

BOARD OF DIRECTORS

G.K. ARORA
 RAGHAV BAHL
 SANJAY RAY CHAUDHURI
 P.N. BAHL
 HARI S. BHARTIA
 MANOJ MOHANKA
 VANDANA MALIK

CHAIRMAN
 MANAGING DIRECTOR
 WHOLE TIME DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR

AUDITORS

DELOITTE HASKINS & SELLS
 CHARTERED ACCOUNTANTS

CHIEF FINANCIAL OFFICER

R.D.S. BAWA

CHIEF EXECUTIVE OFFICER

HARESH CHAWLA

**VP-CORPORATE AFFAIRS
 & COMPANY SECRETARY**

ANIL SRIVASTAVA

BANKERS

ICICI BANK LTD.
 ING VYSYA BANK LTD
 YES BANK LTD.
 BANK OF AMERICA
 THE HONGKONG AND SHANGHAI
 BANKING CORPORATION LTD.

REGISTERED OFFICE

601, 6TH FLOOR, COMMERCIAL TOWER,
 HOTEL LE-MERIDIEN, RAISINA ROAD,
 NEW DELHI-110 001.

CORPORATE OFFICE

EXPRESS TRADE TOWER
 PLOT NO. 15 & 16, SECTOR 16A,
 NOIDA, U.P. -201 301.

**REGISTRARS &
 SHARE TRANSFER AGENTS**

KARVY COMPUTERSHARE (P) LTD.
 PLOT NO. 17-24, VITHAL RAO NAGAR,
 MADHAPUR
 HYDERABAD-500 081.

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NOTICE

Notice is hereby given that the 14th Annual General Meeting of the members of TELEVISION EIGHTEEN INDIA LIMITED will be held at 2.00 P.M. on Friday, the 7th day of September 2007 at Kamani Auditorium, 1, Copernicus Marg, New Delhi 110 001 to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2007, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To confirm the interim dividend as the final dividend.
3. To appoint a Director in place of Mr. G. K. Arora, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Hari S. Bhartia, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

6. To consider and, if thought fit, pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT

- (a) the authorized share capital of the Company be and is hereby increased from Rs. 55,00,00,000/- (Rupees Fifty Five Crores) divided into 10,00,00,000 (Ten Crores) equity shares of Rs. 5/- (Rupees Five) each and 5,00,000 (Five Lacs) preference shares of Rs.100/- (Rupees Hundred) each to Rs. 70,00,00,000/- (Rupees Seventy Crores Only) divided into 13,00,00,000 (Thirteen Crores) Equity Shares of Rs. 5 (Rupees Five) each and 5,00,000 (Five Lacs) preference shares of Rs.100/- (Rupees Hundred) each, and the new shares shall rank pari passu in all respects with the existing shares of the Company.
 - (b) in Clause V of Company's Memorandum of Association, the words "The Authorised Share Capital of the Company is Rs. 55,00,00,000 (Rupees Fifty Five Crores only) divided into 10,00,00,000 (Ten Crores) equity shares of Rs.5/- each and 5,00,000 preference shares of Rs. 100/- each" be and are hereby substituted with the words "The Authorised Share Capital of the Company is Rs. 70,00,00,000 (Rupees Seventy Crores Only) divided into 13,00,00,000 (Thirteen Crores) equity shares of Rs.5/-(Rupees Five) each and 5,00,000 (Five Lacs) preference shares of Rs. 100/- (Rupees Hundred) each" and
 - (c) that for the purpose of giving effect to the above resolution and to settle any question, difficulty or doubt that may arise in this regard, the Managing Director, Chief Financial Officer and Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds, matters and things and execute all such documents, instruments, and writings as he may in his sole and absolute discretion deem necessary or expedient.
7. To consider and, if thought fit, pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT, pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company be and are hereby altered in the following manner:

- i) Article 3 be replaced with the following new Article 3:

"The Authorized Share Capital of the Company is as mentioned in Clause V of the Memorandum of Association of the Company.

- ii) Article 85A be inserted after the Article 85:

"Notwithstanding anything contained in any other provisions of Articles of Association of the Company, so long as the TV18 group and/or its associates/ affiliates and/ or subsidiary companies and/ or holding companies hold fifty percent or more of the paid-up voting equity share capital of the Company, whether alone or in combination, and are thus the single largest shareholding group in the Company, they shall have the right to appoint majority of the Directors on the Board of Directors of the Company, and shall exercise control over the Company, as defined in Regulation 2(c) of the said Regulations including any amendments, modifications or re-enactment thereof. "

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and to settle any question, difficulty or doubt that may arise in this regard, the Managing Director, Chief Financial Officer and Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds, matters and things and execute all such documents, instruments, and writings as he may in his sole and absolute discretion deem necessary or expedient."

8. To consider and, if thought fit, pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT

- (a) pursuant to Article 58 of the Articles of Association of the Company and all other applicable provisions, if any, of the Companies Act, 1956, the Foreign Exchange Management Act, 1999, Guidelines for Issue of Bonus Shares framed by Securities and Exchange Board of India, other applicable statutes and subject to such other approvals, consents, permissions or sanctions as may be required from the appropriate authorities, institutions or bodies, the consent of the Company be and is hereby accorded to the Board of Directors or any Committee thereof of the Company for capitalization of such sum standing to the credit of Securities Premium Account of the Company, as may be considered necessary by the Board, for the purpose of issue of Bonus shares of Rs. 5/- each and that the said sum so capitalized be applied in issuing equity shares of Rs.5/- each credited as fully paid up to the equity shareholders of the Company, in the proportion of one new equity share for every one existing equity share held by such persons as on the record date (to be fixed) and that the shares so distributed shall be treated for all purposes as an increase in the nominal amount of the capital of the Company held by each such member.
- (b) that the aforesaid issue of bonus shares to the shareholder(s) shall also include issuance of additional options / bonus shares to the eligible employees of the Company who have been granted options under various ESOP plan(s) of the Company, but the same have not been vested/exercised till the record date and the Board of Directors or any Committee thereof be and is hereby authorized, to create or allocate adequate number of options / shares or, for capitalisation of such sum standing to the credit of Securities Premium Account available for distribution by the Company, as may be considered necessary by the Board for the purpose of grant of additional options, with or without consideration, or issue of bonus shares of Rs. 5/- each credited as fully paid up on the date of vesting/ exercise, in the proportion of one option / equity shares for every one option held by them on the record date to be fixed by the Board.
- (c) that the new equity shares shall, on allotment, rank pari-passu in all respects including dividend with the existing issued equity shares of the Company.
- (d) that for the purpose of giving effect to the above resolution and to settle any question, difficulty or doubt that may arise in

this regard, the Managing Director, Chief Financial Officer and Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds, matters and things and execute all such documents, instruments, and writings as he may in his sole and absolute discretion deem necessary or expedient including but without limitation to filing of any documents with the Securities and Exchange Board of India, Stock Exchanges where shares of the Company are listed, Depositories, Ministry of Corporate Affairs and/or other Concerned Authorities for seeking the necessary listing approvals and to settle any question, difficulty or doubt that may arise in this regard thereto.

By order of the Board

**Anil Srivastava
VP-Corporate Affairs &
Company Secretary**

Place : Noida
Date : August 11, 2007

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A blank Proxy Form is enclosed with this notice and if intended to be used, the form duly completed should be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of Annual General Meeting.
2. Members/ Proxy are requested to bring a copy of this notice as no copies will be made available at the meeting. Under no circumstances, photocopies of the admission slip will be allowed for admission to the Auditorium. Those members who do not receive copies of Annual Report can collect their copies from the Corporate/ Registered Office of the Company.
3. Members/ proxies should bring the attendance slips filled in for attending the meeting.
4. Corporate Members are requested to send a duly certified copy of the Board resolution/ Power of Attorney authorising their representative to attend and vote at the Annual General Meeting.
5. As per the amended provisions of the Companies Act, 1956, facility for making nominations is now available for shareholders in respect of the shares held by them. Nominations forms can be obtained from Karvy Computershare Pvt. Ltd., the Registrars of the Company.
6. Explanatory Statement pursuant to section 173 of the Companies Act, 1956 relating to Special Business to be transacted at the Annual General Meeting is annexed.
7. The Registers of Members will be closed from Monday, the September 3, 2007 to Friday September 7, 2007 both days inclusive. The transfer Books of the Company will also remain closed for the aforesaid period.
8. All documents referred to in the accompanying notice and the Explanatory Statement are available for inspection at the Registered Office of the Company during working hours between 10.00 A.M. to 1.00 P.M. except holidays upto the date of Annual General Meeting.
9. Members are requested to send all the correspondence concerning registration of transfer, transmission, subdivision, consolidation of shares or any other share related matters and / or change in address to Company's Registrars, Karvy Computershare Private Limited, Plot No 17-24, Vithal Rao Nagar, Madhapur, Hyderabad-500 081
10. The details of the Stock Exchanges, on which the securities of the Company are listed, are given separately in this Annual Report.
11. **Any query related to the accounts may be sent at the Registered Office of the Company at least 10 days before the date of the Annual General Meeting.**
12. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid/unclaimed dividends for the financial years 1995-1996, 1996-97, 1997-98, 1998-99 and IPO refund for the year 1999-2000 to the Investors Education and Protection Fund (IEPF) established by the Central Government.

Members who have not claimed their dividend for the earlier years are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrars and Transfer Agents, M/s Karvy Computershare Private Limited, immediately. Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts, which were, unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims.
13. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents, M/s Karvy Computershare Private Limited, for consolidation into a single folio.
14. The members may please note that the Ordinary and Special Resolutions sent through notice dated July 14, 2006, January 4, 2007 and May 29, 2007 to all the members for voting through Postal Ballot have been passed on September 12, 2006, February 27, 2007 and July 16, 2007 respectively by requisite majority. Relevant details in this regard are covered in the Corporate Governance Report annexed to the Report of the Board of Directors.
15. Relevant details, in terms of Clause 49 of the Listing Agreement, in respect of Directors retiring by rotation and proposed to be re-appointed are as under:

Mr. G. K. Arora, 73, Retired Indian Administrative Services (IAS) officer. He holds a post graduate degree in History from the University of Allahbad and is also a Master of Public Administration (Harvard University, USA). He held the important posts of Finance Secretary in the Ministry of Finance, Government of India for the year 1989-90 and Secretary in the Ministry of Information & Broadcasting, Government of India for the year 1988. Executive Director to the International Monetary Fund representing India/Bangladesh/Bhutan/ Sri Lanka for 4 years. Economic Minister, Embassy of India, Moscow during 1975-78 and from 1978 to 1981, worked as Commissioner, Kumaon Division and Educational Secretary in Uttar Pradesh. Also held the posts of Joint Secretary (1983), Additional Secretary (1984-87) and Special Secretary (1987) in the Office of the Prime Minister, Government of India.

Mr. Hari S Bhartia, graduated in B. Tech from I. I. T. He had a key role in each phase to successful running of several Vam-Bhartia Companies. He has also provided the leading thrust for the Group's foray into contemporary and futuristic businesses, and for gearing into an internationalizing mode following reforms in the economy. As Master Franchisee, Mr. Bhartia has also established Domino's Pizza India as the largest fast food chain in the Country. Other than the Corporate Sector, he is also credited with active contribution to a wider environment. He has also contributed actively through deep involvement and lead roles in the Young Presidents Organisation Inc. (YPO). He is also worked as Chairman, Expert Group to Develop Policy Initiatives for Technician Education through the National Project Implementation Unit, a World-Bank assisted project (1998), Chairman of National Committee on Technical Education & Training of CII(1998), Member or CII National Technology Council (1998) and Chairman of National Committee on Chemicals and Petrochemicals (1999-2000).



**EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS
PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956**

Item No. 6

The present authorized share capital of the Company is Rs. 55,00,00,000/- (Rupees Fifty Five Crores only) divided into 10,00,00,000 (Ten Crores) equity shares of Rs. 5 each and 5,00,000 (Five Lacs) preference shares of Rs. 100/- each.

Your Directors wish to inform that the present authorized capital will not be able to accommodate the issue of Bonus Shares and therefore it is proposed to increase the Authorised Capital from Rs. 55 crores to 70 crores. Pursuant to the applicable provisions contained in Section 94 of the Companies Act, 1956 the power to increase the authorized share capital has to be exercised by the Company in general meeting. Accordingly the resolution at item no. 6 of the Notice seek approval of the members for increasing the Authorized Share Capital of the Company and for making consequent alteration in the Memorandum of Association of the Company.

Your Directors recommend the resolution to be passed by the shareholders. None of the Directors is in any way be deemed to be interested in the said resolutions.

Item No. 7

It is proposed to alter Clause 3 of the Articles of Association of the Company to reflect the increased authorized share capital of the Company as mentioned in the clause V of the Memorandum of Association of the Company.

The second alteration in the Articles of Association is by way of insertion of a new Article 85A to bring clarity to the group structure and empower Network 18 Fincap Limited to control the composition of the Board of Directors of the Company.

In terms of Section 31 of the Companies Act, 1956, any amendment to the Articles of Association requires approval of the members by

way of a Special Resolution.

Your Directors recommend the resolution to be passed by the shareholders.

Mr. Raghav Bahl, Mr. Sanjay Ray Chaudhuri, Mr. Manoj Mohanka, Mr. G K Arora, Mr. P.N. Bahl and Ms. Vandana Malik being the Directors of Network 18 also, be deemed to be concerned or interested in the Resolution.

Item No. 8

Your Directors propose that the issued share capital of the company be brought in close relationship with the capital employed in the business. The Board, therefore, in its meeting held on July 5, 2007, decided to recommend capitalization of free reserves by issue of bonus shares to the members of the Company in proportion of one Equity Share for every one Equity Share held by the member on such date as may hereafter be fixed by the Board of Directors or any committee thereof (herein after referred to as 'Record Date')

The bonus shares on allotment will rank pari-passu in all respects including dividend entitlement with the existing issued equity shares of the Company.

Your Directors recommend the resolution to be passed by the shareholders.

Each of the Directors of the Company may be considered to be interested in the said resolution to the extent of the Bonus Shares that may be allotted in respect of the existing shares held by them together with their respective relatives and associates.

By order of the Board

Place : Noida
Date : August 11, 2007

**Anil Srivastava
VP-Corporate Affairs &
Company Secretary**

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present 14th Annual Report and Audited Accounts of Television Eighteen India Limited (hereinafter referred to as "Company" or "TV18") for the Financial Year ended March 31, 2007.

Financial Results

The summarized Consolidated Financial Results of your Company and its subsidiaries for the year ended March 31, 2007 are as follows:

	Year ended March 31, 2007
Profit before interest and depreciation	752,024,593
Interest	244,262,094
Depreciation	188,325,028
Net operating profit before tax	319,437,471
Provision for taxes/deferred taxes	(3,369,362)
Net Profit/(loss) after tax	322,806,833

The summarized Financial Results of your Company on a standalone basis for the year ended March 31, 2007 are as follows:

	Year ended March 31, 2007
Profit before interest and depreciation	579,558,483
Interest	236,770,916
Depreciation	174,764,674
Net operating profit before tax	168,022,893
Provision for taxes/deferred taxes	(7,084,742)
Net Profit/(loss) after tax	175,107,635

Year Under Review

During the year under review, the Company achieved a turnover of Rs 2,471,247,929 (Previous Year Rs 1,520,038,180) and EBDIT of Rs 752,024,593 (Previous Year Rs 764,608,980) on a consolidated basis. The improvement in the Company's financial performance during the year under review as compared to the Previous Year is the result of continued growth in revenue.

Your Company is a full-fledged Indian broadcaster with properties like CNBC-TV18 and CNBC-Awaaz along with two regular revenue streams – 'commercial advertising' and 'cable subscriptions'. The operations of the Company are discussed in detail in 'Management Discussion and Analysis Report'.

Audited consolidated Financial Statements for the year ended March 31, 2007 also form part of the Annual Report.

Dividend

Your Directors have declared an interim dividend of 40% for the Financial Year 2006-2007 and the same shall be treated as Final Dividend for the Financial Year 2006-2007.

Deposits

Your Directors wish to inform that the fixed deposits scheme under Section 58A of the Companies Act, 1956 launched by your Company in the year 2004-2005 has performed exceedingly well during the year under review. Your Directors wish to convey their thanks to investors for their overwhelming support to the fixed deposit scheme.

Your Company has received an aggregate sum of Rs 290,491,539 under the fixed deposit schemes as on March 31, 2007.

Your Company has sent reminders to 347 fixed deposit holders, who have not claimed repayment of their fixed deposit which became due on March 31, 2007, amounting to Rs 8,733,000/-.

Scheme of Arrangement

The Hon'ble High Court of Delhi vide its order dated July 20, 2006 approved the Scheme of Arrangement (hereinafter referred to as

"Scheme") under Section 391 to 394 of the Companies Act, 1956 between your Company, Network18 Fincap Limited (earlier known as "SGA Finance & Management Services Private Limited" and hereinafter referred to as "Network18") and SGA News Limited (hereinafter referred to as "SGA News"). The Scheme was made effective from September 27, 2006.

Pursuant to the Scheme,

- '*Media Investment Undertaking*' of your Company comprising the business activities of undertaking and managing strategic/financial investments in media companies along with all related assets, liabilities, employees including investments in group companies engaged in television news space, preference capital investment in Network18 and other identified liquid assets pertaining to *Media Investment Undertaking*, was demerged to Network18 with effect from October 1, 2005; and
- '*Indian News Business Undertaking*' of SGA News comprising the business activities of running the channel 'Awaaz' and its equity investments in group companies engaged in the Indian television news space along with all related assets, liabilities, employees etc. was demerged to your Company with effect from November 1, 2005.

Upon coming into effect of the Scheme and in accordance with the Scheme, shareholding in TV18 was re-organized and bifurcated as follows that in respect of every 10 equity shares of face value of Rs 10 each in TV18:

- 14 equity shares of face value Rs 5 each in TV18, and
- 12 equity shares of face value Rs 5 each in Network18 were allotted.

Further, in relation to the demerger of '*Indian News Business Undertaking*' of SGA News to your Company, TV18 allotted shares to the shareholders of SGA News in the ratio of 3.67:1, i.e. for every 1 equity share of face value of Rs 10 each held in SGA News, the shareholders of SGA News were allotted 3.67 equity shares of face value of Rs 5 each in TV18.

Qualified Institutional Placement

During the year under review, your company came out with an Qualified Institutional Placement (hereinafter referred to as "QIP") in accordance Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

Under the QIP, your Company raised Rs 2,000 Million by issuing 3,076,923 equity shares of face value of Rs 5/- each to Qualified Institutional Buyers at a premium of Rs 645 per share.

Change of Registered Office

As approved by the Board of Directors of the Company, the registered office of the Company was shifted from B-2, Kailash Apartments, Lala Lajpat Rai Marg, New Delhi 110 048 to 601, 6th Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi 110 001.

Corporate Governance

Corporate Governance is about commitment to values and about ethical business conduct. It stems from the culture and mindset of a management; hence measures of Corporate Governance should be more by self-discipline than by legislation and regulation.

Your Company strives for excellence with the objective of enhancing shareholders' value and protecting the interest of shareholders. At TV18, we ensure the practice of the *Principles of Good Corporate Governance*. Decisions are based on a set of principles influenced by the values, context and culture of the organization. All functions of the Company are discharged in a professionally sound, competent and transparent manner.

Company's Corporate Governance Report is enclosed in the Annual Report of the Company.

Employee Stock Option and Stock Purchase Plan

As per the Scheme, each shareholder of TV18 holding 10 shares of TV18 was allotted 14 shares of TV18 and 12 shares of Network18 after considering the effect of the capital restructuring steps contained in the Scheme. In addition, the Scheme also provided for making **appropriate adjustments to the stock option holders of TV18 by offering stock options in both TV18 and Network18.** Accordingly, your Company has made appropriate adjustments to the stock options schemes for eligible employees in the Company, intending to provide benefit to the employees on the same terms and principles as applicable to the interests of shareholders of the Company and obtained shareholders approval via postal ballot.

