

NIDTV

Annual Report 2004-2005



Consolidation & Growth



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Board of Directors

Dr Prannoy Roy

Chairman and Wholetime Director

Mrs Radhika Roy

Managing Director

Mr KVL Narayan Rao

Wholetime Director

Mr NR Narayana Murthy

Non Executive Independent Director,
Chairman, Infosys Technologies Ltd

Mr Amal Ganguli

Non Executive Independent Director,
Former Managing Partner PwC

Mr Tarun Das

Non Executive Independent Director,
Former Director General CII

Mrs Indrani Roy

Non Executive Independent Director

Mr Vijaya Bhaskar Menon

Non Executive Independent Director

Audit Committee

Mr Amal Ganguli - Chairman

Mr Tarun Das

Mrs Indrani Roy

Remuneration Committee

Mr Tarun Das - Chairman

Mrs Indrani Roy

Mr Amal Ganguli

Shareholders' and Investors' Grievance Committee

Mrs. Indrani Roy - Chairman

Dr Prannoy Roy

Mrs Radhika Roy

Mr KVL Narayan Rao

Company Secretary and Compliance Officer

Mr Rajiv Mathur

Auditors

Price Waterhouse

P-1, Aditya Vihar, Saidulajab

Opposite D-Block, Saket, Mehrauli-Badarpur Road, New Delhi 110 030

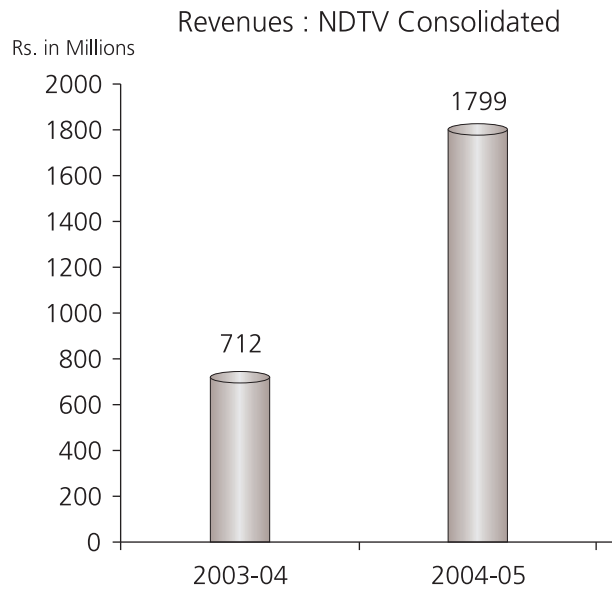
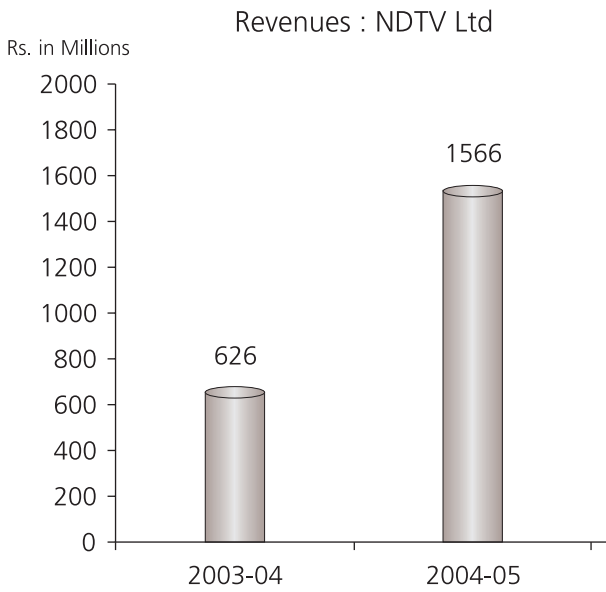
Phone +91 11 5125 0000. Fax +91 11 5125 0250

Registered Office

W-17 Greater Kailash 1, New Delhi 110 048

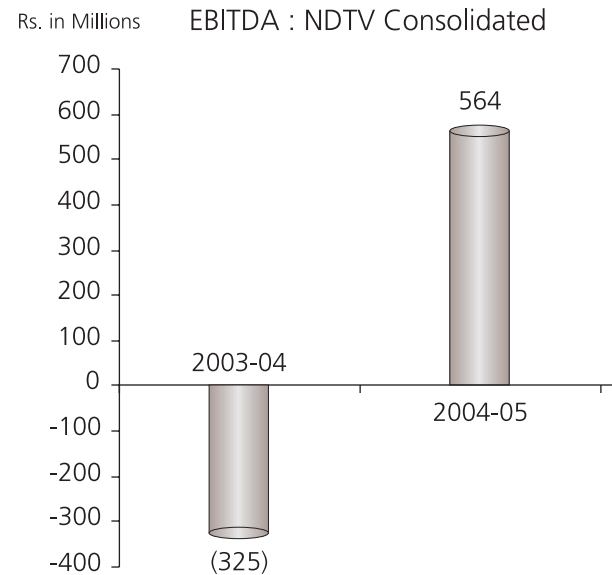
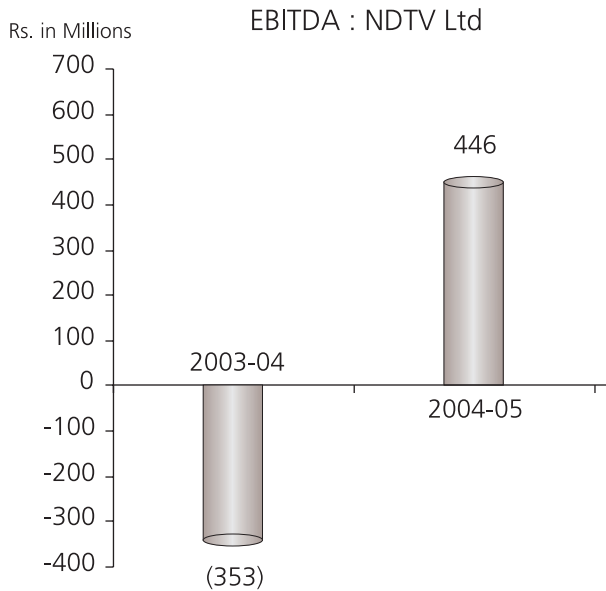
Phone +91 11 5157 7777, 2644 6666. Fax +91 11 2646 1740

Revenues



Over 150% growth in revenues

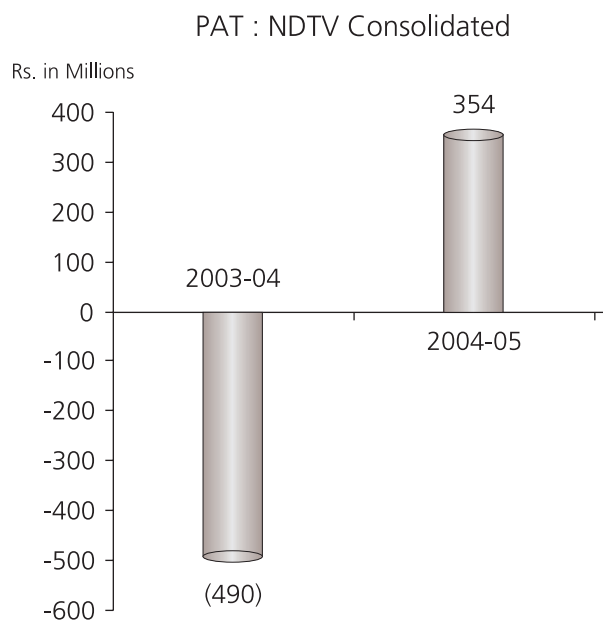
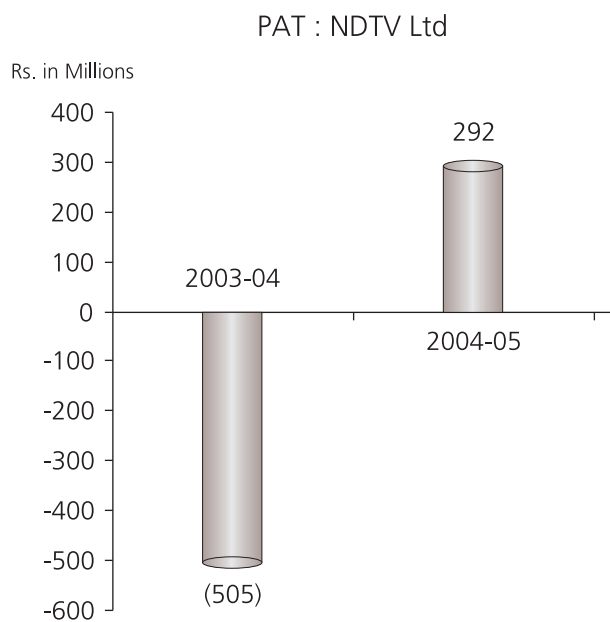
EBITDA



28% Operating Margins

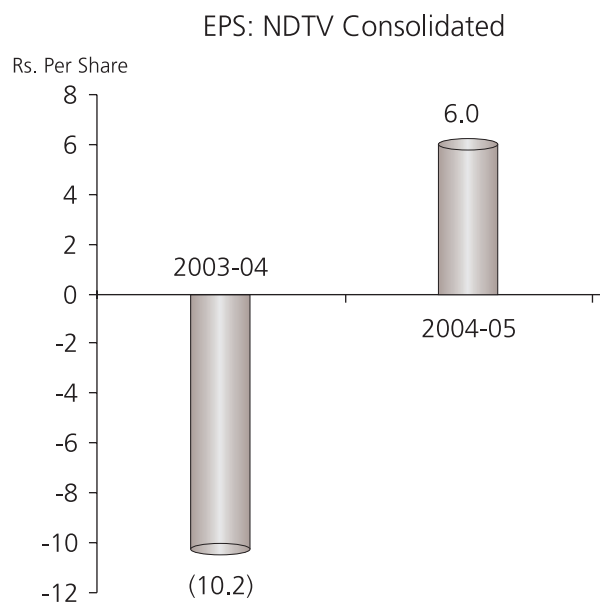
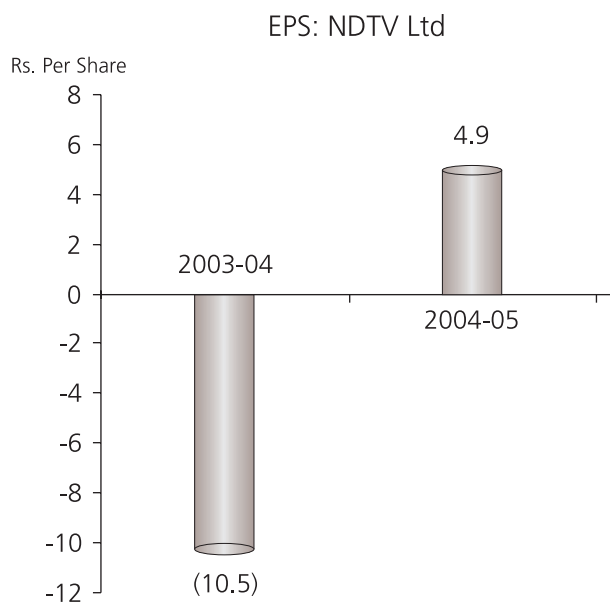
31% Operating Margins

PAT

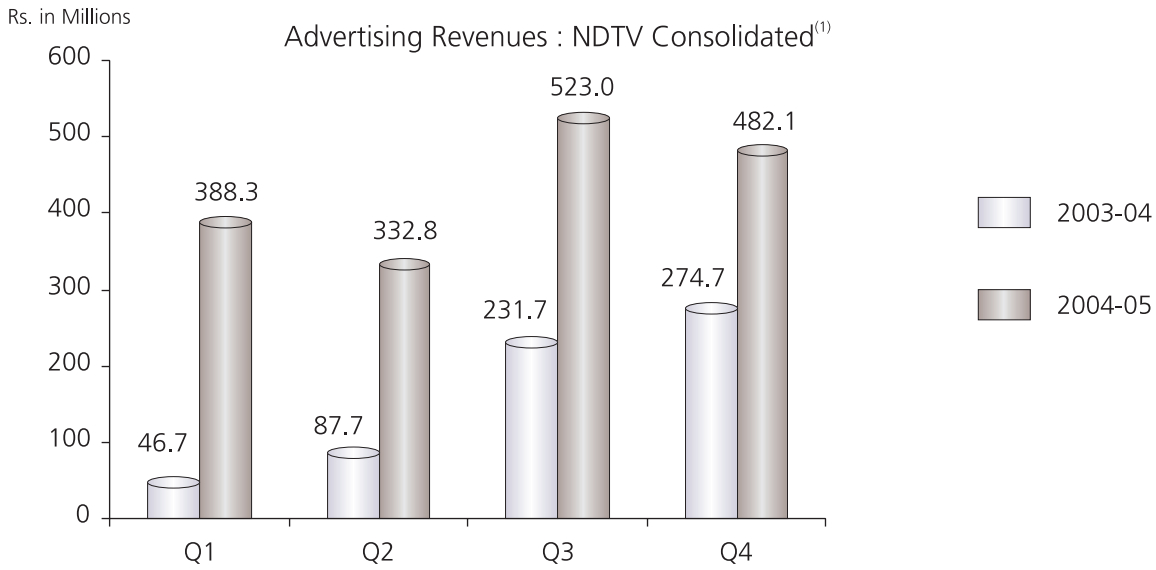


Financial Turnaround

EPS

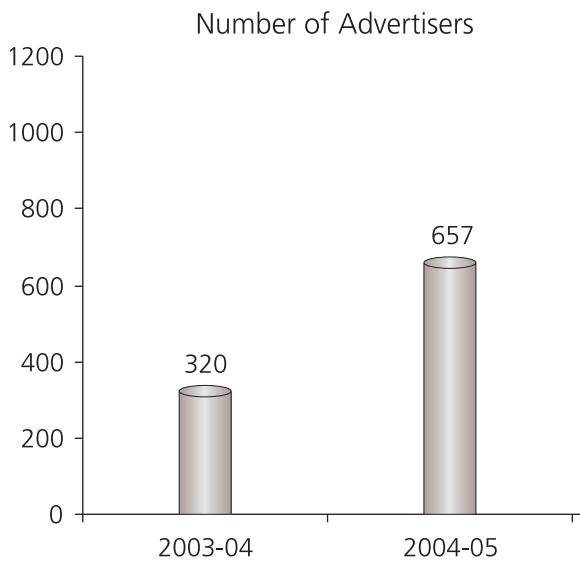


Advertising Revenues

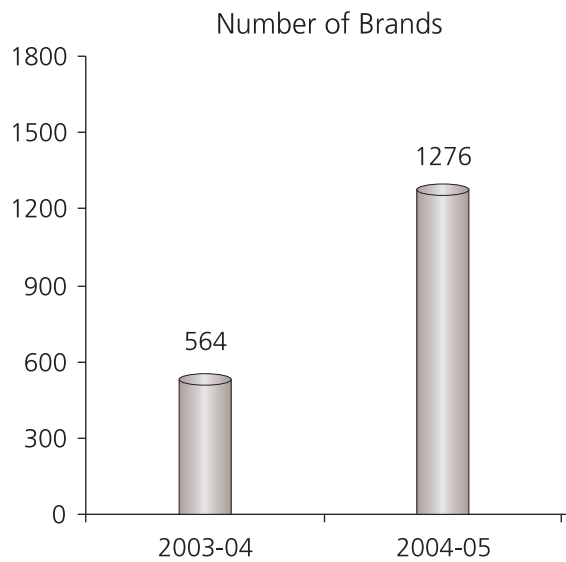


⁽¹⁾Includes Barter Revenues: Rs. 85.7 million in 2003-04 and Rs. 143.4 million in 2004-05

Advertising Base



105% Growth



126% Growth

Awards during the last year

Commonwealth Broadcasting Association

"Award for Exceptional News Feature 2004"

Education for Sale

Indian Telly Awards

Comic Shorts

Gustakhi Maaf

The Current Affairs Programme of the Year

Chai Stop

Talk Show of the Year

The Big Fight

Television News Channel of the Year

NDTV India

TV Cameraman of the Year (News & Documentary)

Pooja Arya

Editor of the Year (Non - Fiction)

Jatin Gupta, Jhalak

Promax & BDA Asia

Gold: Best News/Current Affairs Promo

IPI India Award

Excellence in Journalism

Asian Television Awards

Best Talk Show

The Big Fight

Highly Commended-Best Current Affairs Presenter

Barkha Dutt, We The People

"Runner Up"

Election Coverage, Scope For Improvement, Vote Matters

Hero Honda ITA awards

Best Talk / Chat show

We The People, Barkha Dutt

Best Interstitial/Fillers

Gustakhi Maaf

Best News/Current Affairs Show

Barkha Dutt, Big Story

Best Talk/Chat Show

The Big Fight

Best Television Event

Jai Jawan

Dear Shareholder

We are happy to report that this year 2004-05 has been among the most exciting and successful in NDTV's 17-year history.

It is in this year – our first year as a publicly listed company – that we have established the NDTV brand name and are now regarded as a significant player in the Indian television industry. The success of our business channel, NDTV-Profit, within a few weeks of its launch, is widely considered to be a major endorsement of the brand qualities of trust and credibility associated with your company: NDTV.

As we look back at a good year – we must not underestimate the importance of the years gone by and their contribution to the current success. It has taken 17 years - of dedication and commitment to the highest quality and ethical standards by the NDTV team of professionals - to win the trust and faith of India's viewers. Experience matters, truth matters.

Consequently, for nearly two decades ... NDTV has been a part of India in one form or another. It takes time to build trust ... and with this as a solid foundation, we now look ahead to many more years of a close bond between the Indian viewer and the values and ethics that NDTV stands for.

For NDTV, dear shareholders, this is just the beginning.

Looking ahead

We take pride in reporting a 150% growth in revenues over the last year. NDTV is now the largest and fastest-growing television news organization in India. And we feel there is a long way still to grow and many opportunities still to draw on.

India has shown that it can be a leader in the field of computer software. We believe this is possible too in the field of television software. In the news business, there are certainly opportunities to expand not only within India but also in different parts of the world.

Within India too, NDTV will be looking at new markets and fresh business opportunities in other spheres and genres of television – areas in which our fine team of professionals, widely considered the best in the business – have already shown leadership capabilities.

Moreover, the Indian media scene is going through a series of rapid changes: the distribution of channels is set to benefit from the expansion of DTH (Direct-to-Home) while analog cable systems too are turning digital and addressable – these are set to provide established broadcasters with additional revenues. The growing relationship between television and new media also provides enormous potential: NDTV is looking aggressively at the new media space particularly the partnership between content and mobile telecom. We are already available on every mobile network in India and on most affiliated networks worldwide. This is a major new area that is likely to grow rapidly in the near future. And finally, there is a realistic and growing valuation of the internet and NDTV's solid foundation in the internet space makes this an area full of exciting new possibilities. With more than 200 million page views a month, NDTV.com is one of the most popular websites in the country.

While, NDTV consolidates its dominant position in the news market – and it is crucial to constantly keep our eyes on the ball – we will be looking to new areas for expansion and growth. And there is enough 'low hanging fruit' still to be plucked.

People

We have always passionately believed that NDTV's sustainable advantage is the talent and commitment of its people. For over a decade-and-a-half, NDTV has been very fortunate: virtually every new graduate from media colleges or universities

with a desire to make media their life-profession has tended to place NDTV as their first choice organization in which to work. As a result, year-after-year, for 17 years, NDTV has been able to recruit the top-rated graduates. Over such a sustained period this choice of 'the best talent' is an advantage that few organizations have, and it has meant that NDTV's existing pool of talent is among the finest in the country.

In addition to this pool of brilliant young Indian professionals, the average on-the-job experience of an NDTV employee is now over five years. During this tenure, we are able to provide a unique combination of peer-group nurturing and professional independence that takes our people rapidly along the learning curve to shoulder bigger responsibilities that arise from our own growth. And we are also proud that our alumni are able to successfully lead teams in the television industry outside.

Our people are young and enthusiastic about their work, but as a team, we have now matured beyond individuals. We are working now to evolve contemporary and effective policies, evaluate jobs, and develop a performance management system that is benchmarked with global best practices. This maturity of the organization and the reservoir of talent generate its own momentum for growth, as our people lead our new growth forays.

Market Share

We became broadcasters only two years ago – and this year, NDTV 24x7 quickly became leader in the English news segment, and NDTV India rose rapidly to the second position in the Hindi news segment. Our new, third channel, NDTV-Profit, launched in January 2005, became the leading business news channel in two weeks, an unprecedented achievement.

This year's new channel: NDTV Profit

India's new emerging base of professionals and investors created a new opportunity in business news. Our approach to this opportunity is a reflection of our belief in an entrepreneurship that is measured, but also decisive. We started with a mix of business and news during the trading hours of 9-to-4. A positive feedback to our programming gave us the confidence to launch a full channel within a year. NDTV Profit created a first in Indian television to reach the leadership of its genre within a couple of weeks of its launch.

Programming

The consolidation of our market share is driven first by our programming that constantly keeps innovating and creating new formats and ideas, at a level of quality that is consistently high. Beyond market shares, that eventually determine our success, we take pride in the critical recognition of award juries, where we not just built further upon our long record at the Indian television events but also won two Golds and a Silver at the international level at the Promax in New York.

Distribution

The best programming may fail to have an impact in India where a broadcaster faces a double challenge of limited addressability and last-mile monopoly. Most television sets in the country can receive fewer channels than are available, and the viewer often does not determine the channels she receives. Our distribution team is made up of the finest professionals in the country and it is their scientific and focussed approach that has resulted in NDTV's robust distribution network which ensures that your channels reach over ten million viewers every day, making NDTV the largest network in India.

This year, the same distribution team ventured abroad to establish NDTV as the primary source of news from India. We have licensed our distribution to cover a wide footprint that now includes Sri Lanka, Bangladesh, all of the Middle East, Mauritius, South Africa, Europe and Canada.

Advertising

NDTV's sales and marketing team is widely considered to be a leader in the business. Unlike elsewhere in the world, revenues from advertising are still the mainstay of television broadcasters in India. Our financial performance therefore, is very greatly a success of NDTV Media, our advertising and marketing subsidiary. During 2004-05, this team of outstanding professionals added over 300 advertisers and 700 new brands to our network. This team also proactively reinforces the visibility of our network in other media including print, FM radio and outdoor, striking cost-efficient barter arrangements.

Shareholders

Once again we would like to thank you for all your support and encouragement. It is this support that has seen NDTV's share price and market capitalization grow over this year. We are always happy to receive your suggestions and comments and of course your emails and letters. Please do maintain this close interaction: it helps us keep your views in mind and develop NDTV's extended family of shareholders.

New Delhi
August 16, 2005

Prannoy Roy
Chairman

Radhika Roy
Managing Director

New Delhi Television Limited

Directors' Report

To The Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report and Audited Accounts of the company for the Financial Year ended March 31, 2005.

Financial Results

The summarized Financial Results for the year ended March 31, 2005 are as follows:

Particulars	(Rs. in Million)	
	Year ended March 31, 2005	Year ended March 31, 2004
Business Income	1528.70	603.53
Miscellaneous Income	37.24	22.74
Total Income	1565.94	626.27
Profit / (Loss) before Tax	314.09	(480.02)
Provision for Tax / Others	21.90*	25.20*
Profit after Tax / Extra ordinary items	292.19	(505.22)
Tax Expenses for earlier year	0.32	9.62
Net Profit / (Loss) after Tax	291.87	(514.84)
Balance brought forward from Previous Year	235.14	749.98
Appropriation:		
Transfer to General Reserve	52.70	NIL
Proposed Dividend on Equity Shares	48.64	NIL
Tax on Dividend	6.82	NIL
Profit carried to Balance Sheet	418.85	235.14

* Includes provision for Deferred Tax.

The Year Under Review

Your company allotted 9660492 equity shares of face value of Rs.4 each at Rs.70 per share through its Initial Public Offering (IPO) in May 2004. Following the allotment of shares under the IPO, the share capital of your company increased to Rs.243.21 Million comprising 60802632 equity shares of Rs.4 each.

During the year under review, the company achieved a turnover of Rs.1565.94 Million and PBDIT of Rs.445.88 Million. The company's profit before tax was Rs. 314.09 Million, profit after tax Rs. 291.87 Million and earning per share Rs. 4.93. The company had a net loss during the last year ended March 31, 2004.

The details of the company's operations have been provided in the management's discussion and analysis report, which forms a part of this document.

Audited Consolidated Financial Statements for the year ended March 31, 2005 form a part of this Report.

Dividend

The Board of Directors recommend payment of final dividend of Rs.0.80 per share amounting to Rs. 48.64 Million for the year ended March 31, 2005.

Deposits

The company has not accepted/renewed any deposits from the public during the year.

Corporate Governance

The company's Corporate Governance Report is attached and forms a part of this report.

Directors

In accordance with the provisions of the Articles of Association of the company, Mr. N R Narayana Murthy and Mr. Amal Ganguli retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

During the year, Mr. Vijaya Bhaskar Menon was appointed as an additional director of the company on January 17, 2005 and holds office till the date of the next Annual General Meeting. A resolution seeking his appointment as Director has been included in the agenda of the AGM.

Mr. Sameer Manchanda resigned as a director of the company on April 15, 2005.

Directors' Responsibility Statement

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

1. that in the preparation of the annual accounts for the financial year ended March 31, 2005 the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that 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 at the end of the financial year and of the profit or loss of the company for the year under review;
3. that 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;
4. that the directors have prepared the accounts for the financial year ended March 31, 2005 on a 'going concern' basis.

Auditors

The Auditors of the company, M/s Price Waterhouse, Chartered Accountants, hold office till the conclusion of the ensuing Annual General Meeting of the company and are eligible for re-appointment. They have confirmed that their re-appointment as Auditors of the company, if made, would be in accordance with the limits specified under Section 224 (1B) of the Companies Act, 1956.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988, the following information is provided:

A. Conservation of Energy

Your company is not an energy intensive unit, however regular efforts are made to conserve energy.

B. Research and Development

The company continuously makes efforts towards research and developmental activities whereby it can improve the quality and productivity of its programmes.

C. Foreign Exchange Earnings and Outgo

During the year the company had Foreign Exchange earnings of Rs. 23,052,569 (Previous Year Rs. 11,584,384). The Foreign Exchange outgo on Subscription and News Service charges, Traveling, Consultancy, Software Expenses, Website expenses, Repairs and Maintenance and other expenses amounted to Rs. 68,262,619 (Previous Year Rs. 69,958,953).

Outgo on account of capital goods and others was Rs. 65,921,801 (Previous Year Rs. 123,725,504).

Personnel

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (particulars of employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure forming part of this report.

The Director's Report is being sent to all the shareholders excluding this annexure. Any shareholder interested in obtaining the copy of this annexure may write to the Company Secretary at the registered office of the company.

Acknowledgement

Your Directors thank the investors, shareholders, business associates and the bankers for the continued support in your company's growth. Your Directors place on record their deep appreciation of the high motivation and dedication of employees at all levels in contributing to the improved performance of your company during the year.

