meeting. It also provides that the total number of directors for the purpose of this section shall not include Independent Directors. Therefore, based on the present Board structure, Mr. Rajeev Thakore, Mr. Anil Vig and Mr. Ashok Kapur, Independent Directors shall not be liable to retire by rotation. Out of remaining three directors, Mr. Aroon Purie, Chairman & Managing Director is non rotational Director. The other two directors, being two third shall be liable to retirement by rotation. Ms. Koel Purie Rinchet, being longest in office retires at the ensuing Annual General Meeting and being eligible offers herself for re-appointment. We seek your support in confirming her re-appointment as Director.

Mr. Devajyoti Bhattacharya was appointed as additional director during the financial year and he holds office up to the date of ensuing Annual General Meeting. The Company has received requisite notice under section 160, signifying his candidature as director of the Company, along with deposit of the prescribed amount.

Your Directors recommend the re-appointment of Mr. Devajyoti Bhattacharya as Director on the Board.

#### 7. Director's Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is confirmed that:

- in the preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards read with the requirement set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- the Directors 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 as at March 31, 2014 and of the profit of the company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts of the Company 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 2014 is annexed.

#### 9. Consolidated Accounts

In accordance with the requirements of Accounting Standard-21 of the Institute of Chartered Accountants of India to present consolidated accounts, your Company has prepared the Consolidated Accounts of itself and its subsidiary, as a single entity, which is annexed herewith.

#### 10. Investments

Your Company has made a strategic investment in Mail Today Newspapers Pvt. Ltd for which it has acquired stake amounting to Rs. 45.52 Crore. This investment is a step towards entering into the print media utilizing the synergies of content and brand. The same has been further elaborated in Note no. 41 of the Financial Statement which is self explanatory.

#### 11. Statutory Auditors and Cost Auditors

The statutory auditors of your Company M/s Price Waterhouse, Chartered Accountants hold office up to the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

The Company has received letters from Auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3) (g) of the



Companies Act, 2013 and that they are not disqualified for re-appointment.

Pursuant to the direction from the Ministry of Corporate Affairs for appointment of Cost Auditors, your Board of Directors has appointed M/s. SKG & Co., Cost Accountants, as the Cost Auditor for the financial year 2014-15.

## 12. Auditor's Report

There are no qualifications of Auditors on the Accounts of the Company for the financial year ended 31st March, 2014 requiring further comment from the Board of Directors.

## 13. 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 2013-14 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.

## 14. 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 Employees 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.

## 15. Management Discussion and Analysis

Separate report on Management Discussion & Analysis is appended herewith.

## 16. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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. 12,928,839  |
| ii) Expenditure in foreign currency (Accrued basis): |                   |
| (a) Traveling Expenses                               | : Rs. 6,749,646   |
| (b) Production Cost                                  | : Rs. 120,583,023 |
| (c) Repair and Maintenance                           | : Rs. 2,664,361   |
| (d) Others   | : Rs. 3,740,673   |
| (d) Income in foreign currency (Accrued basis)       | : Rs. 106,003,202 |

## 17. 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.

## 18. Acknowledgment

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.

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**

Sd/-  
Aroon Purie  
Chairman &  
Managing Director  
DIN No.0002794

Address : 6, Palam Marg,  
Vasant Vihar, New Delhi, 110057

Place: New Delhi  
Date: 14th May, 2014

**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 Corporate office at India Today Mediaplex, FC-8, Sector 16A, Film City, Noida-201301, Uttar Pradesh.



**INFORMATION REGARDING THE EMPLOYEES STOCK OPTION PLAN**

(As on March 31, 2014)