Further, the Shareholders vide a postal ballot dated February 27, 2007 had approved the grant of 2,000,000 Stock Options for its eligible employees of the Company under the Employees Stock Option Plan A and B in compliance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999. The salient features of the various Employee Stock Option and Stock Purchase Plan are summarized herein below:

Television Eighteen India Limited Stock Option Plan 2002 ("ESOP 2002")

Particulars	Details
Maximum options	700,000
Exercise price	Rs 5
Vesting period	After 1 year from the date of grant
Options granted during year under review	50,190
Total options granted (net of cancellation)	352,540

Television Eighteen India Limited Stock Option Plan 2003 ("ESOP 2003")

Particulars	Details
Maximum options	700,000
Exercise price	95% of the market value on the grant date
Vesting period	After 1 year from the date of grant
Options granted during year under review	Nil
Total options granted (net of cancellation)	638,309

Television Eighteen India Limited stock purchase Plan 2003 ("ESPP 2003")

Particulars	Details
Maximum shares	700,000
Exercise price	95% of the market value on offer
Shares issued during year under review	Nil
Total shares issued	667,016 (Nil shares remain outstanding as on March 31, 2007)

Television Eighteen India Limited Employees Stock Option Plan, 2004 ("ESOP 2004")

Particulars	Details
Maximum options	700,000
Exercise price	<ul style="list-style-type: none"> In respect of 50 percent of the options - discount of Rs 125 to market price In respect of the balance 50 percent of the options - 90 percent of the market price
Vesting period	Equally over a three year period from date of grant

Options granted during year under review	36,400
Total options granted (net of cancellation)	658,700

Television Eighteen India Limited Senior Employees Stock Option Plan, 2004 ("Senior ESOP 2004")

Particulars	Details
Maximum options	840,000
Exercise price	<ul style="list-style-type: none"> In respect of 50 percent of the options - discount of Rs 100 to market price In respect of the balance 50 percent of the options - 90 percent of the market price
Vesting period	Equally over a three year period from date of grant
Options granted during year under review	233,332
Total options granted (net of cancellation)	631,555

Television Eighteen India Limited Long Term Retention Employee Stock Option Plan 2005 ("LTR ESOP 2005")

Particulars	Details
Maximum options	350,000
Exercise price	<ul style="list-style-type: none"> In respect of 50 percent of the options - discount of Rs 100 to market price In respect of the balance 50 percent of the options - 90 percent of the market price
Vesting period	After 4 years from the date of grant
Options granted during year under review	Nil
Total options granted	350,000

Television Eighteen India Employee Stock Option Plan 2005 ("ESOP 2005")

Particulars	Details
Maximum options	1,260,000
Exercise price	10% discount to the market price
Vesting period	<ul style="list-style-type: none"> Part of the options granted shall vest with the grantee for 1 year period from the date of grant; and Part of the options shall vest with the grantee equally over a three years period from the date of grant
Options granted during year under review	Nil
Total options granted	1,068,200

Television Eighteen India Strategic Acquisition Stock Option Plan 2005 ("SA ESOP 2005")

Particulars	Details
Maximum options	840,000
Exercise price	Rs 100
Vesting period	After 1 year from the date of grant
Options granted during year under review	280,000
Total options granted	280,000

Television Eighteen India Employee Stock Option Plan 2006 ("ESOP 2006")

Particulars	Details
Maximum options	1,000,000
Exercise price	Rs 5

Vesting period	After 2 year from the date of grant
Options granted during year under review	226,540
Total options granted	226,540

Television Eighteen Employee Stock Purchase Plan 2006 ("ESPP 2006")

Particulars	Details
Maximum shares	500,000
Exercise price	90% of the market value on offer
Shares issued during year under review	Nil
Total shares issued	Nil

Television Eighteen Employee Stock Option Plan 2007 ("ESOP A 2007")

Particulars	Details
Maximum options	1,000,000
Exercise price	25% discount to market price on the date grant
Vesting period	Equally over a 4 year period from the date of grant
Options granted	Nil

Television Eighteen Employee Stock Option Plan 2007 ("ESOP B 2007")

Particulars	Details
Maximum options	1,000,000
Exercise price	Rs 5
Vesting period	Equally over a 6 year period from the date of grant
Options granted	Nil

Senior Employee Stock Awards (Stock Appreciation Right) Plan 2005 ("SAR 2005")

During the 2005-2006, the Company had established Stock Appreciation Right Plan 2005 (Senior Employee Stock Award Plan) for compensation to the employees whereby the Company in its Extraordinary General meeting held on 25 July, 2005 had approved a grant of upto 300,000 awards to eligible employees. The Company has granted 299,995 awards upto 31 March, 2007. Pursuant to the scheme, after vesting (after 1-3 years from grant date) of awards, the employees have right to receive such numbers of fully paid equity shares of Rs 5 of the Company whose market value match with the amount of increase due to appreciation in share price during date of grant and date of exercise of the awards. During the year, the Company has issued 91,650 shares to employees on their exercising the option.

Directors

Mr. G. K. Arora and **Mr. Hari S Bhartia** retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

Subsidiaries

The audited Balance Sheet and Profit & Loss account, along with the Directors' Report and Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies, are given in the Annexure.

In the context of mandatory requirement of Accounting Standard 21, to present consolidated accounts, your Company has complied with the same and consolidated accounts are prepared and annexed herewith.

Directors' Responsibility Statement

Pursuant to the provision of Section 217 (2AA) of the Companies Act, 1956 as amended, your Directors confirm:

- i) that in the preparation of the annual accounts for the financial year ended March 31, 2007, the applicable Accounting Standards

have been followed;

- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements 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 profit or loss of the Company for the year under review;
- iii) that the Directors have taken proper and sufficient care for 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 irregularities;
- iv) that the Directors have prepared the accounts for the financial year ended March 31, 2007 on a 'going concern' basis.

Auditors

The Auditors of the Company, **M/s. Deloitte Haskins & Sells**, Chartered Accountants, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed that their re-appointment as Auditors of the Company would be in accordance within the limits specified under Section 224 (1B) of the Companies Act, 1956.

Conservation of Energy, Technology Absorption and Foreign Exchange and 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 your Company's editing facilities, studios, offices etc.

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

Disclosure of foreign exchange earnings and outgo as required under Rule 2(C) is given in schedule No. 15 "Notes on Accounts" forming part of the Audited Annual Accounts.

Particulars of Employees

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are set out in the annex to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report (excluding the annex) is being sent to all the shareholders of the Company. Any shareholder interested in obtaining a copy of the said annex may write to the company secretary at the registered office of the Company.

Listing of Shares

The names and addresses of the Stock Exchanges where the Company's shares are listed are given below:

- a) Bombay Stock Exchange Limited, Mumbai, 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
- b) National Stock Exchange of India Limited, "Exchange Plaza", 5th Floor, Bandra –Kurla Complex, Bandra (E), Mumbai – 400 051.

Acknowledgement

Your Directors would also like to express their gratitude for the assistance and co-operation received from the Company's bankers, suppliers and customers during the year. Your Directors would also like to once again place on record their appreciation to the 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: 5th July 2007**

Chairman



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE

The Indian Entertainment and Media industry is projected to grow to USD 21 Billion by the year 2010, growing at a CAGR of 20% (*Industry Estimates*). With the growth in the Indian economy coupled with increased spending levels, media consumption patterns are also witnessing a great increase. To take advantage of India's growing media and entertainment industry, companies have been increasingly diversifying across the media value chain. All segments of the industry are expected to contribute to this growth. One of the most significant trends of this growth is that of media convergence which puts the focus on consumers and their media consumption patterns.

Amongst the segments of this industry, the television segment will continue to be one of the largest contributors to growth with around 50% of the market share. (*Industry Estimates*).

The share of Internet in the global advertising pie is also growing continuously. With the advent of broadband, value added content, secure payment gateways and enhanced backend logistics, the internet is slowly growing into a preferred media for consumers with substantial revenue potential. In Indian context, the focus will center on news & content aggregation portals, recruitment, travel and online retailing sites. With an estimated 100 Million internet users and 20 Million broadband connections by 2010 (*Industry Estimates*), the internet is becoming a preferred media platform in India.

Recently, the TV18 brands operating in the business & consumer space were brought together under the same umbrella, the CNBC Universe. Being more than a branding platform, the CNBC Universe aims to deliver sustainable value to viewers & stakeholders through multiple audience touchpoints and content width. CNBC-TV18, CNBC AWAZ, Moneycontrol.com, 2622 mobile service along with other portals and services form part of the CNBC Universe. CNBC Universe has emerged as India's largest and most comprehensive business & consumer platform reaching out to over 50 million affluent Indians. (*Source: TAM, Alexa, NFL OOH Study – Monthly Reach in millions C&S 15+, Jan-Feb07, All India*). TV18 is focused on creating relevant, timely and engaging programming & content for viewers and users, which reflect their preferences and needs. TV18 has a strong track record in understanding viewer & user choices and providing quality content along with good packaging & delivery.

GROWTH DRIVERS

Television Industry and Subscription Revenues

Television broadcasting is amongst the fastest growing segments of the Indian Entertainment and Media industry and remains the most popular media preference for the entertainment & information needs of the Indian population, when compared to other forms like press, cinema and radio. The market has also experienced significant growth since deregulation in 1992. The Indian Television Industry has estimated annual revenues of Rs 175 Billion approximately (*Industry Estimates*) and projected to exceed 400 Billion by 2010.

Within television industry, subscription revenues are expected to be the key growth driver with an increase in the number of households with pay television subscriptions coupled with higher subscription rates. New distribution platforms (e.g. DTH & IPTV) will broaden the television subscriber base and further drive subscription revenues.

Web Revenues

TV18 Group has one of the strongest portfolio of web properties in India - Web18 group of companies, TV18 Group's internet arm (hereinafter referred to as "Web18"), with some of the highest usage both nationally and in some cases internationally (e.g. moneycontrol.com reports higher daily page views per million than the Wall Street Journal). As the online advertising market keeps growing and TV18 Group's web properties attract higher traffic levels, the group's ability to monetize each property will drive revenues from them.

OPPORTUNITIES & THREATS

The Indian Entertainment and Media industry has shown structural

shifts in its move towards convergence with consumers increasingly taking control of their media consumption.

Knowledge of consumer activity will become the basis for competition

With the evolution of the Indian Television and Media industry, growth is increasingly being driven by increasing consumer spending which are based revenue streams. Knowledge of evolving consumption trends will be a critical success factor in this scenario.

Moreover, with superior connectivity and reduced barriers to content creation, convergence is allowing consumers greater control over content creation and distribution. Consequently, media providers are increasingly tracking and measuring consumer choices. Media providers are using this information to add value to advertising partners. Businesses that capture consumer activity data and use it to form business and advertising models will be positioned to succeed.

TV18 Group is uniquely positioned to capture consumer behavior with the help of industry tracking tools such as TAM research (for television audiences) and proprietary/ third party online usage measurement tools (for its huge array of web offerings). Such information facilitates the process of creating offerings, which are more customized for viewer/ user groups. It also acts as invaluable inputs while positioning channels and websites/ portals to advertisers to help them in their quest to reach out to more relevant audiences for their products and services.

Integrated value chain for better consumer outreach

As players expand their portfolio of services and revenue streams, their presence across the value chain further strengthens their competencies. Partnerships, alliances and joint ventures are also great value drivers with significant synergy upsides through collaboration and sharing of strengths.

TV18 Group has consciously built its portfolio of businesses with convergence as a goal. Today it is perhaps the only media house in India with such an integrated value chain, engaging with consumers at multiple touchpoints & delivering value to all stakeholders.

Outlook

Globally, media businesses do not operate in standalone segments of media industry or with a single property. The most attractive aspect of media businesses is their ability to leverage. Players either leverage their core competencies in a particular content (filmed, news, music, gaming, etc) and extend presence across distribution formats or leverage presence in a particular value chain – film, television, print, etc. In India as well, integrated models will emerge in a much larger way.

Globally, the electronic media, especially television and internet have been taking away ever greater shares of the ad-pie from newspapers. Internet has emerged as the most actively used medium for news, as it offers fresh news like television and with a longer shelf life, like newspapers. While Internet as a news delivery platform is gaining relevance, the penetration still remains low in India suggesting that a major threat from news portal is some years away, more so for vernacular and regional newspapers. However, the threat is inevitable, as evident from increasing internet penetration (Internet users are expected to grow more than double the current user base by 2010, *Industry Estimates*).

In India too, we believe that in the longer run, a few media businesses will emerge into pan-media conglomerates. TV18 Group, with the current strong presence in television news and the internet, and given the new ventures in other media, is well positioned for such a transformation.

Operations

Your Company has undergone a restructuring exercise under a Scheme of Arrangement ("hereinafter referred to as "Scheme") duly approved by the Hon'ble High Court of Delhi, during the year to comply with the Government of India, Ministry of Information & Broadcasting guidelines regarding the ownership and control of news channels uplinking from India.

The Scheme re-organized the group operating structure, with Network18



acting as the holding company for group investments (in business news, general news, internet business, etc) and TV18 acting as the operating company running the business news activities. Your Company believes that the re-organized structure has provided investors with both the liquidity and flexibility required to re-align their investments in either business news or entire group business or combination thereof in desired proportions.

Pursuant to the Scheme, TV18's investments in group companies were transferred to Network18 and the Hindi language business news channel 'CNBC Awaaz' was transferred to your Company.

TV18 today owns and manages the operations of the business news channels – 'CNBC-TV18' (English language business news channel) and 'CNBC Awaaz' (Hindi language business news channel).

During the year, TV18 Group consolidated its online properties and investments in online companies under the ownership and management of Web18.

In November 2006, your Company acquired 'Crisil MarketWire', a real-time financial newswire, from Crisil Ltd, India's leading credit rating agency. The Company was renamed 'Newswire18' and operates its own real-time market data and news terminal. Newswire18 complements TV18's leadership brands in the financial news and information space and will extend TV18 Group's reach and level of services to the institutional segment. The acquisition came into effect from January 1, 2007.

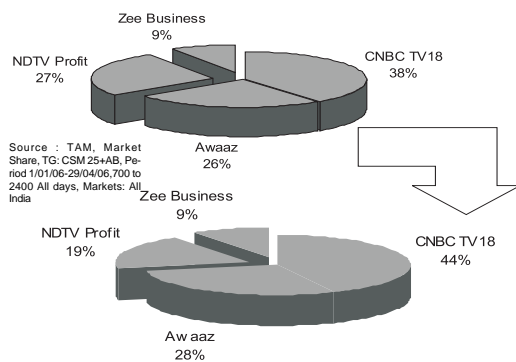
CNBC-TV18 & CNBC AWAAZ – Leadership in business news & information

During the year, TV18 has consolidated its position as the leading news-broadcasting network within the country through its flagship channels 'CNBC-TV18', the leading English language business news channel and 'CNBC-Awaaz', its Hindi counterpart.

The Indian growth story is reaching newer heights every day as we all witness and enjoy the fruits. Interestingly, this progress in 21st century India has been evident across numerous dimensions and through varying perspectives. Television has been an able reflection as well as a powerful partner in this momentum for change. 'CNBC TV18 & CNBC Awaaz' has been an integral part of this revolution enveloping the nation, spearheading and mirroring these enterprising times.

India's business audience consumes 'CNBC-TV18 & CNBC Awaaz' for their information & investing needs. This audience is highly diversified at one level comprising of key groups such as business leaders, professionals, retail investors, brokers and traders, intermediaries, self employed professionals, High net worth individuals, students and even housewives but shares a distinct commonality in terms of their spirit of enterprise.

'CNBC-TV18 & CNBC Awaaz's' success as well as mandate is to be the most comprehensive provider of business information and serve the unique needs of each of these audience groups.



Source : TAM, Market Share, TG: CSM 25+AB, Period 31/12/07-28/04/07, 700-2400, All days, Markets: All India

The existing TV viewer-ship measurement mechanism does not essentially project the actual delivery for a media platform like CNBC-TV18, but CNBC-TV18 service attracts a great amount of viewer-ship out of home (OOH) especially in corporate offices, institutions, business areas, markets etc. This viewer-ship is not captured in the commonly used TV measurement mechanisms and thus CNBC-TV18 audience reach is actually much higher.

CNBC-TV18 – India's No.1 Business Medium

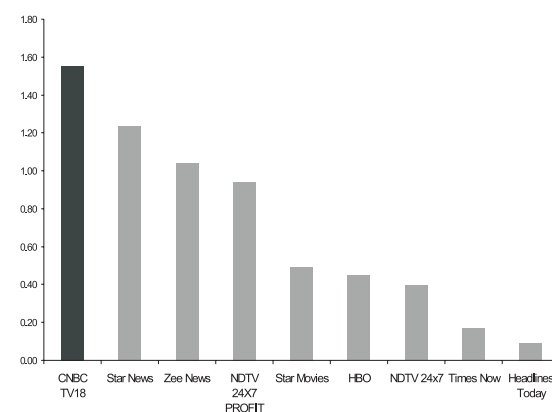
Content & Programming Strategy

CNBC-TV18's programming strategy is aimed at delivering latest and best content to its audiences and also broad-base such audiences with programs of wider appeal. CNBC-TV18's benchmark coverage extends from corporate news, financial markets coverage, expert perspectives on investing and management to industry verticals and beyond. CNBC-TV18 has been constantly innovating with new genres of content that help make business more relevant to different constituencies across India. CNBC-TV18's expansive and engaging programming along with various innovative formats introduced such as industry events, investor camps, vertical focused series and so on provides a diversified offering to viewers and adds tremendous value addition to all stakeholders.

CNBC-TV18 'Focus' – Customized Innovative Solutions

At CNBC TV18, 'Focus', a customized innovation solutions division within the network, has grown from strength to strength. The fundamental idea behind the genesis of 'Focus' was to deliver sustainable value to partners & audiences rather than restricting the channel to traditional content delivery model of media brands driven by regular advertising and shows. 'Focus' aligns itself with the strategic objectives of partners and then develops a comprehensive mix of programming and promotion to achieve that. With the use of new distinctive formats, both on air and on ground, 'Focus' engages stakeholders of the partners & viewers of the channel at multiple touch points. In the last year, CNBC-TV18 'Focus' has continued to grow with benchmark events such as the Emerging Awards, India Business Leader Awards, Investor camps, Art camps and so on. Formats include awards, camps, on air special series etc.

The Undisputed Leader in the English News Space, through the Year



Source: TAM Analysis, Channel Share, TG: CSM 25+ AB, April'06-March'07, 700-2400, All Days, All India

CNBC-TV18 Initiatives

NSE-CNBC-TV18 Partnership

CNBC-TV18 & CNBC Awaaz forged a unique alliance with India's leading stock exchange, the National Stock Exchange (hereinafter referred to as "NSE"). As part of this, the leading business channels befittingly conduct a lot of markets coverage live from the exchanges and also cover listings of major entities. This has been christened as the NSE-TV18 media centre and is symbolic of the leadership of the CNBC Channels in the Indian business space.



NYSE-CNBC-TV18 Partnership

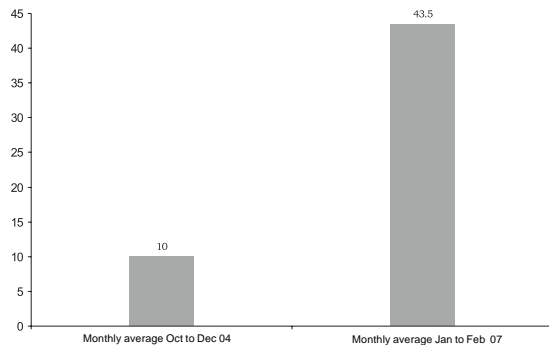
With a view to be the Global Indian's channel of choice in business, CNBC-TV18 will take a strong step by establishing a partnership with New York Stock Exchange (hereinafter referred to as ("NYSE")). As part of this, CNBC-TV18 will provide viewers in India with a daily update live from the NYSE on the global markets.

Benchmark Awards

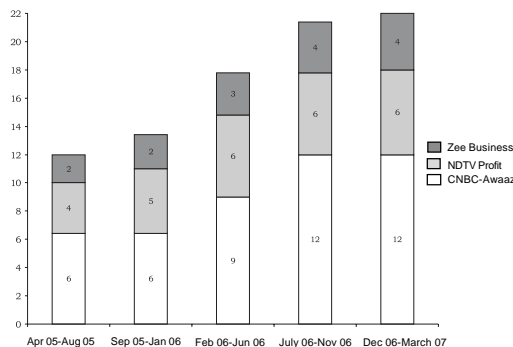
CNBC-TV18 continued to epitomize its leadership in the business space with a year of various standard setting awards. Key awards such as Emerging India, which reflect the SME revolution in India, attracts over a hundred thousand entries. India Business Leader Awards, which recognize excellence in corporate India, are indicators of these benchmarking initiatives by CNBC-TV18.

CNBC Awaaz – Voice of Consuming India

CNBC Awaaz is India's first consumer focused business channel. It seeks to be the voice of the consuming India and reflect the consumer revolution India is enveloped in. From investment advice to shopping needs, CNBC AWAAZ traverses the purchasing needs hierarchy. It caters to the new progressive Hindi speaking Indian who is globally aware, enjoys a high propensity to consume and seeks value in his life. Its focus on consumers, retail investors and small businessmen has helped the channel triple India's business audience from 10 Million to over 43 Million. CNBC Awaaz accounts for over 55% of this new business audience.