For and on behalf of the Board

Place : New Delhi
Date : April 27, 2005

Dr. Prannoy Roy
Chairman

Management Discussions And Analysis

Industry Overview

The Television industry in India has undergone major change over the last decade. From a single black and white terrestrial channel to a multi color multi channel viewing, the growth has been exponential. So much so that the Cable and Satellite connections in the country today far outnumber the telephone connections, urban and rural. Over 200 channels, spread across all programming genres have become available in the last 10 years. Today, broadcasters see a significant growth potential for further expanding the already huge subscriber base.

The news genre is in strong demand as India goes through enormously significant changes in its economy and growth on the one hand and politics on the other. The strong economy coupled with entrepreneurial aspiration has attracted many new competitors into the market. To attract more viewers, competing news channels will target a wider viewership on the strength of their programming, which includes not only political and business news, but also programmes on sports, travel and lifestyle and features.

Opportunities

- Penetration of television to the remote areas of the country is expected to generate higher viewership, and result in higher advertising revenues.
- The launch of Direct-to-Home (DTH) broadcasting is seen as the alternative means of reaching satellite television viewers, especially in relatively inaccessible areas.
- The strength of the Indian Economy and the changes on the socio-political scene is expected to increase the demand for Indian news, by viewers of Indian origin abroad and result in additional subscription, advertising and content syndication revenues to quality international broadcasters.

Threats

- The entry of new channels can lead to fragmentation in the industry, which may make it more difficult to retain viewer shares, and put downward pressure on advertising rates.
- The industry is subject to extensive government regulations, which may change to adversely impact the industry.
- Interest in news viewership is highly related to significant contemporary events and may fluctuate from period to period.

Outlook

The Indian Television industry has recorded a huge growth over the years but has yet to realize its full potential. The SSKI report on the Broadcasting Industry expects the Indian Broadcasting segment to grow at a rate of 17% CAGR.

Business Review and Operations

Our primary business of telecasting news broadcasting through our channels has been strengthened over the last year.

Our English news channel (NDTV 24x7) continues its market leadership over other competitors (CNBC TV18, BBC World, CNN, Headlines Today).

In the Hindi market, our channel is a strong second after Aaj Tak and leads other established competitors (Zee News, Star News, Sahara Samay, Channel 7 and DD News). In the course of the year the gap between the leader, Aaj Tak and NDTV has narrowed from 7 % to just over 1 %.

Our Business news channel, NDTV Profit, was launched on 17 January, 2005. From the second week of its launch, the channel has assumed the leadership position, well ahead of the long established competitor, CNBC TV 18.

A strong distribution presence helped us in successfully expanding our advertising sales to reach a wide base of over 657 advertisers and 1276 brands.

Risks and Concerns

The company faced the following business risks:

1. Competition from Existing news channels and potential entrants to the news broadcasting industry Risk:

Since the launch of its channels – NDTV 24 x7, NDTV India and NDTV PROFIT (collectively referred to as “Channels”) the company has faced tough competition from existing news channels as well as potential entrants to the news broadcasting industry.

Television channels such as Headlines Today, BBC World, CNN, CNBC TV18 and India TV provide competition to NDTV 24 x 7 whilst the competitors for NDTV India are Aaj Tak, DD News, Star News, Zee News, India TV, Sahara Samay National and Channel 7. CNBC TV 18 and Zee Business provide competition to NDTV Profit. The company also faces competition from some of the regional players such as Sun News, ETV and Udaya News.

The potential entrants to the news broadcasting industry include channels from CNBC and the Times group.

The company expects that competition could increase with new entrants coming into the news broadcasting industry and existing players consolidating their positions.

Measures to address the Business Risk and minimize it:

In order to address the Business Risk and minimize the same, the company has / proposes to take the following steps:

- (a) Launched a separate business news channel to extensively cover business news on January 17, 2005. The channel has already become the No.1 channel in its genre;
- (b) Providing more “live” news based on onsite coverage through the company’s extensive news gathering infrastructure that comprises of 20 news bureaus, helicopter available on a dedicated basis, 15 outdoor broadcasting vans, two flyaway units, and state-of-the-art news-gathering and production technology;
- (c) Continuously differentiating the company’s news gathering ability, programming presentation and in-depth analysis from competition;
- (d) Constantly promoting and strengthening the company’s brands by advertising as well as through public relations efforts, and focused promotion on the company’s channels and the *One Alliance¹, our distribution associate*;
- (e) Creating an appropriate programming mix comprising elements such as news bulletins, talk shows and general interest programming, in order to enhance viewer loyalty and attract new viewers to the company’s channels;
- (f) Delivering news through multiple avenues, whether existing or emerging. The company currently also earns its revenues by delivering news through the Internet and Mobile phones. The company intends to enhance these revenues as well as create additional streams for delivering news through avenues such as DTH and Radio at an appropriate time.

2. Distribution network

Risk:

The distribution network makes the Channels available to the viewers. With more channels coming in, there is a shortage of adequate quality bandwidth. This has put the cable system, the life line of distribution, under strain.

Measures to address the Business Risk and minimize it:

The company through its strong distribution team makes continuous efforts to make the channels available on a good bandwidth (PCS). The distribution team has helped to establish better connectivity than any other news channel.

3. Predominant reliance on Advertising Revenues

Risk:

The company relies on advertisement as its primary source of revenue. Ad revenue is dependent on a number of factors which include viewership, reach, quality of viewers etc. Any change in the advertiser preferences regarding the company’s news channels will adversely affect the company’s business and financial condition.

¹ a distribution bouquet of channels that also includes the *Sony Entertainment Television, SET MAX, AXN, Discovery, and Animal Planet* channels

Measures to address the Business Risk and minimize it:

- (i) Strengthening the advertisement revenue by :
 - (a) Moving advertisers towards the company's television news channels from other media, as a larger target audience can be addressed at a relatively lower cost;
 - (b) Leveraging on its leadership position in the English news genre to achieve better price realisations;
 - (c) Leverage the significant increase in NDTV Profit's reach and market share in the Business genre to achieve better price realization for NDTV Profit;
 - (d) Increasing and optimising inventory utilisation across the company's news channels, including through cross-selling of inventory on its channels.
- (ii) Enhance the company's advertising revenues by offering branding opportunities to the company's advertisers, such as through sponsorship of specific programmes.
- (iii) Developing alternate revenue streams in distribution - national and international.
- (iv) Deploying the available news content through existing and emerging delivery mechanisms such as the company's website, mobile phones and radio.

4. Technological Breakdowns

Risk:

The company provides news based on state-of-the-art technology and relies on state-of-the-art communications infrastructure, which links its operations and is critical to its business. The company also relies on technology for its internal communications and management information systems. In the case of a technological breakdown, the process of broadcasting news may be adversely affected. Such technological breakdown may also disrupt the company's internal decision-making process by causing loss of data and making it difficult for the company to communicate in a timely manner. This may adversely affect the company's business and operations.

Measures to address the Business Risk and minimize it:

The company ensures 100% redundancy on all critical broadcasting systems. The company uses state-of-the-art technology and infrastructure and currently has a network of 20 news bureaus, all of which are connected live to the company's main office at New Delhi and are equipped with infrastructure to effectively gather news for the company's network. The company's news gathering capability is significantly enhanced by its state-of-the-art mobile Ku band news gathering network that includes 15 outdoor broadcasting vans, two flyaway units and a helicopter available to the company on a dedicated basis.

5. Business subject to extensive regulation by the Government

Risk:

The Indian news broadcasting industry is subject to significant Government regulation. The Government's recently notified regulations governing companies uplinking news and current affairs from India stipulate restrictions on equity ownership and control. These regulations also require prior approval of the Ministry of Information and Broadcasting before effecting any alteration in the foreign shareholding patterns and the shareholding of the largest Indian shareholders or any alteration in certain agreements. The company's licenses to uplink news from India reserves broad discretion to the Government by giving it the right to modify, at any time, the terms and conditions of the company's licenses and take over its news channels or terminate or suspend our licenses in the interests of national security or in the event of a national emergency, war or similar situation. Under the company's licenses, the Government may also impose certain penalties including suspension, revocation or termination of a license or suspension of a license, in the event of default by the company.

Measures to address the Business Risk and minimize it:

The company has sought requisite approvals from the Ministry of Information and Broadcasting and other regulatory bodies for its current business and is in full compliance with the conditions prescribed in such licenses and approvals.

Financial Condition and Result of Operations

Our financial statements are prepared in accordance with the generally accepted accounting principles, the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. Certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of assumptions and estimates of our management. For further details, see “Financial Statements – Significant Accounting Policies”.

- With effect from May 19, 2004, the company has been listed on the National Stock Exchange of India Limited (NSE) and The Stock Exchange, Mumbai (BSE) by way of its Initial Public Offering of equity shares.

Utilization of Initial Public Offering (IPO) Proceeds

The company has utilized the gross public issue proceeds on issue of 15,571,429 Equity shares of Rs. 4/- each at a premium of Rs 66/- per share in the following manner:

Particulars	Year ended March 31, 2005 Amount (Rs.)
Public Issue Proceeds	1,090,000,000
Less: Public Issue Expenses*	99,249,135
Less: Paid to Selling Shareholders*	380,664,343
Less: Repayment of Loan	200,000,000
Less: For General Corporate Purpose	60,080,518
Unutilized Public Issue Proceeds in Fixed Deposits with Banks	350,006,004

* Out of total Public Issue Expenses of Rs. 99,249,135, the company deducted Rs. 33,101,247 as share of Public Issue Expenses borne by the selling shareholders. Hence net Public Issue Expenses borne by the company is Rs.66,147,888.

- During the year, the company launched its 3rd channel NDTV Profit, a Business channel on January 17, 2005. The other two existing channels are, NDTV 24X7, an English news channel and NDTV India, a Hindi news channel.
- **Amalgamation of New Delhi Television Limited with NDTV World Limited w.e.f. April 1, 2003**

The company had filed a Scheme of Amalgamation in the Delhi High Court for amalgamation of NDTV World Limited with the company on September 29, 2003.

In terms of the Scheme of Amalgamation (Scheme) sanctioned by orders dated July 9, 2004 and July 19, 2004 of Hon'ble High Court of Delhi at New Delhi (Original Jurisdiction) pursuant to Section 394 of the Companies Act, 1956, NDTV World Limited has been amalgamated with the company from April 1, 2003 being the Appointed Date as per the Scheme.

In accordance with the said Scheme:

- The amalgamation orders and other necessary documents have been filed with the Registrar of Companies, NCT of Delhi & Haryana on August 10, 2004. Accordingly, the Scheme is effective August 10, 2004 and the name of NDTV World Limited has been struck-off from the records of the Registrar of Companies, NCT of Delhi & Haryana, without being wound up. The accounts of NDTV World Limited have been incorporated in the accounts of the company from the Appointed Date of April 1, 2003 though the Scheme is effective from August 10, 2004.
- During 2001, the company had entered into a share subscription agreement with ICICI Bank Ltd (“Institutional Investor”, formerly ICICI Ltd). The subscription and collateral agreements entered into with the investor envisaged 9,800,000 equity shares of Rs.10/- each of NDTV World Limited held by the company to be placed with the appointed escrow agent. Further, the Institutional Investor had a right to transfer the escrow shares in its favour without further consideration in the event certain conditions / obligations specified in the agreement not being fulfilled by March 31, 2004 to a maximum ceiling of 74% of the paid up equity capital of the company. If there was a shortfall as per the terms

of the subscription agreement even after the transfer of the escrow shares, the Institutional Investor had a right to further acquire shares of the company upto a maximum of 10% of the paid-up capital of the company.

Subsequently on June 30, 2003, the company entered into an agreement with the Institutional Investor to purchase 3,520,000 shares of NDTV World Limited allotted to it pursuant to the above mentioned agreements for a total consideration of Rs. 810,000,000 to be discharged by way of issue and allotment of 3,631,011 shares of the company, with payments in cash and by way of airtime on the TV Channels owned by the company to be availed by the Institutional Investor on or before July 31, 2005 or extended time. As a result of the same, NDTV World Limited became a 100% subsidiary of the company.

- c. As per the Scheme, the said transaction is recorded in a manner so that with effect from the Appointed Date, all assets and liabilities are vested in the company including any adjustment to the reserves of any excess amounts pursuant to the Scheme at their carrying values in the books of NDTV World Limited on the Appointed Date and the amalgamation has been governed by the Purchase Method of Accounting as contained in Accounting Standard 14: Accounting for Amalgamations issued by the Institute of Chartered Accountants of India.
- d. As per the scheme the following assets and liabilities of NDTV World Limited have been incorporated by the company at the book values of NDTV World Limited on the Appointed Date:

1. Net Fixed Assets	Rs. 196,845,662
2. Current Assets:	
(a) Inventories	Rs. 8,912,071
(b) Sundry Debtors	Rs. 25,407,875
(c) Cash & Bank Balances	Rs. 544,300,443
(d) Loans & Advances	Rs. 38,558,193
3. Current Liabilities	Rs. 35,777,994
4. Deferred Tax Liability	Rs. 5,665,424
Total Value of Assets	Rs. 772,580,826

- e. The consideration as specified in para (b) above of Rs. 810,000,000 together with the existing value of investment in the books of the company of Rs. 150,000,000 (as disclosed in schedule 4 of the accompanying accounts) has been adjusted with the Total Value of Assets purchased aggregating Rs. 772,580,826 as detailed in para (d) above. The resultant Goodwill, as below, arising of the above treatment of Rs. 187,419,174 has been adjusted against the Reserves and Surplus of the company as disclosed in Schedule 2 of the Accompanying accounts.

	Amount (in Rs.)
Total Investment	960,000,000
Less: Total Value of Assets	772,580,826
Goodwill	187,419,174
Goodwill is adjusted against:	
(a) General Reserve	97,627,986
(b) Profit & Loss a/c	89,791,188
Total	187,419,174

The amalgamated financial statements of the company were redrawn for the year ended March 31, 2004 which was reviewed by the statutory auditors and the same has been represented as the previous year figure instead of audited financials of New Delhi Television Limited for year ended March 31, 2004 for the purpose of comparison.

Financial Condition

Share Capital

The authorized share capital is Rs 275 million comprising of 68.75 million equity shares of Rs 4/- each.

Paid Up Capital

The company's paid up capital is Rs 243.21 million comprising of 60,802,632 equity shares of Rs 4/- each as at March 31, 2005.

During the year the company completed its Initial Public Offering of its equity shares in India, 15,571,429 Equity Shares of Rs 4/- each at a price of Rs 70/- each comprising fresh issue of 9,660,492 equity shares & sale of 5,910,937 equity shares by existing shareholders aggregating Rs 1,090 million during its maiden Public Issue.

Reserves & Surplus

The increase of Rs 571.44 million during the year in share premium account is on account of Rs 66/- per share premium received on issue of 9,660,492 equity shares of Rs 4/- each after adjusting Public Issue Expenses of Rs 66.15 million.

Secured Loans

During the year the company has repaid the entire term loan of Rs.300 million and working capital loan of Rs.80 million, which was availed last year.

Fixed Assets

During the year, the company purchased new assets of Rs 151.15 million out of which Rs 80 million were for new Business channel NDTV Profit.

The company has a capital commitment of Rs 0.79 million, which is not provided for.

Depreciation

Depreciation on fixed assets including intangibles is provided using the Straight Line Method based on the useful lives as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Individual assets costing less than Rs. 5,000 are depreciated at the rate of 100% on pro-rata basis. Depreciation charged is higher than the rates specified in Schedule XIV.

Investments

The company has Investments of Rs 18.88 million in NDTV Media Limited - an 85% subsidiary & NDTV News Limited - 100% subsidiary.

Inventories

Inventories mainly comprise of Stores, Spares & Video Tapes.

Sundry Debtors

Sundry debtors amount to Rs 680.68 million (net of provision). These debtors are considered good and realizable.

Cash and Bank Balances

The bank balances include both rupee accounts and foreign currency accounts. The Fixed deposits of Rs 522.76 million includes deposits of Rs 84.80 million on which lien has been marked by bank against the Bank guarantees.

Loans & advances

Advances are primarily towards amounts paid in advance for value and services to be received in future.

Security deposits represent mainly deposits towards building taken on lease by the company for its various offices, including deposits paid by the company to house its staff.

Interest accrued but not due is on fixed deposits & comprises of interest accrued up to March 31, 2005.

Advance Income tax (net of provision) represents payments made towards tax liability.

Current Liabilities

Sundry Creditors represent the amount payable to vendors for supply of goods and services.

Sundry Creditors for other liabilities comprise of statutory dues like TDS, Provident Fund etc payable as at March 31, 2005.

Barter Liabilities represents the net consideration due on account of barter transactions.

Advance from customers represents monies received for the delivery of future services.

Provisions

Provisions for Gratuity represents company's liability towards employee gratuity. The company makes annual contributions to a Gratuity Fund administered and managed by the Life Insurance Corporation of India ("LIC"). Under this scheme, LIC assumes the obligation to settle the gratuity payment to the employees to the extent of the funding. Liability towards gratuity as at the year end is provided on the basis of an actuarial valuation done at the year end.

Company has made a provision of Rs. 55.46 million towards payment of Dividend @ 20% including dividend tax, which is subject to the approval of shareholders.

Contingent Liabilities

Contingent Liabilities represents such liabilities which may arise due to happening of one or more uncertain future events. The company has disclosed such contingent liabilities not provided for in Note B-9 of Schedule 17 to the Accounts.

Result of Operations

Income

Our advertising revenue comprises of advertising revenue from each of our channels, NDTV 24X7, NDTV India and NDTV Profit which was launched during the year on January 17, 2005. Our business income primarily comprises of revenue from sale of television software in the news and current affairs and entertainment segments, revenue from other news delivery avenues (currently from our website and SMS) and others.

The following table sets forth the contribution of the different components of our revenue and of other income towards total income for year ended March 31, 2005 and financial year 2004.

Particulars	(Rs. in millions)	
	2005	2004
Revenue		
Advertising Sales	1,582.89	555.02
Less media commission to NDTV Media	(240.70)	(86.17)
Barter (Net)	96.39	37.32
Business Income		
Production of television software	26.14	67.43
Other news delivery avenues	17.71	13.39
Other Business Income	33.50	5.54
Equipment Hire	12.77	11.00
Other Income	37.24	22.74
Total Income	1,565.94	626.27

Advertisement Revenue

Advertisement revenue for the year ended March 31, 2005 was Rs. 1,438.58 million as against Rs. 506.18 million last

year i.e. an increase of 184%, after netting off the advertising sales commission of Rs 240.70 million to our subsidiary NDTV Media Limited and after including net barter sales of Rs 96.39 million.

Business Income

Business income in the year ended March 31, 2005 was Rs. 90.12 million, which primarily comprised of Rs 26.14 million revenue from production of television software, Rs 17.71 million from other news delivery avenues and Rs 33.50 million from other business income which includes Rs 15 million from NDTV Media Limited on account of Management Fees. In addition to increase in revenue from our website, we also added the revenue from telecom service providers in the year ended March 31, 2005.

Other Income

Other income in the year ended March 31, 2005 was Rs. 37.24 million which primarily comprised of Rs 26.97 million from interest on fixed deposits and Rs 7.73 million interest received on Income Tax refund.

Total Income

Our total income for the year ended March 31, 2005 was higher by Rs 939.67 million (150%) to Rs 1,565.94 million as against Rs 626.27 million in the previous year.

Production Cost

Production Cost for the year ended March 31, 2005 increased by Rs 26.90 million to Rs. 304.37 million as against Rs 277.47 million in the previous year.

The increase is mainly on account of :

- Higher Travel spend of Rs 24.15 million for news gathering, Union & State elections, Tsunami coverage & launch of new channel NDTV Profit during the year
- Higher expense of Rs 21.63 million towards Subscription & Service charges for opinion & exit polls data for elections.

However the following expenses decreased during the year :

- Due to setting up of own KU Band DSNB (Digital Satellite News gathering) uplinking facilities & discontinuation of leased C Band facilities, company's expense in V-sat, Video Conference & Uplinking charges reduced by Rs 19.88 million.

As a result of higher increase in Operating & Administrative expenses in proportion to total expenditure, Production Cost as a percentage of total expense (excluding depreciation and interest) decreased by 1.15% to 27.17% during the year ended March 31, 2005 from 28.32% during financial year 2004.

Employees Cost

Employees Cost during the year ended March 31, 2005 has increased by Rs 49.44 million to Rs. 446.26 million as compared to Rs 396.81 million during the financial year 2004. The increase in cost besides annual increase is primarily due to the increase in employee base by 144 from 875 in 2004 to 1019 in Year 2005.

However, employees cost as a percentage of total expenditure (excluding depreciation and interest) decreased by 0.67% to 39.84% during the year ended March 31, 2005 from 40.51% during financial year 2004 primarily due to higher increase in Operating & Administrative expenses in proportion to total expense during the year.

Administrative and other Expenses

Administrative and other Expenses during the year ended March 31, 2005 increased by Rs 56.53 million to Rs. 264.42 million as against Rs 207.89 million for the financial year 2004.

Administrative and other Expenses as a percentage of total expenditure (excluding depreciation and interest) increased by 2.39% to 23.61% in the year ended March 31, 2005 from 21.22 % in financial year 2004. The reasons for increase were as under :

- Increase in Rent of Rs 8.9 million mainly on account of annual increase as per agreements besides some new premises taken on rent for new channel.

- Increase in Repairs & Maintenance of Rs 11.50 million mainly on account of Annual Maintenance Contracts taken for equipment purchased and installed during last year on launch of NDTV's channel.
- Higher expense on Taxi hire & transportation of Rs 11.71 million for news gathering & general elections coverage during the year & also due to higher fuel costs.

Marketing, Distribution and Promotional Cost

The marketing, distribution and promotional costs for the year ended March 31, 2005 was higher by Rs 7.56 million to Rs 105 million as against Rs 97.44 million last year. This was mainly on account of :

- Higher distribution & promotional expense of Rs 38.55 million, mainly on launch of new channel.
- The advertisement expenses were lower by Rs 30.98 million during the current year to Rs 6.20 million as compared to Rs 37.18 million last year, which was on launch of NDTV's Channel.

Finance Charges

Finance charges for the year ended March 31, 2005 were Rs. 5.6 million as against 11.65 million last year due to repayment of entire term loan of Rs 300 Million & Working Capital term loan of Rs 80 million during the year.

Depreciation

Depreciation for the year ended March 31, 2005 and 2004 was Rs.126.16 million and Rs.115.02 million, respectively. The increase was on account of new assets acquired during the year.

Profit/(Loss) Before Tax

Net Profit for the year ended March 31, 2005 was Rs. 314.09 million as against loss of Rs. 480.02 million last year.

Income Tax

Income tax provision for the year, under MAT was Rs 15.53 million. There was no Income tax provision last year on account of loss.

Deferred tax

Deferred tax provision of Rs. 6.37 million was made for the year ended March 31, 2005 based on the application of Accounting Standard 22 on deferred taxes, which became mandatory with effect from April 1, 2002. Such provision of deferred tax is primarily on account of deferred tax expense on depreciation of Rs.8.05 million. Last year provision was Rs. 25.20 million.

Adjusted Profit/(Loss) after tax

Net Profit after tax in the year ended March 31, 2005 was Rs.291.87 million against loss of Rs 514.84 million last year.

Dividend

A dividend of 20% has been proposed, subject to the approval of shareholders. The dividend pay out would be Rs 55.46 million including Corporate dividend tax.

Internal Control Systems and Their Adequacy

The internal control systems of the company ensure the following:

1. All transactions follow defined processes and are authorized, recorded and reported timely and accurately.
2. All assets are safeguarded and protected against loss from unauthorized use or disposition.

The system of internal audit, management reviews, and other internal control systems are designed to ensure reliability of information and are commensurate with the scale and nature of our operations.

Human Resource Development:

We believe that our employees play an important role in the achievement of our business objectives. Our human resource policy aims at attracting and retaining the best talent, creating an environment that encourages learning, achievement, meritocracy and ensures growth opportunities. We have a motivated and dedicated work force that is competent and constantly maintains the best traditions of journalism and production values and quality. Our HR policies take into account the quality factor being the important differentiator.

As against traditional hierarchical structures in other sectors, the media sector has fewer differentiable responsibility levels and therefore fewer hierarchies. Despite this, we have met the growth and job profile aspirations of our workforce. Our team of journalists includes some of the best-known faces in the Indian television news industry. We conduct periodic compensation reviews to ensure that our employees' remuneration is competitive.

At present, the global HR consulting firm, Hewitt is consulting with NDTV in creating a rewards management architecture through job evaluation, setting up a competency framework and finally a performance management system making NDTV a leader in HR practices that are truly world class.

Cautionary Statement:

Statements in the management discussion and analysis report describing the company's outlook may differ from actual scenario. Important factors that would make a difference to the company's operations include market factors, government regulations, developments within the country and abroad and such other factors.

