

ANNUAL REPORT



2016-17



CONTENTS

Corporate Overview 02

About the Company	02
Corporate Information	229
Bureau Offices	230

Management Overview 04

Statement from the Chairman's desk	04
Management Discussion and Analysis Report	07
CSR Initiatives	13
Boards' Report	16
Report on Corporate Governance	49
Business Responsibility Report	64

Financial Statements 72

Standalone Accounts	
Auditors' Report	73
Balance Sheet	78
Statement of Profit and Loss	79
Statement of changes in equity	80
Statement of cash flows	81
Notes forming part of the financial statements	83
Consolidated Accounts	
Auditors' Report	144
Balance Sheet	148
Statement of Profit and Loss	149
Statement of changes in equity	150
Statement of cash flows	151
Notes forming part of the financial statements	153

Forward Looking Statement

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

ABOUT THE COMPANY

T.V. Today Network: India's No. 1 Network of National News Channels*



*Source: BARC, period-WK 24'17-WK 27 '17, Cume Cov in Mn, TG 15+ NCCS ALL

T.V. Today Network Ltd (TVTN) is an India-based Company engaged in broadcasting operations. Part of India Today group, the Company operates mainly in two segments namely television and radio broadcasting.

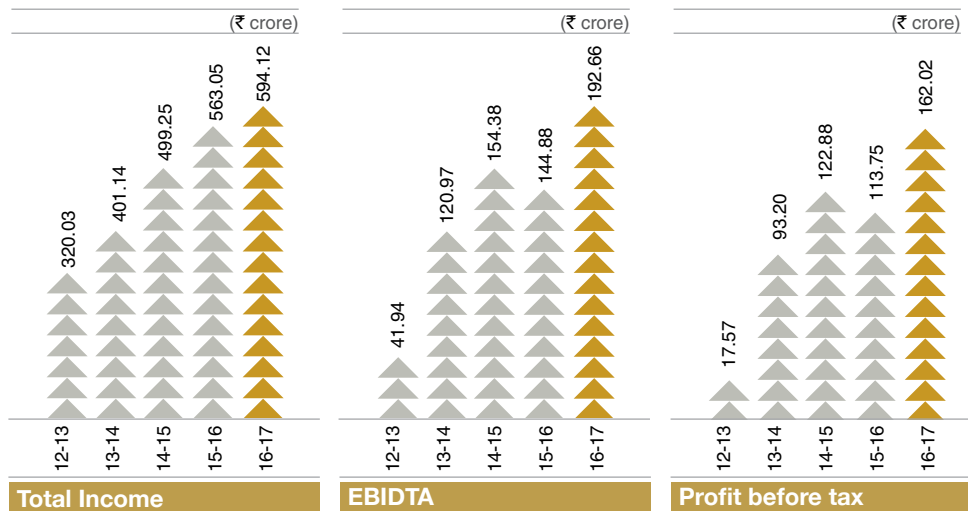
The Company operates four news channels namely Aaj Tak, India Today, Tez and Dilli AajTak. The Company also operates three FM radio stations under brand ISHQ 104.8 FM in Delhi, Mumbai and Kolkata.

With its corporate office at Noida, India, the Company is spearheaded by Mr. Aroon Purie, Chairman and Managing Director. Its shares are listed on the BSE Limited and National Stock Exchange of India Limited.