Source : CS 15+ Monthly Reach in Millions of Business genre, 7 a.m. to Midnight, All Days, All India



Source : TAM, Average Monthly TVR (000s), TG: CS 15+AB, 700-2400, All Days Market: HSM

Content & Programming Strategy

CNBC Awaaz's content strategy is dedicated to the consuming, investing and financial planning needs of the new emerging middle India. A cross section of audiences in the Hindi speaking regions of the country tune into CNBC Awaaz as the trusted 'channel of choice'. 'CNBC Awaaz programming various investing verticals such as equities & commodities to shopping trends, new launches, financial planning, personal taxation and so on. With a mix of industry relevant analysis & macro coverage as well as 'news that you can use' type of content, CNBC Awaaz seeks to be the answer to all financial & business information needs of the progressive middle class India.

CNBC Awaaz 'Focus' – A growing success story

The tremendous success of 'Focus' at CNBC-TV18 is being well replicated with CNBC Awaaz. Last year, some of CNBC Awaaz's key initiatives have been driven under the aegis of 'Focus' namely 'Khud Par Karo Yakeen', Indian Investor of the Year, Real estate awards, Travel awards.

CNBC Awaaz Initiatives

Khud Par Karo Yakeen

A landmark initiative in terms of connecting with audiences, the show was an expansive on ground and on air initiative to hunt for the most promising news talent in India. Inviting entries from far-flung corners of the country, CNBC Awaaz will groom the best of them alongside India's most seasoned journalists for a promising career ahead.

Indian Investor of the Year

CNBC Awaaz's Indian Investor of the Year is a hunt for India's best amateur investor. Indian Investor of the year has turned out to be a reality show like none other - a competition where only business acumen is judged, a game where the only talent required is shrewd judgment. Contestants were put through various tests and given numerous challenges to construct the best portfolio and vie for the ultimate crown of Indian Investor of the Year.

Web18 – Leader in online content, transaction & communication space

Web 18, TV18 Group's internet arm, is a leading player in the Internet space in India. It was formed to consolidate TV18 Group's online properties. It has consolidated and strengthened its leadership position in the online news & information space with sites such as moneycontrol.com, ibnlive.com, easymf.com etc. Web18 also happens to be the largest server of video content ranging from general news to business news. Web18's subscription products like Power Your Trade and Commodities Control are growing at a very healthy rate. This segment has an immense potential as the economy grows.

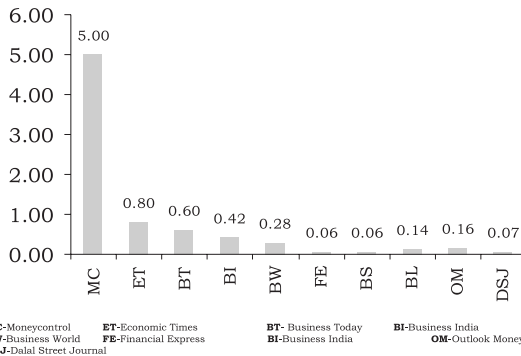
Web18 includes the following properties

Moneycontrol.com

India's most influential and widely used online financial, business and investor platform. With over 130 Million page-views per month, 150 daily page-views per Million Internet users and over 6 Million unique visitors per month, it has clearly become one of the largest destinations on the web today.

The site also witnesses the highest time spent of 29 minutes per user (as against an Indian average of 9 minutes), making it a revolution of sorts. The audience profile is indicated by the fact that amongst the users of the moneycontrol portfolio tracking service, more than 85% have a portfolio of investments averaging 0.5 Million (on a base of approx 0.6 Million portfolio users).

Moneycontrol.Com by itself is much bigger than Print Media



Source: IRS 2006 Round II (Readership in million) & Google Web Analytics for MC- Million users per month

Commoditiescontrol.com

India's leading source for authentic and real-time commodity information

ibnlive.com

As CNN-IBN's news portal, 'ibnlive' is India's definitive news portal providing streaming video feeds, downloadable tickers, and news alerts on cell phones. Keeping up with the times, the site introduced 'Blogs', where users can interact and share views and opinions with journalists through regular online posts. This fastest growing portal provides not just news but 'news with interactivity'. Having embarked on the principles of 'Inclusive Journalism', the portal brought in cross media convergence with tools such as pod-casts and live streaming.

Poweryourtrade.com

A paid equity news and information site, the prime feature of the site is its trading calls - four top chartists give two trading picks every morning, before start of the day's trade. The site's midday calls gets users six trading calls from three technical experts at 12 noon everyday.

EasyMF.com

A mutual funds advisory & tracking service, it provides comprehensive & convenient online coverage of all aspects of mutual fund investing, making it a destination point for investors. Its user-friendly tools and content empowers investors to understand, find, invest and track mutual funds the way they do in the real world.

Indiaearnings.com

Indiaearnings.com is a one-stop destination for investors on relevant company information. It provides quarterly results, pre-result estimates, and management views and reactions from broking houses CNBC-TV18 analysts, FII's, brokers, and other analysts. Besides this, the website provides a results calendar and details of board meetings, book closures and dividends. Users can also view financial and corporate information on companies.

Tech2.com

It is the largest consumer technology oriented portal in India. Tech2.com focuses on providing quality technology info and buying advice to the masses. Tech2 tests all its hardware and software at India's most comprehensive technology test labs, and the only one with a dedicated soundproof Audio/video testing room to test the latest HDTV's, gaming consoles, speaker systems, and high end A/V receivers. Tech2's editorial team has a cumulative tech editorial experience of over 70 years, and has contributed India's top technology brands like CHIP, Digit, PC Quest and Network Computing

Cricketnext.com

India's leading cricket website, it has seen major growth in terms of both users and usage. This has been a result of successfully redesigning and structuring content in sync with tactical marketing activity

Indiwo.com

Launched as a reference site for Indian women across the world, the site aims to empower women to make informed decisions, learn new things and choose the best products and services for themselves and their families. The site offers expert advice on important topics, videos, photo galleries, interactive tools, forums and more.

Compareindia.com

India's leading online product comparison destination, it operates at two levels. At the back-end, it is a research organization & at the front-end, it is a free information service. It uses research as a tool to provide consumers free information on products they want to buy. Currently, the site features 37 product categories: Audio systems, televisions, washing machines, microwave ovens, refrigerators, fax machines, photocopiers, and printers, amongst others. Research team has worked closely with manufacturers to gather detailed information on products, which include technical specifications, prices, schemes and promotions on offers, warranties, after-sales service and a list of dealer outlets where the products are available.

Inorganic Growth

Acquisitions will continue to play a major role in the Internet and Mobile space for the TV18 Group. The past year saw TV18 Group invest in a number of important initiatives in the online space.

Big Tree Entertainment

Web18 recently acquired a majority stake in Big Tree, the leader in movie ticketing software. Currently, over 80% of cineplex bookings are powered by Big Tree. The key objective on this recent acquisition is to offer consumers a one-stop shop for all their entertainment ticketing needs and build a market-leading brand in the process.

Yatra.com

It provides travel-related information, pricing, availability and reservations for airlines, hotels, railway, buses and car rentals across 5,000 large cities and small rural areas throughout India. The site helps businesses and consumers book airline, railway and bus tickets online and by calling its call centre. Users can also reserve hotel rooms and rent cars by calling or online. Yatra's multi-language customer service centre enables business and family/ leisure travelers to make well-informed and cost effective bookings 24x7x365 days a year. Yatra customers have the benefit of first priority booking and customized travel packages and deals. The company also offers free travel-related news and travel advisory services to a wide range of people. Besides the Group's 20% holding in the entity, Yatra's other investors include Norwest Venture Partners ("NVP"), a leading venture capital firm, and Reliance Capital (a member of Reliance ADAG).

JobStreet.com

A comprehensive recruitment services and solutions provider, JobStreet.com has over 5,000 corporate clients in India and 20,000 worldwide. JobStreet has 1.5 Million jobseekers in India and 5 Million worldwide. More than 20,000 live jobs in India across sectors are available at any given time. Broadly, JobStreet.com offers employers the management of their entire recruitment process online using the 'on-demand' SiVA interface - a robust, standard front-end system that is easy to learn and use. It also includes a flexible and time-tested applicant tracking system. In addition, based on unique client requirements, JobStreet also offers assistance on recruitment by way of resume processing and candidate assessment. JobStreet.com India Private Ltd. commenced business in the year 2000. TV18 Group holds 50% of JobStreet India in partnership with JobStreet Corporation Berhad, a MESDAQ Malaysia listed company and one of the leading internet recruitment solutions provider in the Asia-Pacific.

Newswire18

Newswire 18 platform is a combination of the strengths of the erstwhile Crisil MarketWire news service that has powered 'Moneyline Telerate' in India for the past five years and the technology, reach and content of TV18. Newswire18 news & data platform has all the features and functionalities of a state-of-the-art market data platform, including



customizable views and several analytical tools like those currently available on 'Moneyline Telerate' platform. Unlike global products, which are one-size-fits-all products and are developed market centric, Newswire18 platform is oriented to unique Indian customer needs and will retain its customization element in every country and market it launches in. It has news on India, Indian exchange data, Indian OTC data, global news from several sources including Dow Jones, Global exchange data, and Global OTC data, along with all news and data histories.

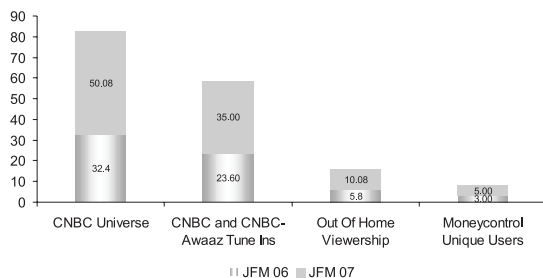
CNBC Universe – Combining strengths, Delivering Value

CNBC Universe platform was created in 2006 to integrate the strengths of TV18's leading business and consumer brands. By focusing on being more than a branding platform, the CNBC Universe intends to provide sustainable value to viewers and advertisers alike.

CNBC Universe provides holistic, easily accessible and well-packaged business news and information. The Universe integrates the strengths of TV18's leading business and consumer brands. By virtue of its unrivalled capability in delivering business audiences consistently and comprehensively and reaching out to over 50 Million affluent Indians – from entrepreneurs, to CEOs, to small businessmen, retail investors, housewives, students and more, CNBC Universe is the country's largest, most comprehensive and complementary business and consumer platform.

Moreover, CNBC Universe, with its diversified offerings, is the primary source for all economic, corporate, equity, debt, commodity, forex, derivatives and product information in the country and caters to a large number of business audiences in the country.

A 50 Million Strong Universe - The Reach of CNBC Universe has Shown a Significant Growth of 55%



Source: Tam, Avg. Monthly Reach (Mn.), TG: CS 15+, Market: All India. Alexa for moneycontrol, OOH basis NFO study

Human Resources and Development

Your Company recognises that a significant part of its success depends on the excellence of its people. This robust intellectual capital is reflected in the quality of our programming and broadcasting, our business strategy, our excellent customer relations and our financial health. Your company continually focused on recruiting, developing and managing talent on a regular basis. The latest Human Resource systems & processes have been set up to provide an enriching work experience to employees. A culture of incentives and pay-for-performance has been inculcated to ensure excellence in deliverables. TV18's Human Resource team has made a concerted effort to cultivate Company's image as an 'employer of choice' at leading campuses across the country. This, coupled with the TV18 Group's strong brand equity, continues attracting the best talent in the industry.

A comprehensive *Performance Management System* has been established to help employees recognize their strengths and weaknesses through introspection and extensive peer feedback. Your Company has implemented a carefully designed *Learning Plan*, aimed at maximizing the individual potential of each employee. This has been followed up with an attractive *Reward & Recognition Program* that identifies and rewards the outstanding performers for their dedication and excellence in executing the Company's mission.

BUSINESS STRATEGY & FUTURE PLANS

Television Eighteen (TV18) has a leading presence in the financial news, information and transactional space in India through its television, online & new media and data terminal businesses. Moreover, TV18 is strongly placed to capitalize on the new opportunities emerging in the economic environment. Going forward, TV18 will continue to consolidate its existing offerings and create & launch new initiatives that cater to the evolving finance, investing and consuming information & transaction needs of audiences in the country. Strategically, the following would be imperatives for TV18:

- **Deliver across the financial information need spectrum** - Considering the robust economic momentum, rising consumerism, growth in the financial needs of Indian consumers and retail finance markets, increasing global assimilation of India Inc. and the overall importance of the Indian economy, our presence across a the spectrum of business & financial information is critical. Through our channels, online services and other offerings, TV18 delivers content ranging from markets to personal finance & investing choices, from policy to management intelligence, from corporate news & information to financial education, from benchmark initiatives to industry verticals. TV18 shall continue to add to its content and service repertoire to meet all evolving information & transactional needs of the financial and business audiences in the country.
- **Exploit content & platform synergies**- TV 18 will also focus on leveraging cross platform synergies within its business & financial offerings both in terms of content, media as well as audiences. The focus will be on ensuring content availability as is required, with a high degree of ease of use and also as much customization as possible. Moreover, TV18 shall focus on providing sustainable value to advertisers and partners by delivering audiences at multiple touch points across platforms.
- **Addressability** - With the growing addressability emerging on the Indian media landscape, TV18 will endeavor to develop competent offerings on addressable platforms satisfying relevant content needs of India's business audiences.
- **Consolidation & Diversification** - Web 18, a key part of TV18 stable, shall continue to focus on emerging as a leader in the online content, transaction & communication spaces and thus strengthen TV18's existing presence in new media. With the rapid proliferation of online media in India due to better IT infrastructure, broadband penetration and secure payment gateways, internet users in India are expected to reach 100 million by 2010 (Industry estimates) and growth in online advertising will also be robust. Clearly, Web 18 with its wide variety of offerings will be best positioned to monetise both from a user as well as advertising standpoint.

Risks and Concerns

A large number of television channels are expected to be launched over the next year by both incumbents and new market entrants. This could reduce the current viewer-ship levels.

Management responsibility statement

The management is responsible for preparing the Company's financial statements and related information that appear in this annual report. The management believes that these statements fairly reflect the form and substance of transactions and reasonably represent the Company's financial condition and results of operations in conformity with Indian Generally Accepted Accounting Principles.

Disclaimer

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

Information regarding the Employees Stock Option Schemes/ Employees Stock Purchase Plan as on March 31, 2007 in terms of Regulation 12 and 19 of SEBI (Employees Stock Option and Employees Stock Purchase Scheme) Guidelines, 1999

(a) Options granted/ Shares issued

Name of Scheme	No. of shares granted/ shares issued
Television Eighteen India Strategic Acquisition Stock Option Plan 2005	280000
Television Eighteen India Limited Stock Option Plan 2002	50190
Television Eighteen India Limited Senior Employees Stock Option Plan, 2004	233334
Television Eighteen India Limited Employees Stock Option Plan, 2004	36400
Television Eighteen India Employee Stock Option Plan 2006	226540

(b) Pricing Formula

Name of Scheme	Pricing
Television Eighteen India Strategic Acquisition Stock Option Plan 2005	Share to be offered at a discount of Rs 100/-
Television Eighteen India Limited Stock Option Plan 2002	Share to be offered at a price of Rs. 5 per share
Television Eighteen India Limited Senior Employees Stock Option Plan, 2004	50% options at a discount of 10% to the market price and remaining 50% options at a discount of Rs 100/-
Television Eighteen India Limited Employees Stock Option Plan, 2004	50% options at a discount of 10% to the market price and remaining 50% options at a discount of Rs 125/-
Television Eighteen India Employee Stock Option Plan 2006	Shares to be offered at 90% of the market price

(c) Options vested during the year	1085496
(d) Options exercised during the year	1057496
(e) Total no. of shares arising as a result of exercise of options	1057496
(f) Options lapsed during the year	28000
(g) Variation in terms of options	NA
(h) Money realised by exercise of options	125420449
(i) Total no. of options in force	2378285

(j) (i) Options shares granted to key managerial persons

Name of key managerial persons	Present designation	No. of options granted/ shares issued
Haresh Chalwa	CEO	140000
Sameer Manchanda	Director of Subsidiary Company	11676
Anil Srivastava	VP Corporate Affairs & Company Secretary	70000
R D S Bawa	Chief Financial Officer	23338
		1910
		6700

(ii) Employees who have been granted 5% or more , of the options during the year

Name of employee	Present Designation	No. of options granted
UDAYAN MUKHERJEE	Executive Editor	63000
B Saikumar	CEO(TV18 Media Network)	49000
Haresh Chawla	CEO	140000
		11676
Sameer Manchanda	Director of Subsidiary Company	70000
		23338

(iii) None of the employees were granted options during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant

k) (i) Basic Earnings per share	3.24	
(ii) Diluted Earnings per share	3.2	
(l) Computation of employee compensation cost and effect on profit and EPS		
(i) Method of calculation of employee compensation cost		The company had considered the intrinsic value of the options granted for calculation of the employee compensation
(ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost to P&L account if the company had used fair value of the Options	111.24	
(iii) The impact of this difference on the profits and EPS of the Company		
Profit after tax	2860.76	
Less: Additional employee compensation cost based on fair value	1220.93	
Adjusted PAT	1639.83	
Adjusted diluted EPS	3.00	
Adjusted Basic EPS	3.03	
(m) Weighted average exercise price and fair value of the stock options granted at price below market price		
Total Options granted	826464	
Weighted average exercise price (in Rs.)	121.24	
Weighted average fair value (in Rs.)	318.09	
(n) Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information		The company has adopted the black scholes option pricing model for valuation of the options. Several assumption has been used by the fair value of the options.The main assumptions used are as under
Risk free rate of interest (in %)	7.48	
Expected life of the options from the date of grant (in Years)	3.50	
Expected volatility (in %)	53.94	
Dividend yield (in %)	1.00	

Annexure to Director's Report
Statement pursuant to section 212 of the Companies Act, 1956

1. Name of the subsidiary	Television Eighteen Mauritius Ltd. (TEML)	Web 18 Holdings Ltd. (Web 18)	E-18 Ltd. (E-18)	Television Eighteen Commodities control.com Ltd. (TV18CC)	e-Eighteen.com Ltd. (e-Eighteen)
2. Financial year of the subsidiary ended on	31.03.2007	31.03.2007	31.03.2007	31.03.2007	31.03.2007
3. Shares of the subsidiary held by the company on the above date					
a) No. of Shares and face value	12,295,000 Equity Shares of USD1 each	25,400,013 Equity Shares of USD 0.00952 each	3,760 Equity shares of USD 1/- each	317,040 Equity shares of Rs. 10/- each	4,968,894 Equity Shares of Rs. 10/- each
b) Holding companies interest	100%	93.80%	100.00%	79.97%	91.95%
4. Net aggregate amount of Profit/Loss of the subsidiary so far as they concern members of the Holding company					
(i) Dealt with in the Holding Company's accounts					
a) For the financial year of the subsidiary	NIL	NIL	NIL	NIL	NIL
b) For the previous financial year since it become Holding Company's Subsidiary	NIL	NIL	NIL	NIL	NIL
(ii) Not dealt with in the Holding Company's accounts:					
a) For the financial year of the subsidiary	Rs. 78,764,776	Rs. 3,344,959	Rs. (1,246,892)	Rs. (21,073,379)	Rs. 4,407,632
b) For the Previous Financial years since it become Holding Company's Subsidiary	Rs. 16,238,496	Nil	Nil	Rs. 19,031,233	Rs. 58,470,359

Annexure to Director's Report

Statement pursuant to section 212 of the Companies Act, 1956

1. Name of the subsidiary	Money Control Dot Com India Ltd.	Web 18 Software Services Ltd.	TV18 UK Ltd.	News Wire 18 India Pvt. Ltd.	RVT Investments Pvt. Ltd.	iNews.com Ltd.
2. Financial year of the subsidiary ended on	31.03.2007	31.03.2007	31.03.2007	31.03.2007	31.03.2007	31.03.2007
3. Shares of the subsidiary held by the company on the above date						
a) No. of Shares and face value	500,000 Equity Shares of Rs.1 each	224,650 Equity Shares of Rs. 10/- each	1 Equity share of GBP 1/- each	1,110,020 Equity shares of Rs. 10/- each	10,000 Equity Shares of Rs. 10/- each	5,949,000 Equity Shares of Rs. 10/- each
b) Holding companies interest	100%	100%	100.00%	100.00%	100.00%	99.15%
4. Net aggregate amount of Profit/Loss of the subsidiary so far as they concern members of the Holding company						
(i) Dealt with in the Holding Company's accounts						
a) For the financial year of the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL
b) For the previous financial year since it become Holding Company's Subsidiary	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Not dealt with in the Holding Company's accounts:						
a) For the financial year of the subsidiary	Rs. (116,453)	Rs. (63,234,044)	Rs. 1,075,283	Rs. (71,497,597)	Rs. (98,938)	Rs. (33,127)
b) For the Previous Financial years since it become Holding Company's Subsidiary	Rs. 933,760	Nil	Nil	Nil	Nil	Rs. 3,738,725

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

TV18 believes that all its actions must serve the underlying goal of enhancing overall stakeholders' value on a sustained basis keeping in view the ethical and moral values and to satisfy the requirements of law not just in letter but also in the spirit.