For and on behalf of the Board

Place : New Delhi
Date : April 27, 2005

Dr. Prannoy Roy
Chairman

AUDITORS' REPORT TO THE MEMBERS OF NEW DELHI TELEVISION LIMITED

1. We have audited the attached Balance Sheet of New Delhi Television Limited, as at March 31, 2005, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. These financial statements have been prepared after giving effect to the amalgamation of the company with erstwhile NDTV World Limited with effect from the appointed date April 1, 2003 (Refer Note B-4 on Schedule -17). The amalgamated financial statements for the year ended March 31, 2004 presented as the corresponding previous year figures have been reviewed by us and have been considered as opening balances for these financial statements.
4. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we further report that:
 - i)
 - (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets is being physically verified by an external firm during the year. No material discrepancies between the book records and the physical inventory are expected to arise.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
 - ii)
 - (a) The inventory has been physically verified by the management during the year. There was no inventory lying with third parties. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
 - iii)
 - (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

- v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, having regard to the explanation that the services rendered being of a professional nature for which market values are not readily ascertainable, the transactions made in pursuance of such contracts or arrangements aggregating to Rs.40,412 thousands in respect of two parties during the year have been made at prices which are reasonable.
- vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
- ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- x) The company has no accumulated losses as at March 31, 2005 and it has not incurred any cash losses in the financial year ended on that date. However, it has incurred cash losses in the immediately preceding financial year.
- xi) According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any bank as at the balance sheet date.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
- xiv) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- xv) In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii) On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix) The company has not issued any debentures.
- xx) The management has disclosed the end use of money raised by public issues (Refer Note B -25 on Schedule 17) and the same has been verified by us.
- xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

5. Further to our comments in paragraph 3 above, we report that:
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2005;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kaushik Dutta
Partner
Membership Number: F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : New Delhi
Date : April 27, 2005

New Delhi Television Limited
Balance Sheet as at March 31, 2005

	Schedule	As at March 31, 2005		As at March 31, 2004	
		Amount (Rs.)		Amount (Rs.)	
Sources of Funds					
Shareholders' Funds					
Capital	1	243,210,528		204,568,560	
Reserves & Surplus	2	<u>1,660,507,150</u>	1,903,717,678	<u>852,649,956</u>	1,057,218,516
Loan Funds					
Secured					
-Term (from bank)		-		300,000,000	
-Working Capital(from bank)		-	-	<u>80,000,000</u>	380,000,000
(Note B-7 on Schedule 17)					
Deferred Tax Liability -Net					
(Note B-12 on Schedule 17)			100,686,881		94,315,727
			<u>2,004,404,559</u>		<u>1,531,534,243</u>
Application of Funds					
Fixed Assets					
Gross Block	3	1,490,608,499		1,347,620,220	
Less : Depreciation		<u>588,131,089</u>		<u>466,864,909</u>	
Net Block		902,477,410		880,755,311	
Capital Work in Progress		-		1,535,380	
Capital Advances		<u>5,284,686</u>	907,762,096	<u>1,226,674</u>	883,517,365
Investments					
	4		18,880,300		18,880,300
Current Assets, Loans and Advances					
Inventories	5	5,159,108		13,100,288	
Sundry Debtors	6	680,679,602		367,783,938	
Cash and Bank Balances	7	537,800,357		289,668,395	
Other Current Assets,					
Loans and Advances	8	<u>169,668,324</u>		<u>180,001,220</u>	
		1,393,307,391		850,553,841	
Less : Current Liabilities and Provisions					
Current Liabilities	9	258,333,499		221,151,899	
Provisions	10	<u>57,211,729</u>		<u>265,364</u>	
		315,545,228		<u>221,417,263</u>	
Net Current Assets					
			1,077,762,163		629,136,578
			<u>2,004,404,559</u>		<u>1,531,534,243</u>
Notes to the accounts					
	17				

This is the Balance Sheet referred to in our report of even date

The schedules referred to above form an integral part of the Balance Sheet

Kaushik Dutta
Partner
Membership Number. F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : New Delhi
Date : April 27, 2005

For and on behalf of the Board
Dr. Prannoy Roy
Chairman
Rajiv Bhatnagar
Company Secretary
Radhika Roy
Managing Director
Jameskutty P.C.
Group CFO

New Delhi Television Limited

Profit and Loss Account For the year ended March 31, 2005

	Schedule	For the year ended March 31, 2005 Amount (Rs.)		For the year ended March 31, 2004 Amount (Rs.)
Income				
Revenue from Advertising	11	1,438,578,456		506,176,536
Other Business Income	12	90,121,227		97,357,023
Other Income	13	37,238,036		22,737,266
		<u>1,565,937,719</u>		<u>626,270,825</u>
Expenditure				
Production	14	304,373,600		277,469,339
Personnel	15	446,255,233		396,813,424
Operations & Administration	16	264,421,473		207,895,890
Marketing, Distribution & Promotion		105,006,940		97,440,046
		<u>1,120,057,246</u>		<u>979,618,699</u>
Profit/ (Loss) Before Interest, Depreciation and Tax		445,880,473		(353,347,874)
Interest		5,631,316		11,645,737
Profit/ (Loss) Before Depreciation and Tax	3	440,249,157		(364,993,611)
Depreciation		126,157,291		115,024,765
Profit/ (Loss) Before Tax		314,091,866		(480,018,376)
Provision For Tax				
- Current	15,533,908		-	
- Deferred (Note B-12 on Schedule 17)	<u>6,371,154</u>	21,905,062	<u>25,202,564</u>	25,202,564
Profit/ (Loss) After Tax		292,186,804		(505,220,940)
- Tax expense for earlier years		312,435		9,622,901
- Prior Period		-		7,500
- Excess provision for taxation of earlier years written back		-		(7,550)
Net Profit/ (Loss) after Tax		291,874,369		(514,843,791)
Previous Year Balance Brought Forward (Schedule 2) (After Opening Adjustment)		235,141,331		749,985,122
Amount available for appropriations		527,015,700		235,141,331
Appropriations				
General Reserve		52,701,570		-
Proposed Dividend		48,642,106		-
Corporate Dividend Tax		6,819,623		-
Profit carried forward		418,852,401		235,141,331
Balance carried to Profit and Loss account		527,015,700		235,141,331
Earning Per Share - Basic and Diluted (Note B-19 on Schedule 17)		4.93		(10.53)

Notes to the accounts 17

This is the Profit and Loss Account referred to in our report of even date

The schedules referred to above form an integral part of the Profit and Loss Account

Kaushik Dutta
Partner
Membership Number. F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : New Delhi
Date : April 27, 2005

For and on behalf of the Board
Dr. Prannoy Roy
Chairman
Rajiv Bhatnagar
Company Secretary
Radhika Roy
Managing Director
Jameskutty P.C.
Group CFO

New Delhi Television Limited
Cash flow statement for the year ended March 31, 2005

	For the year ended March 31, 2005 Amount (Rs.)	For the year ended March 31, 2004 Amount (Rs.)
A. Cash flow from operating activities:		
Net (loss)/profit before tax	314,091,866	(480,018,276)
Adjustments for:		
Depreciation	126,157,291	115,024,765
Interest Expense	5,631,316	11,645,737
Interest Income	(34,699,410)	(20,340,109)
(Profit)/Loss on Fixed Assets sold	409,017	(160,719)
Debts / Advances Written off	3,554,010	689,262
Provision for Bad & Doubtful Debts	3,940,444	233,361
Provision for Gratuity & Leave Encashment	1,484,636	(1,447,392)
Barter Income	(143,400,571)	(85,712,357)
Barter Expenditure	47,013,752	48,391,477
TDS on service Income	(13,545,328)	(13,700,800)
Operating profit before working capital changes	310,637,023	(425,395,051)
Adjustments for changes in working capital :		
– (Increase)/Decrease in Sundry Debtors	(322,553,000)	(272,263,360)
– (Increase)/Decrease in Other Receivables	(42,886,501)	(7,680,624)
– (Increase)/Decrease in Inventories	7,941,180	2,541,478
– Increase/(Decrease) in Trade and Other Payables	126,881,922	32,280,628
Cash generated from operations	80,020,624	(670,516,929)
– Taxes (Paid) / Received (Net of TDS)	71,038,781	(6,975,473)
Net cash from operating activities	151,059,405	(677,492,402)
B. Cash flow from Investing activities:		
Purchase of fixed assets	(146,969,673)	(167,220,456)
Proceeds from Sale of fixed assets	2,860,395	2,086,768
Interest Received (Revenue)	16,741,895	16,559,056
Purchase of investments	-	(100,000,000)
Net cash used in investing activities	(127,367,383)	(248,574,633)

New Delhi Television Limited**Cash Flow Statement for the year ended March 31, 2005**

	For the year ended March 31, 2005 Amount (Rs.)	For the year ended March 31, 2004 Amount (Rs.)
C. Cash flow from financing activities:		
Proceeds from fresh issue of Share Capital (including Share Premium)	1,090,000,000	-
Payments made for share issue expenses	(99,249,135)	-
Payment made to selling shareholders	(380,664,343)	-
Repayment of loans	(380,000,000)	-
Interest Paid	(5,646,582)	(11,630,471)
Proceeds from loans	-	380,000,000
Dividend Paid	-	(74,033,718)
Dividend Tax Paid	-	(9,485,570)
Net cash generated/ (used) in financing activities	224,439,940	284,850,241
Net Increase/(Decrease) in Cash & Cash Equivalents	248,131,962	(641,216,793)
Opening Cash and cash equivalents	289,668,395	386,584,745
Cash and Cash Equivalents Acquired consequent to the amalgamation (Refer Note B - 6 On Schedule 17)	-	544,300,443
Closing Cash and cash equivalents	537,800,357	289,668,395
Cash and cash equivalents comprise		
Cash in hand	255,454	753,904
Balance with Scheduled Banks on Current and Deposit accounts	537,544,903	288,914,491
	537,800,357	289,668,395

Notes :

- 1 The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
- 2 Figures in brackets indicate cash outflow.
- 3 Following non cash transactions have not been considered in the cash flow statement.
 - Tax deducted at source (on income)
 - Barter Transactions
- 4 Previous year's figures have been restated, regrouped or reclassified wherever necessary to conform to the effect of amalgamation and current year's grouping and classification.

This is the Cash Flow Statement referred to in our report of even date.

The schedules referred to above form an integral part of the Cash Flow Statement

Kaushik Dutta
Partner
Membership Number. F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : New Delhi
Date : April 27, 2005

For and on behalf of the Board

Dr. Prannoy Roy Chairman	Radhika Roy Managing Director
Rajiv Bhatnagar Company Secretary	Jameskutty P.C. Group CFO

New Delhi Television Limited Schedules to the Balance Sheet

	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
Schedule - 1		
Capital		
(Note B-2 on Schedule 17)		
Authorised :		
68,750,000 Equity Shares of Rs.4/- each (Previous Year 68,750,000 equity shares of Rs. 4/- each)	<u>275,000,000</u>	<u>275,000,000</u>
Issued, Subscribed & Paid Up :*	243,210,528	204,568,560
60,802,632 Equity Shares of Rs.4/- each(Previous Year 51,142,140 equity shares of Rs.4/- each)	<u>243,210,528</u>	<u>204,568,560</u>

*Out of the above:

- (a) 7,509,870 (Previous Year - 7,509,870) Equity Shares of Rs. 4/- each were allotted as fully paid up by way of Bonus Shares by capitalisation of Profits and Revaluation Reserve.
- (b) 33,651,690 (Previous Year -33,651,690) Equity Shares of Rs 4/- each were allotted as fully paid up by way of Bonus Shares by capitalisation of Securities Premium.
- (c) 9,077,528 (Previous Year -9,077,528) Equity Shares of Rs 4/- each were allotted as fully paid up pursuant to a contract without payment being received in cash.
- (d) In May 2004, the company completed the Initial Public Offering(IPO) of its equity shares in India 15,571,429 equity shares consisting of
 - (i) Fresh issue of 9,660,492 shares of Rs. 4/- each at a price of Rs 70 for cash, and
 - (ii) Sale of 5,910,937 equity shares of Rs. 4/- each by existing shareholders at a price of Rs. 70.

The proceeds of the issue amounting to Rs. 1,090 million constitute 25.61% of the fully diluted paid up capital of the company. In respect of the above the company incurred IPO related expenses of Rs. 66,147,918 (Note B-25 on Schedule 17)

Schedule - 2 Reserves & Surplus

Securities Premium Account

Opening Balance -Amalgamated	617,508,625	93,818,735
Add: Share premium received on issue of equity shares (Note (d) on Schedule 1)	637,592,472	523,689,890
Less: Public Issue expenses (Note (d) on Schedule 1)	<u>(66,147,918)</u>	<u>-</u>
Closing Balance	1,188,953,179	617,508,625

General Reserve

Opening Balance	-	97,627,986
Less Goodwill amortised (Note B - 4(iii) (d) on Schedule 17)	-	(97,627,986)
Add: Transfer from Profit and Loss Account	<u>52,701,570</u>	<u>-</u>
Closing Balance	52,701,570	-

Profit and Loss Account

Opening Balance -Amalgamated	235,141,331	839,776,310
Less Goodwill amortised (Note B - 4(iii) (d) on Schedule 17)	<u>-</u>	<u>(89,791,188)</u>
	235,141,331	749,985,122
Add: Transfer from Profit and Loss Account	<u>183,711,070</u>	<u>(514,843,791)</u>
Closing Balance	418,852,401	235,141,331
	<u>1,660,507,150</u>	<u>852,649,956</u>

New Delhi Television Limited Schedules to the Accounts

Schedule -3 Fixed Assets

(Refer Note A 2, 3 & 4 on Schedule 17)

Particulars	Gross Block			Depreciation			Net Block			
	As at 01-April-04	Additions During the Period	Sold/ Discarded/ transferred	As at 31-March-05	As at 01-April-04	Provided During the Period	On Deductions	Upto 31-March-05	As at 31-March-05	As at 31-March-04
<u>Intangible Assets</u>										
Website	21,346,327	-	-	21,346,327	12,621,241	2,143,249	-	14,764,490	6,581,837	8,725,086
Computer Software	-	5,055,098	-	5,055,098	-	409,527	-	409,527	4,645,371	-
<u>Tangible Assets</u>										
Land & Building	56,793,803	-	-	56,793,803	3,688,558	1,403,484	-	5,092,042	51,701,761	53,105,245
<u>Plant & Machinery*</u>										
Plant & Machinery (Main)**	964,296,525	96,480,592	2,024,810	1,058,752,307	300,971,566	82,900,726	1,780,720	382,091,572	676,660,735	663,324,959
Plant & Machinery (Other)	44,049,597	3,146,811	1,507,700	45,688,708	17,353,901	4,331,700	924,828	20,760,773	24,927,935	26,695,696
Computers ***	98,399,282	16,214,842	-	114,614,124	60,047,415	13,015,310	-	73,062,725	41,551,399	38,351,867
Office Equipment	22,591,447	3,849,825	705,240	25,736,032	17,004,602	2,719,039	468,807	19,254,834	6,481,198	5,586,845
Furniture & Fixtures	90,731,758	11,348,347	-	102,080,105	40,639,486	11,775,944	-	52,415,430	49,664,675	50,092,272
Vehicles	29,411,481	15,053,288	3,922,774	40,541,995	13,797,550	6,340,465	1,716,756	18,421,259	22,120,736	15,613,931
Helicopter ****	20,000,000	-	-	20,000,000	740,590	1,117,647	-	1,858,237	18,141,763	19,259,410
Total	1,347,620,220	151,148,803	8,160,524	1,490,608,499	466,864,909	126,157,291	4,891,111	588,131,089	902,477,410	880,755,311
Previous Year	922,063,638	430,859,580	5,302,998	1,347,620,220	355,217,092	115,024,765	3,376,948	466,864,909	880,755,311	-
Capital Work in Progress *****	-	-	-	-	-	-	-	-	5,284,686	2,762,054

* Includes foreign exchange fluctuation Income of Rs. 472,966 (Previous year Loss Rs. 55,537)

** Gross block includes assets aggregating to Rs 2,059,940 (Previous Year Nil) purchased under barter arrangements

*** Gross block includes assets aggregating to Rs 11,235,200 (Previous Year Nil) purchased under barter arrangements

**** Title and ownership is as confirmed by Deccan Aviation vide their letter dated January 24, 2003

***** Capital WIP Includes an amount of Rs. 5,284,686 (Previous Year Rs.1,226,674) towards Capital Advance.

New Delhi Television Limited

Schedules to the Balance Sheet

	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
Schedule - 4		
Investments		
(Trade, Unquoted, at Cost)		
Long Term		
Subsidiary Companies		
NDTV News Limited	10,380,300	10,380,300
(Formerly known as Harshil Overseas Limited)		
5,000 Equity Shares (Previous Year - 5,000 Equity Shares)		
of Rs. 100/- each fully paid up		
(Note B-5 on Schedule 17)		
NDTV Media Limited	8,500,000	8,500,000
850,000 Equity Shares of Rs. 10/- Each Fully Paid Up		
(Previous Year - 8,50,000 Equity Shares of Rs. 10/- each	<u>18,880,300</u>	<u>18,880,300</u>
Schedule - 5		
Inventories (Note A-6 on Schedule 17)		
Stores & Spares	4,370,863	5,742,036
Video Tapes	788,245	1,690,600
Television Programmes under production	-	5,667,652
	<u>5,159,108</u>	<u>13,100,288</u>
Schedule - 6		
Sundry Debtors		
(Unsecured, Considered Good unless otherwise specified)		
Debts Outstanding for a period exceeding six months		
Considered good	83,678,756	65,145,767
Considered doubtful	15,740,444	99,419,200
Other Debts		<u>12,033,361</u>
Considered good*	597,000,846	77,179,128
	<u>696,420,046</u>	<u>379,817,299</u>
Less: Provision for Doubtful Debtors	(15,740,444)	(12,033,361)
	<u>680,679,602</u>	<u>367,783,938</u>
* Includes Rs.1,305,457 (Previous Year Rs.398,600) from NDTV Media Limited,a subsidiary (Note B-17 (III) on Schedule 17)		
Schedule 7		
Cash and Bank Balances		
Cash In Hand	255,454	753,904
Balance With Scheduled Banks on		
Current Accounts		
- Rupee Accounts	14,553,878	20,712,988
- EEFC Accounts	231,816	1,059,089
Fixed Deposits (Note B- 9 (i) & B- 25 on Schedule 17)	526,648,300	268,457,370
Less: Book overdraft with the same bank	(3,889,091)	(1,314,956)
	<u>522,759,209</u>	<u>267,142,414</u>
	<u>537,800,357</u>	<u>289,668,395</u>

New Delhi Television Limited

Schedules to the Balance Sheet

	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
Schedule 8		
Other Current Assets, Loans and Advances		
(Unsecured, Considered Good)		
Advances recoverable in cash or kind or for value to be received	36,170,660	28,355,921
Security Deposits	32,766,672	26,833,510
Interest Accrued But Not Due	16,280,178	3,881,921
Advances & Imprest to Employees *	15,708,608	17,547,445
Prepaid Expenses	41,640,573	10,722,716
Advance To Subsidiary **		
- NDTV News Limited	9,079,284	9,019,702
Advance Income Tax	18,022,349	83,640,005
{ Net of Provision for Income Tax of Rs 125,639,665/- (Previous Year Rs 110,105,757/-)}		
	<u>169,668,324</u>	<u>180,001,220</u>

*Advances include loans to a whole time Director Rs. 5,432,792/-(Previous year Rs. 3,976,792/-) under the approved housing loan scheme of the company. {Maximum balance outstanding during the year Rs.5,904,792/-(Previous Year Rs.4,240,792/-) }

** Maximum balance outstanding during the year Rs. 9,079,284/- (Previous Year Rs. 9,412,652/-)

Schedule 9

Current Liabilities

Sundry Creditors*	168,956,758	74,784,575
Other Liabilities	59,370,597	37,434,952
Barter Liabilities (Net)**	22,883,581	105,936,370
Advances from Customers	7,122,563	2,996,002
	<u>258,333,499</u>	<u>221,151,899</u>

* As certified by the Management, the company does not owe any amount to small scale undertakings and it includes Rs. 132,933,977/- (Previous Year Rs 32,161,207) payable to NDTV Media, a subsidiary.

** Includes :

- Rs. 8,160,681/- (Previous Year Rs. 100,579,564/-) on account of Advance Airtime Liability due to ICICI Bank Limited {Note B-4 (iii)(b) on Schedule 17}
- Rs. 14,722,900/-(Previous Year Rs. 5,356,806/-) due to other parties on account of Barter transactions.

Schedule 10

Provisions

Provision for Gratuity	1,750,000	265,364
Proposed Dividend	48,642,106	-
Corporate Dividend Tax	6,819,623	-
	<u>57,211,729</u>	<u>265,364</u>

New Delhi Television Limited

Schedules to the Profit and Loss Account

	For the Year ended March 31, 2005 Amount (Rs.)	For the Year ended March 31, 2004 Amount (Rs.)
Schedule 11		
Revenue from Advertising		
Sales	1,582,888,057	555,027,851
Barter Sales		
- ICICI Bank (Note B-4(iii)(b) on Schedule 17)	92,418,883	49,420,437
- Others	50,981,688	36,291,920
	<u>143,400,571</u>	<u>85,712,357</u>
Less: Barter Expenses*	(47,013,752)	(48,391,477)
Less : Media commission payable to NDTV Media Limited	(240,696,420)	(86,172,195)
	<u>1,438,578,456</u>	<u>506,176,536</u>

* Includes advertisement expenses of Rs. 47,013,752 (Previous Year Rs. 46,814,458) and travel expenses of Nil(Previous Year Rs. 1,577,019)

Schedule 12

Other Business Income

Production of Television Software	26,135,000	67,431,639
Other News Delivery Avenues	17,709,552	13,386,472
Equipment Hire	12,774,042	10,996,202
Others *	33,502,633	5,542,710
	<u>90,121,227</u>	<u>97,357,023</u>

* Includes income of Rs. 15,000,000 from NDTV Media Limited on account of Management Fees (Previous Year Nil)

Schedule 13

Other Income

Interest on Fixed Deposits - Gross {Tax Deducted at source Rs 5,559,259/- (Previous Year Rs. 3,850,447)}	26,966,444	20,340,109
Profit on sale of assets	-	160,719
Interest on Income Tax refund - Gross	7,732,966	-
Foreign Exchange gain/ (loss) - Net	1,212,523	(280,920)
Miscellaneous Income	1,326,103	2,517,358
	<u>37,238,036</u>	<u>22,737,266</u>

Schedule 14

Production

Consultancy & Professional Fee *	61,216,870	56,553,157
Hire Charges	10,469,459	12,422,368
Graphic, Music and Editing	1,196,599	264,000
Video Cassettes	4,719,038	4,326,255
Subscription, Footage & News Service	51,035,440	29,402,666
Software Expenses	2,006,478	3,350,350
V-Sat, Video Conference & Uplinking	55,602,255	75,485,141
Sets Construction	1,924,879	3,405,633
Panelist Fee	3,383,336	2,824,855
Website Hosting & Streaming	16,359,610	9,852,263
Helicopter Running & Maintenance	6,941,963	7,553,091
Travelling Expenses - others	70,918,063	46,764,472
Stores & Spares	12,076,600	15,082,812
Other Production Expenses	6,523,010	10,182,276
	<u>304,373,600</u>	<u>277,469,339</u>

* Includes expenses of Rs. 900,000 (Previous Year Rs. 900,000) paid to NDTV Media Limited towards Professional Fees

New Delhi Television Limited

Schedules to the Profit and Loss Account

	For the year ended March 31, 2005 Amount (Rs.)	For the year ended March 31, 2004 Amount (Rs.)
Schedule 15		
Personnel		
Salary, Wages & Other Benefits	403,445,075	356,504,110
Contribution to Provident Fund & other Funds	28,658,947	24,471,183
Staff Welfare	14,151,211	15,838,131
	<u>446,255,233</u>	<u>396,813,424</u>
Schedule 16		
Operations & Administration		
Rent, rates and taxes	61,107,310	52,205,797
Electricity and water	16,562,391	15,425,217
Bank charges	1,575,428	2,024,990
Printing and stationery	3,883,798	2,922,032
Postage, telegram and courier	2,179,093	1,035,325
Books, periodicals and news papers	13,682,727	11,520,042
Local conveyance /taxi hire	25,852,875	20,107,804
Business promotion	5,855,290	2,516,065
Repair and Maintenance		
– Plant & Machinery	20,339,846	11,627,378
– Building	12,006,736	9,218,134
Charitable donations	1,316,800	1,038,300
Audit Fees:		
– Statutory Audit (Excluding Service Tax)	2,641,548	1,762,000
Insurance	11,674,416	10,865,026
Telephone, fax & paging	32,568,575	28,174,191
Vehicle	10,578,341	6,772,933
Medical	6,637,417	6,413,022
Generator hire and running	9,264,335	7,983,382
Security	3,299,465	2,952,792
Staff training	33,522	452,387
Provision for doubtful debts	3,940,444	233,361
Bad Debts & doubtful advances written off	3,554,010	689,262
Legal & professional	9,871,061	7,484,183
Miscellaneous	5,587,028	4,472,267
Loss on sales of assets	409,017	–
	<u>264,421,473</u>	<u>207,895,890</u>

New Delhi Television Limited

Schedules to the Accounts

Schedule -17

A. Significant Accounting Policies

1. Basis of Preparation

These financial statements have been prepared in accordance with the historical cost convention, generally accepted accounting principles and relevant provisions of the Companies Act, 1956 ("The Act") and Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI").

The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

2. Tangible Fixed Assets

Tangible Fixed assets are stated at the cost of acquisition, which includes taxes, duties, freight, insurance and other incidental expenses incurred for bringing the assets to the working condition for their intended use.

Fixed assets purchased under barter arrangements are stated at the fair market value as at the date of purchase.

3. Intangibles

Intangible assets are recognised if they are separately identifiable and the company controls the future economic benefits arising out of them. All other expenses on intangible items are charged to the Profit and Loss account. Intangible assets are stated at cost less accumulated amortization less impairment.

4. Depreciation

Depreciation on fixed assets including intangibles is provided using the Straight Line Method based on the useful lives as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Individual assets costing less than Rs. 5,000 are depreciated at the rate of 100% on pro-rata basis. The management's estimates of useful lives for various fixed assets are given below:

Asset Head	Useful Life (years)
Buildings	40
Plant and Machinery	5-12
Computers	3-6
Office equipment	3-5
Website	6
Furniture and Fixtures	5-8
Vehicles	6
Helicopter	17
Computer Software	6

5. Revenue Recognition

Revenue from advertising is recognised for the period for which services have been provided based on valid contracts.

Revenues from production arrangements are recognized when the contract period begins and the programming is available for telecast pursuant to the terms of the agreement, typically when the finished product has been delivered to or made available to and accepted by the customer. Revenue from other services is recognized as per the terms of the agreement, when the risks and rewards of ownership are substantially transferred to the buyer.

6. Inventories

Stores and Spares

Stores and spares consist of blank videotapes and equipment spare parts and are valued at the lower of cost or net realizable value. Cost is measured on a First In First Out (FIFO) basis.

VHS Tapes

VHS tapes, other than Betacam and DVC videotapes, are written off in the books at the time of their purchase. Betacam and DVC videotapes are written off on issue to production.

Programmes under production and finished programmes

Inventories related to television software (programmes under production and completed programmes) are stated at the lower of cost (which includes direct production costs, story costs, acquisition of footage and allocable production overheads) or net realisable value.

7. Retirement Benefits

The company's contribution to Provident Fund is charged to the Profit and Loss Account.

The company makes annual contributions to a gratuity fund administered and managed by the Life Insurance Corporation of India ("LIC"). Under this scheme, LIC assumes the obligation to settle the gratuity payment to the employees to the extent of the funding. Liability for gratuity at the year end is provided on the basis of an actuarial valuation done at period end.

8. Foreign Currency Transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. All monetary assets and liabilities denominated in foreign currency are restated at the year-end exchange rate. All non-monetary assets and liabilities are stated at the rates prevailing on the date of the transaction.

Gains / (losses) arising out of fluctuations in the exchange rates are recognized in income in the period in which they arise. Exchange differences on the reporting date or settlement date arising from repayment of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the cost of the asset.

9. Leases

Assets taken under leases where the company has substantially all the risks and rewards of ownership are classified as Finance leases. Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

Assets taken on leases where significant risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on straight line basis over the lease term.

10. Income Taxes

Taxes on income for the current period are determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of the assessment.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws substantially enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

11. Earnings Per Share

The earnings considered in ascertaining the company's EPS comprise the net profit/ (loss) after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

12. Dividend

Dividends on common stock and the related dividend tax thereon are recorded as a liability on declaration.

13. Investments

Current investments are valued at cost or fair value whichever is lower. Long term investments are stated at cost of acquisition. However, permanent diminutions, if any, are adjusted against the value of investments.

14. Barter Transactions

Barter transactions are recognised at the fair value of consideration receivable or payable. When the fair value of the transactions cannot be measured reliably, the revenue/expense is measured at the fair value of the goods/services provided/received adjusted by the amount of cash or cash equivalent transferred.