| Sl. No. | Particulars   | First Grant   | Second Grant                 | Third Grant | Fourth Grant       | Fifth Grant | Sixth Grant | Seventh Grant |
|---------|---|---|------------------------------|-------------|--------------------|-------------|-------------|---------------|
| I       | Date of Grant   | 1-Dec-06  | 1-Mar-07                     | 1-Dec-07    | 24-Jun-08          | 5-Apr-10    | 20-May-10   | 30-Sep-10     |
| 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)  | Rs. 74.35   | Rs. 134.85                   | Rs. 152.75  | Rs. 93.15          | Rs. 113.90  | Rs. 102.85  | Rs. 85.15     |
|         | (Balance 50% of options) *                                    | Rs. 44.35   | Rs. 104.85                   | Rs. 122.75  | Rs. 63.15          | Rs. 83.90   | Rs. 72.85   | 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)                    | 102,500   | 10,000                       | 0           | 55,000             | 5,000       | 7,500       | 100,000       |
| 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   | 77,000  | NIL                          | NIL         | NIL                | NIL         | NIL         | NIL           |
| d       | Option Exercised  | 77,000  | NIL                          | NIL         | NIL                | NIL         | NIL         | NIL           |
| e       | Number of shares arising as a result of exercise of option    | 77,000  | 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                         | 4,592,450   | NA                           | NA          | NA                 | NA          | NA          | NA            |
| i       | Total number of options in force                              | 25,500  | 10,000                       | -           | 55,000             | 5,000       | 7,500       | 100,000       |
| j       | Employee-wise details of options granted to                   |   |                              |             |                    |             |             |               |
|         | i) Senior Management Personnel                                |   |                              |             |                    |             |             |               |
|         |   | 1 Q.W Naqvi   | News Director                | 45,000      | options (resigned) |             |             |               |
|         |   | 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 (resigned) |             |             |               |
|         |   | 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 (resigned) |             |             |               |
|         |   | 9 Amitabh   | Executive Producer           | 15,000      | options (resigned) |             |             |               |
|         |   | 10 Rajmohan Nair  | VP Network                   | 45,000      | options (resigned) |             |             |               |
|         |   | 11 Bijoy  | 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 (resigned) |             |             |               |
|         |   | 15 Ritul Joshi  | Deputy Editor                | 7,500       | options (resigned) |             |             |               |
|         |   | 16 Sonia Singh  | Senior Special Correspondent | 7,500       | options (resigned) |             |             |               |
|         |   | 17 Sahil Joshi  | Bureau Chief                 | 7,500       | options            |             |             |               |
|         |   | 18 Deepak Sharma  | Editor                       | 7,500       | options            |             |             |               |
|         |   | 19 Shams Tahir Khan   | Editor                       | 7,500       | options            |             |             |               |
|         |   | 20 Vikrant Gupta  | Editor                       | 7,500       | options            |             |             |               |
|         |   | 21 Gautam Roy   | Senior Special Correspondent | 7,500       | options (resigned) |             |             |               |
|         |   | 22 Avantika Singh   | Associate Senior Producer    | 7,500       | options (resigned) |             |             |               |
|         |   | 23 Samip Rajguru  | Senior Special Correspondent | 5,000       | options            |             |             |               |
|         |   | 24 Sanjiv Chauhan   | Special Correspondent        | 5,000       | options            |             |             |               |
|         |   | 25 Prateek Trivedi  | Special Correspondent        | 5,000       | options (resigned) |             |             |               |
|         |   | 26 Nida Khan  | Associate Senior Producer    | 5,000       | options (resigned) |             |             |               |
|         |   | 27 Mandeep Bevil  | Associate Executive Producer | 9,000       | options (resigned) |             |             |               |
|         |   | 28 Manish Dubey   | Editor                       | 7,500       | options (resigned) |             |             |               |

|  |   |  |   |               |                         |          |                    |          |          |
|--|---|--|---|---------------|-------------------------|----------|--------------------|----------|----------|
|  |   |  | 29  | Ruchika Tomar | Principal Correspondent | 5,000    | options            |          |          |
|  |   |  | 30  | Ajay Kumar    | Executive Producer      | 15,000   | options (resigned) |          |          |
|  |   |  | 31  | Abhisar       | Deputy Editor           | 7,500    | options (resigned) |          |          |
|  |   |  | 32  | Poonam Sharma | Deputy Editor           | 7,500    | options (resigned) |          |          |
|  |   |  | 33  | Gaurav Sawant | Associate Editor        | 7,500    | options            |          |          |
|  |   |  | 34  | G. Krishnan   | Chief Executive Officer | 100,000  | options (resigned) |          |          |
|  |   |  | 35  | Anil Mehra    | Director                | 100,000  | options            |          |          |
|  |   |  | (Out of above, 77,000 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. 10.31   |               |                         |          |                    |          |          |
| 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 <b>Rs. 1.61 million</b> . Consequently, the profit would have been <b>Rs. 611.57 million</b> instead of the current profit of <b>Rs. 613.18 million</b> and the EPS of the Company would have been <b>(Rs. 10.29)</b> instead of <b>(Rs. 10.31)</b> . |               |                         |          |                    |          |          |
| 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:<br><br><b>a) Weighted average exercise price</b><br><br>i) when the exercise price is equal to market price<br><br>ii) when the exercise price is less than market price<br><br><b>b) Weighted average fair value</b><br><br>i) when the exercise price is equal to market price<br><br>ii) when the exercise price is less than market price |  |   |               |                         |          |                    |          |          |
| 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:<br><br>i) risk-free interest rate;<br><br>ii) expected life;<br><br>iii) expected volatility;<br><br>iv) expected dividends; and<br><br>v) the price the underlying shares in the market at the time of option grant.   |  |   |               |                         |          |                    |          |          |
|  |   |  | 7.35%   | 7.87%         | 8.07%                   | 8.83%    | 8.09%              | 7.94%    | 8.10%    |
|  |   |  | 10 years  | 10 years      | 10 years                | 10 years | 10 years           | 10 years | 10 years |
|  |   |  | 48.28%  | 55.44%        | 51.27%                  | 58.35%   | 54.44%             | 52.40%   | 43.13%   |
|  |   |  | 1.01%   | 0.56%         | 0.49%                   | 0.83%    | 0.66%              | 0.74%    | 0.89%    |
|  |   |  | 74.35   | 134.85        | 152.75                  | 93.15    | 113.90             | 102.85   | 85.15    |
| *Maximum discount of Rs. 30/- which may vary between Rs. 0 to Rs. 30/- based on the employees performance. |   |  |   |               |                         |          |                    |          |          |