Our philosophy on Corporate Governance is to attain highest level of accountability, transparency and fairness in its functioning and conduct of business with due emphasis on regulatory compliance, which is based on the following principles:

1. Management is the trustee of the stakeholders' wealth.
2. Clear distinction between personal conveniences and corporate resources.
3. Compliance with all applicable laws in spirit not just the letter.
4. Be transparent to the maximum possible extent.
5. Simple and transparent corporate structure driven solely by business needs.

TV18 is an organisation that constantly strives for excellence for achieving its goal of enhancing the stakeholders' value and protecting their interest. At TV18 we ensure the practice of principles of good Corporate Governance is religiously followed. Management decisions are based on a set of principles influenced by the values, context and culture of the organisation. All functions of the Company are discharged in a professionally sound, competent and transparent manner.

BOARD OF DIRECTORS

Composition of the Board

The Board of Directors of TV18 has an optimum mix of experienced executive, non-executive and independent directors. The strength of the Board of Directors is seven consisting of one Managing Director, one Whole Time Director and Five Non-executive Directors including three are independent directors. The Chairman of the Board of Directors is an Independent Non-Executive Director. The details of the other directorship of the Board and their attendance at the last Annual General Meeting of the Company are:

Name	Executive / Non-executive / Independent	No. of outside Directorships Held*	No. of Chairmanships /Memberships of other Board Committees*		Attended last AGM
			Chairmanship	Membership	
Mr. G. K. Arora	Non-Executive – Chairman, Independent Director	14	3	5	No
Mr. Raghav Bahl	Executive / Managing Director	7	1	-	Yes
Mr. Sanjay Ray Chaudhuri	Executive / Wholetime Director	7	-	4	Yes
Ms. Vandana Malik	Non-Executive Director	5	-	-	No
Mr. P. N. Bahl	Non-Executive Director	1	-	-	No
Mr. Manoj Mohanka	Non-Executive, Independent Director	5	1	1	Yes
Mr. Hari S. Bhartia	Non-Executive, Independent Director	10	-	3	Yes

* For the purpose of considering the total number of Directorships, all Public Limited Companies, whether listed or not, have been considered. Private Limited Companies, Foreign Companies and Companies under section 25 of the Companies Act, 1956, however, have not been included.

** For the purpose of considering the total number of Memberships/ Chairmanships of committee only Audit Committees and Shareholders'/ Investors' Grievance Committees of all Public Limited Companies have been considered. None of the Directors is a Chairman / Member in more than 5 / 10 committees across all companies in which they are Directors.

Board Meetings

The Board met five times during the year 2006-2007 as detailed below. The Agenda and other relevant papers were circulated well in time.

Number and date of Board Meetings held during 2006 – 2007

Date	No. of Directors present	Total Strength of BoD
18.04.2006	6	7
29.05.2006	4	7
26.09.2006	6	7
30.10.2006	6	7
05.03.2007	7	7

Details of the Remuneration / Sitting Fee paid to the Directors

Remuneration / Sitting fees paid to the Directors for attending Board / Committee Meetings during 01.04.2006 to 31.03.2007 are:

Name	Business Relationship with Company, if any	Relationship with other Directors	Gross Remuneration (Rs.)	Sitting Fee (Rs.)	Total (Rs.)
Mr. G. K. Arora	-	-	Nil	59,000/-	59,000/-
Mr. Raghav Bahl	-	S/o Mr. P N Bahl; Brother of Ms. Vandana Malik	54,00,000/-	NIL	54,00,000/-
Mr. Sanjay Ray Chaudhuri	-	-	42,00,000/-	Nil	42,00,000/-
Mr. Manoj Mohanka	-	-	NIL	42,000/-	42,000/-
Mr. Hari S. Bhartia	-	-	NIL	25,000/-	25,000/-
Mr. P. N. Bahl	-	Father of Mr. Raghav Bahl and Ms. Vandana Malik	NIL	32,000/-	32,000/-
Ms. Vandana Malik	-	D/o Mr. P N Bahl; Sister of Mr. Raghav Bahl	NIL	32,000/-	32,000/-

The Company has no policy of advancing any loans to Directors. It has not paid, so far, any commission on profits to any Director of the Company.

The Non-Executive Directors, apart from receiving sitting fee for attending Board Meetings and Committee Meetings, do not have any other pecuniary relationship or transaction with the Company.

The Managing Director and Whole Time Director have been paid remuneration of Rs 54,00,000/- and Rs. 42,00,000/- respectively as remuneration pursuant to Schedule XIII of the Companies Act, 1956.

BOARD COMMITTEES

A. AUDIT COMMITTEE

(a) Composition

The Audit Committee is constituted in accordance with the provisions of Clause 49 of the Listing Agreement read with Section 292 A of the Companies Act, 1956. The strength of the Committee is four directors comprising of three Independent Non-Executive Directors namely Mr. Manoj Mohanka, Mr. G. K. Arora and Mr. Hari S Bhartia and one Executive Director namely Mr. Sanjay Ray Chaudhuri. All the members of the Committee are financially literate. Mr. Manoj Mohanka is a financial expert. The Company Secretary acts as the Secretary to the Committee.

(b) Terms of reference, powers & role of the Committee

The Committee deals with the various aspects of financial statements, adequacy of internal controls, various audit reports, compliance with accounting standards, Company's financial & risk management policies. It reports to the Board of Directors about its findings & recommendations pertaining to above matters.

(c) Number of Committee meetings & attendance

During the year 4 meetings of the Audit Committee were held on May 29, 2006, July 28, 2006, October 30, 2006 and January 29, 2007.

The details of the Audit Committee are:

Name	Position held in the Committee	No. of Committee Meetings held	Committee Meetings attended
Mr. Manoj Mohanka	Chairman	4	2
Mr. G. K. Arora	Member	4	3
Mr. Sanjay Ray Chaudhuri	Member	4	4
Mr. Hari S Bhartia	Member	4	1

(d) Review of information by the Audit Committee

The Audit Committee reviews the report of the Internal Auditors, meets Statutory and Internal Auditors as and when required to discuss their findings, observations, suggestions on internal control systems, scope of audit and other related matters.

B. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

(a) Composition

The Shareholders/Investors' Grievance Committee is constituted in accordance with the provisions of Clause 49 of the Listing Agreement. The strength of the Committee is three directors comprising of two Non – Executive Independent Directors namely Mr. Manoj Mohanka, Mr. H. S. Bhartia and one Executive Director namely Mr. Sanjay Ray Chaudhuri.

(b) Terms of reference, powers & role of the Committee

The Committee specifically looks into the redressal of shareholders / investors' complaints.

(c) Number of Committee meetings & attendance

The Committee met three times during the year viz. on April 18, 2006, October 30, 2006 and January 6, 2007 and reviewed the complaints received from the shareholders/ investors and action taken for redressal thereof.

Name of the Director	Position held in the Committee	No. of meetings held	No. of meetings attended
Mr. Manoj Mohanka	Chairman	3	3
Mr. Hari S. Bhartia	Member	3	-
Mr. Sanjay Ray Chaudhuri	Member	3	3

(d) Name and designation of Compliance Officer

Anil Srivastava
 VP- Corporate Affairs & Company Secretary
 Ph # (+91120) 434 1818
 Fax # (+91120) 432 4110
 e-mail: anil.srivastava@tv18online.com

(e) Investors' correspondences / complaints & their redressal

The Company received 563 correspondences from the shareholders and debenture holders during the year, out of which 501 requests were for change of address, revalidation / correction of warrants, dematerialization, re-materialization etc. The rest of the 62 correspondence were in the nature of complaints which were redressed / attended to the satisfaction of the shareholders and debenture holders.

C. REMUNERATION/COMPENSATION COMMITTEE

(a) Composition

The Remuneration Committee is constituted in accordance Listing Agreement read with Schedule – XIII of the Companies Act, 1956. The strength of the Committee is four Directors, comprising three Non – Executive Independent Directors namely, Mr. Manoj Mohanka and Mr. Hari S. Bhartia and Mr. G. K. Arora and one Executive Director namely, Mr. Sanjay Ray Chaudhuri.

(b) Terms of reference, powers & role of the Committee

The committee deliberates on the remuneration policy of the Directors including granting options/ equity shares to eligible employees of the Company under various Employees Stock Option / Purchase Plans of the Company.

(c) Number of Committee meetings & attendance

The Remuneration Committee met on June 15, 2006 and December 30, 2006. The Committee discussed and granted option and equity shares under Employees Stock Option Plan 2006 of the Company to eligible employees.

Name of the Director	Position held in the Committee	No. of meetings held	No. of meetings attended
Mr. Manoj Mohanka	Chairman	2	2
Mr. Hari S. Bhartia	Member	2	-
Mr. Sanjay Ray Chaudhuri	Member	2	2
Mr. G. K. Arora	Member	2	1

Besides above-mentioned committees, the Company has following other working committees of the Board:

- 1 Share Transfer Committee
- 2 Rights Issue Committee
- 3 Finance Committee
- 4 Sub Committee
- 5 Allotment Committee
- 6 QIP Committee

DISCLOSURES

a. Related Party Transaction

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of members is drawn to the disclosures of transactions with the related parties set out in Schedule 17 of Notes on Accounts forming part of the Annual Report.

b. Disclosure of Accounting Treatment

The Company has followed the Accounting Standards in the preparation of financial statements.

c. Directors' Remuneration

The Non-executive Directors, apart from receiving sitting fees for attending Board Meetings and Committee Meetings, do not have any other pecuniary relationship or transaction with the Company.

The Managing Director and Whole Time Director have been paid remuneration in accordance with their respective terms of appointment fixed by the shareholders pursuant to section 269 read with Schedule XIII of the Companies Act, 1956.

Shares/ Options of Non- executive Directors

Directors' Name	No. of Shares held as on 31.03.2007	No. of Options granted during the year
Mr. G. K. Arora	Nil	Nil
Ms. Vandana Malik	10874	Nil
Mr. P. N. Bahl	41463	Nil
Mr. Manoj Mohanka	350124	Nil
Mr. Hari S. Bhartia	Nil	Nil

d. Disclosure to the Board

The details relating to the financial and commercial transactions where Director(s) may have a potential interest are informed to the Board. The interested Director(s) neither participate nor vote on matters in which he is in any way deemed to be concerned or interested.

e. Mandatory Compliances

The Company has been complying with the mandatory requirements under Clause 49, as applicable.

f. Other Disclosures

The company has complied with all the requirements, to the best of its knowledge and understanding, of the listing agreements with the Stock Exchanges and the regulations and guidelines of SEBI. SEBI, Stock Exchanges or any statutory authorities have imposed no penalties or strictures on matters relating to capital markets during the last three years on the Company.

The CEO and the CFO have furnished to the Board, a certificate in respect of the Financial Statements and the Cash Flow Statement of the Company for the year ended on 31st March 2007. (Annexure B)

g. Management Discussion and Analysis

Management Discussion and Analysis is provided as a part of the Directors' Report.

h. Code of conduct

The Board had laid down a Code of Conduct for all the Board Members and Senior Management Personnel of the Company, which is also available on the website of the Company. All Board Members and Senior Management Personnel to whom the Code of Conduct is applicable have affirmed compliance with the Code. A certificate from Chief Executive Officer of the Company on the compliance of code of conduct forms part of the report as Annexure C.

i. Non-Mandatory Requirements

The Board reviews adoption of non-mandatory requirements of Clause 49 of the Listing Agreement by the Company from time to time.

SHAREHOLDERS INFORMATION

Appointment / Re-appointment of Directors

Mr. G. K. Arora and Mr. Hari S Bhartia, Directors of the Company retire by rotation at the ensuing Annual General Meeting, and being eligible, have offered themselves for re-appointment. Brief resume of Mr. G. K. Arora and Mr. Hari S Bhartia is given herein below:

Mr. G. K. Arora

Mr. G. K. Arora, 73, Retired Indian Administrative Services (IAS) officer. He holds a post graduate degree in History from the University of Allahbad and is also a Master of Public Administration (Harvard University, USA). He held the important posts of Finance Secretary in the Ministry of Finance, Government of India for the year 1989-90 and Secretary in the Ministry of Information & Broadcasting, Government

of India for the year 1988. Executive Director to the International Monetary Fund representing India/Bangladesh/Bhutan/ Sri Lanka for 4 years. Economic Minister, Embassy of India, Moscow during 1975-78 and from 1978 to 1981, worked as Commissioner, Kumaon Division and Educational Secretary in Uttar Pradesh. Also held the posts of Joint Secretary (1983), Additional Secretary (1984-87) and Special Secretary (1987) in the Office of the Prime Minister, Government of India.

Mr. G. K. Arora is the Member of the Audit Committee and is a member of the shareholders'/Investors' Grievance Committee of the Company. Details of his other directorships and committee memberships are as under:

1. Global Broadcast News Limited – Director
2. Network18 Fincap Limited – Chairman and Member of Audit Committee and Investors' Grievance Committee.
3. Noida Toll Bridge Company Limited – Chairman and Member of Investors' Grievance Committee & Chairman of Audit Committee
4. Roto Pumps Limited – Chairman and Member of Audit Committee.
5. SARA Funds Trustee Company – Chairman
6. Sunil Healthcare Limited – Chairman
7. Alps Industries Limited – Director and Member of Audit Committee
8. Bengal Ambuja Housing Development Limited – Director
9. IL&FS Transport Networks Limited – Chairman and Chairman of Audit Committee
10. Jaiprakash Associates Limited – Director
11. Jaiprakash Hydropower Limited – Director
12. Infrastructure Leasing & Financial Services Limited – Director
13. Jaypee Karcham Hydro Corporation Limited – Director
14. HSG (India) Limited – Director

Mr. Hari S Bhartia

Mr. Hari S Bhartia, 50 years, our Independent Director graduated in B.Tech (Chemical) from IIT. He is the Co-Chairman of Jubilant Group. He has been instrumental in the establishment of Domino's Pizza in India as one of the largest fast food chains in the country. He has also contributed actively through involvement and lead roles in the Young Presidents Organisation Inc. (YPO). He has also worked as Chairman, Expert Group to Develop Policy Initiatives for Technician Education through the National Project Implementation Unit, a World Bank assisted project (1998), Chairman of National Committee on Technical Education & Training of CII (1998), Member of CII National Technology Council (1998) and Chairman of National Committee on Chemicals and Petrochemicals (1999-2000).

Mr. Hari S. Bhartia is the Member of the Audit, Shareholders'/Investors' Grievance Committees of the Company. Details of his other directorships and committee memberships are as under:

1. Global Broadcast News Limited – Director and Member of Audit Committee.
2. Jubilant Organosys Limited – Managing Director.
3. Jubilant Infrastructure Limited – Director.
4. Vam Holdings Limited – Director.
5. Jubilant Chemsys Limited – Director.
6. Geo-Enpro Petroleum Limited – Director
7. Domino's Pizza India Limited – Director and Member of Audit Committee.
8. Enpro Secan India Limited – Director
9. Clinsys India Limited – Director and Member of Audit Committee
10. Jubilant Biosys Ltd. - Director

Note: For the purpose of considering the total number of directorships, all Public Limited Companies, whether listed or not, have been considered. Private Limited Companies, Foreign Companies and Companies under section 25 of The Companies Act, 1956, however, have not been included.

For the purpose of considering the total number of Memberships/ Chairmanships of committee only Audit Committees and Shareholders'/ Investors' Grievance Committees of all Public Limited Companies have been considered.

WEBSITE

TV18 has its own website www.tv18online.com on which it puts the quarterly and annual financial results. Besides this the Company sends the quarterly and annual financial results to the Stock Exchanges in such a form so as to enable them to put it on their own web-site and also put the same on the EDIFAR site of SEBI, www.edifar.sebi.gov.in.

SHARE TRANSFERS

Karvy Computershare Private Limited is the Share Transfer Agent appointed by the Company. The transfers were approved in a duly constituted Share Transfer Committee which met 26 times during the year 2006 – 07 and 4430 shares were transferred during the year.

GENERAL DISCLOSURES

Details of last three Annual General Meetings

Year	Venue	Date	Time	Any Special Resolution
2006	M.P.C.U Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, Shree Delhi Gujrati Samaj Marg, Civil Lines, Delhi-110 054	11.08.2006	10.00 A.M.	Yes 1. U/s 81(1A) of the Companies act, 1956. (8 resolutions for ESOP & ESPP etc) 2. Investment upto Rs.50 Crores in Media Venture Capital Trust (MVCT)
2005	M.P.C.U Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, Shree Delhi Gujrati Samaj Marg, Civil Lines, Delhi -110 054	11.08.2005	09.30 A.M.	Yes 1. Appointment of Mr. Raghav Bahl as Managing Director.
2004	M.P.C.U Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, Shree Delhi Gujrati Samaj Marg, Civil Lines, Delhi -110 054	26.06.2004	9.30 A.M.	Yes 1. U/s 81 of the Companies act, 1956. (for raising of Money) 2. U/s 81(1A) of the Companies act, 1956. (8 resolutions for ESOP & ESPP etc)

Postal Ballot:

During the year under review the Company conducted two Postal Ballots on July 14, 2006 and January 04, 2007 as per the Companies (Passing of Resolution by Postal Ballot) Rules, 2001. Shri G. N. Mehra, Retd. (IAS) Former Chief Secretary, U. P., was appointed as a Scrutinizer for overseeing the Postal Ballot process. The Special Resolutions were passed by the requisite majority. The results of the Postal ballot were announced on September 12, 2006 and February 27, 2007 respectively and the details are as follows:

Date of Completion Postal Ballot	Brief of Special Resolution	Percentage of votes cast in favour of resolution
September 11, 2006 (results declared on September 12, 2006)	Resolution under Section 372A of the Companies Act, 1956 for making inter corporate Loans/ Investments/ Guarantees.	88.25%
February 26, 2007 (results announced February 27, 2007)	Resolution U/s 81 to grant, offer and issue Options exercisable by the employees and Directors under TV18 Employee Stock Option Plan A 2007.	89.61%
	Resolution U/s 81 to grant offer and issue Options exercisable by the employees and Directors of the holding and subsidiary companies of the Company under TV18 Employee Stock Option Plan A 2007.	89.61%
	Resolution U/s 81 to grant offer and issue Options exercisable by the employees and Directors of the Company under TV18 Employee Stock Option Plan B 2007.	89.59%
	Resolution U/s 81 to grant offer and issue Options exercisable by the eligible employees and Directors of the holding and subsidiary companies under TV18 Employee Stock Option Plan B 2007.	89.59%
	Allotment of more than 1% but not more than 3% of the issued capital under TV18 ESOP Plan A 2007 and TV18 ESOP Plan B 2007.	89.61%
	Split of Options granted under various TV18 ESOP Plans as per the swap ratio duly approved by the Hon'ble High Court of India.	89.61%
	Resolution under Section 372A of the Companies Act, 1956 for making inter corporate Loans/ Investments/ Guarantees.	98.84%

Proposed Postal Ballot

The Company is seeking the approval from its shareholders through Postal Ballot dated May 29, 2007, the result of which will be announced on July 16, 2007 for the below mentioned Resolutions:

1. Resolution under Section 372A of the Companies Act, 1956 for making inter corporate Loans/ Investments/ Guarantees.
2. For the amendment of the Network 18 Trust Deed.

Means of Communication

Half yearly report sent to each household of share holders	No
Quarterly Results are normally published in	Business Standard/Financial Express & Veer Arjun
Any web-site, where displayed	www.tv18online.com
Whether the web-site also displays official news releases and the presentations made to institutional investors or to the analysts	Yes
Whether Management Discussion & Analysis Report is a part of Annual Report	Yes
Whether Shareholder Information section forms part of the Annual Report	Yes

Annual General Meeting

Time	02:00 P. M.
Venue	Kamani Auditorium, 1, Copernicus Marg, New Delhi-110001
Day and date	September 07, 2007, Friday

Financial Calendar: [tentative]

Financial Reporting for the quarter ending June 30, 2007	Last week of July 2007
Financial Reporting for the quarter ending September 30, 2007	Last week of October 2007
Financial Reporting for the quarter ending December 31, 2007	Last week of January 2008
Financial Reporting for the year ending March 31, 2008	Last week of April 2008

Dates of Book Closure

September 3, 2007 to September 7, 2007 (Both days inclusive)

Name of the Stock Exchanges in which the shares are listed:

The Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Stock Code

Stock Exchange	Equity	ZCSPCDs
The Stock Exchange, Mumbai	532299	922504
National Stock Exchange of India Limited	TV-18	TV18 Series N1

The International Securities Identification Number (ISIN) number allotted to the Company's equity shares under the Depository System is INE889A01026.