B Notes to Accounts

1. New Delhi Television Limited “the company” has launched its business channel NDTV Profit on January 17, 2005 and has two other independent news channels, NDTV 24X7, an English news channel and NDTV India, a Hindi news channel.
2. In the committee of directors meeting held on May 12, 2004, the directors of the company approved the allotment of additional share capital due to Initial Public Offering and the subscribed share capital increased from Rs. 204.57 million to Rs. 243.21 million.
3. With effect from May 19, 2004, the company has been listed on the National Stock Exchange of India Limited (NSE) and The Stock Exchange, Mumbai (BSE) by way of its Initial Public Offering of equity shares.
4. **Amalgamation of New Delhi Television Limited with NDTV World Limited w.e.f. April 1, 2003**

The company had filed a Scheme of Amalgamation in the Delhi High Court for amalgamation of NDTV World Limited with the company on September 29, 2003.

- (i) In terms of the Scheme of Amalgamation (Scheme) sanctioned by orders dated July 9, 2004 and July 19, 2004 of Hon'ble High Court of Delhi at New Delhi (Original Jurisdiction) pursuant to Section 394 of the Companies Act, 1956, NDTV World Limited has been amalgamated with the company from April 1, 2003 being the Appointed Date as per the Scheme.
- (ii) The operations of erstwhile NDTV World Limited include production and sales of television software.
- (iii) In accordance with the said Scheme:

- a. The amalgamation orders and other necessary documents have been filed with the Registrar of Companies, NCT of Delhi & Haryana on August 10, 2004. Accordingly, the Scheme is effective August 10, 2004 and the name of NDTV World Limited is being struck-off from the records of the Registrar of Companies, NCT of Delhi & Haryana, without being wound up. The accounts of erstwhile NDTV World Limited have now been incorporated in the accounts of the company from the Appointed Date of April 1, 2003 though the Scheme is effective from August 10, 2004.
- b. During 2001, the company had entered into a share subscription agreement with ICICI Bank Ltd (“Institutional Investor”, formerly ICICI Ltd). The subscription and collateral agreements entered into with the investor envisaged 9,800,000 equity shares of Rs.10/- each of NDTV World Limited held by the company to be placed with the appointed escrow agent. Further, the Institutional Investor had a right to transfer the escrow shares in its favour without further consideration in the event certain conditions/obligations specified in the agreement not being fulfilled by March 31, 2004 to a maximum ceiling of 74% of the paid up equity capital of the company. If there was a shortfall as per the terms of the subscription agreement even after the transfer of the escrow shares, the Institutional Investor had a right to further acquire shares of the company upto a maximum of 10% of the paid-up capital of the company.

Subsequently on June 30, 2003, the company entered into an agreement with the Institutional Investor to purchase 3,520,000 shares of NDTV World Limited allotted to it pursuant to the above mentioned agreements for a total consideration of Rs.810,000,000 to be discharged by way of issue and allotment of 3,631,011 shares of the company, payment in cash and by way of airtime on the TV Channels owned by the company to be availed by the Institutional Investor on or before July 31, 2005 or extended time. As a result of the same, NDTV World Limited became a 100% subsidiary of the company.

- c. As per the Scheme, the said transaction is recorded in a manner so that with effect from the Appointed Date, all assets and liabilities are vested in the company including any adjustment to the reserves of any excess amounts pursuant to the Scheme at their carrying values in the books of erstwhile NDTV World Limited on the Appointed Date and the amalgamation has been governed by the Purchase Method of Accounting as contained in Accounting Standard 14: Accounting for Amalgamations issued by the Institute of Chartered Accountants of India.

- d. As per the scheme the following assets and liabilities of erstwhile NDTV World Limited have been incorporated by the company at the book values of NDTV World Limited on the Appointed Date i.e. April 1, 2003:

1. Net Fixed Assets	196,845,662
2. Current Assets:	
(a) Inventories	8,912,071
(b) Sundry Debtors	25,407,875
(c) Cash & Bank Balances	544,300,443
(d) Loans & Advances	38,558,193
3. Current Liabilities	35,777,994
4. Deferred Tax Liability	5,665,424
Total Value of Assets	<u>772,580,826</u>

The consideration as specified in para (b) above of Rs.810,000,000 together with the value of investment in the books of the company as on the appointed date aggregating to Rs.150,000,000 has been adjusted with the Total Value of Assets purchased aggregating Rs.772,580,826 as detailed in para (d) above. The resultant Goodwill as below arising of the above treatment of Rs.187,419,174 has been adjusted against the Reserves and Surplus of the company existing on the appointed date.

Total Investment	960,000,000
Less: Total Value of Assets	<u>772,580,826</u>
Goodwill	<u>187,419,174</u>
Goodwill is adjusted against:	
a) General Reserve	97,627,986
b) Profit and Loss a/c	89,791,188
Total	<u>187,419,174</u>

- e. Pursuant to the scheme, as disclosed above, the company has prepared these financial statements after giving effect to the amalgamation as at the appointed date i.e. April 1, 2003 and the audited financial statements of the company for the year ended March 31, 2004 were redrawn to give effect to this order.
- f. Had the company followed the accounting as prescribed by Accounting Standard - 14 "Accounting for Amalgamations", the Goodwill arising on amalgamation would have been amortised to the Profit and Loss account over its useful life of 5 years as estimated by the management resulting in profit for the year being lower by Rs. 37,483,835 and the balance in the Profit and Loss account carried forward and general reserve would have been higher by Rs.14,823,518 and Rs. 97,627,986 respectively.

5. Investment in NDTV News Limited

The company holds the entire share capital of NDTV News Limited, which is valued at the cost of investment. The management proposes to merge NDTV News Limited with the company in the near future. Accordingly, the investment in NDTV News has not been reviewed for the permanent diminution as per AS 13 "Accounting for Investments" issued by ICAI.

6. Pursuant to the resolution dated January 5, 2004 adopted by the Board of Directors and shareholders resolution dated January 29, 2004 and the resolutions adopted, the company has introduced the 'Employees Stock Option Plan – 2004' (ESOP) under which the company will grant, from time to time option (s) to the eligible employees of the company and its wholly owned subsidiaries.
7. The company has repaid the entire term loan of Rs.300,000,000 and working capital loan of Rs.80,000,000 during the year.
8. Estimated amount of contracts remaining to be executed on capital account, not provided for (net of capital advances)

Particulars	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
On Letters of credit	–	5,371,000
On others	790,000	4,066,000
Total	790,000	9,437,000

9. Contingent Liabilities not provided for as on March 31, 2005 in respect of:

- i) Bank Guarantees (Lien on the Fixed deposits): Rs 8,47,96,000 (Previous Year Rs 71,347,397)
- ii) Bonds for differential customs duty (availed on import of equipment) against fulfillment of export obligations- Bank Guarantees issued for Rs. 55,883,397 (Previous Year Rs 129,450,544)
- iii) Claims against the company not acknowledged as debt: Rs.82,563,696 (Previous Year Rs.82,563,696)

The company had filed a suit for recovery of Rs. 668.61 Lacs as its principal debt along with interest against Doordarshan (DD) for various programmes produced and aired between 1994 and 1996. In its rejoinder during the suit proceedings, DD has admitted its debts of Rs.356.10 Lacs only but has disputed the balance claim of Rs. 312.51 Lacs and interest claimed. On the contrary, DD has claimed dues of Rs.554.92 Lacs as telecast fee etc. against various programmes and Rs.270.72 Lacs as interest thereon, aggregating to Rs. 825.64 Lacs.

As the suit is yet to be decided, the company has as at March 31, 2005:

- a) Not accepted DD's claim to the extent of Rs.825.64 Lacs.
- b) Treated the outstanding debt from DD in its books as good except for Rs.118 lacs, which has been provided for as a doubtful debt based on legal advice and existing contractual agreements with DD.
- c) Not accrued any interest on the outstanding amount, in view of non-recovery of principal dues, and the counter claims made by DD.
- d) Further, the Enforcement Directorate had issued a notice dated April 21, 1998 to the company pursuant to the 12th report of the Public Accounts Committee 1996-97 inquiring into the utilisation of foreign exchange issued for the production of the programme 'The World This Week' for DD. The company has submitted complete statements regarding utilization of such foreign exchange to the Enforcement Directorate after which there have been no further proceedings.
- e) The company and its promoters have also been named in an First Information Report (FIR) filed by the Central Bureau of Investigation (CBI) in January 1998 against certain DD officials in relation to certain violations of rules by DD officials pertaining to certain programmes produced by the company for telecast by DD. Till date, no case has been instituted against the company based on the investigation carried out pursuant to the FIR.
- iv) Company received a demand from the Income tax authorities in pursuance of the order of CIT (Appeals) for the assessment year 1999-00 - on account of disallowance of the company's claim for a deduction of Rs. 157,617,840 under Section 80 HHE of the Income Tax Act. The company had claimed in its assessment that it was eligible for deduction under Section 80 HHE, since its export fell under the definition of "Computer Software" as defined therein based on the legal opinion / advice of its counsel.

The CIT (A) in his order dated February 28, 2003 has upheld the Assessing Officer's contention. The amount demanded (including interest) as per the aforesaid order is Rs. 95,613,626, of which the company has paid Rs. 44,060,158 under protest.

The Hon'ble Tribunal gave relief to the company against the aforesaid order of CIT(A). Consequently the company has received the refund of all sums deposited including interest due thereon.

The assessing officer has filed an appeal with the Hon'ble High Court of Delhi against the aforesaid order of ITAT.

10. The company has received legal notices of claims/lawsuits filed against it relating to infringement of copyrights,

trademarks and defamation programmes produced by it. In the opinion of the management, no liability is likely to arise on account of such claims/law suits.

11. The Sales Tax Officer has issued notices to the company seeking to levy sales tax on the ground that company is engaged in the sale / manufacture of advertisement slots, sale of telecast rights and sale of airtime which according to the sales tax officer are goods and therefore taxable under the Delhi Sales Tax Act. On the basis of these notices, proceedings have been initiated before the sales tax officer. No amounts have been claimed or ascertained against the company. The company has challenged these notices by filing a writ petition with the High Court of Delhi against the Commissioner of Sales tax and others which has been admitted on December 16, 2002. The Court has stayed framing of any final assessment against the company without its permission. The matter is now on the regular list for final arguments.

12. Deferred Taxes

The income tax benefit for the period comprises of:

	Year Ended March 31, 2005 Amount (Rs.)	Year Ended March 31, 2004 Amount (Rs.)
Income tax expense / (benefit)		
Current	15,533,908	–
Deferred	6,371,154	25,202,564
Total	21,905,062	25,202,564

Significant components of deferred tax assets and liabilities are shown in the following table:

	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
Deferred tax asset		
Provision for Expenses	5,846,538	4,328,449
Total deferred tax assets	5,846,538	4,328,449
Deferred tax liability		
Depreciation	(106,533,419)	(98,644,176)
Total deferred tax liability	(106,533,419)	(98,644,176)
Net Deferred Tax Asset/(Liability)	(100,686,881)	(94,315,727)

The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversal of the projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes that there is virtual certainty that the company will have sufficient profits to absorb such amounts. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Deferred tax asset on unabsorbed losses has not been recognized in these accounts.

13. The information required under paragraphs 3 and 4 of Part II of Schedule VI of the Act are not relevant to the business of the company namely Television Media.

14. Quantitative details for Video tapes

	Year ended March 31, 2005		Year ended March 31, 2004	
	Quantity (in No's)	Amount (Rs.)	Quantity (in No's)	Amount (Rs.)
Opening Stock				
BETACAM	138	154,150	192	188,175
DVC	2,795	1,536,450	3,466	2,094,059
Purchases				
BETACAM	617	385,300	1,125	1,122,375
DVC	6,285	3,390,483	4,854	2,612,246
Consumed				
BETACAM	731	525,850	1,179	1,156,400
DVC	7,445	4,157,588	5,525	3,169,855
Closing Stock				
BETACAM	24	13,600	138	154,150
DVC	1,635	769,345	2,795	1,536,450

15 Consumption Details

For the year ended March 31, 2005

Particulars	Indigenous		Imported		Total	
	Quantity (Nos)	Amount (Rs.)	Quantity (Nos)	Amount (Rs.)	Quantity (Nos)	Amount (Rs.)
Tapes	3,492	2,192,296	5,052	2,526,472	8,544	4,719,038
Stores & Spares	7,493	8,125,565	1,240	1,827,579	8,733	9,953,144

For the year ended March 31, 2004

Particulars	Indigenous		Imported		Total	
	Quantity (Nos)	Amount (Rs.)	Quantity (Nos)	Amount (Rs.)	Quantity (Nos)	Amount (Rs.)
Tapes	3,247	2,013,042	4,213	2,313,213	7,460	4,326,255
Stores & Spares	2,628	12,080,069	1,228	3,002,743	3,856	15,082,812

16. Segment Reporting

The company operates in a single primary segment of television media and accordingly, there is no separate reportable segment.

17. Related Party Transactions

- (i) Names of related parties with whom transactions were carried out during each year and description of relationship as identified and certified by the company as per the requirements of Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and where control exists:

Subsidiaries

NDTV Media Limited
NDTV News Limited

Key Management Personnel and their relatives

Dr. Prannoy Roy	Director
Mrs. Radhika Roy	Managing Director
Mr. KVL Narayan Rao	Director
Mrs. Renu Rao	Wife of a Director
Mr. Sameer Manchanda	Director (upto April 15, 2005)

(ii) Disclosure of Related Party Transactions:**Details of transactions for the year ended March 31,2005****(Amount in Rs. '000s)**

S.No	Nature of relationship / transaction	Subsidiary Companies	Key Management Personnel	Relatives	Total
1	Rendering of services	15,431	–	–	15,431
2	Services Aailed	241,596 *	40,412 **	–	282,008
3	Remuneration Paid {Refer Note 18 (i) below}	–	15,520	2,196	17,716
4	Payments made on behalf of others	54	–	–	54

Details of transactions for the year ended March 31,2004**(Amount in Rs. '000s)**

S.No	Nature of relationship / transaction	Subsidiary Companies	Key Management Personnel	Relatives	Total
1	Rendering of services	198	–	–	198
2	Services Aailed	87,072 *	7,004 **	–	94,076
3	Remuneration Paid {Refer Note 18 (i) below}	–	13,926	2,190	16,116
4	Reimbursement of expenses	370	–	–	370
5	Equity Contribution	7,993	–	–	7,993

(iii) Amount due to/from related parties**Amount due to/from related parties as at March 31, 2005****(Amount in Rs.000's)**

S.No	Nature of relationship / transaction	Subsidiary Companies	Key Management Personnel	Relatives	Total
	Debit balances outstanding as on March 31, 2005				
1	Outstanding Advances	9,079	5,433	120	14,632
2	Outstanding Receivable	1,305	–	–	1,305
	Credit balances outstanding as on March 31, 2005				
1	Outstanding Payable	132,934	2,069	–	133,503

Amount due to/from related parties as on March 31, 2004

(Amount in Rs.000's)

S.No	Nature of relationship / transaction	Subsidiary Companies	Key Management Personnel	Relatives	Total
	Debit balances outstanding as on March 31, 2004				
1	Outstanding Advances	9,020	3,977	180	13,177
2	Outstanding Receivable	399	–	–	399
	Credit balances outstanding as on March 31, 2004				
1	Outstanding Payable	32,161	15,938	–	48,099

*** Commission to NDTV Media Limited**

The company has entered into an agreement with its subsidiary, NDTV Media Limited for marketing its television channels. As per the terms and conditions of the agreement, NDTV Media Limited will derive commission on advertisements solicited for the above mentioned channels and such other marketing activities as mentioned in the agreement like Banner Ads, Web Income etc. Such commission will be payable on realization of amounts billed to the clients.

** Being professional fees paid/ payable to a firm and a company in which an erstwhile director was interested.

18. Directors' Remuneration

(i) Wholtime Directors' Remuneration

	Amount (Rs.000's)	
	Year ended March 31, 2005	Year ended March 31, 2004
Salary and Other Allowances	12,086	12,030
Contribution to Provident and Other Funds	1,328	1,329
Ex gratia	75	75
Perquisites	531	492
Commission #	1,500	–
Total	15,520	13,926
(ii) Non- Executive Directors' Commission #	1,500	–

(iii) Computation of Directors' Commission

	Amount (Rs.000's)	
	Year ended March 31, 2005	
Profit before Taxation		314,092
Add: Directors' Remuneration	17,020	
Book Depreciation	126,157	
Provision for doubtful debts	3,940	
Adjusted Loss on sale of fixed assets	409	147,526
Less: Depreciation u/s 350 of the Companies Act, 1956	126,157	
Debts written off against the respective provisions and not debited to profit and loss account	233	126,390
Profit for the purpose of Directors' Commission		335,228
Non- Executive Directors' Commission at 1% of above		3,352
Restricted to		1,500

Commission is subject to the approval of members in the Annual General Meeting

19. Earnings / (Loss) per share (EPS) is computed in accordance with AS-20

Description	Year Ended March 31, 2005	Year Ended March 31, 2004
Number of equity shares outstanding at the beginning of the year (Nos.)	51,142,140	42,064,612
Add: Fresh issue of equity shares on May 19, 2004 (Previous Year June 30, 2003) (Nos.)	9,660,492	9,077,528
Number of equity shares outstanding at year end (Nos.)	60,802,632	51,142,140
Weighted average number of Equity Shares outstanding during the year (Nos.)	59,192,550	48,872,759
Profit / (loss) attributable to Equity Shareholders (Rs.)	291,874,369	(514,843,791)
Basic and Diluted Earnings / (loss) per Equity Share (Rs.)	4.93	(10.53)
Nominal Value per share (Rs.)	4	4

20. Operating Leases

- i) The company has taken various residential/commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry.
- ii) The rental expense for the current year, in respect of operating leases commencing on or after April 1, 2001 was Rs.57,683,403 (Previous Year Rs 26,147,844).

21. Earnings in Foreign Currency

Particulars	Year ended March 31, 2005 Amount (Rs.)	Year ended March 31, 2004 Amount (Rs.)
FOB Value of Exports	–	11,409,752
Ad sales and Business Income	23,052,569	–
Other Income	–	174,632
Total	<u>23,052,569</u>	<u>11,584,384</u>

22. CIF value of imports

Particulars	Year ended March 31, 2005 Amount (Rs.)	Year ended March 31, 2004 Amount (Rs.)
Capital Goods	62,828,678	119,780,485
Equipments stores and spares	1,448,913	2,041,294
Video Tapes	1,644,210	1,903,725
Total	<u>65,921,801</u>	<u>123,725,504</u>

23. Expenditure in Foreign Currency (On cash basis)

Particulars	Year ended March 31, 2005 Amount (Rs.)	Year ended March 31, 2004 Amount (Rs.)
Subscription, Uplinking and news service charges	37,119,180	45,232,220
Travelling expenses	17,008,386	6,798,056
Consultancy and Professional fees	10,144,499	17,314,846
Other expenses (Including production expenses, hire charges, etc)	3,990,554	613,831
Total	<u>68,262,619</u>	<u>69,958,953</u>

24. Prior Period Adjustments

The company has adjusted Rs. Nil (Previous Year Rs.9,622,901) on account of deficit in provision for tax for the earlier assessment years on completion of assessment proceedings.

25. Utilization of Initial Public Offering (IPO) Proceeds

The company has utilized the gross public issue proceeds on issue of 15,571,429 Equity shares of Rs. 4/- each at a premium of Rs 66/- per share in the following manner:

Particulars	Year ended March 31, 2005 Amount (Rs.)
Public Issue Proceeds	1,090,000,000
Less: Public Issue Expenses * #	99,249,135
Less: Paid to Selling Shareholders*	380,664,343
Less: Repayment of Loan	200,000,000
Less: For General Corporate Purpose	60,080,518
Unutilized Public Issue Proceeds in Deposits	350,006,004

* Out of total Public Issue Expenses of Rs. 99,249,135, the company deducted Rs. 33,101,217 as share of Public Issue Expenses borne by the selling shareholders. Hence net Public Issue Expenses borne by the company is Rs.66,147,918.

Includes Rs 29,430,000 paid as professional fees to a company in which an erstwhile director was interested.

26. Figures of the previous year have been restated, regrouped or reclassified wherever necessary to conform to the effect of amalgamation and current year's grouping and classification.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

1. Name of the subsidiary	:	NDTV Media Ltd.	NDTV News Ltd.
2. Financial year ended	:	March 31, 2005	March 31, 2005
3. Holding company's interest	:	85%	100%
4. Shares held by the holding company in the subsidiary	:	850,000 Equity shares	5,000 Equity shares
5. The net aggregate of profits or losses for the current financial year of the subsidiary so far as it concerns the members of the holding company			
a) dealt with or provided for in the accounts of the holding company		NIL	NIL
b) not dealt with or provided for in the accounts of the holding company		Rs.61,501,460	Rs.423,484
6. The net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the members of the holding company			
a) dealt with or provided for in the accounts of the holding company		NIL	NIL
b) not dealt with or provided for in the accounts of the holding company		Rs. 10,903,939	Rs. (2,294,490)

NOTE : As the financial year of the Subsidiary Companies coincides with the financial year of the Holding company, Section 212 (5) of the Companies Act, 1956 is not applicable.

For and on behalf of the Board	
Dr. Prannoy Roy Chairman	Radhika Roy Managing Director
Rajiv Bhatnagar Company Secretary	Jameskutty P.C. Group CFO

Place : New Delhi

Date : April 27, 2005

New Delhi Television Limited

Balance Sheet Abstract & Company's General Business Profile

I Registration details

Registration No.

3	3	0	9	9
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 State Code

5	5
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 Balance Sheet Date

3	1		0	3		2	0	0	5
---	---	--	---	---	--	---	---	---	---

II Capital raised during the Year (Amount in Rs Thousands)

Public Issue

				3	8	6	4	2
--	--	--	--	---	---	---	---	---

 Bonus Issue

									N	I	L
--	--	--	--	--	--	--	--	--	---	---	---

Rights Issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

 Private Placement

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

			2	3	1	9	9	5	0
--	--	--	---	---	---	---	---	---	---

Total assets

			2	3	1	9	9	5	0
--	--	--	---	---	---	---	---	---	---

Sources Of Funds

Paid Up Capital

			2	4	3	2	1	1
--	--	--	---	---	---	---	---	---

 Secured Loans

									N	I	L
--	--	--	--	--	--	--	--	--	---	---	---

 Deferred tax liability

			1	0	0	6	8	7
--	--	--	---	---	---	---	---	---

Reserves & Surplus

			1	6	6	0	5	0	7
--	--	--	---	---	---	---	---	---	---

 Unsecured Loans

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Application of Funds

Net Fixed assets

			9	0	7	7	6	2
--	--	--	---	---	---	---	---	---

 Net Current assets

			1	0	7	7	7	6	2
--	--	--	---	---	---	---	---	---	---

 Accumulated Losses

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Investments

					1	8	8	8	0
--	--	--	--	--	---	---	---	---	---

 Misc. Expenditure

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

IV Performance of the Company (Amount in Rs. Thousands)

Turnover

			1	5	6	5	9	3	8
--	--	--	---	---	---	---	---	---	---

 Profit / Loss before Tax

			3	1	4	0	9	2
--	--	--	---	---	---	---	---	---

 Earning Per Share (Rs.)

					4	.	9	3
--	--	--	--	--	---	---	---	---

Total Expenditure

			1	2	5	1	8	4	6
--	--	--	---	---	---	---	---	---	---

 Profit / Loss after Tax

					2	9	1	8	7	4
--	--	--	--	--	---	---	---	---	---	---

 Dividend Rate %

								2	0	%
--	--	--	--	--	--	--	--	---	---	---

V Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)

N	A
---	---

 Product Description : Production and broadcasting of Television Software

For and on behalf of the Board

Dr. Prannoy Roy
ChairmanRadhika Roy
Managing DirectorPlace : New Delhi
Date : April 27, 2005Rajiv Bhatnagar
Company SecretaryJames Kutty P.C.
Group CFO

NDTV Media Limited

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Third Annual Report and Audited Accounts of the company for the Financial Year ended March 31, 2005.

Financial Results:

The summarized Financial Results for the year ended March 31, 2005 are as follows:

Particulars	Year ended 31.03.2005 (Rs. in Million)	Year ended 31.03.2004 (Rs. in Million)
Business Income	240.70	86.17
Other Income	8.16	0.90
Interest on Fixed deposits	0.06	-
Total Income	248.92	87.07
Profit/(Loss) before tax	114.69	25.24
Provision for tax/ tax expenses		
Current	42.23	6.27
Deferred	0.10	2.79
Profit/(Loss) after tax	72.36	16.18
Profit/(Loss) Brought forward	12.82	3.36
Profit/ (Loss) after tax	85.18	12.82

During the year the company was mainly engaged in marketing of advertisement time. Its prime source of income was media commission derived from New Delhi Television Limited, its holding company.

Dividend :

Your Directors have not recommended any dividend for the year under review.

Deposits :

The company has not accepted/renewed any deposits during the year.

Directors :

Mr.K.V.L.Narayan Rao and Dr.Prannoy Roy, Directors retire by rotation and being eligible offer themselves for re-appointment.

Directors' Responsibility Statement :

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

- (i) that in the preparation of the annual accounts for the financial year ended March 31, 2005 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and of the Profit or Loss of the company for the year under review;
- (iii) that the directors had 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;

- (iv) that the directors had prepared the accounts for the financial year ended March 31, 2005 on a 'going concern' basis.

Auditors :

M/S Price Waterhouse, Chartered Accountants, retire as auditors at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988, the following information is provided:

A. Conservation of Energy

Our company is not an energy intensive unit, however regular efforts are made to conserve energy.

B. Research and Development

The company did not have any activity during the year.

C. Foreign Exchange Earnings and Outgo

During the year the company had Foreign Exchange earnings of Rs. 2,694,931 (Previous Year Rs. Nil). The Foreign Exchange outgo on Traveling, Registration & Software Expenses amounted to Rs. 1,097,158 (Previous Year Rs. Nil).

Personnel under section 217(2A) of the Companies Act 1956

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (particulars of employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure forming part of this report.

The Directors' Report is being sent to all the shareholders excluding this annexure. Any shareholder interested in obtaining a copy of this annexure may write to the registered office of the company.

For and on behalf of the Board

Place : New Delhi
Date : April 27, 2005

Dr. Prannoy Roy
Chairman

Compliance Certificate

Registration No.: 55-117669

Nominal Capital: 1,00,00,000

To,

The Members

NDTV Media Limited

W-17, Greater Kailash-I,

New Delhi-110048.

We have examined the registers, records, books and papers of NDTV MEDIA LIMITED (the company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on March 31, 2005. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in '**Annexure-A**' to this certificate, as per the provisions of the Act, and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in '**Annexure-B**' to this certificate with the Registrar of companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company, being a public limited company, has the minimum prescribed paid-up capital.
4. The Board of Directors duly met 4 (Four) times during the year respectively on June 21, 2004, July 16, 2004, October 21, 2004, and January 17, 2005 in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. No circular resolution was passed during the year.
5. During the financial year under review the company has not closed its Register of Members.
6. The Annual General Meeting for the financial year ended on March 31, 2004 was held on September 22, 2004 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. During the financial year under review no meeting of members was held except Annual General Meeting.
8. As per the explanations provided by the Officer, the company has not advanced any loans to its Directors and/or persons or firms or companies referred to under Section 295 of the Act.
9. There was no contract during the year attracting provisions of Section 297 of the Act.
10. The company has the register maintained under Section 301 of the Act. There was modification of contract between the company and its holding company New Delhi Television Limited originally made on April 02, 2004, which was duly entered in the register and signed.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government.
12. The company has not issued any duplicate share certificates during the financial year.