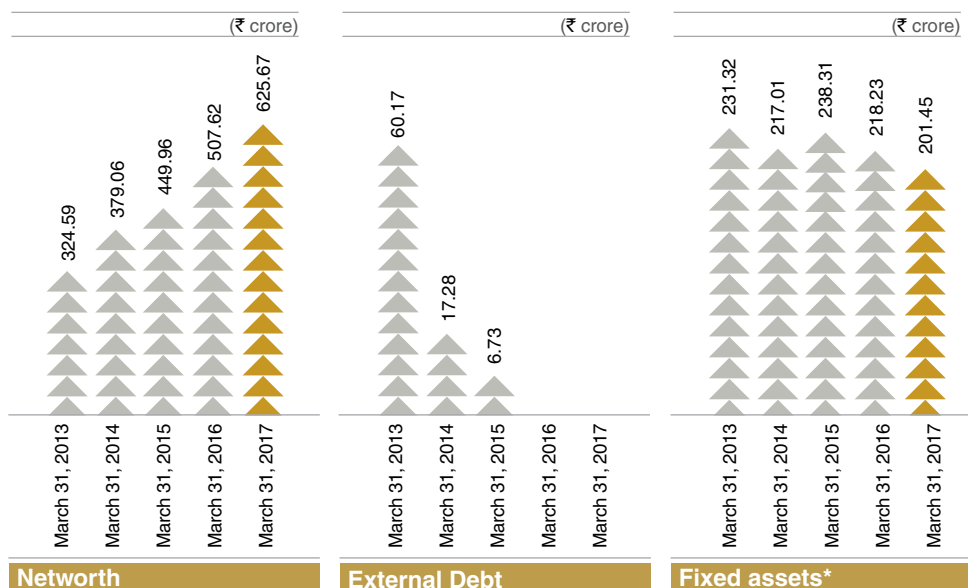
Leading brands within its fold



Progressively profitable business (Standalone)



Building business strength (Standalone)



* Fixed assets (Net block including Capital Work in Progress)
NOTE: FY16 & FY17 figures are based on IND-AS financials

57.42%

Promoters' holding
(March 31, 2017)

15.48%

Institutional holding
(March 31, 2017)

1,224

Team size
(March 31, 2017)

594

Total Income (standalone),
2016-17 (₹ crore)

1538

Market capitalization,
March 31, 2017
(₹ crore)



“The performance has been quite satisfactory. While right investments have been made particularly towards technology, content and talent; we have continuously driven efficiency in our business operations which we believe will have a positive impact on growth prospects over the medium term.”

Aroon Purie
Chairman and Managing Director

Statement from the Chairman's desk

Dear Shareholders,

Fiscal 2016-17, for the Media & Entertainment (M&E) sector was a mixed bag comprising exciting opportunities like continuing growth in the rural markets and increasing online consumption of our content on the one hand and the impact of demonetization, uncertainty around impending GST and the new TRAI Tariff order on the other.

Standout feature of the year was the increasing penetration of digital ecosystem into the average Indian's day-to-day lives which has opened up new avenues of consumption of our content although revenue models still remain to be developed.

For the Company, it was a showcase of our ability to retain and improve profitability even as short-term disruptions impeded business growth. The total revenue (standalone) during the year under review increased by about 5.52% over the previous year. The operating profit margin for the year was extremely healthy at 32.43%. Advertisement revenue during the year increased by 10%, despite the impact of demonetization particularly in the third quarter which demonstrates the dominance of Aaj Tak and increasing popularity of India Today TV.

The performance has been quite satisfactory. While right investments have been made particularly towards technology, content and talent; we have continuously driven efficiency in our business operations which we believe will have a positive impact on growth prospects over the medium term.

Television remains amongst the most important entertainment mediums in the country. The increasing disposable income in the hands of the average Indian is fueling aspirations – driving demand for branded products and services, television being a part of this basket. Credible estimates suggest that India's TV households will reach 203 million by 2021, implying a total TV penetration of 67% - majority of the

additions are expected to be in rural India.

To expand our reach in the rural market we entered the Free Dish platform with our flagship AajTak channel in November 2015. This has helped us maintain and expand our lead over our competitors and hence improve advertising yields.

Our English channel India Today, which was rebranded in May 2015 continues to grow and improve its market position as expected. Sizeable investments made towards this in the areas of content, marketing and distribution have helped the channel get to enhanced viewership and revenues. Channel's advertising yields are expected to strengthen further although the English news television space is witnessing severe competitive pressures.

Your Company made an application to Ministry of Information and Broadcasting (MIB) for migration of its three FM radio stations located at Delhi, Mumbai and Kolkata, from Phase II policy regime to Phase III policy regime applicable to private radio broadcasters. In April, 2017, the Company received an offer from MIB for the said migration subject to, inter-alia, the execution of Grant of Permission Agreement (GOPA) and payment of migration fee and other charges including interest. The Company paid migration fee and other charges including interest and executed the GOPA on May 23, 2017. Consequently, the three FM radio stations of the Company have now been migrated to Phase III. The radio channels were rebranded as Radio 'ISHQ' and successfully re-launched.

Looking at the current year, there is considerable apprehension as India rolls out its most significant tax reform since independence – Goods and Services Tax (GST). While the introduction of GST is likely to have varied levels of impact

across the various media segments on an overall basis, the impact on Media & Entertainment industry is not expected to be significant – primarily due to the availability of input credit across the board.

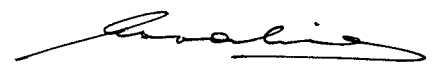
However, the GST rules appear complex particularly from administrative and documentation point of view. The Company has and will continue to take advice in this matter and optimize the impact to the best extent possible.