Market Price Data

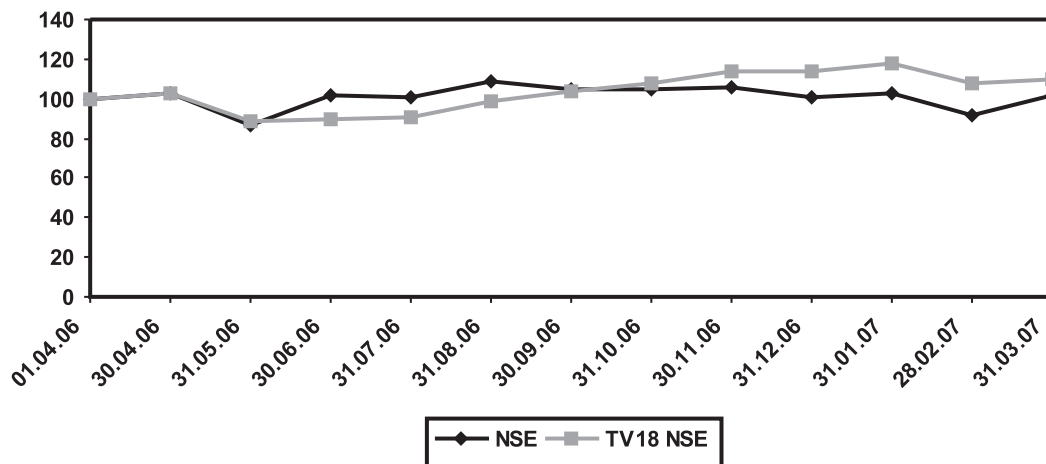
Monthly High & Low of the closing prices of the equity share for the year 2006 – 2007:

Month	High		Low	
	NSE	BSE	NSE	BSE
April' 2006	694	691	535	605
May' 2006	744	750	557	570
June' 2006	635	630	312	315
July' 2006	625	622	512	510
August' 2006	684	686	592	590
September' 2006	624	622	565	565
October' 2006	720	721	590	590
November' 2006	982	975	699	703
*December' 2006	714	652	515	500
*January' 2007	697	681	568	490
*February' 2007	650	652	538	539
*March' 2007	624	622	507	516

* Pursuant to the Scheme of Arrangement shares of the Company has splitted into the face value of Rs. 5/- each from Rs. 10/- each, hence the Market Price Data is not comparable.

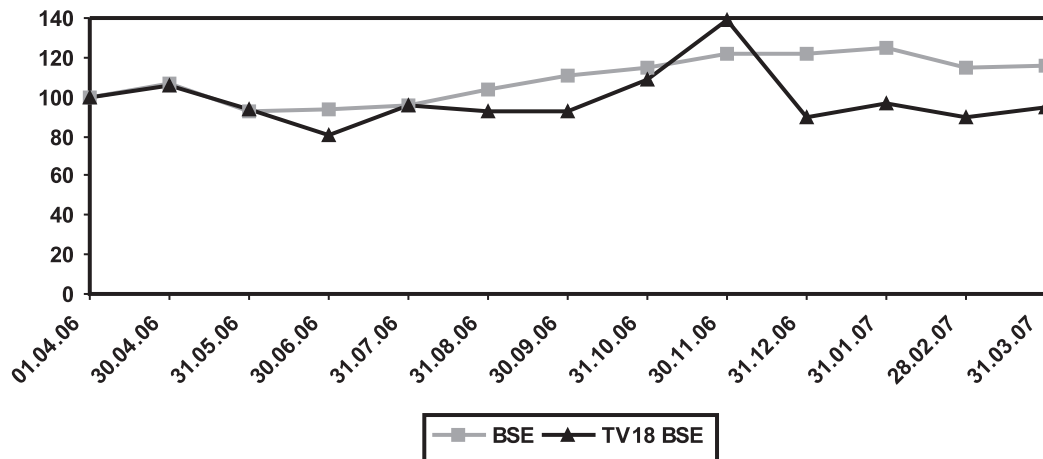
Comparison of the stock performances with NSE NIFTY

Stock Performances [Indexed to 100 as on April, 2006]



Comparison of the stock performances with BSE SENSEX

Stock Performances [Indexed to 100 as on April, 2006]



Address of the Registrars & Share Transfer Agent

Karvy Computershare Private Limited

Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad – 500 081.

Name and designation of Compliance Officer

Anil Srivastava

VP- Corporate Affairs & Company Secretary

Ph # (+91 – 120) 434 1818 Fax # (+91 – 120) 432 4110

e-mail: anil.srivastava@tv18online.com

Share Transfer System

Share transfers in physical form are registered and returned within the stipulated time, if documents are clear in all respects.

Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 26th June 2000 as per notification issued by the Securities and Exchange Board of India (SEBI).

- Approximate time taken for share transfer if the Documents are clear in all respects : 15 days
- Total No. of shares dematerialised as on 31.03.2007 : 56457222 (99.82%)
- Total No. of Shares held in Physical form as on March 31, 2007 : 103918 (0.18%)
- Total No. of shares transferred during 2006 – 2007 : 4430
- Number of Shares pending for Transfer as on 31.03.2007 : NIL

Plant Location

Not applicable

Shares held in Demat

Shareholders holding shares in electronic form may give instructions regarding bank details, which they wish to incorporate on their dividend warrants to their depository participants. As per the regulations of NSDL and CDSL, the Company is obliged to print the bank details on the dividend warrants as furnished by these depositories to the Company.

Investor Education and Protection Fund

The Company has transferred an amount of Rs.2,44,866/- from the unclaimed dividend account and Rs.1,14,823 from unclaimed IPO refund account to the Investor Education and Protection Fund, which has remained unclaimed for a period of 7 years from the date it became due for payment.

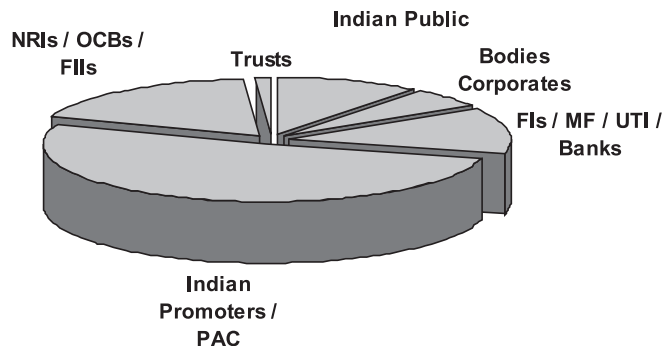
Outstanding GDRs/ADRs/warrants/Convertible instruments

The Company has not issued any ADRs/GDRs or any other securities or any other convertible instruments . during the year under review.

Distribution of Shareholding as on 31.03.2007

S. No.	Category	No. of Shareholders	No. of Shares	%age
1.	Indian Public	19722	6024900	10.65
2.	Bodies Corporates	833	3085548	5.45
3.	FIs / Mutual Funds / UTI / Banks	47	7174100	12.68
4.	Indian Promoters / Person Acting in Concert	7	29373786	51.93
5.	NRIs / OCBs / FIs	114	10346706	18.29
6.	Trusts	6	556100	0.98
Total		20729	56561140	100

Graphic presentation of the Shareholding Pattern as on 31.03.2007



Distribution Schedule as on 31.03.2007

S. No.	Amount (Rs.)	No. of Shareholders	% of Shareolders	Shares held	% of Shareholding
1.	1 – 5000	20018	96.55	1846099	3.27
2.	5001 – 10000	290	1.44	414114	0.73
3.	10001 – 20000	159	0.77	456637	0.81
4.	20001 – 30000	76	0.37	358715	0.63
5.	30001 – 40000	28	0.14	196379	0.35
6.	40001 – 50000	22	0.11	202444	0.36
7.	50001 – 100000	41	0.02	550008	0.97
8.	100001 and Above	99	0.48	52536744	92.88
	Total	20729	100	56561140	100



Registered Office Address
Television Eighteen India Limited
601, 6th Floor, Commercial Tower
Hotel Le Meridien, Raisina Road
New Delhi – 110 001.
E-mail : anil.srivastava@tv18online.com

Address for Correspondence/Corporate Office
Television Eighteen India Limited
Express Trade Tower, Plot No. 15-16,
Sector-16A, Noida, U. P.
Phone Nos. : (0120) 434 1818
Fax No. : (0120) 432 4110
E-mail : anil.srivastava@tv18online.com

Annexure- A

**Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement.
To the Members of Television Eighteen India Limited**

1. We have reviewed the implementation of Corporate Governance procedures by Television Eighteen India Limited (the Company) during the year ended March 31, 2007, 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.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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.
3. 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.
4. On the basis of our review and according to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the listing agreement(s) with the Stock Exchanges as in force.

Ajay K. Jain
Membership No. FCS – 1551
Certificate of Practice No. 3357
Sd/-
For & on behalf of
AJAY JAIN & CO.
Company Secretaries

Place: New Delhi
Date: July 5, 2007

CEO AND CFO CERTIFICATION

Annexure- B

This is to certify that:

1. We have reviewed financial statements and the cash flow statement for the year and to the best of our knowledge and belief: These statements do not contain any material untrue statement or omit any material fact or contains statements that might be misleading. These statements together represent a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we were aware and the steps we have taken or propose to take to rectify these deficiencies.
4. During the year there were no -
 - (i) changes in internal control.
 - (ii) changes in accounting policies; and
 - (iii) Instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Place: Noida
Date : July 5, 2007

Sd/-
Haresh Chawla
Chief Executive Officer

Sd/-
R.D.S. Bawa
Chief Financial Officer

DECLARATION ON THE COMPLIANCE WITH THE CODE OF CONDUCT

Annexure- C

Members

In compliance with the provisions of clause 49 of the Listing Agreement, the Company had laid down a "Code of Conduct" to be followed by all Board members and senior management personnel which received the sanction of the Board and had been posted on the website of the Company. The Code lays down the standards of ethical and moral conduct to be followed by the members in the course of proper discharge of their official duties and commitments. All the members are duty bound to follow and conform to the code.

It is hereby certified that all the members of the Board and senior management personnel have conformed to and complied with the "Code of Conduct" during the financial year 2006-2007 and that there has been no instances of violation of the Code.

Place: Noida
Date: July 5, 2007

Haresh Chawla
Chief Executive Officer

AUDITORS' REPORT

TO THE MEMBERS OF TELEVISION EIGHTEEN INDIA LIMITED

1. We have audited the attached Balance Sheet of Television Eighteen India Limited, as at 31 March 2007, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. 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 auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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. The accounts of the 'Indian Business News Undertaking' relating to the 'Demerged Operations' demerged from SGA News Limited as per the scheme of restructuring as set out in note 7b of Schedule 17 for the period 1 April to 30 September, 2006 have been audited by the auditors of SGA News Limited and their report has been furnished to us and has been dealt with by us in preparing this report. The financial statements reflect revenues of Rs. 94.96 million and total expenditure of Rs. 163.56 million upto the period ended 30 September 2006 in respect of the 'Demerged Operations'. Our opinion, insofar as it relates to the amounts included in respect of the 'Demerged Operations', is based solely on the report of the auditors of SGA News Limited.
4. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in paragraph 4 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, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e. On the basis of written representations received from directors, as on 31 March, 2007 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March, 2007 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
 - f. in our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required 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 31 March, 2007;

- ii. in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and
- iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For DELOITTE HASKINS & SELLS
Chartered Accountants

New Delhi
5 July, 2007

JITENDRA AGARWAL
Partner
(Membership No. 87104)

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. a. The Company has maintained proper records showing full particulars, including quantitative details *other than for situation of some of its fixed assets*.
- b. According to the information and explanations given to us, all the fixed assets were physically verified during the year by the management and no material discrepancies were noted on such verification. The discrepancies noted have been properly adjusted in the books of account.
- c. The Company has not disposed off substantial part of its fixed assets during the year.
2. a. As explained to us all inventories have been physically verified during the year by the Management.
- b. In our opinion, the procedures of physical verification of inventories followed by the Management and the frequency of verification are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records for items of inventory. Discrepancies noted between books and physical balances were not material and have been properly dealt with in the books of account.
3. a. The Company has granted unsecured loans to twelve companies listed in the register maintained under Section 301 of the Companies Act, 1956. The year end balances of these loans aggregate to Rs. 242.93 million and the maximum amount outstanding during the year being Rs. 1,584.87 million.
- b. The rate of interest charged on these loans is *prima facie* not prejudicial to the interest of the Company *except for interest free loan given to six Companies which, as informed to us, was given to fund the financial obligations of the companies*.
- c. *The terms of repayment of loan have not been specified. We are, therefore, unable to comment on whether the repayment of principal and interest is regular or for any overdue amounts.*
- d. According to the information and explanations given to us, the other terms and conditions of the loans given by the Company are *prima facie* not prejudicial to the interest of the Company.
- e. The Company has not taken any loans, secured or unsecured form parties listed in the register maintained under Section 301 of the Companies Act, 1956
4. In our opinion, and according to the information and explanations given to us, having regard to the explanation that some of the fixed assets purchased are of a specialised nature for which alternative comparative quotations are not available, 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 and fixed assets and sale of services. The Company's operations do not give rise to sale of goods.
5. In our opinion to the best of our knowledge and belief and according to the information and explanations provided to us:
 - a. The transactions that need to be entered into the register

maintained under Section 301 of the Companies Act, 1956 have been so entered.

- b. Where each of the transactions is in excess of Rupees five lakhs in respect of any party for purchase and sale of services in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
6. In respect of deposits accepted from the public, according to the information and explanations given to us the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA, other relevant provisions of the Act and the rules framed there under, where applicable, have been complied with.
7. In our opinion the Company has an adequate internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the Company.
9. According to the records of the Company examined by us and according to the information and explanations given to us:
- a. The Company has been generally regular in depositing its statutory dues including Provident Fund, Investor Education And Protection Fund, Employees' State Insurance, Income Tax, Service tax, Wealth Tax and Customs Duty within the prescribed time with the appropriate authorities during the year. *However, delays were noted in deposit of dues of Sales Tax, Works Tax, Value Added Tax and Cess within the prescribed time with the appropriate authorities.* There are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax And Customs Duty which have remained outstanding as at 31 March 2007 for a period of more than six months from the date they became payable. We are informed that the Company's operations did not give rise to any Excise Duty.
- b. Dues of income tax that have not been deposited on account of dispute are as follows:

Nature of Dues	Nature of dispute	Amount (Rs. in millions)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act 1961	Transfer Pricing	43.03	2003-04	CIT Appeals
Income Tax Act 1961	Disallowance of carried forward losses	1.25	2004-05	CIT Appeals

There are no dues in respect of Wealth Tax, Sales Tax, Customs Duty, Service Tax and Cess which have not been deposited on account of any dispute.

10. The Company does not have any accumulated losses and has not incurred any cash losses during the current and in the immediately preceding financial year.

11. According to the information and explanations given to us and the records of the Company examined by us, the Company has been regular in repayment of dues towards loans taken from banks and debenture holders. The Company has not taken any loans from financial institutions.
12. According to the information and explanations given to us and the records of the Company examined by us, the Company has given guarantees for loans taken by others from banks. The terms and conditions of such guarantees are *prima facie* not prejudicial to the interest of the company.
13. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by the way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us the Company is not dealing in shares, securities and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
16. According to the information and explanations given to us and the records of the Company examined by us term loans obtained by the Company have been applied for the purpose for which these were obtained.
17. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have *prima facie*, not been utilised for long term investment.
18. The Company has not made preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has created adequate security or charge in respect of the Zero coupon secured partly convertible debentures issued by the Company.
20. As set out in Note 21 of Schedule 17, the Management has disclosed the end use of money raised from public issue and the same has been verified by us.
21. According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants

New Delhi
5 July, 2007

JITENDRA AGARWAL
Partner
(Membership No. 87104)

BALANCE SHEET AS AT 31 MARCH, 2007

	Schedule Reference	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a. Share capital	1	282,805,700	210,432,240
b. Reserves and surplus	2	2,420,636,160	1,935,416,718
2. LOAN FUNDS			
a. Secured loans	3	2,034,051,583	1,050,237,452
b. Unsecured loans	4	1,085,141,539	800,216,076
3. DEFERRED TAX LIABILITY			
		49,549,287	111,506,141
		<u>5,872,184,269</u>	<u>4,107,808,627</u>
APPLICATION OF FUNDS			
4. FIXED ASSETS			
a. Gross block	5	1,351,355,889	1,073,995,094
b. Less: Depreciation		441,610,762	251,702,940
c. Net block		909,745,127	822,292,154
d. Capital work in progress		—	15,684,930
5. INVESTMENTS			
	6	2,149,722,658	2,072,758,998
6. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories		5,652,180	5,079,399
b. Sundry debtors		1,284,932,741	808,816,565
c. Cash & bank balances		1,447,208,797	331,774,907
d. Loans & advances		922,548,642	694,090,436
		<u>3,660,342,360</u>	<u>1,839,761,307</u>
7. LESS: CURRENT LIABILITIES AND PROVISIONS			
a. Current Liabilities		834,886,580	584,462,866
b. Provisions		21,871,250	72,255,262
		<u>856,757,830</u>	<u>656,718,128</u>
8. NET CURRENT ASSETS			
		2,803,584,530	1,183,043,179
9. MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	9	9,131,954	14,029,366
		<u>5,872,184,269</u>	<u>4,107,808,627</u>
Notes forming part of the accounts	16		

The above schedules form an integral part of the accounts

As per our report of even date attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104
New Delhi
5 July, 2007

For and on behalf of the Board

RAGHAV BAHL
Managing Director
R.D.S. BAWA
CFO

Noida
5 July, 2007

SANJAY RAY CHAUDHURI
Whole Time Director
ANIL SRIVASTAVA
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE PERIOD YEAR 31 MARCH, 2007

	Schedule Reference	Year ended 31.03.2007 (Rs.)	Year ended 31.03.2006 (Rs.)
1. INCOME			
a. Income from operations	10	1,939,553,389	1,270,976,697
b. Other income	11	77,886,714	46,844,737
		2,017,440,103	1,317,821,434
2. EXPENDITURE			
a. Production, administrative and other costs	12	953,671,149	511,110,010
b. Personnel expenses	13	446,725,950	237,520,038
c. Interest and financial charges	14	236,770,916	122,125,737
d. Depreciation	5	174,764,674	130,453,231
e. Loss on sale of long term investments	15	37,484,521	52,352
		1,849,417,210	1,001,261,368
3. Profit/(Loss) before tax		168,022,893	316,560,066
4. Provision for taxes			
a. Current income tax (Net of MAT credit entitlement)		19,938,482	12,500,000
b. Fringe benefit tax		10,713,665	5,832,000
c. Deferred income tax		(37,872,624)	103,186,183
d. Wealth tax		135,735	79,000
		(7,084,742)	121,597,183
5. Profit/(Loss) for the year		175,107,635	194,962,883
Profit/(Loss) brought forward		232,052,996	135,976,237
		407,160,631	330,939,120
6. APPROPRIATIONS			
a. Provision for retirement benefits as per revised AS '15'		4,047,181	—
b. Transfer of profits of 2005-2006 under demerger 'A'		13,805,285	—
c. Transfer of loss of 2005-06 under demerger 'B'		104,856,387	—
d. Proposed / Interim dividend		112,938,980	52,608,060
e. Tax on proposed / interim dividend		15,839,692	7,378,280
f. Transfer to debenture redemption reserve		95,841,852	19,403,496
g. Transferred to general reserve		17,510,764	19,496,288
h. Balance carried to reserves and surplus		42,320,490	232,052,996
7. a. Profit from continuing operations		175,107,635	174,683,409
b. Profit from demerging operations (See note 8)		—	20,279,474
		175,107,635	194,962,883
Earning per equity share (See note 12)			
(Face Value of Rs. 5 per share , previous year Rs. 10 per share)			
Basic		3.24	7.16
Diluted		3.20	7.06