13. The company:
 - (i) has not allotted any share during the year.
 - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - (iv) has duly complied with the requirements of section 217 of the Act.
14. The Board of directors of the company is duly constituted. Mr. Tarun Das and Mrs. Indrani Roy were appointed as additional directors by the Board of Directors of the company in its meeting held on June 21, 2004. Later on Mr. Tarun Das and Mrs. Indrani Roy were appointed as directors of the company in Annual General Meeting held on September 22, 2004. Form 32 and Form 29 were duly filed with Registrar of Companies in connection with the appointments as given in **Annexure- B**.
15. The company has not appointed any Managing Director/Whole-time Director/ Manager during the financial year.
16. The company has not appointed any sole-selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company hasn't issued any share during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. There was no other borrowing made by the company during the financial year ended March 31, 2005.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.

30. The company in the Annual General Meeting held on September 22, 2004 has altered its Articles of Association and the amendments to the Articles of Association have been duly filed with the Registrar of companies.
31. As per the explanations provided by the officer(s) of the company, there was no prosecution initiated against or show cause notice(s) received by the company and no fines or penalties or any other punishment was imposed on the company, for committing offences under the Act.
32. As per the explanations provided by the officer(s) of the company, the company has not received any money as security from any of its employees during the financial year.
33. The company has not constituted a separate provident fund trust for its employees as contemplated under section 418 of the Act.

For **Nesar & Associates**
Company Secretaries

Place : New Delhi
Date : April 27, 2005

(Nesar Ahmad)
Prop. C.P. No.: 1966 (FCS-3360)

Registers as maintained by the company

Statutory Registers

- (i) Register of Members u/s 150 of the Act.
- (ii) Minutes of proceedings of General Meetings and of Board Meetings u/s 193 of the Act.
- (iii) Books of accounts including Fixed Assets Register u/s 209 of the Act.
- (iv) Register of Contracts etc. u/s 301 of the Act.
- (v) Register of Directors etc. u/s 303 of the Act.
- (vi) Register of Director's Shareholding u/s 307 of the Act.

Other Registers:

- (i) Register of Share allotment

Note: The company has maintained the following register but no entry therein has been made. It was informed that there were no entries/transactions occurred during the year under scrutiny:

1. Register of Charges U/s 143 of the Act.
2. Share Transfer Register

Annexure B

Forms and Returns as filed by the company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending March 31, 2005.

Sl. No.	Form No./ Return	Filed under Section	Brief description of Document(s)/ Form/Return	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Form 29	264(2)/ 266(1)(a) and 266(1)(b)(iii)	Consent to act as a director of the company by Mr. Tarun Das	20.07.2004	Yes	No, vide receipt no. 272619 dated 20.07.2004
2.	Form 29	264(2)/ 266(1)(a) and 266(1)(b)(iii)	Consent to act as a director of the company by Mrs. Indrani Roy	20.07.2004	Yes	No, vide receipt no. 272619 dated 20.07.2004
3	Form 32	Section 303(2)	Appointment of Additional Directors	20.07.2004	Yes	No, vide receipt no. 272619 dated 20.07.2004
4.	Form 23	192 read with Section 31	Special Resolution passed in AGM held on September 22, 2004 alteration in the articles of Association of the company.	20.10.2004	Yes	No, vide receipt no. 296143 dated 20.10.2004
5.	Form 32	Section 303(2)	Appointment of Directors at AGM	20.10.2004	Yes	No, vide receipt no. 296143 dated 20.10.2004
6	Annual Return	Section 159	Annual Return of the company made up to September 22, 2004	20.10.2004	Yes	No, vide receipt no. 296143 dated 20.10.2004
7	Balance Sheet	220	Audited Annual Accounts of the company for the financial year ended March 31, 2004.	26.10.2004	No	Yes, vide receipt No. 297416 dated 26.10.2004
8.	Compliance Certificate	383A	Compliance Certificate by company Secretary in practice.	26.10.2004	No	Yes, vide receipt No. 297416 dated 26.10.2004

AUDITORS' REPORT TO THE MEMBERS OF NDTV MEDIA LIMITED

1. We have audited the attached Balance Sheet of NDTV Media Limited, as at March 31, 2005, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we further report that:
 - i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) in our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- ii) (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- iii) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- iv) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- v) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vi) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- vii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
- viii) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- ix) As the company is registered for a period less than five years, clause (x) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable to the company for the current year.
- x) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xi) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
- xii) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- xiii) In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xiv) The company has not obtained any term loans
- xv) On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- xvi) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xvii) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

xviii) The other clauses of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

4. Further to our comments in paragraph 3 above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on March 31, 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2005; and
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : New Delhi
Date : April 27, 2005

Kaushik Dutta
Partner
Membership Number F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

NDTV Media Limited
Balance Sheet As at March 31, 2005

	Schedule	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
Sources of Funds			
Shareholders' Funds			
Capital	1	10,000,000	10,000,000
Reserves & Surplus			
- Profit and Loss account		85,182,823	12,828,164
Deferred Tax Liability		1,016,197	908,379
(Note B-5 on schedule 11)			
		96,199,020	23,736,543
Application of Funds			
Fixed Assets			
Gross Block	2	18,648,677	13,831,922
Less : Depreciation		4,427,351	1,899,334
Net Block		14,221,326	11,932,588
Current Assets, Loans and Advances			
Sundry Debtors	3	132,933,977	32,161,207
Cash & Bank Balances	4	7,096,855	1,056,398
Other Current Assets, Loans & Advances	5	7,586,291	1,462,406
		147,617,123	34,680,011
Less : Current Liabilities and Provisions			
Current Liabilities	6	63,172,570	22,612,650
Provisions	7	2,554,327	394,611
		65,726,897	23,007,261
Net Current Assets		81,890,226	11,672,750
Miscellaneous Expenditure	8	87,468	131,205
(to the extent not written off or adjusted)			
		96,199,020	23,736,543
Notes to the accounts	11		

This is the Balance Sheet referred to in our report of even date

The schedules referred to above form an integral part of the Balance Sheet

Kaushik Dutta
Partner
Membership Number. F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : New Delhi
Date : April 27, 2005

For and on behalf of the Board
Dr. Prannoy Roy Radhika Roy
Director Director

NDTV Media Limited

Profit and Loss Account For the year ended March 31, 2005

	Schedule	For the Year ended March 31, 2005 Amount (Rs.)	For the Year ended March 31, 2004 Amount (Rs.)
Income			
Media Commission from New Delhi Television Limited {Inclusive of TDS Rs13,704,887 (Previous Year Rs 4,789,119)}		240,696,420	86,172,195
Other Business Income - Gross {(Tax Deducted at Source Rs 312,875 (Previous Year Rs 49,864)) (Includes Rs 900,000 (Previous Year Rs 900,000) from New Delhi Television Limited towards Professional Fees)		8,162,360	900,116
Interest on Fixed Deposits {Gross of Tax Deducted at source Rs12,778/- (Previous Year Rs. Nil)}		61,111	-
		248,919,891	87,072,311
Expenditure			
Personnel			
- Salaries & Other benefits	9	37,674,354	23,402,613
- Sales Incentive		47,200,568	16,845,818
Operations and administration	10	46,780,738	19,725,972
Miscellaneous Expenses Written Off	8	43,737	43,735
		131,699,397	60,018,138
Profit/(Loss) before Depreciation and Tax		117,220,494	27,054,173
Depreciation	2	2,528,017	1,814,413
Profit/(Loss) before Tax		114,692,477	25,239,760
Provision for tax			
- Current		42,230,000	6,269,950
- Deferred (Note B-5 on Schedule 11)		107,818	2,786,075
Profit/ (Loss) after Tax		72,354,659	16,183,735
Profit/(Loss) brought forward		12,828,164	(3,355,571)
Profit/(Loss) carried forward		85,182,823	12,828,164
Earning Per Share-Basic and Diluted		72.35	56.19
(Note B-7 on Schedule 11)			

Notes to the accounts

11

This is the Profit and Loss Account referred to in our report of even date

The schedules referred to above form an integral part of the Profit and Loss Account

Kaushik Dutta
Partner
Membership Number. F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : New Delhi
Date : April 27, 2005

For and on behalf of the Board
Dr. Prannoy Roy Radhika Roy
Director Director

NDTV Media Limited
Cash flow statement for the year ended March 31, 2005

	For the Year ended March 31, 2005 Amount (Rs.)
A. Cash flow from operating activities:	
Net Profit /(loss) before tax	114,692,477
Adjustments for:	
Depreciation	2,528,017
Miscellaneous Expenditure written off	43,737
Interest Income	(61,111)
Provision for Gratuity & Leave Encashment	429,290
TDS on technical/service /other operating income	(14,017,762)
Operating profit before working capital changes	103,614,648
Changes in working capital :	
- (Increase)/Decrease in Sundry Debtors	(100,772,770)
- (Increase)/Decrease in Other Receivables	(64,44,586)
- Increase/(Decrease) in Trade and Other Payables	40,559,920
Cash (used in) / generated from operations	36,957,212
- Taxes (Paid) / Received (Net of TDS)	(26,100,000)
Net cash from operating activities	10,857,212
B. Cash flow from Investing activities:	
Purchase of fixed assets / CWIP	(4,816,755)
Interest Received (Revenue)	-
Net cash from investing activities	(4,816,755)
C. Cash flow from financing activities:	
Interest Paid(Revenue)	-
Net cash from financing activities	-
Net Increase/(Decrease) in Cash & Cash Equivalents	6,040,457
Cash and cash equivalents Opening	1,056,398
Cash and cash equivalents Closing	7,096,855
Cash and cash equivalents comprise	
Cash in Hand	5,307
Balance With Scheduled Banks on	
- Current Accounts	2,091,548
- Fixed Deposits(Refer Note B-3 on Schedule 11)	5,000,000
Total	7,096,855

NDTV Media Limited

Cash Flow Statement for the year ended March 31, 2005

Notes :

- 1 The Accounting Standard AS-3 on Cash Flow Statement being applicable from the current year, hence the previous year figures have not been reported.
- 2 The above Cash Flow Statement has been prepared under the Indirect Method set out in AS-3 issued by Institute of Chartered Accountants of India
- 3 Figures in brackets indicate cash outflow
- 4 Following non cash transactions have not been considered in the Cash Flow Statement
(a) Tax deducted at source on income.

This is the Cash Flow Statement referred to in our report of even date

The schedules referred to above form an integral part of the Cash Flow Statement

Kaushik Dutta
Partner
Membership Number. F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : New Delhi
Date : April 27, 2005

For and on behalf of the Board
Dr. Prannoy Roy Radhika Roy
Director Director

NDTV Media Limited
Schedules to the Balance Sheet

	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
Schedule - 1		
Capital		
Authorised :		
1,000,000 (Previous Year 1,000,000) Equity Shares of Rs.10/- each	<u>10,000,000</u>	<u>10,000,000</u>
Issued, Subscribed & Paid Up : *		
1,000,000 (Previous year 1,000,000) Equity Shares of Rs.10/- each		
Fully Paid Up *	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
* Out of the above		
– 850,000 Shares (previous year 850,000) are held by New Delhi Television Limited, the Holding company and it's nominees		
– 150,000 shares (previous year 150,000) have been allotted as fully paid - up pursuant to a contract without payment being received in cash		

NDTV Media Limited Schedules to the Accounts

Schedule - 2 Fixed Assets

(Note A-2, 3 & 4 on Schedule 11)

Particulars	Gross Block						Depreciation			Net Block		Amount (Rs)
	As at 1-Apr-04	Additions During the Year	Sold / Discarded Transferred	As at 31-Mar-05	As at 1-Apr-04	Provided During the Year	As at 31-Mar-05	As at 31-Mar-05	As at 31-Mar-04			
	Intangible Assets											
Software	288,993	41,888	-	330,881	47,649	51,466	99,115	231,766	241,344			
Technical Knowhow (Note B-9 on Schedule 11)	1,500,000	-	-	1,500,000	73,770	299,180	372,950	1,127,050	1,426,230			
Tangible Assets												
Computers	3,748,738	1,610,832	-	5,359,570	627,044	697,805	1,324,849	4,034,721	3,121,694			
Electrical Fittings	18,252	159,411	-	177,663	3,000	2,985	5,985	171,678	15,252			
Furniture & Fixtures	592,638	1,362,335	-	1,954,973	79,279	91,362	170,641	1,784,332	513,359			
Generator	-	341,575	-	341,575	-	8,958	8,958	332,617	-			
Motor Cars	6,923,454	584,611	-	7,508,065	936,140	1,155,394	2,091,534	5,416,531	5,987,314			
Office Equipment	759,847	322,030	-	1,081,877	132,452	205,040	337,492	744,385	627,395			
Air conditioner	-	394,073	-	394,073	-	15,827	15,827	378,246	-			
Total	13,831,922	4,816,755	-	18,648,677	1,899,334	2,528,017	4,427,351	14,221,326	11,932,588			
Previous Year	7,777,590	6,054,332	-	13,831,922	84,921	1,814,413	1,899,334	11,932,588	-			

NDTV Media Limited
Schedules to the Balance Sheet

	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
Schedule 3		
Sundry Debtors		
(Unsecured, Considered Good)		
Debts Outstanding for a period less than six months *	132,933,977	32,161,207
	<u>132,933,977</u>	<u>32,161,207</u>
*Due from New Delhi Television Limited, the Holding company		
Schedule 4		
Cash & Bank Balances		
Cash in Hand	5,307	9,075
Balance With Scheduled Banks on Current Accounts	2,091,548	1,047,323
Fixed Deposits (Note B-3 on Schedule 11)	5,000,000	-
	<u>7,096,855</u>	<u>1,056,398</u>
Schedule 5		
Other Current Assets, Loans & Advances		
(Unsecured considered good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	3,664,542	15,045
Interest Accrued but not due	48,333	-
Prepaid Expenses	2,043,907	591,327
Security Deposits	1,829,509	487,000
Advance Tax [Net of Provision for Income Tax of Rs Nil (Previous Year Rs 62,69,950)]	-	369,034
	<u>7,586,291</u>	<u>1,462,406</u>

NDTV Media Limited

Schedules to the Balance Sheet

	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
Schedule 6		
Current Liabilities		
Sundry Creditors *	48,448,041	11,936,444
Other Liabilities	13,419,072	10,277,605
New Delhi Television Limited	1,305,457	398,600
	<u>63,172,570</u>	<u>22,612,650</u>

* As certified by the management, the company does not owe any amount to small scale undertakings.

Schedule 7

Provisions

Provision for Gratuity				
Opening Balance	394,611		-	
Add : Provision during the period	429,290		394,611	
	<u>823,901</u>		<u>394,611</u>	
Less : Paid during the year	-	823,901	-	394,611
Provision for Tax		1,730,426		-
{Net of Advance Tax / TDS Rs 46,769,524 (Previous year Rs Nil) }				
		<u>2,554,327</u>		<u>394,611</u>

Schedule 8

Miscellaneous Expenditure

(To the extent not written off or adjusted)

(Note A-5 on schedule 11)

Balance Brought Forward	131,205	174,940
Less : Written Off during the period	43,737	43,735
Closing Balance	<u>87,468</u>	<u>131,205</u>

NDTV Media Limited
Schedules to the Profit and Loss Account

	For the year ended March 31, 2005 Amount (Rs.)	For the year ended March 31, 2004 Amount (Rs.)
Schedule 9		
Salaries & Other Benefits		
Salaries & Allowances	34,403,555	21,588,654
Contribution to Provident & Other Funds	2,746,656	1,657,782
Staff Welfare	524,143	156,177
	<u>37,674,354</u>	<u>23,402,613</u>
Schedule 10		
Operations and administration		
Printing & Stationery	594,258	1,342,396
Production	434,110	203,800
Subscription	726,717	539,570
Rent (Note B-4 on Schedule 11)	3,551,236	2,603,069
Travelling	5,073,190	2,615,217
Management Fees	15,000,000	–
Conveyance	2,641,415	1,601,592
Vehicle Running & Maintenance	1,209,340	937,821
Communication	2,373,686	1,804,496
Electricity & Water	736,955	274,476
Postage & Courier	556,995	541,498
Business Promotion	2,705,408	2,717,464
Meeting & Conference	4,420,319	2,551,277
Audit Fee (Excluding Service Tax)	454,300	200,000
Legal & Professional	738,500	–
Insurance	551,799	171,973
Books & Periodicals	733,339	542,919
Medical	448,760	385,644
Repair & Maintenance	3,083,212	509,273
Security	151,917	140,457
Hire of Equipment	6,197	11,295
Rates & Taxes	119,395	7,515
General	469,690	24,220
	<u>46,780,738</u>	<u>19,725,972</u>

NDTV Media Limited

Schedules to the Accounts

Schedule - 11

A. Significant Accounting Policies

1. Basis of Preparation

These financial statements have been prepared in accordance with the historical cost convention, generally accepted accounting principles and relevant provisions of the Companies Act, 1956 ("The Act") and Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI").

The company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis.

2. Tangible Fixed Assets

Tangible Fixed assets are stated at the cost of acquisition, which includes taxes, duties, freight, insurance and other incidental expenses incurred for bringing the assets to the working condition for their intended use.

3. Intangibles

Intangible assets are recognised if they are separately identifiable and the company controls the future economic benefits arising out of them. All other expenses on intangible items are charged to the Profit and Loss account. Intangible assets are stated at cost less accumulated amortization less impairment.

4. Depreciation

Depreciation on fixed assets including intangibles is provided using the Straight Line Method based on the useful lives as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Individual assets costing less than Rs. 5,000 are depreciated at the rate of 100% on pro-rata basis. The management's estimates of useful lives for various fixed assets are given below:

Asset Head	Useful Life (years)
Computers	3-6
Software	6
Electrical fittings	8
Furniture and Fixtures	5-8
Vehicles	6
Office equipment	3-5
Technical Knowhow	5

The rates of depreciation derived on the basis of these useful lives are higher than those mandated by Schedule XIV of the Act.

5. Miscellaneous Expenditure

Miscellaneous expenses incurred on account of incorporation of the company comprising of registration fees, printing of the memorandum and articles of association and other related expenses, are written off over a period of 5 years from the date of commencement of business.

6. Revenue Recognition

Revenue comprises of Commission on advertising arranged for news channels and is recognized when the related advertisement or commercial appears before the public i.e. telecast. Revenue is recognized subject to the arrangement fee being fixed or determinable and its collection being reasonably assured. Revenue from other services is recognized as per the terms of the agreement, when the risks and rewards of ownership are substantially transferred to the buyer.

7. Income Taxes

Taxes on income for the current period are determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of the assessment.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

8. Retirement Benefits

The company's contribution to Provident Fund is charged to the Profit and Loss Account.

The company provides for gratuity on the basis of actuarial valuation done at period end.

9. Leases

Assets taken under leases where the company has substantially all the risks and rewards of ownership are classified as Finance leases. Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period. The company has not entered into any Finance Leases.

Assets taken on leases where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on straight-line basis over the lease term.

10. Earnings Per Share

The earnings considered in ascertaining the company's EPS comprises of the net profit/ (loss) after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

B. Notes to Accounts

1. The company operates in a single primary segment i.e. marketing news channels and other media products and has commenced its operations from November 13, 2002.
2. The company has entered into an agreement with its holding company, New Delhi Television Limited ("NDTV") dated April 2, 2003 primarily for marketing its television channels. As per the terms and conditions of the agreement, the company will derive commission on advertisements solicited for the channels and such other marketing activities as mentioned in the agreement like Banner Ads, Web Income etc.
3. Contingent Liabilities not provided for as on March 31, 2005 in respect of
Bank Guarantees (Lien on the Fixed deposits) is Rs. 50,00,000 (Previous Year Rs Nil)
4. The company has taken premises under cancellable operating leases. The rental expense in respect of the same was Rs.35,51,236 (Previous Year Rs 26,03,069).

5. Deferred Taxes

The income tax expense for the period comprises of:

	Year ended March 31, 2005 Amount (Rs.)	Year ended March 31, 2004 Amount (Rs.)
Income tax expense / (benefit)		
Current	42,230,000	6,269,950
Deferred	107,818	2,786,075
Total	<u>42,337,818</u>	<u>9,056,025</u>

Significant components of deferred tax asset and liability are shown below:

Particulars	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
Deferred Tax Asset		
Provision for Expenses	144,499	-
Deferred Tax Liability		
Depreciation	(1,160,696)	(908,379)
Net Deferred Tax Asset / (Deferred Tax Liability)	<u>(1,016,197)</u>	<u>(908,379)</u>

The ultimate realisation of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversal of the projected future taxable income, and tax planning strategies in making this assessment. Based on the projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes that there is reasonable certainty that the company will have sufficient profits to absorb such amounts. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

6. Particulars as required under paragraph 3 of Part II of Schedule VI of the Act are not applicable to the company.
7. Earnings per share (EPS) is computed in accordance with AS-20 'Earnings per share'

Description	Year ended March 31, 2005 Amount (Rs.)	Year ended March 31, 2004 Amount (Rs.)
Profit / (Loss) attributable to Equity Shareholders (in Rs.)	72,354,659	16,183,735
Weighted average number of Equity Shares outstanding during the year (in Nos.)	1,000,000	288,025
Basic and Diluted Earnings Per Equity Share of Rs. 10 each (in Rs.)	72.35	56.19

8. Related Party Transactions

- I. Names of related parties with whom transactions were carried out during each year and description of relationship as identified and certified by the company as per the requirements of Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and where control exists:

New Delhi Television Limited	Holding company
NDTV News Limited.	Fellow Subsidiary

Key Management Personnel and their relatives

Dr. Prannoy Roy	Director
Mrs. Radhika Roy	Director
Mr. KVL Narayan Rao	Director
Mr. L.S Nayak	CEO

II. Disclosure of Related Party Transactions:**Details of transactions for the year ended March 31,2005**

(Amount in Rs. '000s)

Sr.No	Nature of relationship/ transaction	Holding company	Key Management Personnel	Fellow Subsidiary	Total
1	Rendering of services*	241,596	–	–	241,596
2	Services Availed	15,431	–	–	15,431
3	Rent paid	–	–	1,200	1,200
4	Remuneration Paid	–	23,134	–	23,134

III. Amount due to/from related parties as on March 31,2005

(Amount in Rs. '000s)

Sr.No	Nature of relationship/ transaction	Holding company	Key Management Personnel	Fellow Subsidiary	Total
1	Outstanding receivables	132,934	–	–	132,934
2	Outstanding Payables	1,305	7,510	–	8,815

*** Commission from New Delhi Television Limited**

The company has an arrangement with New Delhi Television Limited (Holding Company). The company is engaged in the marketing of the Holding company's news channels and is paid a commission based on a percentage of the net revenues.

The Accounting Standard – 18 on Related Party Transactions being applicable from the current year, the previous year figures have not been reported.

9. The company had allotted 150,000 equity shares of Rs. 10 each to the Chief Executive Officer as 'Sweat Equity' as consideration for the Chief Executive Officer providing know how including resources and knowledge to the company in connection with setting up of the distribution set up and development of the channel partners for the broadcasting business. Accordingly, the same had been capitalized in accounts as 'Technical Know-how' and is being amortised over a period of 5 years from the date of allotment of the shares in accordance with Accounting Standard – 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India.

10. Earnings in Foreign Currency

Particulars	Year ended March 31, 2005 Amount (Rs.)	Year ended March 31, 2004 Amount (Rs.)
Business Income	2,694,931	–
Total	2,694,931	–

11. Expenditure in Foreign Currency (On cash basis)

Particulars	Year ended March 31, 2005 Amount (Rs.)	Year ended March 31, 2004 Amount (Rs.)
Travelling expenses	896,270	–
Registration Charges	181,000	–
Software Expenses	19,888	–
Total	1,097,158	–

12. Figures of the previous period have been regrouped or reclassified wherever necessary to confirm to the current years grouping and classification.

NDTV Media Limited

Balance Sheet Abstract & Company’s General Business Profile

I Registration details

Registration No. U 7 2 9 0 0 D L 2 0 0 2 P L C 1 1 7 6 6 9
 State Code 5 5
 Balance Sheet Date 3 1 0 3 2 0 0 5

II Capital raised during the Year (Amount in Rs Thousands)

Public Issue	Rights Issue
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Bonus Issue	Private Placement
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total assets
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 6 1 9 2 6	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 6 1 9 2 6

Sources Of Funds

Paid Up Capital	Reserves & Surplus
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 0 0 0 0	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 8 5 1 8 3
Secured Loans	Unsecured Loans
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Deferred tax liability	
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 0 1 6	

Application of Funds

Net Fixed assets	Investments
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 4 2 2 1	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Net Current assets	Misc. Expenditure
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 8 1 8 9 0	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 8 7
Accumulated Losses	
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	

IV Performance of the Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 4 8 9 2 0	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 3 4 2 2 8
Profit / Loss before Tax	Profit / Loss after Tax
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 1 4 6 9 2	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 7 2 3 5 5
Earning per Share (Rs.)	Dividend Rate %
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 7 2 . 3 5	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

V Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code) N A
 Product Description : Marketing of advertising time

Place : New Delhi
 Date : April 27, 2005

For and on behalf of the Board
 Dr. Prannoy Roy Radhika Roy
 Director Director

NDTV News Limited

Directors' Report

To The Members,

Your Directors present the Eleventh Annual Report together with the Audited Accounts for the year ended March 31, 2005

Financial Results & Operations :

During the year your company had rental income of Rs. 12 lacs and made a profit of Rs. 4.23 lacs.

The Registered office of the company was shifted from State of Maharashtra to NCT of Delhi.

Dividend :

Your Directors have not recommended any dividend for the year under review.

Deposits :

The company has not accepted/renewed any deposits during the year.

Directors :

Dr. Prannoy Roy, Director retires by rotation and being eligible offers himself for re-appointment.

Directors' Responsibility Statement :

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

- (i) That in the preparation of the annual accounts for the financial year ended March 31, 2005 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 and of the Profit or Loss of the company for the year under review;
- (iii) that the directors had 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;
- (iv) that the directors had prepared the accounts for the financial year ended March 31, 2005 on a 'going concern basis'.

Auditors :

M/S Price Waterhouse, Chartered Accountants, retire as auditors at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988, the following information is provided:

A. Conservation of Energy

Our company is not an energy intensive unit, however regular efforts are made to conserve energy.

B. Research and Development

The company did not have any business activity during the year.

C. Foreign Exchange Earnings and Outgo

During the year the company did not earn or make any payments in Foreign Exchange.

Personnel under section 217(2A) of the Companies Act 1956

The company had no employee drawing a total remuneration of Rs.24,00,000/- per annum or more.