It is expected that in 2017, there could be an initial adverse impact on advertising spend as organizations across the board focus their energies on realigning business systems and processes to the requirements mandated by the GST law. However, in the medium-term, with the formalization of the economy and the widening of the tax base, GST should have a positive impact on the country's GDP and consequently on advertising spends.

The TRAI Tariff order is expected to have a significant impact on economics of distribution of Television channels. All competitors of AajTak are Free To Air (FTA) channels. Implementation of the Tariff order is likely to pose a challenge for the Company and will have an impact on subscription revenue as well as distribution related costs.

I would like to thank the employees at all levels, for their commitment and remarkable contribution in the Company's success. I appreciate the valuable guidance provided by my colleagues on the Board. I also heartily thank our shareholders for their co-operation and support.

Warm regards



AROON PURIE



Management discussion and analysis report

Economic overview

The Indian economy has been growing at an accelerated pace since 2014, supported by favorable government reforms and stringent fiscal regime that reigned in inflation. India emerged as a 'bright spot' in an otherwise subdued world economy when it overtook China in 2015-16 as the fastest-growing major economy in the world.

Despite prevailing headwinds in India and across the globe, India managed to sustain its 7%-plus GDP growth momentum registered over the last three years. India's strong fundamentals enabled it to clock a 7.1% GDP growth in 2016-17, a marginal slip from 7.9% in 2015-16 – primarily owing to policy initiatives like demonetisation that curbed liquidity in a cash-based consumption economy.

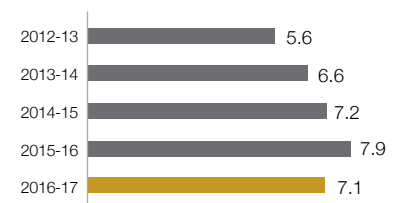
The halving of global oil prices that began in late 2014, boosted economic activity in India, further improved the

external current account and fiscal positions and helped lower inflation in the past. (Source-IMF)

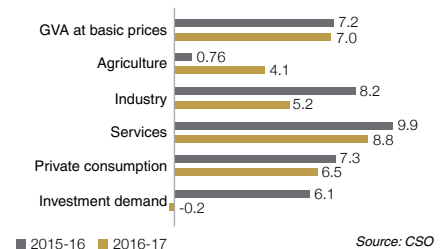
Outlook: India's economic growth is expected to improve in 2017-18. This optimism is based on two critical realities. The adoption of the Goods and Service Tax (GST) promises to create a single national market which will enhance efficiency of the movement of goods and services. This critical fiscal policy could make an important contribution to raise India's medium-term GDP growth momentum to over 8% (Source: IMF). Further, the Union Budget 2017-18, Agenda to Transform, Energise & Clean India (TEC India) puts an unprecedented thrust on rural infrastructure development which will have a multi-sector cascading impact. This initiative promises to make an important contribution to India's economic resurgence.

While the industrial sector is now estimated to have grown at 8.2% against the earlier estimation of 7.4% of the services sector is estimated to have grown at 9.9% against 8.9% earlier.

GDP (Year-on-year in %)



GVA gross value added (Year-on-year in %)



Growth pattern

Industry structure and developments

The year 2016 was a mixed bag for the Indian Media and Entertainment (M&E) industry. The Indian M&E industry grew at 9.1% on the back of advertising growth of 11.2%. This was aided by strong fundamentals and a steady growth in consumption, although demonetisation shaved off 150 to 250 basis points in terms of growth across all sub segments at the end of the year.

Television advertising saw sunrise sectors, such as e-commerce scaling back spends significantly and the event of demonetisation leading to an adverse impact across categories. However, strong long-term fundamentals, driven by domestic consumption, augur well for the future. Growing access to rural audiences through digitisation,

coupled with content availability through increase in Free-to-Air (FTA) channels and deeper audience measurement will be a key catalyst to long-term growth, though this may have an adverse impact on distribution revenues.

The subscription revenue growth for the broadcasters stood at 11% in 2016, lower than last year's estimates of 16%. The same was on account of the following:

- Impact of robust subscriber additions by Free Dish
- Slow progress on digitisation process with Phase 3 and 4 deadlines revised to January and March 2017, respectively
- Challenges around non-transparency of deals between broadcaster

and distributors, non-ubiquitous implementation of subscriber management systems at MSOs/LCOs and incremental addition of lower ARPU customers to the digitised base, leading to marginal ARPU growth for Pay TV operators.