As per our report of even date attached

 For **DELOITTE HASKINS & SELLS**
 Chartered Accountants

JITENDRA AGARWAL
 Partner
 Membership No. 87104
 New Delhi
 5 July, 2007

For and on behalf of the Board

RAGHAV BAHL
 Managing Director

R.D.S. BAWA
 CFO

 Noida
 5 July, 2007

SANJAY RAY CHAUDHURI
 Whole Time Director

ANIL SRIVASTAVA
 Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Year Ended 31.03.2007 (Rs.)	Year Ended 31.03.2006 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	168,022,893	316,560,066
Adjustments for :		
Depreciation	174,764,674	130,453,231
Loss on sale/disposal of assets	1,063,288	2,001,259
Non cash write offs	43,552	4,831,848
Employee stock compensation expenses	110,969,244	57,548,726
Finance expenses	236,770,916	119,841,950
Bad debts provided for / written off	35,799,354	18,227,192
Foreign exchange loss / (gain)	8,049,932	299,597
Loss on sale of long term investments	37,484,521	—
Dividend income	(31,200,316)	(24,797,848)
Profit on sale of short term investments	(3,483,146)	52,352
Provisions written back	(6,238,796)	(209,000)
Interest income	(36,881,912)	(21,055,124)
Operating profit before working capital changes	695,164,204	603,754,249
Adjustments for :		
Decrease/(Increase) in Current assets	(569,059,444)	(639,456,642)
Increase/(Decrease) in Current liabilities	(91,962,211)	184,085,454
Cash generated from/(used in) operations	34,142,549	148,383,061
Tax on operational income (including Fringe benefit tax)	(84,328,968)	(30,130,407)
Net cash from/ (used in) operating activities	(50,186,419)	118,252,654
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including Capital Advances)	(204,716,307)	(340,784,358)
Sale of assets/claim received	2,961,667	2,066,570
Investments purchased		
- in subsidiary	(498,159,751)	(197,000,000)
- in affiliates	—	(508,650,000)
- Mutual funds and others (net)	(1,013,069,228)	(478,089,780)
Sale of investments in subsidiaries	8,185,879	—
Loan repaid by/(to) subsidiary	(62,036,494)	(26,954,266)
Interest received	32,996,725	19,629,506
Dividend received	31,200,316	24,797,848
Net cash from/ (used in) investing activities	(1,702,637,193)	(1,504,984,480)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid (including dividend distribution tax)	(188,765,012)	(19,111,336)
Interest paid	(227,083,782)	(112,755,521)
Proceeds from issue of equity shares (Net)	2,091,817,102	786,195,941
Redemption of ZCSPCD	(21,833,412)	(17,463,147)
Demerger expenses	(76,450,400)	—
Increase / (Decrease) in loans	1,290,573,006	1,020,928,646
Net cash from/ (used in) financing activities	2,868,257,502	1,657,794,583
Net increase/ (decrease) in cash and cash equivalents	1,115,433,890	271,062,757
Cash and cash equivalents as at the beginning of the period	331,774,907	60,712,150
Cash and cash equivalents as at the end of the period	1,447,208,797	331,774,907

As per our report of even date attached

 For **DELOITTE HASKINS & SELLS**
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104
New Delhi
5 July, 2007

For and on behalf of the Board

RAGHAV BAHL
Managing Director

R.D.S. BAWA
CFO

 Noida
5 July, 2007

SANJAY RAY CHAUDHURI
Whole Time Director

ANIL SRIVASTAVA
Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED:		
100,000,000 equity shares of Rs. 5 (Previous year 25,000,000 of Rs. 10) each	500,000,000	250,000,000
500,000 (Previous year 500,000) preference shares of Rs. 100 each	50,000,000	50,000,000
	<u>550,000,000</u>	<u>300,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP:		
56,561,140 equity shares of Rs. 5 (Previous year 21,043,224 of Rs. 10) each fully paid up	<u>282,805,700</u>	<u>210,432,240</u>
Of the above:		
a. 23,113,829 equity shares of Rs. 5 each (Previous year 39,980 of Rs. 10) have been allotted as fully paid up without payments being received in cash		
b. 4,822,588 equity shares of Rs. 5 (Previous year 3,444,706 of Rs. 10) each have been allotted as fully paid up as bonus shares by capitalising share premium]		
SCHEDULE 2		
RESERVES AND SURPLUS		
1. Securities premium		
a. Opening balance	1,408,304,573	548,827,021
b. Add: Amounts received pursuant to issue of equity shares	2,179,493,825	864,331,412
c. Less:		
i. Utilisation under demerger scheme 'A'	1,401,559,053	—
ii. QIP issue expenses	50,112,070	—
iii. Provision for premium on redemption of ZCSPCD	4,853,860	4,853,860
d. Closing balance	2,131,273,415	1,408,304,573
2. General reserve		
a. Opening balance	201,661,798	163,859,394
b. Add :		
i. Deferred tax assets written off	24,084,230	4,553,884
ii. Transfer from profit and loss account	17,510,764	19,496,288
iii. Transfer from Reserve for technological upgradation	—	11,960,000
iv. Transfer from Reserve for contingencies	—	10,900,000
c. Less:		
i. Utilisation under demerger scheme 'A'	57,031,275	—
ii. Utilisation under demerger scheme 'B'	81,437,796	—
iii. Demerger expenses	76,450,400	—
d. Closing balance	28,337,321	201,661,798
3. Debenture redemption reserve		
a. Opening balance	60,655,862	41,252,366
b. Add: Transfer from profit and loss account	95,841,852	19,403,496
c. Closing balance	156,497,714	60,655,862
4. Employees stock options		
a. Employee stock options outstanding	208,628,109	81,957,900
b. Less: Deferred employee compensation	146,420,889	49,216,411
c. Net balance	62,207,220	32,741,489
5. Profit & Loss Account	<u>42,320,490</u>	<u>232,052,996</u>
	<u>2,420,636,160</u>	<u>1,935,416,718</u>
SCHEDULE 3		
SECURED LOANS		
a. Zero coupon secured partly convertible debentures (See note 3)	81,494,686	98,957,833
b. Premium payable on redemption of debentures	20,382,626	24,752,891
c. Loans from banks		
i. Cash credit accounts (See note 4a)	417,787,587	15,917,176
ii. Term loans (See note 4b)	1,496,789,154	888,376,430
iii. Other loans (See note 4c)	17,597,530	22,233,122
	<u>2,034,051,583</u>	<u>1,050,237,452</u>
Term Loans repayable within one year Rs. 658,785,000 (Previous Year Rs. 284,802,387)		
SCHEDULE 4		
UNSECURED LOANS		
a. From banks:		
i. Term Loan	394,650,000	394,650,000
ii. Commercial paper * (Repayable within one year)	250,000,000	100,000,000
b. Public deposits (Repayable within one year Rs. 204,335,000)	290,491,539	155,566,076
c. Commercial paper from others	—	150,000,000
d. Non Convertible Debentures (Repayable with in one year)	150,000,000	—
	<u>1,085,141,539</u>	<u>800,216,076</u>

* Maximum amount of commercial paper raised during the year Rs. 250,000,000 (Previous year Rs. 250,000,000)

	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
SCHEDULE 6		
INVESTMENTS (at cost) (See note 14)		
c. Unquoted - Long Term in Equity shares:		
i. of subsidiary companies - other than trade		
12,295,000 (Previous year 12,295,000) equity Shares of USD 1 each fully paid up in Television Eighteen Mauritius Limited	160,631,581	160,631,581
5,949,000 (Previous year 5,949,000) equity shares of Rs. 10 each fully paid up in iNews.Com Limited	59,490,000	59,490,000
1,110,020 (Previous year nil) equity shares of Rs. 10 each fully paid up in News Wire 18 India Private Limited	55,100,200	—
10,000 (Previous year Nil) equity shares of Rs. 10 each fully paid up in RVT Investments Private Limited	100,000	—
600,000 (Previous year nil) preference shares of Rs. 10 each fully paid up in RVT Investments Private Limited	531,720,000	—
Nil (Previous year 4,250,000) equity shares of Rs. 10 each fully paid up in e-Eighteen.com Limited	—	42,500,000
Nil (Previous year 317,040) equity shares of Rs. 10 each fully paid up in Eighteen Entertainment India Limited	—	3,170,400
Nil (Previous year 981,000) equity shares of Rs. 10 each fully paid up in SRH Broadcast News Holdings Private Limited *	—	197,000,000
ii. of other companies - other than trade		
500 (Previous year 500) equity shares of New India Co-op. Bank Limited of Rs. 10 each fully paid.	5,000	5,000
¹ Nil (Previous year 882,353) equity shares of Rs. 10 each fully paid up in SGA News Limited*	—	391,000,000
¹ Nil (Previous year 1,040,100) preference shares of Rs. 10 each fully paid up in SGA Finance & Management Services Private Limited*	—	201,500,000
¹ Nil (Previous year 166,150) 14% cumulative convertible preference shares of Rs. 500 each fully paid up in SGA News Limited*	—	166,150,000
iii. of other companies - trade		
1,500,015 (Previous year 1,500,015) preference shares of USD 0.0001 each fully paid up Yatra Online Inc.	22,147,500	22,147,500
Aggregate of Unquoted - Long Term Investments	829,194,281	1,243,594,481
	2,149,722,658	2,072,758,998
* demerged as per the scheme of arrangement		
¹ investment in companies under the same management	—	758,650,000

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
SCHEDULE 7		
CURRENT ASSETS, LOANS & ADVANCES		
a. Inventories (at cost)		
Tapes and compact discs	5,652,180	5,079,399
b. Sundry debtors (Unsecured)		
i. Considered good:		
Debts outstanding for more than 6 months	459,180,521	201,479,808
Other debts	825,752,220	607,336,757
	1,284,932,741	808,816,565
ii. Considered doubtful:		
Debts outstanding for more than 6 months	8,500,000	22,227,192
Other debts	—	—
	8,500,000	22,227,192
Less: Provision for doubtful debtors	8,500,000	22,227,192
	1,284,932,741	808,816,565
c. Cash and bank balances		
i. Cash on hand	918,788	709,059
ii. Balance with scheduled banks :		
in current accounts*	26,202,960	23,316,268
in deposit accounts**	1,420,087,049	307,749,580
	1,447,208,797	331,774,907
*	Includes Rs. 3,046,751 (Previous year Rs. 2,221,268) in unclaimed dividend, application money refundable accounts	
**	Including (i) Rs. 35,968,066 (Previous year Rs. 15,000,000) held in accounts as per Rule 3A of Companies (Acceptance of Deposits) Rules, 1975; and (ii) Rs. 1,070,000,000 of unutilised money of QIP proceeds.	
d. Loans & advances		
(Unsecured, considered good)		
i. Share application Money Paid	66,113,500	139,978,400
ii. Amounts due from subsidiaries (See note 6 and 11)	116,865,970	54,829,476
iii. Advances to vendors	156,981,717	37,415,982
iv. Deposit with custom, excise authorities	66,159,384	14,185,657
v. Security and other deposits	66,167,692	67,003,624
vi. Advances recoverable in cash or in kind or for value to be received *	372,595,974	359,361,824
vii. Income tax paid [net of provision Rs. 75,663,482 (Previous year Rs. 61,557,000)]	65,439,405	9,090,473
viii. MAT credit entitlement	12,225,000	12,225,000
	922,548,642	694,090,436
*	Includes Rs. 109,717,325 (previous year Rs. 209,901,408) recoverable from the companies under the same management	
SCHEDULE 8		
CURRENT LIABILITIES & PROVISIONS		
a. Current liabilities		
i. Book Overdraft	479,218	—
ii. Sundry creditors	504,380,392	344,179,152
iii. Interest accrued but not due	16,773,563	7,086,429
iv. Other liabilities	185,774,608	115,314,957
v. Advances from customers	54,230,922	42,011,536
vi. Due to Subsidiary companies (See note 5)	39,902,354	49,296,957
vii. Stock awards outstanding	31,111,500	24,353,508
	832,652,557	582,242,539
viii. Investor Education and Protection Fund		
- Unclaimed dividend	997,474	1,142,011
- Unclaimed application money received for allotment of securities and due for refund	—	964,378
- Unclaimed debenture redemption money	1,236,549	113,938
	2,234,023	2,220,327
	834,886,580	584,462,866
b. Provisions		
i. Retirement benefits	17,769,079	10,974,597
ii. Fringe benefit tax [net of advance of Rs. 15,373,000 (Previous year Rs. 4,615,000)]	3,993,846	1,217,000
iii. Wealth tax [net of provision Rs. 1,242,222 (Previous year Rs. 1,029,162)]	108,325	77,325
iv. Proposed/Interim dividend [Including Corporate Dividend tax payable Rs. Nil (Previous year Rs. 7,378,280)]	—	59,986,340
	21,871,250	72,255,262
	856,757,830	656,718,128

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
SCHEDULE 9		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
a. Preliminary expenses	35,955	79,507
b. Debenture redemption premium	9,095,999	13,949,859
	<u>9,131,954</u>	<u>14,029,366</u>
SCHEDULE 10		
INCOME FROM OPERATIONS		
a. Income from business news operations	1,872,953,389	1,209,230,646
b. Equipment rentals and other receipts	66,600,000	61,746,051
	<u>1,939,553,389</u>	<u>1,270,976,697</u>
SCHEDULE 11		
OTHER INCOME		
a. Interest on:		
i. Loan to subsidiary (including tax deducted at source 1,768,799 (Previous year Rs. 2,567,970))	8,586,129	3,184,526
ii. Fixed deposits [including tax deducted at source Rs. 5,260,783] (Previous year Rs. 688,843)]	25,943,183	2,665,991
iii. Others [including tax deducted at source Rs. 585,857] (Previous year Rs. 985,283)]	2,352,600	15,204,607
b. Dividend on short term investments	31,200,316	24,797,848
c. Profit on sale of short term investments	3,483,146	—
d. Miscellaneous income	6,321,340	991,765
	<u>77,886,714</u>	<u>46,844,737</u>

**SCHEDULE 12
PRODUCTION, ADMINISTRATIVE AND OTHER COSTS**

a. Studio and equipment hire charges	36,037,185	16,118,090
b. Telecast and uplinking fees	48,395,321	32,519,252
c. Tapes consumed	4,348,126	5,051,735
d. Content and franchise expenses	118,933,655	110,137,264
e. Media professional fees	76,396,860	40,304,616
f. Consumables and spares	5,679,835	1,518,262
g. Other production expenses	31,853,470	7,694,295
h. Rent	37,724,766	28,633,600
i. Electricity expenses	13,935,852	8,961,980
j. Insurance	4,430,514	7,538,524
k. Travelling and conveyance	81,544,555	38,552,055
l. Vehicle running and maintenance	18,467,739	9,844,274
m. Communication expenses	33,016,218	25,566,129
n. Distribution, Advertising and Business Promotion	305,375,626	82,903,399
o. Membership and subscription	5,107,786	8,654,818
p. Repairs and maintenance:		
- Plant & machinery	14,848,335	9,745,850
- Others	11,646,967	9,933,352
q. Legal and professional expenses	26,489,937	36,534,810
r. Directors sitting fees	175,000	100,000
s. Loss on sale / disposal of assets	1,063,288	2,001,259
t. Miscellaneous expenditure written off	43,552	44,000
u. Loss on exchange rate fluctuation	8,049,932	299,597
v. Bad debts written off/ Provisions	35,799,354	17,963,305
w. Miscellaneous expenses	22,148,633	10,322,029
x. Prior period expenses	12,158,643	167,515
	<u>953,671,149</u>	<u>511,110,010</u>

**SCHEDULE 13
PERSONNEL EXPENSES**

a. Salaries and bonus	276,713,517	153,342,600
b. Contribution to provident fund and other funds	19,453,082	9,766,182
c. Staff welfare expenses	34,336,287	11,220,422
d. Retirement benefits	5,253,820	5,642,108
e. Employee stock compensation expenses	110,969,244	57,548,726
	<u>446,725,950</u>	<u>237,520,038</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
SCHEDULE 14		
INTEREST AND OTHER CHARGES		
a. Interest on:		
i. Term loans	135,888,931	78,096,783
ii. Cash credit accounts	30,811,179	4,646,216
iii. Fixed deposits	20,037,419	8,188,364
iv. Non convertible debentures	6,917,671	—
v. Commercial paper	19,751,740	8,980,166
vi. Others	6,007,175	5,551,371
b. Other financial charges	17,356,801	16,662,837
	<u>236,770,916</u>	<u>122,125,737</u>
SCHEDULE 15		
a. Loss on sale of long term investments	37,484,521	—
b. Loss on sale of short term investments	—	52,352
	<u>37,484,521</u>	<u>52,352</u>

SCHEDULE 16
NOTES FORMING PART OF THE ACCOUNTS
1. Significant Accounting Policies

These financial statements have been prepared in accordance with the Accounting Standards as prescribed by the Institute of Chartered Accountants of India and referred to in section 211(3)(c) of the Companies Act, 1956. The significant accounting policies adopted in presentation of the accounts are:

a. Basis of Accounting

These accounts are prepared on the historical cost convention and on the mercantile basis.

b. Use of estimates

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of income and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialised.

c. Revenue Recognition

- i. Advertisement revenue comprises:
 - Revenue from sale of advertising time, which is recognised on the accrual basis when advertisements are telecast in accordance with contractual obligations.
 - Revenues from sponsorship contracts, which is recognised proportionately over the term of the sponsorship.
- ii. Subscription revenue is recognised on accrual basis in accordance with the terms of the contract with the distribution and collection agency.
- iii. Program revenues are accounted for on dispatch of programs to customers in accordance with contractual commitments.
- iv. Equipment rental is accounted for on the accrual basis for the period of use of equipment by the customers.
- v. Dividends on investments are accounted for when the right to receive dividend is established.

d. Fixed Assets

Fixed assets are stated at their original cost of acquisition/installation less depreciation. All direct expenses attributable to acquisition/installation of assets are capitalised.

e. Depreciation

Depreciation on all assets other than improvement to leasehold properties and computer software and distribution equipment is charged on straight line basis over the estimated useful lives using rates (including double/ triple shift depreciation rates wherever applicable) prescribed by Schedule XIV of the Companies Act, 1956.

Cost of improvements to leasehold premises is being amortised over the period of lease of the premises. Computer software and distribution equipment are being depreciated over a period of 5 years and 8 years respectively. These rates are higher than those prescribed in Schedule XIV of the Companies Act, 1956.

News Archives are depreciated on straight line basis at the rate of 4.75% per annum. Useful life of News Archives is estimated for a period longer than 10 years as the contents of the same are continuously used in day to day programming and hence the economic benefits from the same arise in a period longer than 10 years.

Depreciation on additions is charged proportionately from the date of acquisition/ installation. Assets costing less than Rs. 5,000 individually have been fully depreciated in the year of purchase.

f. Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised immediately as income in the profit and loss account.

g. Investments

Long term investments are stated at cost less other than temporary diminution in the value of such investments. Current investments are carried forward at lower of cost or fair value.

h. Inventory Valuation

Inventories include raw material, work in progress and completed/pilot programmes. Raw materials comprise stocks of used and un used tapes and compact discs, and are valued at cost on FIFO basis. Stocks of tapes are written off over the useful life of these tapes which is estimated at three years.

i. Miscellaneous Expenditure

- i. Preliminary expenses
Preliminary expenses incurred till 31 March, 2003 are amortised over a period of 10 years.
- ii. Premium on redemption of debentures
Premium on redemption of debentures is written off over the term of the debentures. (See also note 3 below)

j. Foreign Currency Translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate ruling on that date. Exchange differences on foreign exchange transactions are recognised in the profit and loss account.

k. Employee Benefits

- i. Company's contribution to the Employees' Provident Fund is charged to the profit and loss account each year.
- ii. Short term employee benefits (Medical, Leave travel allowance, etc.) expected to be paid in exchange for the services rendered is recognised on undiscounted basis
- iii. Gratuity to employees is based on the Group Gratuity Scheme of an insurer. The liability at the year end is provided for on the basis of actuarial valuation using projected unit credit method (PUCM).
- iv. Long term compensated absences are provided for on the basis of an actuarial valuation using projected unit credit method (PUCM).

l. Provision for Income Tax

Income tax comprises current tax and deferred tax. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date. Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognised unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

m. Earnings Per Share

The Company reports basic and diluted earnings per equity share in accordance with AS-20, Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

n. Employee Stock Option Scheme

Stock options granted to the employees under the stock options schemes are accounted as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 issued by Securities and Exchange Board of India. Accordingly, the excess of market value (i.e. price based on average of the two weeks high and low price of the share preceding the grant date of options) over the exercise price of the options is recognized as deferred employee compensation and is charged to the profit and loss account on straight line basis over the vesting period of the options. The amortised portion of the cost is shown under reserves and surplus.

o. Employee Stock Purchase Scheme

Shares issued under the stock purchase schemes are accounted as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 issued by Securities and Exchange Board of India. Accordingly, the excess of market value (i.e. price based on average of the two weeks high and low price of the share preceding the grant date of options) over the issue price of the shares is recognized as employee compensation and is charged to the profit and loss account, on the date of the issue of shares to the employees.

p. Employee Stock Award Scheme

Awards granted under the stock award scheme as per accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 issued by Securities and Exchange Board of India. Accordingly, the excess of market value of the share price as at the balance sheet date over the market value on the date of grant of Awards are recognized as deferred employee compensation and is charged to the profit and loss account on straight line basis over the vesting period of the Awards. The deferred employee compensation is adjusted for change in market value at each balance sheet date.