For and on behalf of the Board

Dr.Prannoy Roy

Chairman

Place : New Delhi

Date : April 27, 2005

AUDITORS' REPORT TO THE MEMBERS OF NDTV NEWS LIMITED

1. We have audited the attached Balance Sheet of NDTV News Limited, as at March 31, 2005, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we further report that:
 - i). (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
 - ii). (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - iii). In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
 - iv). In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register required to be maintained under that section.
 - v). The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
 - vi). As the company is not listed on any stock exchange or the paid-up capital and reserves as at the commencement of the financial year did not exceed Rupees Fifty Lakhs or the average annual turnover for a period of three consecutive financial years immediately preceding the financial year did not exceed Rupees Five Crores, clause (vii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the company for the current year.
 - vii). The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
 - viii) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues

including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- ix). The accumulated losses of the company as at March 31, 2005 are more than fifty percent of its net worth. However, it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- x). The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xi). The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
- xii). In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- xiii). In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xiv). The company has not obtained any term loans.
- xv). On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- xvi). The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xvii). During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
- xviii). The other clauses of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.
4. Further to our comments in paragraph 3 above, we report that:
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on March 31, 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2005; and
- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Kaushik Dutta
Partner
Membership Number. F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : New Delhi
Date : April 27, 2005

NDTV News Limited
Balance Sheet as at March 31, 2005

	Schedule No.	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
Sources of Funds			
Shareholders' Funds			
Capital	1	500,000	500,000
Reserves and Surplus	2	10,086,080	10,086,080
		<u>10,586,080</u>	<u>10,586,080</u>
Application of Funds			
Fixed Assets			
Gross Block	3	19,240,487	19,240,487
Less : Accumulated Depreciation		<u>3,148,638</u>	<u>2,570,615</u>
Net Block		16,091,849	16,669,872
Current Assets, Loans and Advances			
Cash and Bank Balances		1,220,531	467,850
Other Current Assets, Loans and Advances	4	<u>584,030</u>	<u>281,570</u>
		1,804,561	749,420
Less : Current Liabilities			
Current Liabilities	5	<u>9,181,336</u>	<u>9,127,702</u>
Net Current Assets		(7,376,775)	(8,378,282)
Miscellaneous Expenditure	6	-	-
Profit and Loss Account		1,871,006	2,294,490
		<u>10,586,080</u>	<u>10,586,080</u>
Notes to the accounts	7		

This is the Balance Sheet referred to in our report of even date

Kaushik Dutta
Partner
Membership Number. F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : New Delhi
Date : April 27, 2005

The schedules referred to above form an integral part of the Balance Sheet

For and on behalf of the Board

Dr. Prannoy Roy
Director

Radhika Roy
Director

NDTV News Limited**Profit and Loss Account for the year ended March 31, 2005**

	For the year ended March 31, 2005 Amount (Rs.)	For the year ended March 31, 2004 Amount (Rs.)
Other Income		
Rental Income	1,200,000	1,200,000
{Inclusive of Tax deducted at source Rs. 248,460/- (Previous year Rs. 2,47,000/-)}		
Miscellaneous Income	-	2,503
	<u>1,200,000</u>	<u>1,202,503</u>
Expenditure		
Audit fees (excluding service tax)	108,650	108,000
Advertising	-	7,382
Filing fees	2,700	2,100
Consultancy & Professional Fees	82,650	9,374
Printing and Stationery	4,493	-
Miscellaneous expenses	-	6,653
Miscellaneous expenditure written off	6	350
	<u>198,493</u>	<u>133,859</u>
Profit/(Loss) before Depreciation and Tax	1,001,507	1,068,644
Depreciation	3	578,022
Profit/(Loss) carried forward	423,484	490,622
Loss brought forward	(2,294,490)	(2,785,112)
Balance carried forward to the balance sheet	(1,871,006)	(2,294,490)
Earnings Per Share—Basic and Diluted	84.70	98.12
(Refer Note B-5 on Schedule 7)		

Notes to the accounts 7

This is the Profit and Loss Account referred to in our report of even date

Kaushik Dutta
Partner
Membership Number. F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : New Delhi
Date : April 27, 2005

The schedules referred to above form an integral part of the Profit and Loss Account

For and on behalf of the Board

Dr. Prannoy Roy
Director

Radhika Roy
Director

NDTV News Limited
Cash Flow Statement for the year ended March 31, 2005

	For the Year ended March 31, 2005
A. Cash flow from operating activities:	
Net Profit /(loss) before tax and after extraordinary / Prior Period items	423,484
Adjustments for:	
Depreciation	578,023
TDS on rental income	(248,460)
Operating profit before working capital changes	753,047
Changes in working capital :	
- (Increase)/Decrease in Other Receivables	-
- Increase/(Decrease) in Trade and Other Payables	53,634
Cash (used in) / generated from operations	806,681
- Taxes (Paid) / Received (Net of TDS)	(54,000)
Net cash from operating activities	752,681
B. Cash flow from Investing activities:	-
C. Cash flow from financing activities:	-
Net Increase/(Decrease) in Cash & Cash Equivalents	752,681
Cash and cash equivalents Opening	467,850
Cash and cash equivalents Closing	1,220,531
Cash and cash equivalents comprise	
Balance With Scheduled Banks on	
- Current Accounts	1,220,531
Total	1,220,531

Notes :

- 1 The Accounting Standard AS-3 on Cash Flow Statement being applicable from the current year, hence the previous year figures have not been reported.
- 2 The above Cash flow statement has been prepared under the Indirect Method set out in AS-3 issued by Institute of Chartered Accountants of India
- 3 Figures in brackets indicate cash outflow
- 4 Following non cash transactions have not been considered in this Cash Flow statement:
 - a) Tax deducted at source on income

This is the Cash Flow Statement referred to in our report of even date

Kaushik Dutta
 Partner
 Membership Number. F-88540
 For and on behalf of
 Price Waterhouse
 Chartered Accountants

For and on behalf of the Board

Dr. Prannoy Roy
 Director

Radhika Roy
 Director

Place : New Delhi
 Date : April 27, 2005

NDTV News Limited

Schedules to the Balance Sheet

	As at March 31,2005 Amount (Rs.)	As at March 31,2004 Amount (Rs.)
Schedule – 1		
Capital		
Authorized :		
5,000 (Previous Year – 5,000) equity shares of Rs.100/- each	<u>500,000</u>	<u>500,000</u>
Issued, Subscribed and Paid Up		
5,000 (Previous Year– 5,000) equity shares of Rs.100/- each fully paid up *	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
* (Held by the Holding company – New Delhi Television Limited)		
 Schedule – 2		
Reserves and Surplus		
Revaluation Reserve	10,086,080	10,086,080
	<u>10,086,080</u>	<u>10,086,080</u>

NDTV News Limited
Schedules to the Balance Sheet
Schedule - 3
Fixed Assets
(Refer note A-2 and A-3 on Schedule 7)

Amount (Rs)

Particulars	Gross Block		Depreciation		Net Block		
	As at April 1, 2004	Additions During the year	As at March 31, 2005	As at April 1, 2004	Provided During the period	As at March 31, 2005	As at March 31, 2004
Building	18,213,590	-	18,213,590	2,436,118	458,287	15,319,185	15,777,472
Furniture and fixtures	827,860	-	827,860	107,947	96,099	623,814	719,913
Air conditioner	199,037	-	199,037	26,550	23,637	148,850	172,487
TOTAL	19,240,487	-	19,240,487	2,570,615	578,023	16,091,849	16,669,872
Previous year	19,240,487	-	19,240,487	1,992,593	578,022	16,669,872	-

NDTV News Limited
Schedules to the Balance Sheet

	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
Schedule - 4		
Other Current Assets, Loans and Advances (Unsecured, Considered Good)		
Security deposits	34,570	34,570
Advance Tax	549,460	247,000
	<u>584,030</u>	<u>281,570</u>

Schedule - 5

Current Liabilities

Sundry Creditors *	102,052	108,000
New Delhi Television Limited	9,079,284	9,019,702
	<u>9,181,336</u>	<u>9,127,702</u>

* As certified by the management, the company does not owe any amount to small scale undertakings.

Schedule 6

Miscellaneous Expenditure

(To the extent not written off or adjusted)

Preliminary Expenses (Refer note A-4 on schedule 7)		
Opening Balance	-	350
Less : written off / adjusted during the year	-	(350)
Closing Balance	<u>-</u>	<u>-</u>

NDTV News Limited Schedules to the Accounts

Schedule - 7

A. Significant Accounting Policies

1. Basis of Preparation

These financial statements have been prepared in accordance with the historical cost convention, generally accepted accounting principles and relevant provisions of the Companies Act, 1956 ("The Act") and Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI").

The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

2. Fixed Assets

Fixed assets other than for buildings are stated at cost of acquisition. Acquisition cost includes taxes, duties, freight, insurance and other incidental expenses incurred for bringing the asset to the working condition for its intended use. Buildings have been stated at an amount inclusive of appreciation arisen on revaluation of the assets during the financial year 1995-96.

3. Depreciation

Depreciation on fixed assets is provided using the Straight Line Method based on the useful lives as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year. Individual assets costing less than Rs. 5,000 are depreciated at the rate of 100% on pro-rata basis. The management's estimates of useful lives for various fixed assets are given below:

Asset Head	Useful Life (years)
Buildings	40
Air conditioner	8
Furniture and fixtures	5-8

4. Miscellaneous Expenditure

Miscellaneous expenditure are written off over a period of 10 years from the date of commencement of business.

5. Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on expected outcome of the assessment.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws substantively enacted as at the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on account of unabsorbed depreciation and carry forward of business losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

6. Earnings Per Share

The earnings considered in ascertaining the company's EPS comprises of the net profit/(loss) after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

B. Notes to Accounts

- The income earned by the company in the current period is on account of rent for the office premises leased to its fellow subsidiary NDTV Media Limited.

2. Based on the level of historical taxable losses, the company has not created a deferred tax asset on the business losses as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Moreover, no deferred tax asset has been created on account of depreciation, as there is no reasonable certainty about the recoverability of such assets in the future.
3. Particulars in respect of paragraph 4C of the Part II of the Schedule VI of the Companies' Act, 1956 are not applicable to the company. Also, since the company has not commenced its main business, certain disclosures as required by paragraph 3 and 4D of the Part II of the schedule VI of the Companies' Act, 1956 are made, if applicable.

4. Related Party Transactions

- I. Names of related parties with whom transactions were carried out during each year and description of relationship as identified and certified by the company as per the requirements of Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and where control exists:

Holding company

New Delhi Television Limited

Fellow Subsidiary

NDTV Media Limited

Key Management Personnel and their relatives

Dr. Prannoy Roy Director

Mrs. Radhika Roy Director

KVL Narayan Rao Director

- II. Disclosure of Related Party Transactions:

Details of transactions for the year ended March 31, 2005

(Amount in Rs. '000s)

Sr.No	Nature of relationship/ transaction	Holding company	Fellow-Subsidiary	Total
1	Rental Income	–	1,200	1,200
2	Payments made on our behalf	54	–	54

- III. Amount due to/from related parties

Amount due to/from related parties as on March 31, 2005

(Amount in Rs. '000s)

S.No	Nature of relationship/transaction	Holding company	Total
1	Credit balances outstanding as on 31 March 2005 - Outstanding Payable	9,079	9,079

The Accounting Standard AS-18 on related party transactions being applicable from the current year, the previous year figures have not been reported.

5. **Earnings per share** (EPS) is computed in accordance with Accounting Standard 20 'Earnings per share'

Description	Year ended March 31, 2005	Year ended March 31, 2004
Profit/(Loss) attributable to equity shareholders (in Rs.)	423,484	490,622
Weighted average number of equity shares outstanding during the year	5,000	5,000
Basic and Diluted Earning per equity share of Rs. 100 each (In Rs.)	84.70	98.12

6. **Segment Reporting**

As the company is not carrying out any business, no information on segments has been furnished in these accounts.

7. Figures of the previous year have been regrouped or reclassified wherever necessary to confirm to the current years grouping and classification.

NDTV News Limited**Balance Sheet Abstract & Company's General Business Profile**

I Registration details

Registration No.

U	7	4	9	9	9	D	L	2	0	0	4	P	L	C
1	3	0	4	2	3									

State Code

5	5
---	---

Balance Sheet Date

3	1	0	3	0	5
---	---	---	---	---	---

II Capital raised during the Year (Amount in Rs Thousands)

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Rights Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

				1	9	7	6	7
--	--	--	--	---	---	---	---	---

Total assets

				1	9	7	6	7
--	--	--	--	---	---	---	---	---

Sources Of Funds

Paid Up Capital

						5	0	0
--	--	--	--	--	--	---	---	---

Reserves & Surplus

						1	0	0	8	6
--	--	--	--	--	--	---	---	---	---	---

Secured Loans

						N	I	L
--	--	--	--	--	--	---	---	---

Unsecured Loans

						N	I	L
--	--	--	--	--	--	---	---	---

Application of Funds

Net Fixed assets

				1	6	0	9	2
--	--	--	--	---	---	---	---	---

Investments

						N	I	L
--	--	--	--	--	--	---	---	---

Net Current assets

				(-)	7	3	7	7
--	--	--	--	-----	---	---	---	---

Misc. Expenditure

						N	I	L
--	--	--	--	--	--	---	---	---

Accumulated Losses

						1	8	7	1
--	--	--	--	--	--	---	---	---	---

IV Performance of the company (Amount in Rs. Thousands)

Turnover

						1	2	0	0
--	--	--	--	--	--	---	---	---	---

Total Expenditure

						7	7	7
--	--	--	--	--	--	---	---	---

Profit / Loss before Tax

						4	2	3
--	--	--	--	--	--	---	---	---

Profit / Loss after Tax

						4	2	3
--	--	--	--	--	--	---	---	---

Earning per share (Rs.)

				8	4	.	7	0
--	--	--	--	---	---	---	---	---

Dividend Rate %

						N	I	L
--	--	--	--	--	--	---	---	---

V Generic Names of Three Principal Products / Services of the company

(as per monetary terms)

Item Code No.

(ITC Code)

N	A
---	---

Product Description : Export, production and to deal in all or any type of programmes for television, radio, telecom and film industry.

For and on behalf of the Board

Dr. Prannoy Roy
DirectorRadhika Roy
Director

Place : New Delhi

Date : April 27, 2005

**New Delhi Television Limited
Consolidated Financial Statements**

Report of the auditors to the Board of Directors of New Delhi Television Limited on the consolidated financial statements of New Delhi Television Limited and its subsidiaries

1. We have audited the attached consolidated Balance Sheet of New Delhi Television Limited and its subsidiaries as at March 31, 2005, the consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the consolidated Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These consolidated financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. These financial statements have been prepared after giving effect to the amalgamation of the company with erstwhile subsidiary NDTV World Limited with effect from the appointed date April 1, 2003 (Refer Note B-6 on Schedule -17). The unaudited amalgamated financial statements for the year ended March 31, 2004 presented as the corresponding previous year figures have been considered as opening balances for these financial statements.
4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of New Delhi Television Limited and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on consideration of the separate audit reports of individual audited financial statements of New Delhi Television Limited and its aforesaid subsidiaries, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the consolidated Balance Sheet, of the consolidated state of affairs of New Delhi Television Limited and its subsidiaries as at March 31, 2005;
 - (ii) in the case of the consolidated Profit and Loss Account, of the consolidated results of operations of New Delhi Television Limited and its subsidiaries for the year ended on that date; and
 - (iii) in the case of the consolidated Cash Flow Statement, of the consolidated cash flows of New Delhi Television Limited and its subsidiaries for the year ended on that date.

Place : New Delhi
Date : April 27, 2005

Kaushik Dutta
Partner
Membership No. F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

New Delhi Television Limited

Consolidated Balance Sheet as at March 31, 2005

	Schedule	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
Sources of Funds			
Shareholders' Funds			
Capital	1	243,210,528	204,568,560
Reserves & Surplus	2	<u>1,731,247,321</u>	<u>861,465,184</u>
		1,974,457,849	1,066,033,744
Minority Interest		14,277,423	3,424,225
Loan Funds			
Secured (Note B-9 on Schedule 17)			
-Term (from bank)			300,000,000
-Working Capital (from bank)			80,000,000
Deferred Tax Liability (Net)		101,703,078	95,224,106
(Note B-13 on Schedule 17)			
		<u>2,090,438,350</u>	<u>1,544,682,075</u>
Application of Funds			
Fixed Assets			
Gross Block	3	1,528,497,665	1,380,692,631
Less : Depreciation		<u>595,707,079</u>	<u>471,334,861</u>
Net Block		932,790,586	909,357,770
Capital Work in Progress		-	1,535,379
Capital Advances		<u>5,284,686</u>	<u>1,226,675</u>
		938,075,272	912,119,824
Current Assets, Loans and Advances			
Inventories	4	5,159,108	13,100,288
Sundry Debtors	5	679,374,145	367,385,338
Cash and Bank Balances	6	546,117,744	291,192,643
Other Current Assets,			
Loans and Advances	7	<u>167,028,929</u>	<u>172,725,493</u>
		1,397,679,926	844,403,762
Less : Current Liabilities and Provisions			
Current Liabilities	8	187,368,686	211,312,741
Provisions	9	<u>58,035,630</u>	<u>659,975</u>
		245,404,316	211,972,716
Net Current Assets		1,152,275,610	632,431,046
Miscellaneous Expenditure	10	<u>87,468</u>	<u>131,205</u>
		<u>2,090,438,350</u>	<u>1,544,682,075</u>
Notes to the accounts	17		

This is the Consolidated Balance Sheet referred to in our report of even date

The schedules referred to above form an integral part of the Consolidated Balance Sheet

Kaushik Dutta
Partner
Membership Number. F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : New Delhi
Date : April 27, 2005

For and on behalf of the Board
Dr. Prannoy Roy
Chairman
Rajiv Bhatnagar
Company Secretary
Radhika Roy
Managing Director
Jameskutty P.C.
Group CFO

New Delhi Television Limited
Consolidated Profit and Loss Account for the year ended March 31, 2005

		For the year ended March 31, 2005 Amount (Rs.)	For the year ended March 31, 2004 Amount (Rs.)
Income			
Revenue from Advertising	11	1,679,274,876	592,348,730
Other Business Income	12	81,952,486	97,159,023
Other Income	13	37,299,447	22,739,885
		<u>1,798,526,809</u>	<u>712,247,638</u>
Expenditure			
Production Personnel	14	308,632,750	279,790,981
- Salaries & Other benefits	15	483,929,587	420,830,618
- Sales Incentive		47,200,568	16,231,237
Operations & Administration	16	289,610,755	223,128,246
Marketing, Distribution & Promotion		105,006,941	97,447,427
Miscellaneous Expenses written off	10	43,737	44,085
		<u>1,234,424,338</u>	<u>1,037,472,594</u>
Profit/ (Loss) Before Interest, Depreciation and Tax		564,102,471	(325,224,956)
Interest		5,631,316	11,645,737
Profit/ (Loss) Before Depreciation and Tax		558,471,155	(336,870,693)
Depreciation	3	129,263,330	117,417,203
Profit/ (Loss) Before Tax		429,207,825	(454,287,896)
Provision For Tax			
- Current		57,763,908	6,269,950
- Deferred (Note B-13 on Schedule 17)		6,478,972	27,988,639
Profit/ (Loss) After Tax before share of minority		364,964,945	(488,546,485)
Share of Minority Interest		10,853,199	1,924,225
Profit/ (Loss) After share of minority		354,111,746	(490,470,710)
Tax expense for earlier years		312,435	9,622,951
Net Profit/ (Loss) after Tax		353,799,311	(500,093,661)
Previous Year Balance Brought Forward (Schedule 2) (After Opening Adjustment)		243,750,779	743,844,440
Amount available for appropriations		<u>597,550,090</u>	<u>243,750,779</u>
Appropriations			
General Reserve		52,701,570	-
Proposed Dividend		48,642,106	-
Corporate Dividend Tax		6,819,623	-
Profit carried forward		489,386,792	243,750,779
Balance carried to Profit and Loss account		<u>597,550,090</u>	<u>243,750,779</u>
Earning Per Share - Basic & Diluted (Note B-16 on Schedule 17)		5.98	(10.23)
Notes to the accounts	17		

This is the Consolidated Profit and Loss Account referred to in our report of even date

The schedules referred to above form an integral part of the Consolidated Profit and Loss Account

For and on behalf of the Board

Kaushik Dutta
Partner
Membership Number. F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Dr. Prannoy Roy
Chairman

Rajiv Bhatnagar
Company Secretary

Radhika Roy
Managing Director

Jameskutty P.C.
Group CFO

Place : New Delhi
Date : April 27, 2005

New Delhi Television Limited

Consolidated Cash Flow Statement for the year ended March 31, 2005

	For the year ended March 31, 2005 Amount (Rs.)	For the year ended March 31, 2004 Amount (Rs.)
A. Cash flow from operating activities:		
Net (loss)/profit before tax but after exceptional/extraordinary items	429,207,825	(454,287,896)
Adjustments for:		
Depreciation	129,263,330	117,417,203
Interest Expense	5,631,316	11,645,737
Interest Income	(34,760,521)	(20,340,109)
(Profit)/Loss on Fixed Assets sold	409,017	(160,719)
Debts / Advances Written off	3,554,010	689,262
Provision for Bad & Doubtful Debts	3,940,444	233,361
Provision for Gratuity & Leave Encashment	1,913,926	(1,052,781)
Barter Income	(143,400,571)	(85,712,357)
Barter Expenditure	47,013,752	48,391,477
Tax Deducted at Source on Service Income	(27,811,550)	(13,700,800)
Miscellaneous Expenditure	43,737	44,085
Operating profit before working capital changes	415,004,715	(396,833,537)
Adjustments for changes in working capital :		
- (Increase)/Decrease in Sundry Debtors	(321,646,143)	(271,706,761)
- (Increase)/Decrease in Other Receivables	(49,271,504)	(13,905,914)
- (Increase)/Decrease in Inventories	7,941,180	2,541,477
- Increase/(Decrease) in Trade and Other Payables	65,756,268	20,476,139
Cash generated from operations	117,784,516	(659,428,596)
- Taxes (Paid) / Received (Net of TDS)	44,884,782	(11,494,484)
Net cash from operating activities	162,669,298	(670,923,080)
B. Cash flow from Investing activities:		
Purchase of fixed assets	(151,786,427)	(170,842,942)
Proceeds from Sale of fixed assets	2,860,395	2,086,768
Interest Received (Revenue)	16,741,895	14,235,847
Purchase of investments	-	(100,000,000)
Net cash used in investing activities	(132,184,137)	(254,520,327)
C. Cash flow from financing activities:		
Proceeds from fresh issue of Share Capital (including Share Premium)	1,090,000,000	-
Payments made for share issue expenses	(99,249,135)	-
Payment made to selling shareholders	(380,664,343)	-
Repayment of loans	(380,000,000)	-
Interest Paid	(5,646,582)	(11,630,471)

	March 31, 2005 Amount (Rs.)	March 31, 2004 Amount (Rs.)
Proceeds from loans	–	380,000,000
Dividend Paid	–	(74,033,718)
Dividend Tax Paid	–	(9,485,570)
Net cash generated/ (used) in financing activities	224,439,940	284,850,241
Net Increase/(Decrease) in Cash & Cash Equivalents	254,925,101	(640,593,166)
Opening Cash and cash equivalents	291,192,643	931,785,809
Closing Cash and cash equivalents	546,117,744	291,192,643
Cash and cash equivalents comprise		
Cash in hand	260,761	762,979
Balance with Scheduled Banks on Current and Deposit accounts	545,856,983	290,429,664
	546,117,744	291,192,643

Notes :

- 1 The above Cash flow statement has been prepared under the indirect method setout in AS-3 issued by the Institute of Chartered Accountants of India.
- 2 Figures in brackets indicate cash outgo.
- 3 Following non cash transactions have not been considered in the cash flow statement.
 - Tax deducted at source (on income)
 - Barter Transactions
- 4 Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification.