Further, a sustained advertiser interest in digital was seen, resulting in a strong performance in Financial Year 2016-17. Digital has also positively impacted the relatively smaller sub-segments, such as gaming and music—which registered impressive growth as well. With OTT platforms continuing to see major traction, digital Video-on-Demand (VOD) and television could witness harmonious co-existence in the near future, feeding off each other's strengths.

Segment-wise or Product-wise performance

TELEVISION

PERFORMANCE AND INDUSTRY OUTLOOK

Television had a steady run in 2016, with another year of double digit growth despite headwinds on account of demonetisation.

Despite these headwinds, the Television industry registered an 8.5% growth over 2015 to reach an estimated size of INR 58,800 Crores in 2016. It is envisaged to register a CAGR of 14.7% to reach INR 116,600 Crores by 2021.

The growth in subscription revenues was impacted due to the slow pace of digitisation and Average Revenue Per User ("ARPU") realisations from the addressable C&S base. The number of TV households in India increased to ₹18.1 crores in 2016, resulting in a TV penetration of 63%.

The industry witnessed net addition of 0.9 crores Cable and Satellite (C&S) subscribers in 2016, ending with a C&S base of 169 million. The net additions were short by about a million due to slowdown in acquisitions owing to demonetisation. The short term blip of demonetisation is not likely to affect the long term macro-economic indicators, with the TV households estimated to reach ₹20.3 crores by 2021, implying a total TV penetration of 67%.

Looking ahead to 2017, the advertising revenues are likely to see similar growth levels as in 2016, on account of the first quarter impact of demonetisation and economy calibrating to GST in the later year.

DISTRIBUTION & IMPACT ON BROADCASTERS

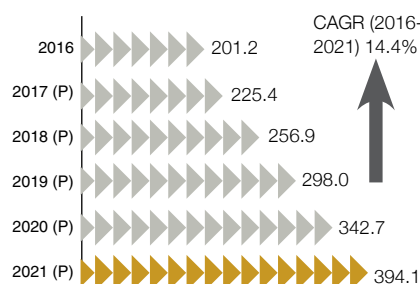
The coverage of rural viewership by Broadcast Association Research Council opened up whole new marketing opportunities for broadcasters and advertisers in 2016. The ratings pushed

Free To Air (FTA) GEC channels of the top broadcasters, along with DD National in the top 10 category, and the same has consequently seen ad rates for these channels increase by about 50-70% during the year. The FTA channel launches were broad based, covering Hindi movies, news (Hindi and regional), music and even kids programs at the end of the year.

BROADCASTING REVENUE- ADVERTISING

Television advertising was steady at 11% growth in 2016, aided by strong performance of sports properties like Indian Premier League (IPL) and T20 Cricket World Cup, and the launch of 4G services in the second half of the year. The emergence of Free to Air channels as a major source of reach and viewership has the potential to translate in to a large advertising market in the future, albeit with risks around cannibalisation of subscription revenues. Even though factors like slow consumption pickup, Broadcast Audience Research Council (BARC) data recalibration, and the November event of demonetisation pulled down advertising spends, the blip is not likely to last beyond 2017, with demonetisation being a short term impact.

Advertisement revenue



(SOURCE: KPMG - FICCI India Media and Entertainment Industry Report 2017)

News genre - The TV News genre has seen a surge in viewership in the last quarter of 2016 due to an active political environment, demonetisation and subsequent budget announcement. However, the impact of this viewership growth did not translate into commensurate advertising growth due to the effects of demonetisation.

The English genre had a challenging 2016, marked by the decline in BARC ratings for English entertainment and movies. With the weightage of English genre in the panel altered drastically due to the rural inclusion, many channels saw a drop in ratings, when in fact the absolute number of viewers for the English entertainment genre increased from ₹0.72 crores impressions in December 2015 to ₹0.76 crores impressions in December 2016.

The number of viewers of English language content in India today is 22 crores, out of which 60% comes from six metros and 40% comes from non-metros. Viewership contribution from non-metros has risen from 20% earlier.

COMMERCIAL ESTABLISHMENTS

The Telecom Regulatory Authority's (TRAI's) guidelines on Tariff and Interconnect in 2016 (draft) and 2017 (final) are expected to alter the operating dynamics between stakeholders. The implementation of these guidelines, in a form acceptable to all stakeholders, would be key to Average Revenue per User (ARPU) uptick and to improve industry profitability. However, currently, given the ongoing litigation around the matter, the future outlook is uncertain.

Further, the Consultation on draft tariff and interconnect regulations, initiated by TRAI in October 2016 and subsequent tariff orders released in March 2017, aim to address the above concerns and