2. Contingent Liabilities

- a. Claims against the Company not acknowledged as debts include demands raised by Income Tax authorities Rs. 121.41 million (Previous year Rs. 62.52 million). Amounts deposited by the company against these claims - Rs. 77.18 million (Previous year Rs. 26.26 million). No Provision has been made in the accounts for these demands as the company expects a favourable decision in appeal.
- b. Guarantees given by banks on behalf of the Company outstanding at year end Rs. 4.46 million (Previous year Rs. 11.16 million).
- c. The Company and its subsidiary iNews.com Limited have extended corporate guarantees amounting to Rs. 50.9 million (previous year Rs. 40.9 million), in favour of ICICI Home Finance Company Limited in consideration of loan facility extended by ICICI Home Finance Company Limited to the employees of the company.
- d. The Company has given corporate guarantees of Rs. 320 million (Previous year Rs. 320 million) towards fund based/non fund based credit facility given by ICICI bank to Global Broadcast News Limited.
- e. The company has extended corporate guarantees of USD 10,000,000 to Tracer Capital Partners L.P., Tracer Capital Partners QP L.P. and Tracer Capital Offshore funds for subscription of convertible securities in Web 18 Holdings Limited, a Company incorporated in Cayman Islands, an indirect subsidiary of TV18.
- f. Estimated amounts of contracts remaining to be executed on capital account (net of advances) Rs. 0.039 million (Previous year Rs. 15.96 million).
- g. The Company has purchased fixed assets under the 'Export Promotion Capital Goods Scheme'. As per the terms of the license granted under the scheme, the Company has undertaken to achieve an export commitment of Rs. 293.66 million over a period of 8 years which expire on 8 August 2013. In the event the Company is unable to execute its export obligations the Company shall be liable to pay customs duty of Rs. 36.70 million (Previous year Rs. 36.70 million) and interest on the same at the rate of 15 per cent compounded annually. The company is hopeful of meeting its export obligation and accordingly no provision is required for the same.

3. Zero Coupon Secured Partly Convertible Debentures (ZCSPCD)

The Company had during the year ended 31 March, 2003 issued 895,546 ZCSPCD of face value of Rs. 150 each for cash at par on right basis to the existing equity shareholders of the Company in the ratio of 1 ZCSPCD for every 13 equity shares held. Rs. 20 of the ZCSPCD was to be converted into two equity shares of Rs. 10 each. Accordingly the Company had allotted 1,791,092 shares to the ZCSPCD holders. The balance of Rs. 130 is being redeemed together with a premium of 25% of the value redeemed in four annual installments commencing from the end of the third year of the issue date as follows:

Year	Principal amount per ZCSPCD (Rs.)	Principal %	Redemption premium %	Premium amount per ZCSPCD (Rs.)	Total redemption amount per ZCSPCD (Rs.)
3	19.50	15	25	4.88	24.38
4	19.50	15	25	4.88	24.38
5	19.50	15	25	4.88	24.38
6	71.50	55	25	17.88	89.38
Total	130.00			32.52	162.52

The ZCSPCDs holder's interest in respect of redemption thereof, all costs, charges, expenses and other monies are secured by way of creating a first pari passu charge on the fixed assets of the Company

The first and second installments of redemption have been paid in February 2006 and March 2007 respectively.

4. Secured Loans

a. Cash credit with banks are secured by:

- First charge on all current assets of the Company on pari passu basis with consortium bankers.
- Second charge on all fixed assets of the Company on pari passu basis with consortium bankers.
- Personal guarantee of the Managing Director and a relative of the Managing Director.

b. The term loans from banks of Rs. 1,496.79 million are secured by

- First charge on pari passu basis on all the Company's, immovable and movable properties (except for the land exclusively mortgaged to the trustees of the ZCSPCDs), both present and future, save and except charges created/to be created in favour of the Company's bankers on current assets for securing borrowings for working capital requirements.
- Exclusive charge on the moveable and immovable properties of all the subsidiary companies both present and future except Television Eighteen Mauritius Limited, save and except book debts subject to charges created/to be created in favour of the Company's bankers on current assets for securing borrowings for working capital requirements.
- Unconditional and irrevocable personal guarantees of the Managing Director.

The term loan outstanding at any point of time shall be additionally secured by an exclusive charge on liquid securities of the company, amounting to 12.50% of the term loan outstanding at any point of time.

Of the above loans, a loan amounting to Rs. 234.33 million is further secured by mutual fund securities of Rs. 301.40 million.

c. Other loans from banks and others are secured by hypothecation of vehicles and other assets financed.

5. Current Liabilities

Current liabilities include amounts aggregating to Rs. 89,254,316 (Previous year Rs. 100,739,334) due to Television Eighteen Mauritius Limited, the repatriation of which is subject to clearance from an authorized dealer.

6. Television Eighteen Mauritius Limited

Pursuant to the issuance of revised guidelines for uplinking of news and current affairs channels from India issued by the Ministry of Information and Broadcasting, the Company had also resolved, by means of a special resolution of its shareholders passed in the general meeting on 17 October, 2003, to utilize the securities premium account upto Rs. 550,000,000 towards adjustment for diminution in value of investments made by the Company in TEML and loans granted by the Company to TEML.

The Company filed a petition for the above resolution with the Honourable High Court of Delhi on 6 January, 2004. The Honourable High Court of Delhi vide its order dated 23 March, 2004 had approved the above scheme. Consequently, in the year ended 31 March 2004, the Company's investments in the equity of TEML had been written down by Rs. 407,500,000 to Rs. 160,631,581 which was determined by the Company on the basis of an independent valuation. Further the loan due from TEML had been written down by Rs. 136,830,000 to Nil value. The total write down on this account of Rs. 544,330,000 had been adjusted against the securities premium account.

The Company had also written off amounts receivables from TEML on account of exports aggregating to Rs. 135,406,876 in the year ended 31 March 2004. The approval for the same from Reserve Bank of India is pending as at 31 March, 2007.

7. Scheme of Restructuring

The Company's Scheme of Arrangement and Restructure (Scheme) to:

- demerge Media Investment Undertaking of Television Eighteen India Limited to Network 18 Fincap Limited (Formerly, SGA Finance & Management Services Private Limited);
 - merge Indian News Business Undertaking of SGA News Limited (SGA); and
 - reduce Share Capital of the Company
- was approved by the Hon'ble High Court of Delhi on 20 July, 2006 and is effective from 1 October 2005.

a. Demerger of Media Investment Undertaking

- On the scheme becoming effective, the following assets of the company have been transferred to Network 18 Fincap Limited at book values:

Particulars	(Rupees millions)
	Amount transferred by the Company
1. Equity Shares – SGA News Limited	391.00
2. Equity Shares – SRH Broadcast News Holding (P) Limited	197.00
3. Preference Shares – Network 18 Fin cap (P) Limited	201.50
4. Share Application Money-TV18 Holdings Limited, Caymans Island	67.90
5. Cash & Cash Equivalents	664.32
Total	1,521.72

The break up of investments actually transferred to Network 18 is different from the investments as approved by the High Court vide its order. However the total amount of the investments transferred is the same.

- ii. As per the scheme of restructuring, during the intervening period, TV18 shall be deemed to have been carrying on all business and activities relating to the Demerged Undertaking on behalf of Network 18 and all profits accruing to the Transferor Company, or losses arising or incurred by them relating to the Demerged Undertaking shall be treated as the profits or losses of the Network 18.
- iii. The Company has earned dividends on aforesaid investments aggregating to Rs. 26.33 million during the period starting from appointed date and ending on effective date. Out of Rs. 26.33 million, Rs. 13.81 million of dividend income pertaining to the period starting from appointed date and ending on 31 March, 2006 has been adjusted from the debit balance of profit and loss account. The remaining has been adjusted from current period's profit and loss account.
- iv. Pursuant to scheme of arrangement, each fully paid up equity shares of Rs. 10 of the Company were split into 2 fully paid up equity shares of Rs. 5 and the capital of the Company was reduced by 30% amounting to Rs. 63,129,670. The shareholding in TV18 is re-organized and bifurcated as follows in respect of every 10 equity shares of face value of Rs 10 each in TV18:
 - 14 equity shares of face value Rs 5 each in TV18, and
 - 12 equity shares of face value Rs 5 each in Network 18
 Consequently, the Company has issued 8,417,290 shares to existing shareholders

b. Merger of Indian Business News Undertaking

- i. On the scheme becoming effective, the following assets and liabilities of SGA have been transferred to the company at book value:

Particulars	(Rupees in million)
	Assets /(liabilities) as on effective date
1. Fixed Assets	52.95
2. Investments	88.76
3. Debtors	142.38
4. Other Current Assets	27.04
Total (A)	311.13
5. Share Applicable Money received from TV18	166.15
6. Liabilities as per scheme	296.97
Total (B)	463.12
Net Assets(A-B)	(151.99)

- ii. As per the scheme of restructuring, during the intervening period, SGA shall be deemed to have been carrying on all business and activities relating to the demerged Undertaking on behalf of TV 18 and all profits accruing to the Transferor Company, or losses arising or incurred by them relating to the demerged undertaking shall be treated as the profits or losses of TV 18.
- iii. Debit balance of profit and loss account of Rs. 104.86 million of merged entity as on 31 March, 2006 has been adjusted from profit and loss account.
- iv. In consonance to the restructuring scheme, the Company had issued 22,966,207 shares to the Shareholders of SGA News Limited in the ratio of 3.67 equity shares of face value of Rs 5 each for every one equity share of face value of Rs 10 each held by the shareholders of the SGA News Limited in that company.

8. Demerging Operations

For the scheme of demerger described in note 7 (a), the requisite disclosures in accordance with Accounting Standard 24 issued by Institute of Chartered Accountants of India are as follows:

a. Carrying Amount of assets transferred/to be transferred to Network 18

Particulars	Year ended 31.03.07	Year ended 31.03.06
1. Investment in Equity shares of SRH Broadcast News Holdings Private Limited	197.00	197.00
2. Investment in Equity shares of SGA News Limited	391.00	391.00
3. Investment in Preference shares of Network 18	201.50	201.50
4. Share application money paid to TV18 Holdings Limited, Caymans Island	67.90	67.90
5. Cash and cash equivalents (including investments in mutual funds)**	664.32	664.32
Total	1,521.72	1,521.72

b. Revenue and expenses of continuing and demerging operations

Particulars	Continuing operations		Demerging operations	
	Year ended 31.03.07	Year ended 31.03.06	Year ended 31.03.07	Year ended 31.03.06
Income (A)	2,017.44	1297.54	—	20.28
Expenditure (B)	1,849.42	1001.26	—	—
Profit before tax (C=A-B)	168.02	296.28	—	20.28
Provision for tax (D)	(7.09)	121.59	—	—
Profit after tax (E=C-D)	175.11	174.68	—	20.28

c. Cash flows from continuing and demerging operations

	Year ended 31.03.07	Year ended 31.03.06	Year ended 31.03.07	Year ended 31.03.06
Net cash from/ (used in) operating activities	(50.19)	118.25	—	—
Net cash from/ (used in) investing activities	(1,702.64)	(1,525.26)	—	20.28
Net cash from/ (used in) financing activities	2,868.26	1,657.79	—	—
Net increase/ (decrease) in cash and cash equivalents	1,115.43	250.78	—	20.28

9. Employee Stock Option and Stock Purchase Plan

a. Television Eighteen India Limited Stock Option Plan 2002

During the year 2002-2003 the Company had established an Employee Stock Option Plan (ESOP 2002) for compensation to its employees whereby, the Company plans to grant upto 700,000 options to eligible employees. Options granted shall vest with the grantee after one year period from the date of grant. The exercise period is two years after vesting of the options. Each option is exercisable for one equity share of Rs.5 each fully paid up on payment of offer price of Rs. 5 per share. In past, the company has granted 302,350 options (net of cancellation). During the year the company has granted 50,190 options. 50,190 options remain outstanding as unvested options on 31 March, 2007.

b. Television Eighteen India Limited Stock Option Plan 2003

During the year 2003-2004 the Company had established an Employee Stock Option Plan (ESOP 2003) for compensation to its employees whereby, the Company plans to grant upto 700,000 options to eligible employees. The exercise price per each option shall be 95 percent of the market value on the grant date. In case of fall in market value of shares between the grant date and the date of exercise the compensation committee may reprice the options for an employee on the same principle as enunciated while ensuring that such repricing is not detrimental to the interest of the grantees. Options granted shall vest with the grantee for a period of one year from the grant. The exercise period of the options is a period of one year after the vesting of the options. In past, the Company has granted 638,309 (net of cancellations) options. There is 'Nil' options remaining outstanding as unvested on 31 March, 2007.

c. Television Eighteen India Limited Stock Purchase Plan 2003

During the 2003-2004 the Company had established Employee stock purchase plan (ESPP 2003) for compensation to the employees whereby the Company plans to issue upto 700,000 shares to eligible employees. The offer price per share shall be 95% of the market value of the shares as at the date of the offer. The Company has issued 667,016 shares under ESPP 2003 upto 31 March, 2007. There is 'Nil' shares remaining un-issued on 31 March, 2007.

d. Television Eighteen India Limited Employees Stock Option Plan, 2004

During the 2004-2005 the Company had established Employees Stock Option Plan (ESOP 2004) for compensation to the employees whereby the Company plans to grant upto 700,000 shares to eligible employees. Options granted shall vest with the grantee equally over a three years period from the date of grant. The exercise period is three years after vesting of the options. Each option is exercisable for one equity share of Rs.5/- each fully paid up on payment of offer price determined at 90% of (for 50% of the options granted) and at Rs. 125 discount per option to (for balance 50% of the options granted) market price of share determined with respect to the date of grant. In past, the company has granted 622,300 options (net of cancellation). During the year the company has granted 36,400 options. 658,700 options (net of cancellation) remain outstanding as unvested options on 31 March, 2007.

e. Television Eighteen India Limited Senior Employees Stock Option Plan, 2004

During the 2004-2005 the Company had established Senior Employees Stock Option Plan (Senior ESOP 2004) for compensation to the employees whereby the Company plans to grant upto 840,000 shares to eligible employees. Options granted shall vest with the grantee equally over a three years period from the date of grant. The exercise period is two years and three years after vesting of the options for one third and for remaining two third of the options respectively. Each option is exercisable for one equity share of Rs.5 each fully paid up on payment of offer price determined at 90% of (for 50% of the options granted) and at Rs. 100 discount per option to (for balance 50% of the options granted) market price of share determined with respect to the date of grant. The company has cancelled 28,000 options during the year out of 494,669 options (net of cancellation) granted in past. During the year the company has granted 233,332 options and 68,446 options were converted into 68,446 fully paid up equity shares of the Company on their being exercised. 631,555 options (net of cancellation) remain outstanding as unvested options on 31 March, 2007.

f. Television Eighteen India Limited Long Term Retention Employee Stock Option Plan 2005

During the 2005-2006 the Company had established Employees stock option plan (ESOP 2005) for compensation to the employees whereby the Company plans to grant upto 350,000 shares to eligible employees. Options granted shall vest with the grantee after four years period from the date of grant. The exercise period is two years after vesting of the options. Each option is exercisable for one equity share of Rs. 5 each fully paid up on payment of offer price equal to market price of share determined with respect to the date of grant. 350,000 options granted by the Company in past remain outstanding as unvested options on 31 March, 2007.

g. Television Eighteen India Employee Stock Option Plan 2005

During the 2005-2006 the Company had established Employees Stock Option Plan (ESOP 2005) for compensation to the employees whereby the Company plans to grant upto 1,260,000 shares to eligible employees. Part of the options granted shall vest with the grantee for 1 year period from the date of grant and part of the options shall vest with the grantee equally over a three years period from the date of grant. The exercise period of the options is a period of one year after the vesting of the options. Each option is exercisable for one equity share of Rs. 5 each fully paid up on payment of offer price at 90% of market price of share determined with respect to the date of grant. In past, the Company has granted 1,068,200 options. During the year 897,400 options were exercised and converted into 897,400 fully paid up equity shares of the Company. 170,800 options remain outstanding as unvested options on 31 March, 2007.

h. Television Eighteen India Strategic Acquisition Stock Option Plan 2005

During the 2005-2006 the Company had established Strategic Acquisition Plan 2005 for compensation to the employees whereby the Company plans to grant upto 840,000 shares to eligible employees. Options granted shall vest with the grantee for one year period from the date of grant. The exercise period of the options is a period of one year after the vesting of the options. Each option is exercisable for one equity share of Rs. 5 each fully paid up on payment of offer price of Rs. 100 per share. 280,000 options granted by the Company during the year remain outstanding as unvested options on 31 March, 2007.

i. Television Eighteen India Employee Stock Option Plan 2006

During the 2006-2007 the Company had established Employees Stock Option Plan (ESOP 2006) for compensation to the employees whereby the Company plans to grant upto 1,000,000 shares to eligible employees of the Company or its subsidiaries. Options granted shall vest with the grantee for a two years period from the date of grant. The exercise period of the options is a period of one year after the vesting of the options. Each option is exercisable for one equity share of Rs. 5 each fully paid up on payment of offer price of Rs. 5 per share. 226,540 options granted by the Company during the year remain outstanding as unvested options on 31 March, 2007.

j. Television Eighteen Employee Stock Purchase Plan 2006

Under this Plan the Company plans to grant 500,000 equity shares of Rs. 5 each to eligible employees of the Company or its subsidiaries. The offer price per share shall be 90% of the market price determined with respect to the date of grant. The Company has issued 'Nil' (net of cancellations) shares upto 31 March, 2007.

k. Television Eighteen Employee Stock Option Plan 2007

During the year 2006-2007 the Company had established an Employee Stock Option Plan (ESOP A 2007) for compensation to its employees whereby, Company plans to grant upto 1,000,000 options to eligible employees of the Company and directors of the Company and its holding and subsidiary companies. Options granted shall vest with the grantee equally over a four years period from the date of grant. The exercise period of the options is a period of four years after the vesting of the options. Each option is exercisable for one equity share of Rs.5 each fully paid up on payment of offer price at 75% of market price of share determined with respect to the date of grant. The Company has granted 'Nil' (net of cancellations) options upto 31 March, 2007.

l. Television Eighteen Employee Stock Option Plan 2007

During the year 2006-2007 the Company had established an Employee Stock Option Plan (ESOP B 2007) for compensation to its employees whereby, Company plans to grant upto 1,000,000 options to eligible employees of the Company and directors of the Company and its holding and subsidiary companies. Options granted shall vest with the grantee equally over a six years period from the date of grant. The exercise period of the options is a period of four years after the vesting of the options. Each option is exercisable for one equity share of Rs. 5 each fully paid up on payment of offer price of Rs. 5 per share. The Company has granted 'Nil' (net of cancellations) options upto 31 March, 2007.

10. Senior Employee Stock Awards (Stock Appreciation Right) Plan 2005

During the 2005-2006 the Company had established Stock Appreciation Right Plan 2005 (Senior Employee Stock Award Plan) for compensation to the employees whereby the Company in its extraordinary general meeting held on 25 July, 2005 has approved a grant of upto 300,000 awards to eligible employees. The Company has granted 299,995 awards upto 31 March, 2007. Pursuant to the scheme, after vesting (after 1-3 years from grant date) of awards, the employees have right to receive such numbers of fully paid equity shares of Rs. 5 of the Company whose market value match with the amount of increase due to appreciation in share price during date of grant and date of exercise of the awards. During the year, the Company has issued 91,650 shares to employees on their exercising the option.

11. Investments in subsidiaries and affiliates

- During the current period, the Company has sold investment of Rs. 42,500,000 in its subsidiary, e-Eighteen.com Limited to another step down subsidiary E-18 Limited (formerly known as Tadcaster Holdings Limited) at a loss of Rs. 34,637,501.
- During the current period, the Company has sold investment of Rs. 3,170,400 in its subsidiary, Television Eighteen Commoditiescontrol.com Limited to another step down subsidiary E-18 Limited (formerly known as Tadcaster Holdings Limited) at a loss of Rs. 2,847,019.
- The Company had an investment of Rs. 442,959,551 (Previous year Rs. NIL) in Global Broadcast News Limited (GBN), which has reported a loss of Rs. 320,347,053 (Previous year Rs. 460,855,373) for the period ended on 31 March, 2007. Since the aforesaid investment in GBN has been transferred to RVT Investment Private limited (subsidiary company) on 20 October 2006 at book value, no provision made for diminution in value of the same. Company's investment of Rs. 88,760,449 in SRH Broadcast News Holdings Private Limited has been transferred to RVT Investments Private Limited (subsidiary company) on 18 October 2006 at book value. No provision has been made in the books for diminution in the value of investment in 600,000 preference shares of Rs. 10 each in the subsidiary.
- The Company has an investment of Rs. 59,490,000 (Previous year Rs. Nil) in iNews.com Limited as at 31 March, 2007.
- The Company has an investment of Rs. 55,100,200 (Previous year Rs. Nil) in News Wire 18 India Private Limited as at 31 March, 2007. Since this is the first year of operations of News Wire 18 India Private Limited, the audited financial statements as at 31 March 2006 or earlier are not available. However, having regard to the continued long term and strategic involvement with this company no provision is considered necessary in the accounts.
- The Company has an investment of Rs. 100,000 (Previous year Rs. Nil) in Equity Shares and Rs. 531,720,000 (Previous year Rs. Nil) in Preference shares of RVT Investment Private Limited as at 31 March, 2007. Since this is the first year of operations of RVT Investment Private Limited, the audited financial statements as at 31 March 2006 or earlier are not available. However, having regard to the continued long term and strategic involvement with this company no provision is considered necessary in the accounts.