This is the Consolidated Cash Flow Statement referred to in our report of even date

Kaushik Dutta
Partner
Membership Number. F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : New Delhi
Date : April 27, 2005

For and on behalf of the Board

Dr. Prannoy Roy Chairman	Radhika Roy Managing Director
Rajiv Bhatnagar Company Secretary	Jameskutty P.C. Group CFO

New Delhi Television Limited Schedules to the Consolidated Balance Sheet

	As at March 31,2005 Amount (Rs.)	As at March 31,2004 Amount (Rs.)
Schedule - 1 (Note B-3 on Schedule 17)		
Capital		
Authorised :		
68,750,000 Equity Shares of Rs.4/- each (Previous Year 68,750,000 equity shares of Rs. 4/- each)	275,000,000	275,000,000
Issued, Subscribed & Paid Up :*	243,210,528	204,568,560
60,802,632 Equity Shares of Rs.4/- each (Previous Year 51,142,140 equity shares of Rs.4/- each)	243,210,528	204,568,560
*Out of the above:		
(a) 7,509,870 (Previous Year - 7,509,870) Equity Shares of Rs. 4/- each were allotted as fully paid up by way of Bonus Shares by capitalisation of Profits and Revaluation Reserve.		
(b) 33,651,690 (Previous Year -33,651,690) Equity Shares of Rs 4/- each were allotted as fully paid up by way of Bonus Shares by capitalisation of Securities Premium.		
(c) 9,077,528 (Previous Year -9,077,528) Equity Shares of Rs 4/- each were allotted as fully paid up pursuant to a contract without payment being received in cash.		
(d) In May 2004, the company completed the Initial Public Offering(IPO) of its equity shares in India 15,571,429 equity shares consisting of		
(i) Fresh issue of 9,660,492 shares of Rs. 4/- each at a price of Rs 70 for cash, and		
(ii) Sale of 5,910,937 equity shares of Rs. 4/- each by existing shareholders at a price of Rs. 70.		
The proceeds of the issue amounting to Rs. 1,090 million constitute 25.61% of the fully diluted paid up capital of the company.		
In respect of the above the company incurred IPO related expenses of Rs. 66,147,918 (Schedule 2 below)		
Schedule - 2		
Reserves & Surplus		
<u>Securities Premium Account</u>		
Opening Balance -Amalgamated	617,508,625	1,195,764,675
Less:Opening adjustment on account of amalgamation of erstwhile NDTV World Limited with New Delhi Television Limited (Note B - 6 on Schedule 17)	-	(578,256,050)
Add: Securities premium received on issue of equity shares (Note (d) on Schedule 1)	637,592,472	-
Less: Public Issue expenses (Note (d) on Schedule 1)	(66,147,918)	-
Closing Balance	1,188,953,179	617,508,625
<u>General Reserve</u>		
Opening Balance	-	97,627,986
Less Goodwill amortised (Note B - 6(iii)(d) on Schedule 17)	-	(97,627,986)
Add: Transfer from Profit and Loss Account	52,701,570	-
Closing Balance	52,701,570	-
<u>Capital Reserve/ (Goodwill)</u>	205,780	205,780
<u>Profit and Loss Account</u>		
Opening Balance -Amalgamated	243,750,779	842,838,320
Less:Opening adjustment on account of amalgamation of erstwhile NDTV World Limited with New Delhi Television Limited (Note B - 6 on Schedule 17)	-	(9,202,692)
Less Goodwill amortised (Note B - 6(iii) (d) on Schedule 17)	-	(89,791,188)
	243,750,779	743,844,440
Add: Transfer from Profit and Loss Account	245,636,013	(500,093,661)
Closing Balance	489,386,792	243,750,779
	1,731,247,321	861,465,184

New Delhi Television Limited
Schedules to the Consolidated Accounts
Schedule -3 Fixed Assets

(Refer Note A 3, 4 & 5 on Schedule 17)

Particulars	Gross Block			Depreciation				Net Block		
	As at 01.04.2004	Additions During the Year	Sold / Discarded During the Year	As at 31.03.2005	As at 01.04.2004	Provided During the Year	On Deductions	Upto 31.03.2005	As at 31.03.2005	As at 31.03.2004
<u>Intangible Assets</u>										
Website	21,346,327	-	-	21,346,327	12,621,241	2,143,249	-	14,764,490	6,581,837	8,725,086
Technical Knowhow	1,500,000	-	-	1,500,000	73,770	299,180	-	372,950	1,127,050	1,426,230
Computer Software	288,993	5,096,986	-	5,385,979	47,649	461,193	-	508,842	4,877,137	241,344
<u>Tangible Assets</u>										
Land & Building	75,007,393	-	-	75,007,393	6,124,676	1,861,771	-	7,986,447	67,020,946	68,882,717
<u>Plant & Machinery*</u>										
Plant & Machinery (Main)**	964,296,525	96,480,592	2,024,810	1,058,752,307	300,971,567	82,900,726	1,780,720	382,091,573	676,660,734	663,324,958
Plant & Machinery (Other)	44,248,635	3,882,459	1,507,700	46,623,394	17,380,451	4,380,121	924,829	20,835,743	25,787,651	26,868,184
Computers ***	102,148,021	17,825,674	-	119,973,695	60,674,459	13,713,115	-	74,387,574	45,586,121	41,473,562
Office Equipment	23,351,295	4,171,855	705,240	26,817,910	17,137,055	2,924,079	468,807	19,592,327	7,225,583	6,214,240
Furniture & Fixtures	92,170,506	12,870,093	-	105,040,599	40,829,712	11,966,390	-	52,796,102	52,244,497	51,340,794
Vehicles	36,334,936	15,637,899	3,922,774	48,050,061	14,733,691	7,495,859	1,716,756	20,512,794	27,537,267	21,601,245
Helicopter****	20,000,000	-	-	20,000,000	740,590	1,117,647	-	1,858,237	18,141,763	19,259,410
Total	1,380,692,631	155,965,558	8,160,524	1,528,497,665	471,334,861	129,263,330	4,891,112	595,707,079	932,790,586	909,357,770
Previous Year	1,077,031,695	308,963,935	5,302,999	1,380,692,631	357,294,608	117,417,203	3,376,950	471,334,861	909,357,770	-
Capital Work in Progress*****					-	-	-		5,284,686	2,762,054

* Includes foreign exchange fluctuation Income of Rs. 472,966 (Previous year Loss Rs. 55,537)

** Gross block includes assets aggregating to Rs 2,059,940 (Previous Year Nil) purchased under barter arrangements

*** Gross block includes assets aggregating to Rs 11,235,200 (Previous Year Nil) purchased under barter arrangements

**** Title and ownership is as confirmed by Deccan Aviation vide their letter dated January 24, 2003

***** Capital WIP includes an amount of Rs. 5,284,686 (Previous year Rs. 1,226,674) towards Capital Advance

New Delhi Television Limited

Schedules to the Consolidated Balance Sheet

	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
Schedule - 4		
Inventories (Note A - 7 on Schedule 17)		
Stores & Spares	4,370,863	5,742,036
Video Tapes	788,245	1,771,520
Television programs under production	–	5,586,732
	<u>5,159,108</u>	<u>13,100,288</u>
Schedule - 5		
Sundry Debtors		
(Unsecured, Considered Good unless otherwise specified)		
Debts Outstanding for a period exceeding six months Considered good	83,678,756	65,145,767
Considered doubtful	15,740,444	12,033,361
	<u>99,419,200</u>	<u>77,179,128</u>
Other Debts-Considered Good	595,695,389	302,239,571
	<u>695,114,589</u>	<u>379,418,699</u>
Less: Provision for doubtful debts	(15,740,444)	(12,033,361)
	<u>679,374,145</u>	<u>367,385,338</u>
Schedule 6		
Cash and Bank Balances		
Cash In Hand	260,761	762,979
Balance With Scheduled Banks on Current Accounts		
- Rupee Accounts	17,865,958	22,228,161
- EEFC Accounts	231,816	1,059,089
Fixed Deposits (Note B-10(a) on Schedule 17)	531,648,300	268,457,370
Less: Book overdraft with the same bank	<u>(3,889,091)</u>	<u>(1,314,956)</u>
	<u>546,117,744</u>	<u>291,192,643</u>
Schedule 7		
Other Current assets, Loans and Advances		
(Unsecured, Considered Good)		
Advances recoverable in cash or kind or for value to be received	39,835,197	28,370,966
Security Deposits	34,630,751	27,355,080
Interest Accrued But Not Due	16,328,511	3,881,921
Advances & Imprest to Employees	15,708,608	17,547,445
Prepaid Expenses	43,684,480	11,314,043
Advance Income Tax {Net of Provision for Income Tax Rs.174,139,615 (Previous Year Rs 116,375,707)}	16,841,382	84,256,038
	<u>167,028,929</u>	<u>172,725,493</u>

New Delhi Television Limited

Schedules to the Consolidated Balance Sheet

	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
Schedule 8		
Current Liabilities		
Sundry Creditors *	84,572,874	54,667,812
Other Liabilities	72,789,669	47,712,557
Barter Liabilities (Net)**	22,883,581	105,936,370
Advances from Customers	7,122,563	2,996,002
	<u>187,368,686</u>	<u>211,312,741</u>

* As certified by the Management, the company does not owe any amount to small scale undertakings

** Includes :

- Rs. 8,160,681/- (Previous Year Rs. 100,579,564/-) on account of Advance Airtime Liability due to ICICI Bank Limited

(Note B - 6 (iii)(b) on Schedule 17)

- Rs. 14,722,900/-(Previous Year Rs. 5,356,806/-) due to other parties on account of Barter transactions

Schedule 9

Provisions

Provision for Gratuity	2,573,901	659,975
Proposed Dividend	48,642,106	-
Corporate Dividend Tax	6,819,623	-
	<u>58,035,630</u>	<u>659,975</u>

Schedule 10

Miscellaneous Expenditure (Note A-11 on Schedule 17)

(To the extent not written off or adjusted)

Opening Balance	131,205	175,290
Less : Written Off during the period	(43,737)	(44,085)
Closing Balance	<u>87,468</u>	<u>131,205</u>

New Delhi Television Limited

Schedules to the Consolidated Profit and Loss Account

	For the Year ended March 31,2005 Amount (Rs.)	For the Year ended March 31,2004 Amount (Rs.)
Schedule 11		
Revenue from Advertising		
Sales	1,582,888,057	555,027,850
Barter Sales		
- ICICI Bank	92,418,883	49,420,437
-Others	50,981,688	36,291,920
	143,400,571	85,712,357
Less: Barter Expenses*	(47,013,752)	(48,391,477)
	96,386,819	37,320,880
	1,679,274,876	592,348,730
* Includes advertisement expenses of Rs. 47,013,752 (Previous Year Rs. 46,814,458) and travel expenses of Nil (Previous Year Rs. 1,577,019)		
Schedule 12		
Other Business Income		
Production of Television Software	26,135,000	67,431,639
Other News Delivery Avenues	17,709,552	13,386,472
Equipment Hire	12,774,042	10,996,202
Others	25,333,892	5,344,710
	81,952,486	97,159,023
Schedule 13		
Other Income		
Interest on Fixed Deposits - Gross {Tax Deducted at source Rs 5,572,037/- (Previous Year Rs. 38,50,447)}	27,027,555	20,340,109
Interest on Income Tax refund - Gross	7,732,966	-
Profit on sale of assets	-	160,719
Foreign Exchange gain/ (loss) - Net	1,212,523	(280,920)
Miscellaneous Income	1,326,403	2,519,977
	37,299,447	22,739,885
Schedule 14		
Production		
Consultancy & Professional Fee	60,399,520	55,662,531
Hire Charges	10,469,459	12,433,663
Graphic, Music And Editing	1,196,599	264,000
Video Cassettes	4,719,038	4,326,255
Subscription, Footage & News Service	51,035,440	29,942,236
Software Expenses	2,006,478	3,350,350
V-Sat, Video Conference & Uplinking	55,602,255	75,485,141
Sets Construction	1,924,879	3,405,633
Panelist Fee	3,383,336	2,824,855
Website Hosting & Streaming	16,359,610	9,852,263
Helicopter Running & Maintenance	6,941,963	7,553,091
Travelling Expenses - others	75,991,253	49,379,689
Stores & Spares	12,076,600	15,123,198
Programme production	-	-
Other Production Expenses	6,526,320	10,188,076
	308,632,750	279,790,981

New Delhi Television Limited
Schedules to the Consolidated Profit and Loss Account

	For the Year ended March 31, 2005 Amount (Rs.)	For the Year ended March 31, 2004 Amount (Rs.)
Schedule 15		
Salaries & Other Benefits		
Salary, Wages & Other Benefits	437,848,630	378,707,345
Contribution to Provident Fund & other Funds	31,405,603	26,128,965
Staff Welfare	14,675,354	15,994,308
	<u>483,929,587</u>	<u>420,830,618</u>
Schedule 16		
Operations & Administration		
Rent, rates and taxes	63,458,546	53,608,866
Electricity and water	17,299,346	15,699,694
Bank charges	1,575,428	2,024,990
Printing and stationery	4,482,549	4,264,428
Postage, telegram and courier	2,736,088	3,381,319
Books, periodicals and news papers	14,416,067	12,062,960
Local conveyance /taxi hire	28,494,291	21,709,498
Business promotion	13,707,734	7,784,806
Repair and Maintenance		
- Plant & Machinery	20,339,846	11,627,378
- Building	15,089,948	9,727,407
-Others	-	1,038,300
Charitable donations	1,316,800	-
Audit Fees (Excluding Service Tax)	3,204,498	2,070,000
Insurance	12,226,215	11,036,999
Telephone, fax & paging	34,942,261	28,174,191
Vehicle	11,787,681	7,710,753
Medical	7,086,176	6,798,666
Generator hire and running	9,264,335	7,983,382
Security	3,451,382	3,093,249
Staff training	33,522	452,387
Provision for Doubtful Debts	3,940,444	233,361
Bad Debts & doubtful advances written off	3,554,010	689,262
Legal and Professional	10,609,561	7,484,183
Miscellaneous	6,185,010	4,472,167
Loss on sale of assets	409,017	-
	<u>289,610,755</u>	<u>223,128,246</u>

New Delhi Television Limited - Consolidated Schedules to the Accounts

Schedule–17

A. Significant Accounting Policies

1. Basis of Presentation and principles of consolidation

- (a) The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard (AS) 21-“Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India (ICAI). The CFS of New Delhi Television Limited include the accounts of New Delhi Television Limited and its wholly owned subsidiary NDTV News Limited (formerly Harshil Overseas Private Limited) along with 85% subsidiary NDTV Media Limited (collectively referred to as the “Group”) after the elimination of all inter-company accounts and transactions in accordance with AS-21 and are prepared under historical cost convention in accordance with generally accepted accounting principles applicable in India. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal.
- (b) The notes and significant policies to the CFS are intended to serve as a guide for better understanding of the Group’s position. In this respect, the Group has disclosed such notes and policies, which represent the required disclosure.
- (c) Reserves shown in the consolidated balance sheet represent the Group’s share in the respective reserves of the Group companies. Retained earnings comprise general reserve, capital reserve and Profit and Loss account.
- (d) Minority Interests in the net assets of the consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which the investments are made by New Delhi Television Limited in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

2. Goodwill/Capital Reserve

Goodwill represents the difference between the cost of acquisition and the Group’s share in the net worth of a subsidiary at each point of time of making the investment in the subsidiary. For this purpose, the Group’s share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of the respective acquisition. Negative goodwill is shown as Capital Reserve.

3. Tangible Fixed Assets

Tangible Fixed assets are stated at the cost of acquisition, which includes taxes, duties, freight, insurance and other incidental expenses incurred for bringing the assets to the working condition for their intended use.

Fixed assets purchased under barter arrangements are stated at the fair market value as at the date of purchase.

4. Intangibles

Intangible assets are recognised if they are separately identifiable and the Group controls the future economic benefits arising out of them. All other expenses on intangible items are charged to the Profit and Loss account. Intangible assets are stated at cost less accumulated amortization less impairment

5. Depreciation

Depreciation on fixed assets including intangibles is provided using the Straight Line Method based on the useful lives as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Individual assets costing less than Rs. 5,000 are depreciated at the rate of 100% on pro-rata basis. The management’s estimates of useful lives for various fixed assets are given below:

Asset Head	Useful Life (years)
Tangible assets	
Buildings	40
Plant and Machinery	5-12
Computers	3-6
Office equipment	3-5
Furniture and Fixtures	5-8
Electrical fittings	8
Vehicles	6
Helicopter	17
Intangible assets	
Computer Software	6
Website	6
Technical Knowhow	5

6. Revenue Recognition

Revenue from advertising is recognised for the period for which services have been provided based on valid contracts.

Revenues from production arrangements are recognized when the contract period begins and the programming is available for telecast pursuant to the terms of the agreement, typically when the finished product has been delivered to or made available to and accepted by the customer. Revenue from other services is recognized as per the terms of the agreement, when risks and rewards of ownership are substantially transferred to the buyer.

7. Inventories

Stores and Spares

Stores and spares primarily consist of blank videotapes and equipment spare parts and are valued at the lower of cost or net realizable value. Cost is measured on a First In First Out (FIFO) basis.

VHS Tapes

VHS tapes, other than Betacam and DVC videotapes, are written off in the books at the time of their purchase. Betacam and DVC videotapes are written off on issue to production.

Programmes under production and finished programmes

Inventories related to television software (programmes under production and completed programmes) are stated at the lower of cost (which includes direct production costs, story costs, acquisition of footage and allocable production overheads) or net realizable value.

8. Use of Estimates

In preparing the Consolidated Financial Statements, reasonable, prudent judgments and estimates have been made that may affect the reported amounts of assets and liabilities, and contingent liabilities on the Balance Sheet date, as well as income and expenses during the period under review. Assets and liabilities are recognized in the Balance Sheet when it is probable that a future economic benefit will flow to the group or an outflow of resources embodying economic benefits will result.

9. Retirement Benefits

The Group's contributions to Provident Fund and other recognized funds are charged to Profit and Loss Account.

The Group (other than NDTV Media Limited) makes annual contributions to a fund administered and managed by the Life Insurance Corporation of India ("LIC"). Under this scheme, LIC assumes the obligation to settle the gratuity payment to the employees to the extent of the funding. Liability for Gratuity is provided on the basis of actuarial valuation done at period end.

10. Foreign Currency Transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. All monetary assets and liabilities denominated in foreign currency are restated at the year-end exchange rate. All non-monetary assets and liabilities are stated at the rate prevailing on the date of transaction.

Gains / (losses) arising out of fluctuations in the exchange rates are recognized in income on the period in which they arise. Exchange differences on the reporting date or settlement date arising from repayment of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the cost of the respective assets.

11. Miscellaneous Expenditure

Miscellaneous expenses are written off over a period of 5 years from the date of commencement of business.

12. Leases

Assets taken under leases where the Group has substantially all the risks and rewards of ownership are classified as Finance leases. Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

Assets acquired on leases where a significant risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss account on straight-line basis.

13. Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on expected outcome of the assessment.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the substantively enacted tax rates on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on account of unabsorbed depreciation and carry forward of business losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

14. Earnings Per Share

The earnings considered in ascertaining the group's EPS comprise the net profit/ (loss) after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

15. Barter Transactions

Barter transactions are recognised at the fair value of consideration receivable or payable. When the fair value of the transactions cannot be measured reliably, the revenue/expense is measured at the fair value of the goods/ services provided/received adjusted by the amount of cash or cash equivalent transferred.

B. Notes to the Accounts

1. New Delhi Television Limited “the company” was incorporated under the laws of India on September 8, 1988 and has a wholly owned subsidiary NDTV News Limited and a partly owned subsidiary NDTV Media Limited with 85% shareholding.
2. The company has launched its business channel NDTV Profit on January 17, 2005 and has two independent news channels, NDTV 24X7, an English news channel and NDTV India, a Hindi news channel.
3. In the committee of directors meeting held on May 12, 2004, the directors of the company approved the allotment of additional share capital due to Initial Public Offering and the subscribed share capital increased from Rs.204.57 million to Rs. 243.21 million
4. With effect from May 19, 2004, the company has been listed on the National Stock Exchange of India Limited (NSE) and The Stock Exchange, Mumbai (BSE) by way of its Initial Public Offering (IPO) of equity shares.
5. Following are the dates of the incorporation and commencement of business of the company’s subsidiaries:

Subsidiary	Date of Incorporation	Date of Commencement of Business
NDTV Media Limited	November 13, 2002	November 27, 2002
NDTV News Limited* (formerly Harshil Overseas Private Limited)	May 23, 1994	May 23, 1994

*NDTV News Limited (formerly Harshil Overseas Private Limited) was acquired by NDTV Limited in February 1996 from the shareholders of Harshil Overseas Private Limited.

6. Amalgamation of New Delhi Television Limited with NDTV World Limited w.e.f. April 1, 2003

The company had filed a Scheme of Amalgamation in the Delhi High Court for amalgamation of its subsidiary NDTV World Limited with the company on September 29, 2003.

- i) In terms of the Scheme of Amalgamation (Scheme) sanctioned by orders dated July 9, 2004 and July 19, 2004 of Hon’ble High Court of Delhi at New Delhi (Original Jurisdiction) pursuant to Section 394 of the Companies Act, 1956, NDTV World Limited has been amalgamated with the company from April 1, 2003 being the Appointed Date as per the Scheme.
- ii) The operations of erstwhile NDTV World Limited include production and sales of television software.
- iii) In accordance with the said Scheme:
 - a. The amalgamation orders and other necessary documents have been filed with the Registrar of Companies, NCT of Delhi & Haryana on August 10, 2004. Accordingly, the Scheme is effective August 10, 2004 and the name of erstwhile NDTV World Limited is being struck-off from the records of the Registrar of Companies, NCT of Delhi & Haryana, without being wound up. The accounts of NDTV World Limited have now been incorporated in the accounts of the company from the Appointed Date of April 1, 2003 though the Scheme is effective from August 10, 2004.
 - b. During 2001, the company had entered into a share subscription agreement with ICICI Bank Ltd (“Institutional Investor”, formerly ICICI Ltd). The subscription and collateral agreements entered into with the investor envisaged 9,800,000 equity shares of Rs.10/- each of NDTV World Limited held by the company to be placed with the appointed escrow agent. Further, the Institutional Investor had a right to transfer the escrow shares in its favour without further consideration in the event certain conditions/ obligations specified in the agreement not being fulfilled by March 31, 2004 to a maximum ceiling of 74% of the paid up equity capital of the company. If there was a shortfall as per the terms of the subscription agreement even after the transfer of the escrow shares, the Institutional Investor had a right to further acquire shares of the company upto a maximum of 10% of the paid-up capital of the company.

Subsequently on June 30, 2003, the company entered into an agreement with the Institutional Investor to purchase 3,520,000 shares of NDTV World Limited allotted to it pursuant to the above mentioned agreements for a total consideration of Rs.810,000,000 to be discharged by way of issue and allotment of 3,631,011 shares of the company, payment in cash and by way of airtime on the TV Channels owned

by the company to be availed by the Institutional Investor on or before July 31, 2005 or extended time. As a result of the same, NDTV World Limited became a 100% subsidiary of the company.

- c. As per the Scheme, the said transaction is recorded in a manner so that with effect from the Appointed Date, all assets and liabilities are vested in the company including any adjustment to the reserves of any excess amounts pursuant to the Scheme at their carrying values in the books of erstwhile NDTV World Limited on the Appointed Date and the amalgamation has been governed by the Purchase Method of Accounting as contained in Accounting Standard 14: Accounting for Amalgamations issued by the Institute of Chartered Accountants of India.
- d. As per the scheme the following assets and liabilities of erstwhile NDTV World Limited have been incorporated by the company at the book values of NDTV World Limited on the Appointed Date i.e. April 1, 2003:

1. Net Fixed Assets	196,845,662
2. Current Assets:	
(a) Inventories	8,912,071
(b) Sundry Debtors	25,407,875
(c) Cash & Bank Balances	544,300,443
(d) Loans & Advances	38,558,193
3. Current Liabilities	35,777,994
4. Deferred Tax Liability	5,665,424
Total Value of Assets	<u>772,580,826</u>

The consideration as specified in para (b) above of Rs.810,000,000 together with the value of investment in the books of the company as on the appointed date aggregating to Rs.150,000,000 has been adjusted with the Total Value of Assets purchased aggregating Rs.772,580,826 as detailed in para (d) above. The resultant Goodwill as below arising of the above treatment of Rs.187,419,174 has been adjusted against the Reserves and Surplus of the company existing on the appointed date.

Total Investment	960,000,000
Less: Total Value of Assets	<u>772,580,826</u>
Goodwill	<u>187,419,174</u>

Goodwill is adjusted against:

a) General Reserve	97,627,986
b) Profit & Loss a/c	<u>89,791,188</u>
Total	<u>187,419,174</u>

- e. Pursuant to the sanction of the scheme, the Group financial statements as at March 31, 2004 were redrawn. Accordingly, the reserves as at the appointed date were restated to give effect to the order.
- f. Had the company followed the accounting as prescribed by Accounting Standard - 14 "Accounting for Amalgamations", the Goodwill arising on amalgamation would have been amortised to the Profit and Loss account over its useful life of 5 years as estimated by the management resulting in Profit for the year being lower by Rs. 37,483,835 and the balance in the Profit and Loss account carried forward and general reserve would have been higher by Rs.14,823,518 and Rs. 97,627,986 respectively."

7. Capital Reserve

The Capital Reserve in the Consolidated Financial Statements represents the excess of New Delhi Television Limited's share in the net assets of its subsidiary – NDTV News Limited over its investment.

Particulars	March 31, 2005	March 31, 2004
	(Amount in Rs.)	(Amount in Rs.)
Investment – NDTV News Limited	10,380,300	10,380,300
NDTV Limited's share in the net assets of its subsidiaries	(10,586,080)	(10,586,080)
Capital Reserve	(205,780)	(205,780)

8. Pursuant to the resolution dated January 5, 2004 adopted by the Board of Directors and shareholders resolution dated January 29, 2004 and the resolutions adopted, New Delhi Television Limited has introduced the 'Employees Stock Option Plan – 2004' (ESOP) under which the company will grant, from time to time option (s) to the eligible employees of the company and its wholly owned subsidiaries.
9. The company has repaid the entire term loan of Rs.300,000,000 and working capital loan of Rs.80,000,000 during the year
10. **Contingent Liabilities, Guarantees and Capital Commitments not provided for as in respect of:**
 - a. Bank Guarantees (Lien on the Fixed deposits): Rs 8,47,96,000 (Previous Year Rs 71,347,397)
 - b. Bonds for differential customs duty (availed on import of equipment) against fulfillment of export obligations- Bank Guarantees issued for Rs. 55,883,397 (Previous Year Rs 129,450,544)
 - c. Claims against the company not acknowledged as debt: Rs.82,563,696 (Previous Year Rs.82,563,696)

The company had filed a suit for recovery of Rs. 668.61 Lacs as its principal debt along with interest against Doordarshan (DD) for various programmes produced and aired between 1994 and 1996. In its rejoinder during the suit proceedings, DD has admitted its debts of Rs.356.10 Lacs only but has disputed the balance claim of Rs. 312.51 Lacs and interest claimed. On the contrary, DD has claimed dues of Rs.554.92 Lacs as telecast fee etc. against various programmes and Rs.270.72 Lacs as interest thereon, aggregating to Rs. 825.64 Lacs.

As the suit is yet to be decided, the company has as at March 31, 2005:

- i) Not accepted DD's claim to the extent of Rs.825.64 Lacs.
- ii) Treated the outstanding debt from DD in its books as good except for Rs.118 lacs, which has been provided for as a doubtful debt based on legal advice and existing contractual agreements with DD.
- iii) Not accrued any interest on the outstanding amount, in view of non-recovery of principal dues, and the counter claims made by DD.
- iv) Further, the Enforcement Directorate had issued a notice dated April 21, 1998 to the company pursuant to the 12th report of the Public Accounts Committee 1996-97 inquiring into the utilisation of foreign exchange issued for the production of the programme 'The World This Week' for DD. The company has submitted complete statements regarding utilization of such foreign exchange to the Enforcement Directorate after which there have been no further proceedings.
- v) The company and its promoters have also been named in an First Information Report (FIR) filed by the Central Bureau of Investigation (CBI) in January 1998 against certain DD officials in relation to certain violations of rules by DD officials pertaining to certain programmes produced by the company for telecast by DD. Till date, no case has been instituted against the company based on the investigation carried out pursuant to the FIR.
- d. Other claims against the company not acknowledged as debts Rs Nil (Previous Year Rs 2,000,000)
- e. Company received a demand from the Income tax authorities in pursuance of the order of CIT (Appeals) for the assessment year 1999-00 - on account of disallowance of the company's claim for a deduction of Rs. 157,617,840 under section 80 HHE of the Income Tax Act. The company had claimed in its assessment that it was eligible for deduction under section 80HHE, since its export fell under the definition of "Computer Software" as defined therein based on the legal opinion / advice of its counsel.

The CIT (A) in his order dated February 28, 2003 has upheld the Assessing Officer's contention. The amount demanded (including interest) as per the aforesaid order is Rs. 95,613,626, of which the company has paid Rs. 44,060,158 under protest.

The Hon'ble Tribunal gave relief to the company against the aforesaid order of CIT(A). Consequently the company has received the refund of all sums deposited including interest due thereon.

The assessing officer has filed an appeal with the Hon'ble High Court of Delhi against the aforesaid order of ITAT.

- f. Estimated amount of contracts remaining to be executed on capital account not provided for (net of capital advances)

Particulars	As at March 31, 2005 Amount (Rs.)	As at March 31, 2004 Amount (Rs.)
On Letters of credit	—	5,371,000
On others	790,000	4,066,000
Total	790,000	9,437,000

11. New Delhi Television Limited has received legal notices of claims/lawsuits filed against it relating to infringement of copyrights, trademarks and defamation programmes produced by it. In the opinion of the management, no liability is likely to arise on account of such claims/law suits.
12. The sales Tax officer has issued notices to New Delhi Television Limited seeking to levy sales tax on the ground that New Delhi Television Limited is engaged in the sale / manufacture of advertisement slots, sale of telecast rights and sale of airtime which according to the sales tax officer are goods and therefore taxable under the Delhi Sales Tax Act. On the basis of these notices, proceedings have been initiated before the sales tax officer. No amounts have been claimed or ascertained against the company.

New Delhi Television Limited has challenged these notices by filing a writ petition with the High Court of Delhi against the Commissioner of Sales tax and others which has been admitted on December 16, 2002.

The Court has stayed framing of any final assessment against New Delhi Television Limited without its permission. The matter is now on the regular list for final arguments.

13. Deferred Taxes

The income tax benefit for the period comprises of:

	Year Ended March 31, 2005 Amount (Rs.)	Year Ended March 31, 2004 Amount (Rs.)
Income tax expense / (benefit)	Amount (Rs.)	Amount (Rs.)
Current	57,763,908	6,269,950
Deferred	6,478,972	27,988,639
Total	64,242,880	34,258,589

Significant components of deferred tax assets and liabilities are shown in the following table:

Particulars	As at March 31, 2005 (Amount in Rs.)	As at March 31, 2004 (Amount in Rs.)
Deferred tax asset		
Provision for Expenses	5,991,037	4,328,449
Total deferred tax asset	5,991,037	4,328,449
Deferred tax liability		
Depreciation	(107,694,115)	(99,552,555)
Total deferred tax liability	(107,694,115)	(99,552,555)
Net Deferred Tax Asset/(Liability)	(101,703,078)	(95,224,106)

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversal of the projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes that there is reasonable certainty that the company will have sufficient profits to absorb such amounts. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

14. Segment Reporting

The group operates in a single primary segment of television media as disclosed in the respective financial statements of the group companies, accordingly there are no separate reportable segments in accordance with AS 17—“Segment Reporting” issued by The Institute of Chartered Accountants of India.

15. Related Party Disclosures

- I. Names of related parties with whom transactions were carried out during each year and description of relationship as identified and certified by the company as per the requirements of Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and where control exists:

Key Management Personnel and their relatives

Dr. Prannoy Roy	Director
Mrs. Radhika Roy	Managing Director
Mr. KVL Narayan Rao	Director
Mrs. Renu Rao	Wife of a Director
Mr. L.S Nayak	CEO of NDTV Media Limited
Mr. Sameer Manchanda	Director (upto April 15, 2005)

II. Disclosure of Related Party Transactions:

Amount in Rs. '000s

Nature of relationship / transaction	Key Management Personnel	Relatives	Total
Remuneration Paid during 2004-05	38,654	2,196	40,850
Remuneration Paid during 2003-04	24,836	2,190	27,026
Services Availed during 2004-05 *	40,412	–	40,412
Services Availed during 2003-04 *	7,004	–	7,004

III. Amount due to / from related parties

Amount in Rs.'000s

Nature of relationship / transaction	Key Management Personnel	Relatives	Total
Outstanding Payables as on March 31, 2005	9,578	–	9,578
Outstanding Payables as on March 31, 2004	16	–	16
Outstanding Advances as on March 31, 2005	5,433	120	5,553
Outstanding Advances as on March 31, 2004	3,977	180	4,157

* Being professional fees paid/ payable to a firm and a company in which an erstwhile director was interested.

16. Calculation of Earnings per share (Basic and Diluted):

Description	Year Ended March 31,2005	Year Ended March 31,2004
Number of equity shares outstanding at the beginning of the year (Nos.)	51,142,140	42,064,612
Add: Fresh issue of equity shares on May 19, 2004 (Previous Year June 30, 2003) (Nos.)	9,660,492	9,077,528
Number of equity shares outstanding at year end (Nos.)	60,802,632	51,142,140
Weighted average number of Equity Shares outstanding during the year (Nos.)	59,192,550	48,872,759
Profit / (loss) attributable to Equity Shareholders (Rs.)	353,799,311	(500,093,661)
Basic and Diluted Earnings / (loss) per Equity Share (Rs.)	5.98	(10.23)
Nominal Value per share (Rs.)	4	4

17. Leases

- i) The group has taken various residential/commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry.
- ii) The rental expense for the current year in respect of cancellable operating leases commencing on or after April 1, 2001 was Rs 61,234,639 (Previous Year Rs 28,750,913)

18. NDTV Media Limited had allotted 150,000 equity shares of Rs. 10 each to the Chief Executive Officer as "Sweat Equity" as consideration for the director providing know how including resources and knowledge to NDTV Media Limited in connection with setting up of the distribution set up and development of the channel partners for the broadcasting business. Accordingly, the same had been capitalized in these accounts as "Technical Know-how" and is being amortized over a period of 5 years from the date of allotment of the shares in accordance with Accounting Standard – 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India.

19. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Parent company's financial statements. Figures of the previous year have been restated, regrouped or reclassified wherever necessary to conform to the effect of amalgamation and current year's grouping and classification.

Corporate Governance

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS**

To the Members of
New Delhi Television Limited.

We have reviewed the implementation of Corporate Governance procedures by New Delhi Television Limited (the company) during the year ended March 31, 2005, with the relevant records and documents maintained by the company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The Compliance of conditions of Corporate Governance is the responsibility of the management.

Our examination was limited to a review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements with the Stock Exchanges have been complied with in all material respect by the company and that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Shareholders and Investors Grievance Committee.

Place : New Delhi
Date : April 27, 2005

Kaushik Dutta
Partner
Membership Number F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance:

The company's Corporate Governance philosophy is to continuously strive to attain higher levels of accountability, transparency, responsibility and fairness in all aspects of its operations. Your company is committed to the highest standards of corporate governance by conducting its business in due compliance with all the relevant laws and practices, rules and regulations. NDTV's Corporate Governance philosophy is based on: -

- Satisfying the requirements of law in its true spirit.
- Maintaining transparency and optimum disclosures.
- Simple and transparent corporate structure.

The company became a listed company on May 19, 2004. Therefore the guidelines prescribed under Clause 49 of the Listing Agreement relating to the Code of Corporate Governance were not applicable to the company for the year ended March 31, 2004. For the financial year April 1, 2004 to March 31, 2005, the company confirms its compliance with the Corporate Governance criteria as provided under Clause 49 of the Listing Agreement.

During the year under review, your company was able to achieve its goals of Corporate Governance by adoption of prudent business plans, competitive corporate strategies and effective monitoring and mitigation of risks, while at the same time creating checks and balances. Your company follows sound and healthy business practices in all facets of its operations and conducts its business in a transparent manner.

Board of Directors:

The Board consists of an optimal blend of the company's executives and independent professionals who have in depth knowledge of the business, in addition to expertise in their areas of specialization. The policy of the company is to have a clear mix of executive and independent directors to maintain the independence of the Board and to separate the board functions of governance and management. The company is managed by the Chairman and the Managing Director.

The Board has a total of 8 Directors, and its composition is as under:

Name of the Director	Position	Directorship held as on March 31, 2005*	Committee membership in all companies	Chairmanship in committees where they are members
Dr. Prannoy Roy	Chairman and Whole-time Director** (Promoter)	2	1	–
Mrs. Radhika Roy	Managing Director** (Promoter)	2	1	–
Mr. K V L Narayan Rao	Whole-time Director	1	1	–
Mr. Sameer Manchanda***	Non-Executive Director	1	2	1
Mr. Amal Ganguli	Non-Executive Independent Director	10	9	3
Mr. Tarun Das	Non-Executive Independent Director	4	2	1
Mr. N R Narayana Murthy	Non-Executive Independent Director	2	–	–
Mrs. Indrani Roy	Non-Executive Independent Director	2	1	–
Mr. Vijaya Bhaskar Menon	Non-Executive Independent Director	3	–	–

* Includes all directorships excluding the directorship of New Delhi Television Limited.

** Mrs. Radhika Roy, Managing Director of the company is the wife of Dr. Prannoy Roy, Chairman of the company.

*** Up to April 15, 2005

(In computation of the number of committees, the committees other than the Audit Committee and the Shareholder's and Investors Grievance Committee have not been taken into account.)

Meetings & Attendance:

The Board met 7 times during the financial year under review on April 08, 2004, May 14, 2004, June 21, 2004, July 16, 2004, September 22, 2004, October 21, 2004 and January 17, 2005.

The presence of Directors at the Board meetings and last AGM was as follows:

Name of the Director	Board Meetings held during the year	Board Meetings attended	Whether attended last AGM
Dr. Prannoy Roy	7	7	Yes
Mrs. Radhika Roy	7	7	Yes
Mr. K V L Narayan Rao	7	6	Yes
Mr. Sameer Manchanda*	7	7	Yes
Mr. Amal Ganguli**	7	2	Yes
Mr. Tarun Das**	7	5	Yes
Mr. N R Narayana Murthy**	7	0	No
Mrs. Indrani Roy**	7	4	Yes
Mr. Vijaya Bhaskar Menon***	7	0	No

* Up to April 15, 2005

** Appointed as a director on May 14, 2004.

***Appointed as a director on January 17, 2005.

None of the directors is member of more than 10 committees or acts as a chairman of more than five committees in all companies to which they are directors.

Audit Committee:

The primary objective of the Audit Committee is to review the accounting systems, financial reporting and internal controls of the company. It also monitors and provides effective supervision of the Management's financial reporting process with a view to ensure accurate, timely and proper disclosures.

The terms of reference stipulated by the Board to the Audit Committee are as per Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The Audit Committee of the company consists of 3 members. The Chairman of the Committee is an Independent Director. The Composition of the Audit Committee is as follows:

Name of the Director	Category	Position
Mr. Amal Ganguli	Non- Executive Independent Director	Chairman
Mr. Tarun Das	Non- Executive Independent Director	Member
Mr. Sameer Manchanda*	Non- Executive Director	Member
Mrs. Indrani Roy	Non- Executive Independent Director	Member

* Up to April 15, 2005

Mr. Rajiv Bhatnagar, company Secretary is Secretary of the Committee.

Four meetings of the Audit Committee were held during the year, on June 21, 2004, July 16, 2004, October 16, 2004 and January 17, 2005.

The attendance of committee members at the Audit Committee meetings were as follows:

Name of the Director	No. of Committee meetings held	No. of committee meetings attended
Mr. Amal Ganguli	4	2
Mr. Tarun Das	4	3
Mr. Sameer Manchanda*	4	4
Mrs. Indrani Roy	4	3

*Up to April 15, 2005.

Remuneration Committee:

The Remuneration Committee of the company reviews, recommends and approves the matters connected with fixation and periodic revision of the remuneration package relating to the Managing Director and Whole time Directors including compensation and payments.

The Composition of the Remuneration Committee is as follows:

Name of the Director	Category	Position
Mr. Tarun Das	Non- Executive Independent Director	Chairman
Mr. Amal Ganguli	Non- Executive Independent Director	Member
Mrs. Indrani Roy	Non- Executive Independent Director	Member

Mr. Rajiv Bhatnagar, company Secretary acts as Secretary of the Committee.

During the year one meeting of the Remuneration Committee was held on June 21, 2004, which was attended by Mr. Tarun Das and Mrs. Indrani Roy.

Remuneration Policy:

The Remuneration Policy of the company is aimed at rewarding performance, based on review of achievements on a regular basis and is in consonance with the existing industry practice.

The remuneration paid to executive directors during the year is as follows:

Name of the Director	Salary (Rs)	Perquisites (Rs)	Total (Rs)
Dr. Prannoy Roy	3,690,192	675,190	4,365,382
Mrs. Radhika Roy	3,690,192	675,190	4,365,382
Mr. K V L Narayan Rao	3,690,192	1,599,011	5,289,203

Salary includes allowances and contribution towards provident fund.

The Board of Directors have approved payment of commission to the Executive Directors amounting to Rs. 15 lacs for the year ended March 31, 2005. The commission is subject to the approval of shareholders at the Annual General Meeting.

Non-executive directors are paid sitting fee for attending meeting of Board of Directors and meeting of the Committees of the Board.

The Board of Directors have approved payment of commission to the Non- Executive Directors amounting to Rs. 15 lacs for the year ended March 31, 2005. The commission is within 1% of the net profits of the company and subject to the approval of shareholders at the Annual General Meeting.

Shareholders and Investors Grievance Committee:

In compliance with the provisions of Clause 49 of the Listing Agreement, the Board of Directors of the company has constituted Shareholder's and Investors Grievance Committee as follows:

Name of the Director	Category	Position
Mr. Sameer Manchanda*	Non-Executive Director	Chairman
Dr. Prannoy Roy	Whole time Director	Member
Mrs. Radhika Roy	Managing Director	Member
Mr. K V L Narayan Rao	Whole time Director	Member

*Up to April 15, 2005.

Mrs. Indrani Roy has been appointed Chairperson in place of Mr. Sameer Manchanda.

The company attaches extreme importance to investor services and ensures that all investor queries are addressed within the minimum possible time. The Shareholders and Investors Grievance Committee approves, oversees and reviews all matters connected with share transfers, rematerialisation, transposition of securities, redresses shareholder's grievances like transfer of shares, non- receipt of balance sheet etc. The Committee oversees the performance of Registrars and share transfer agents and recommends measures for overall improvement in the quality of investor's service.

During the year, 18 meetings of the Shareholders and Investors' Grievance Committee were held. Mr. Sameer Manchanda attended 15 meetings, Dr. Prannoy Roy attended 14 meetings, Mrs. Radhika Roy attended 14 meetings and Mr. K V L Narayan Rao attended 17 meetings.

The number of shareholders complaints received during the year were 3403 and all the complaints were resolved. There were no pending complaints as on March 31, 2005.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992, the company has formulated a Code of Conduct for prevention of Insider Trading. The Code lays down guidelines, which advises on procedures to be followed and disclosures to be made while dealing with shares of the company and cautions on consequences of non-compliances.

General Body Meetings:

The company advocates and follows a very transparent system of management and encourages the shareholders' participation in the shareholders meeting. The company ensures that the Notice of the AGM, alongwith the Annual Report of the company is dispatched to the shareholders well in advance to enable them to participate in the meeting and frame and raise relevant issues pertaining to the functioning and future prospects of the company.

The last three Annual General Meetings of the company were held as per the details given below:

Year	Date	Time	Venue
2001-02	September 30, 2002	10.00 A.M.	W-17, Greater Kailash-I, New Delhi-110048
2002-03	September 26, 2003	5.00 P.M.	B-50A, Archana Complex, Greater Kailash-I, New Delhi-110048
2003-04	September 22, 2004	4.00 P.M.	Siri Fort Auditorium, August Kranti Marg, New Delhi-110049

No Special Resolution was put through postal ballot at the last AGM.

Disclosures:

(a) Related Party Transactions

The company has not entered into any transaction of a material nature with the Promoters, Directors or the Management, their subsidiaries or relatives etc. which may have any potential conflict with the interests of the company.

(b) Compliances by the company

The company is in compliance with the various requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital market during the year 2004-2005.

Means of Communication:

- (a) The quarterly results of the company are published in Financial Express/Business Standard (English daily) and in Jansatta/Hindustan (Hindi daily) and are also available on the company's website www.ndtv.com.
- (b) As per the requirements of Clause 51 of the Listing Agreement, all the data relating to quarterly financial results, shareholding patterns etc. are being electronically filed on the EDIFR website within the time frame prescribed in this regard.

General Shareholder Information:

Annual General Meeting (AGM)

The 17th Annual General Meeting of the company will be held on -

Date : September 19, 2005

Time : 11.30 a.m.

Venue : New Delhi

Financial Calendar

The next financial year of the company is April 1, 2005 to March 31, 2006.

The Quarterly Results will be adopted by the Board of Directors as per the following schedule:

For the Quarter ending	Time period
June 30, 2005	Third week of July, 2005
September 30, 2005 (results for the quarter as well as Half year)	Third week of October, 2005
December 31, 2005	Third week of January, 2006
March 31, 2006 (year ending)	Last week of April, 2006

Book Closure

The book closure period is from September 9, 2005 to September 19, 2005 (both days inclusive).

Listing on Stock Exchanges and the Stock Code allotted:

The equity shares of the company are listed on the following stock exchanges:

- (a) The Stock Exchange Mumbai (BSE)
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400001

- (b) National Stock Exchange of India Limited (NSE)
Exchange Plaza
Bandra Kurla Complex, Bandra (E)
Mumbai-400051

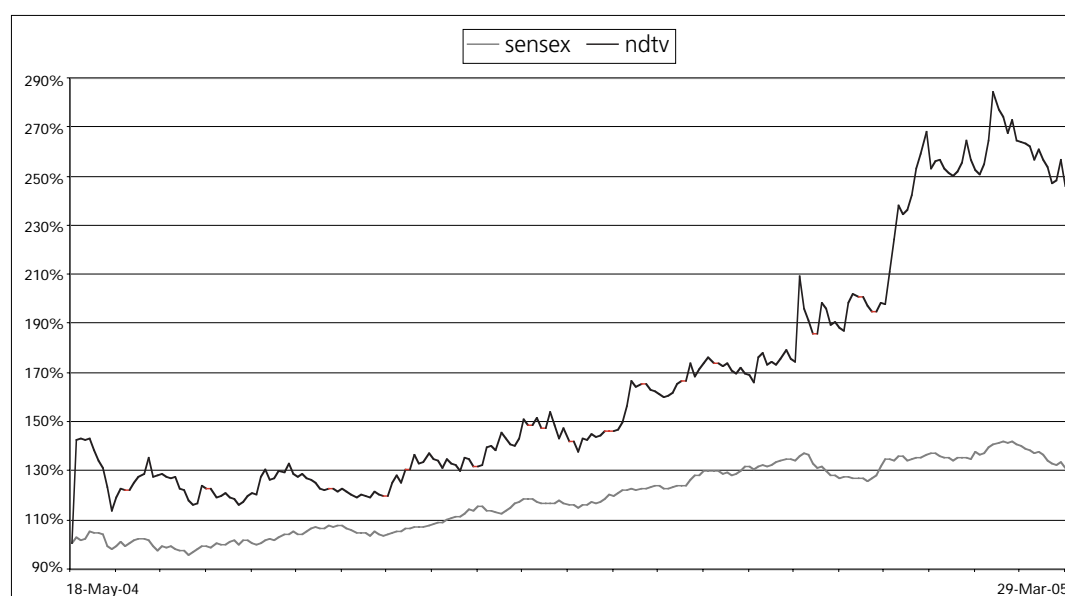
The Stock Codes allotted by these Stock Exchanges are as follows:

Name	Code
The Stock Exchange, Mumbai	532529
National Stock Exchange of India	NDTV EQ
De-mat ISIN Numbers in NSDL and CDSL	INE155GO 1029

Market Price Data (Share of Rs. 4/- paid up value):

Month	The Stock Exchange Mumbai (In Rs. per share)		National Stock Exchange (In Rs. per share)	
	High	Low	High	Low
May 2004	124.85	77.50	106.45	77.15
June 2004	95.90	78.25	95.40	77.90
July 2004	93.75	79.00	95.00	78.00
August 2004	93.50	82.50	93.40	82.60
September 2004	104.75	90.00	104.80	90.35
October 2004	110.00	95.20	109.90	95.50
November 2004	123.70	94.45	124.25	99.60
December 2004	146.15	115.30	145.75	115.60
January 2005	150.50	125.00	150.20	124.80
February 2005	191.30	138.00	191.00	138.05
March 2005	206.00	166.40	205.00	156.00

Performance in comparison to BSE Sensex.



Shareholding pattern:

The Shareholding pattern of the company as on March 31, 2005 is as under:

Shareholding Pattern as on March 31, 2005

As Per Clause 35 of the Listing Agreement			
		No. of Shares Held	Percentage
A	Promoters Holding		
1.	Promoters		
	Indian Promoters	33306600	54.78
	Foreign Promoters
2.	Persons Acting In Concert
	Sub Total	33306600	54.78
B	Non Promoters Holding		
3	Institutional Investors		
a.	Mutual Funds / Uti	17294361	28.44
b.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non Govt. Institutions)	251500	0.41
c.	Foreign Institutions	1851750	3.04
	Sub Total	19397611	31.90
4.	Others		
a.	Private Corporate Bodies	3232789	5.32
b.	Indian Public	4416542	7.26
c.	NRIs/OCBs
d.	Any Other		
	Clearing Members	80527	0.13
	Employees	352760	0.58
	Trust	5000	0.01
	Directors	10803	0.02
	Sub Total	8098421	13.32
	Grand Total	60802632	100.00

Distribution of Shareholding:

Category	Folios		Share of Rs. 4/-paid up	
	Numbers	%	Numbers	%
1-5000	18960	92.877434 %	2112686	3.474662 %
5001 - 10000	668	3.272264 %	558886	0.919181 %
10001 - 20000	342	1.675321 %	537476	0.883968 %
20001 - 30000	105	0.514353 %	279281	0.459324 %
30001 - 40000	51	0.249829 %	182112	0.299513 %
40001 - 50000	79	0.386989 %	379265	0.623764 %
50001 - 100000	84	0.411482 %	667954	1.098561 %
100001 & Above	125	0.612325 %	56084972	92.241027 %
Total	20414	100 %	60802632	100%

Dematerialization of Share and Liquidity:

As on March 31, 2005 only 437 shares .000719% of the total Equity Capital are in physical form.

The shares of New Delhi Television Limited are actively traded securities on Stock Exchanges.

Registrar and Share Transfer Agents:

Registrar and Share Transfer agents of the company are:

KARVY COMPUTERSHARE PRIVATE LIMITED
 "KARVY HOUSE"
 46, AVENUE 4, STREET NO. 1
 BANJARA HILLS
 HYDERABAD-500034
 TEL : 040-23312454/23320751/752/251
 FAX : 040-23311968/23323049
 E Mail : mailmanager@karvy.com

Share Transfer System:

Requests for share transfers, rematerialisation, transposition are approved by Shareholders and Investors Grievance Committee. The Certificate is returned/ issued within the time period as stipulated under The Companies Act, 1956, The Depository Act, 1996, Listing Agreement and other applicable rules and regulations.

Addresses for Correspondence:

Investor's Correspondence:

For transfer of shares in physical form and rematerialisation:

KARVY COMPUTERSHARE PRIVATE LIMITED
"KARVY HOUSE"
46, AVENUE 4, STREET NO. 1
BANJARA HILLS
HYDERABAD-500034
TEL : 040-23312454/23320751/752/251
FAX : 040-23311968/23323049

For securities held in demat form:

To the respective depository participant.

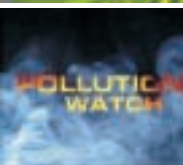
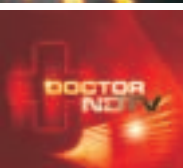
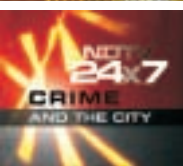
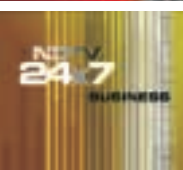
Any query on Annual Report:

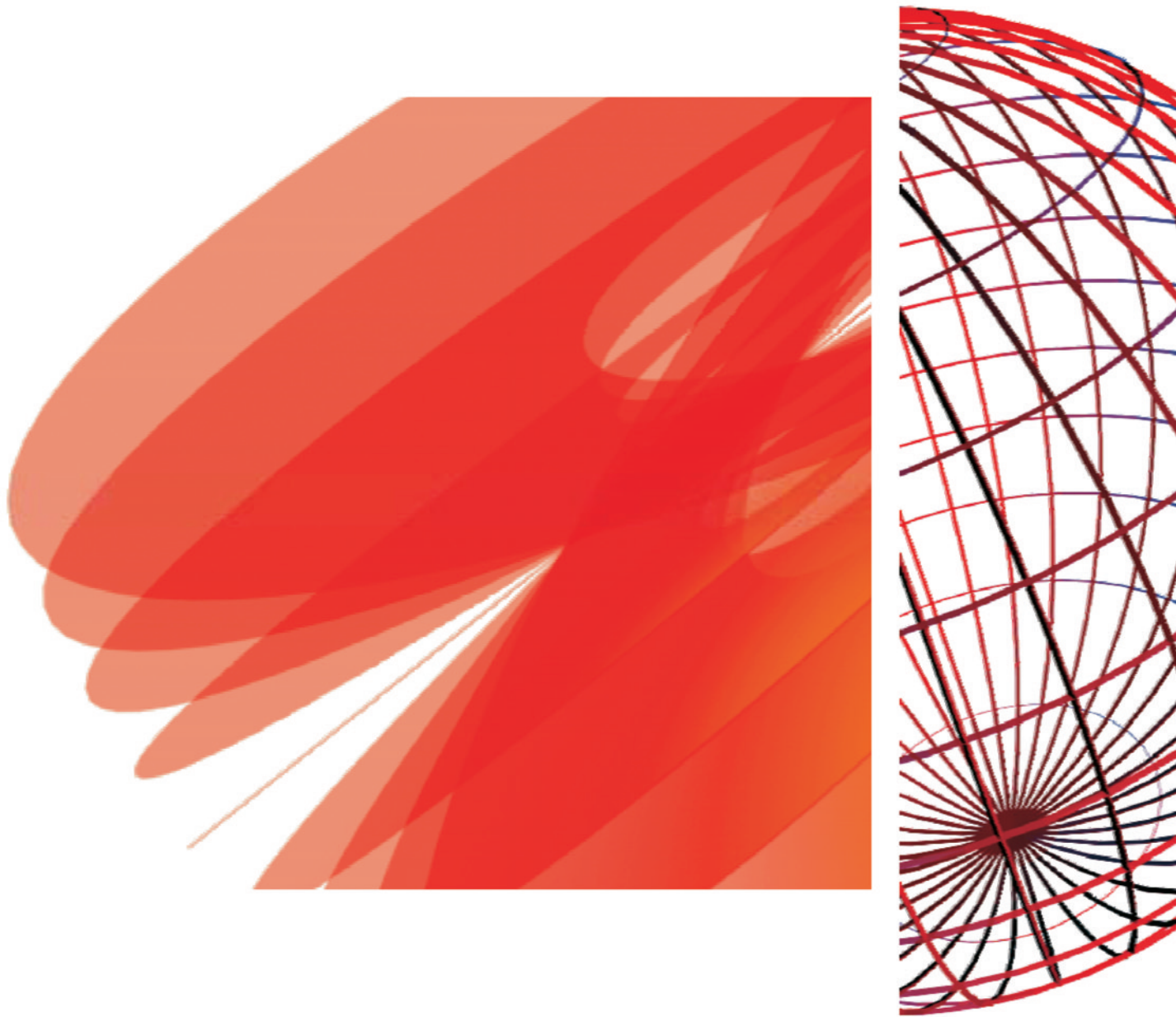
The Company Secretary
New Delhi Television Limited
W-17, Greater Kailash-I
New Delhi-110048.

For and on behalf of the Board

Place : New Delhi
Date : April 27, 2005

Dr. Prannoy Roy
Chairman





NDTV

w-17 greater kailash 1, new delhi 110048, india. phone (91-11) 5157 7777, 2646 2681. fax (91-11) 2646 1740

www.ndtv.com