12. Earnings per share

Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year. The reconciliation between basic and diluted earnings per equity share is as follows:

Particulars	Units	Year ended 31.03.2007	Year ended 31.03.2006
a. Net profit after tax	Rs.	175,107,635	194,962,883
b. Weighted average of number of equity shares used in computing basic earnings per share	No. of shares	54,033,558	27,242,145
c. Basic earnings per share (a/b)	Rs.	3.24	7.16
d. Weighted average of the number of shares issued under Options	No. of shares	2,073,539	1,591,253
e. Adjustment for number of shares that would have been issued at the fair value	No. of shares	(1,426,120)	(1,204,554)
f. Weighted average of number of equity shares used in computing diluted earnings per share (b+d+e)	No. of shares	54,680,977	27,628,844
g. Diluted earnings per share (a/f)	Rs.	3.20	7.06
h. Effect of potential equity shares (c-g)	Rs.	0.04	0.10

13. Deferred tax

- a. Deferred tax assets and liability are being offset as they relate to taxes on income levied by the same governing taxation laws.
 b. Break up of deferred tax assets/liabilities and reconciliation of current year deferred tax charge:

	(All amounts in rupees)			
	Opening Balance	(Charged)/ Credited to General Reserve	(Charged)/ Credited to P&L	Closing Balance
Deferred Tax Liabilities				
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	(133,981,300)	(482,154)	19,738,614	(114,724,840)
Total (A)	(133,981,300)	(482,154)	19,738,614	(114,724,840)
Deferred Tax Assets				
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax	3,694,049	—	11,352,580	15,046,629
Capital losses to be set off against capital gains in future years	596,715	—	(596,715)	—
Provision for doubtful debts	18,184,395	—	17,628,021	35,812,416
Brought forward business losses to be set off in future years	—	24,566,384	(10,249,876)	14,316,508
Total (B)	22,475,159	24,566,384	18,134,010	65,175,553
Total (A-B)	(111,506,141)	24,084,230	37,872,624	(49,549,287)

As per Accounting Standard Interpretation – 11 (ASI – 11) issued by The Institute of Chartered Accountants of India the brought forward losses arising out of the merger of the Indian News Business Undertaking have been adjusted from the general reserve.

14. The details of purchases and sales of investments during the year are as follows:

Particulars	Purchases		Sales	
	Units	(Rs.)	Units	(Rs.)
ABN AMRO Mutual Fund	42,349,866	423,097,800	29,683,740	296,428,447
Birla Mutual Fund	12,740,796	133,558,946	14,069,341	147,904,473
Chola Mutual Fund	137,129,324	1,388,031,067	132,951,623	1,350,857,007
DWS Mutual Fund	6,032,539	60,443,027	6,032,539	60,443,027
DSP Mutual Fund	10,393,633	2,155,123,883	7,561,515	1,630,376,778
Grindlays Mutual Fund	14,979,321	252,150,813	15,498,744	252,170,312
HDFC Mutual Fund	2,994,400	31,849,642	4,350,712	46,275,921
ING Vysya Mutual Fund	70,612,490	706,421,309	70,715,529	707,444,305
J.M.Mutual Fund	10,120,161	101,230,089	—	—
Kotak Mutual Fund	98,888,614	1,104,571,327	98,088,840	1,105,989,019
Principal Cash Management Fund	3,026,075	30,268,369	5,008,973	50,100,749
Prudential ICICI Plan	22,515,540	261,551,482	17,850,186	211,551,482
Sundaram Mutual Fund	45,892,631	462,347,916	37,019,335	373,721,300
Tata Mutual Fund	313,171	349,035,660	326,067	363,406,533
Franklin Templeton Mutual Fund	6,020,684	60,303,782	6,020,684	60,303,782
UTI Mutual Fund	30,631,738	306,317,379	25,353,639	253,536,388
Optimix MF	1,000,000	10,000,000	—	—
Reliance MF	5,970,021	60,087,681	—	—
LICMF	9,116,579	100,100,951	—	—

Sales do not include units transferred as per scheme of restructuring and arrangement (See note 8.a above)

15. Additional Information required to be given pursuant to Part II of Schedule VI of the Companies Act, 1956

Particulars	Year ended 31.03.2007		Year ended 31.03.2006	
	(Rs.)	%	(Rs.)	%
a. Consumption of Tapes				
Imported	1,945,068	41.95	1,351,394	26.75
Indigenous	2,691,150	58.05	3,700,341	73.25
Total	4,636,218	100	5,051,735	100
Particulars	Year ended 31.03.2007		Year ended 31.03.2006	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
b. Remuneration paid to Directors				
Salary	11,471,000		5,400,000	
Contribution to provident and other funds	892,800		432,000	
Other perquisites	16,62,905		115,425	
Total	14,026,705		5,947,425	

Note : As employee wise break-up of contribution to gratuity fund is not ascertainable same has not been included in the above figures.

	Year ended 31.03.2007 (Rs.)	Year ended 31.03.2006 (Rs.)
Computation of net profits in accordance with section 349 of the Companies Act, 1956:		
Net profit before tax from ordinary activities	168,022,893	316,560,066
Add:		
Provision for bad and doubtful debts	8,500,000	17,963,305
Depreciation as per books of accounts	174,764,674	130,453,231
Less:		
Depreciation as envisaged under Section 350 of the Companies Act, 1956*	351,287,567	474,976,602
Net profit on which commission is payable	174,764,674	130,453,231
Commission Paid	176,522,393	334,523,371
	—	—
* The Company depreciates fixed assets based on estimated useful lives that are equal to or lower than those implicit in Schedule XIV of the Companies Act, 1956. Accordingly, the rates of depreciation used by the Company are higher than the minimum prescribed by the Schedule XIV.		
c. Auditors' remuneration		
Audit fee	1,400,000	1,125,000
Certification matters and other services	1,500,000	730,100
Reimbursement of expenses including service tax	354,960	252,927
Total	3,254,960	2,108,027
d. CIF Value of imports		
Capital goods	32,879,639	73,582,240
Others	63,718,573	2,962,838
Total	96,598,212	76,545,078
e. Expenditure in Foreign Exchange		
Traveling	62,67,345	4,694,397
Subscription and others	25,678,567	3,202,180
Uplinking and telecast expenses	108,200,911	47,117,429
Content and franchise expenses	8,515,227	87,761,885
Other services	36,625,728	19,185,026
Total	185,287,778	161,960,917
f. Dividend payments in foreign currency		
Amount remitted during the year	—	700,000
Number of non-resident shareholders	—	1
Number of shares held by them	—	700,000
The year to which dividend relates	—	2004-05
g. Earnings in Foreign Exchange		
Program/airtime revenue	230,054,049	50,016,659

16. Employee Benefits

In accordance with the revised Accounting Standard 15 issued by the Institute of Chartered Accountants of India, the requisite disclosures are as follows:

a. Accounting policy for recognizing actuarial gains and losses

Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss account as income or expense.

b. Description of the type of plan(s)

i. Gratuity plan

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of fifteen days salary (i.e. last drawn salary plus dearness allowance) for each completed year of service subject to completion of five years service.

ii. Long term compensated absences plan

The earned leave liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of yearly accrual of 30 days salary (i.e. last drawn salary) subject to maximum accumulation upto 90 days.

c. Movement in net liability

Particulars	Gratuity	Compensated	Total
	(Rs.)	Absences (Rs.)	
Present value of obligations as on 1.04.06 (A)	7,540,421	7,045,110	14,585,531
Adjustment for increase in opening provision for retirement benefits (B)**	420,726	799,820	1,220,546
Current service cost (C)	3,578,411	4,458,564	8,036,975
Interest cost (D)	636,892	627,594	1,264,486
Actuarial loss on obligation (E)	2,099,020	289,985	2,389,005
Benefits paid (F)	—	(841,262)	(841,262)
Present value of obligations as on 31.03.07	14,275,470	12,379,811	26,655,281

**In accordance with the revised AS-15 issued by The Institute of Chartered Accountants of India, retirement and short term employee benefits as at 31 March, 2006 have been recomputed. The difference between the amount so computed and the liability with respect to the same as at 31 March 2006 has been accordingly adjusted in the opening debit balance of profit and loss account amounting to Rs. 0.40 crore (Retirement benefits: Rs. 0.12 crore and short term employee benefits: Rs 0.28 crore).

d. Reconciliation of assets and liabilities

Particulars	Gratuity (Rs.)	Compensated Absences (Rs.)	Total (Rs.)
Present value of unfunded defined benefit obligations as on 31.03.07	14,275,470	12,379,811	26,655,281
Fair value of plan assets*	8,886,202	—	8,886,202
Net liability	5,389,268	12,379,811	17,769,079

*The fair value of plan assets is nil in case of Compensated Absences since long term compensated absences plan are wholly unfunded as on 31 March, 2007.

e. Principal actuarial assumptions

S.No.	Particulars	Rate (%)
i.	Discount rate as at 31.03.07	8.00
ii.	Future salary increase	6.00

17. Related party disclosures
a. List of related parties
i. Holding Company

- Network 18 Fincap Limited (27 November,2006 Onwards)

ii. Fellow Subsidiaries

- Global Broadcast News Limited (GBN) (27 November,2006 Onwards)
- Setpro Holdings Private Limited (27 November,2006 Onwards)
- TV18 Home Shopping Network Private Limited (TV18 HSN) (27 November,2006 Onwards)
- TV18 HSN Holdings Limited (Formerly known as 18 Holdings Cyprus Limited) (27 November,2006 Onwards)
- Network 18 Holdings Limited, Cayman Islands (Formerly known as TV18 Holdings Limited) (27 November,2006 Onwards)

iii. Subsidiaries

- e-Eighteen.com Limited (E-18)
- Global Broadcast News Limited (GBN) (Upto 27 September,2006)
- Web18 Software Services Limited (10 July,2006 Onwards)
- RVT Investments Private Limited (9 July,2006 Onwards)
- News Wire 18 India Private Limited (Formerly known as Livewire Motion Pictures Private Limited) (18 September,2006 Onwards)
- TV 18 UK Limited
- Studio 18 UK Limited (7 March,2007 Onwards)
- Moneycontrol Dot Com India Limited (MCD)
- iNews.com Limited (IN)
- Television Eighteen Mauritius Limited (TEML)
- Television Eighteen Commoditiescontrol.com Limited (TECCL)
- TEML Broadcast Mauritius Limited(formerly known as CNBC India Limited)
- Web 18 Holdings Limited, Cayman Islands (19 April,2006 Onwards)
- E-18 Limited, Cyprus (10 July,2006 Onwards)
- SRH Broadcast News Holdings Private Limited (SRH) (Upto 27 September,2006)

iv. Entity over which Company exercises significant influence

- Network 18 Fincap Ltd. (formerly known as SGA Finance and Management Services Private Limited (SGAFM) (Upto 27 November, 2006)
- SGA News Limited (SGA-N) (Upto 27 November, 2006)
- RRB Holdings Private Limited
- B K Media Private Limited

v. Key Management Personnel

- Raghav Bahl (Also exercises control by virtue of having a substantial interest in the voting power of the Company)
- Sanjay Ray Chaudhuri
- Haresh Chawla

vi. Relatives of Key Management Personnel

- P.N. Bahl
- Subhash Bahl
- Vandana Malik
- Janhavi Chawla
- Ritu Kapur

b. Transactions / balances outstanding with related parties

Particulars	Holding Company Subsidiaries		Fellow	Entity under	Key	Relatives of
	Amount (Rs.)	Amount (Rs.)	Subsidiary Amount (Rs.)	significant influence Amount (Rs.)	Management Personnel Amount (Rs.)	Key Management Personnel Amount (Rs.)
(i) Transactions during the year						
Services and other income						
1. Network 18	102,656	-	-	-	-	-
2. GBN	-	-	47,683,083 (15,600,000)	-	-	-
3. TV18HSN	-	-	8,238,153	-	-	-
4. SGA-N	-	-	-	121,035 (44,400,000)	-	-
5. E18.Com	-	7,590,037 (953,184)	-	-	-	-
6. TV18CC	-	2,842,411 (499,391)	-	-	-	-
7. Web 18	-	2,943,018	-	-	-	-
8. Others	-	568,096 (335,229)	-	10,086	-	-
Total	102,656	13,943,562 (1,787,804)	55,921,236 (15,600,000)	131,121 (44,400,000)	-	-
Sale of investment in the shares of subsidiary						
1. E18 Ltd.	-	8,185,879	-	-	-	-
Reimbursement of expenses (received)						
1. Network 18	4,304,934	-	-	-	-	-
2. GBN	-	-	76,469,086 (44,489,566)	-	-	-
3. Web 18	-	46,609,112	-	-	-	-
4. Newswire	-	19,082,545	-	-	-	-
5. E18.Com	-	15,445,325 (6,003,542)	-	-	-	-
6. SGA-N	-	-	-	32,275,055 (109,607,957)	-	-
7. Others	-	2,313,851 (940,054)	5,787,987	-	-	-
Total	4,304,934	83,450,833 (6,943,596)	82,257,073 (44,489,566)	32,275,055 (109,657,957)	-	-
Reimbursement of expenses (paid)						
1. GBN	-	-	34,439,480 (7,287,052)	-	-	-
2. E18.Com	-	7,762,498	-	-	-	-
3. SGA-N	-	-	-	2,778,010 (1,011,876)	-	-
4. B.K. Media	-	-	-	465,493	-	-
5. Others	-	-	-	-	-	-
Total	-	7,762,498	34,439,480 (7,603,878)	3,243,503 (1,011,876)	-	-
Expenditure for services received						
1. GBN	-	-	5,272,420	-	-	-
2. SGA-N	-	-	-	-	-	-
3. TEMPL	-	6,005,856 (5,440,815)	-	-	-	-
4. TV 18 UK	-	3,889,426	-	-	-	-
5. Setpro	-	-	128,123,385	-	-	-
6. Raghav Bahl	-	-	-	-	5,925,758 (6,047,425)	-

Particulars	Holding Company	Subsidiaries	Fellow Subsidiary	Entity under significant influence	Key Management Personnel	Relatives of Key Management Personnel
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
7. Haresh Chawla	-	-	-	-	2,143,800	-
8. Sanjay Ray Chaudhuri	-	-	-	-	(1,997,605)	-
9. Ritu Kapur	-	-	-	-	4,388,000	-
10. Janhavi Chawla	-	-	-	-	-	1,327,500
11. Others	-	-	-	-	-	(1,214,400)
12. e-18.com	-	137,496	-	-	-	1,569,147
	-	(1,228,964)	-	-	-	(1,080,000)
Total	-	10,032,778	1,33,395,805	-	12,457,558	3,176,047
	-	(6,669,779)	-	-	(8,045,030)	(2,614,400)
Net Assets Transferred by the Related Party						
1. TEML	-	1,402,722	-	-	-	-
2. GBN	-	-	14,000	-	-	-
Total	-	1,402,722	14,000	-	-	-
Investments in Equity shares						
1. SGA-N	-	-	-	(391,000,000)	-	-
2. RVT	-	100,000	-	-	-	-
3. Newswire	-	55,100,200	-	-	-	-
Total	-	55,200,200	-	(391,000,000)	-	-
Investments in Preference shares						
1. RVT	-	531,720,000	-	-	-	-
2. SGAFM	-	-	-	(201,500,000)	-	-
3. SGA N	-	-	-	(110,000,000)	-	-
Total	-	531,720,000	-	(311,500,000)	-	-
Equity shares allotted by way of preferential allotment						
1. SGAFM	-	-	-	(106,400,000)	-	-
(ii) Balances at the year end						
Debtors outstanding at year end						
1. TV18 HSN	-	-	8,238,153	-	-	-
2. TEML	-	(2,319,107)	-	-	-	-
Total	-	(2,319,107)	8,238,153	-	-	-
Loans / Advances at the year end						
1. Network 18	3,181,689	-	-	-	-	-
2. GBN	-	-	10,963,844	-	-	-
3. Setpro	-	-	(25,282,052)	-	-	-
4. TV18 HSN	-	-	49,356,642	-	-	-
5. TEML	-	22,317,630	-	-	-	-
6. Web 18	-	49,149,199	-	-	-	-
7. TV18 Cc	-	48,446,508	-	-	-	-
8. E18.com	-	(25,362,793)	-	-	-	-
	-	2,444,795	-	-	-	-
	-	(332,831)	-	-	-	-



Television Eighteen India Limited

Particulars	Holding Company	Subsidiaries	Fellow Subsidiary	Entity under significant influence	Key Management Personnel	Relatives of Key Management Personnel
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
9. SGA-N	-	-	-	34,076,367	-	-
10. Haresh Chawla	-	-	-	(196,819,757)	-	-
11. Janhavi Chawla	-	-	-	-	3,559,425	-
	-	-	-	-	(11,541,113)	-
12. Others	-	16,825,467	-	411,252	-	(10,000,000)
	-	(2,901,800)	-	(2,700,000)	-	(60,000)
Total	3,181,689	139,183,599	63,000,409	34,487,619	3,559,425	-
	-	(28,597,424)	(25,282,052)	(199,519,757)	(11,541,113)	(10,060,000)
Creditors outstanding at the year end						
1. TV18 UK	-	368,208	-	-	-	-
2. TEMPL	-	61,844,625	-	-	-	-
	-	(68,802,207)	-	-	-	-
Total	-	62,212,833	-	-	-	-
	-	(68,802,207)	-	-	-	-
Share Application Money Paid						
1. TV18 Holding	-	-	2,263,000	-	-	-
2. RVT	-	1,350,000	-	-	-	-
3. Web 18	-	62,500,000	-	-	-	-
Total	-	63,850,000	2,263,000	-	-	-
	-	-	-	-	-	-
Unsecured loans outstanding at the year end						
1. Subhash Bahl	-	-	-	-	-	-
	-	-	-	-	-	(1,000,000)

Figures in brackets indicate amounts pertaining to the previous year

18. Segmental reporting

The Company is engaged in the business of production and telecast of business news and related operations, primarily in India. As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by paragraphs 39 to 51 of Accounting Standard 17 - Segment reporting, have not been provided in these financial statements.

19. As per the information available with the Company:

- none of its creditors comprises small scale industrial undertakings to which the Company owe dues, which are outstanding for more than 30 days as at the Balance Sheet date; and
- none of the creditors comprise micro, small and medium enterprises which comprise amount outstanding for more than 45 days as at the Balance Sheet date.

20. Operating Leases

The Company has taken various residential/commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. The rental expenses on operating leases were charged to Profit and Loss account.

21. Utilization of Qualified Institutional Buyers (QIB) Proceeds

The Company has utilized the gross issue proceeds on issue of 3,076,923 equity shares of Rs. 5 each at a premium of Rs 645 per share in the following manner:

Particulars	Year ended 31 March, 2007 Amount (Rs.)
Public Issue Proceeds	2,000,000,000
Less: For General Corporate Purpose	20,000,000
Unutilized Public Issue Proceeds in:	
Mutual Funds	910,000,000
Deposits	1,070,000,000

Net issue expenses borne by the Company is Rs. 50,112,070.

22. Previous year's amounts have been regrouped/reclassified to conform with current year's presentation.

For and on behalf of the Board

RAGHAV BAHL Managing Director	SANJAY RAY CHAUDHURI Whole Time Director	R.D.S. BAWA CFO	ANIL SRIVASTAVA Company Secretary
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Noida
5 July, 2007

Balance Sheet Abstract & Company's General Business Profile :

I. Registration Details :

Registration No.

State code

Balance sheet Date :

II. Capital raised during the year

(All amounts in Rupees)

Public Issue

Right Issue

Bonus Issue

Private Placement

Others

III. Position of Mobilisation and Deployment of Funds

Total Liabilities (including Shareholdings' Funds)

Total Assets

Sources of Funds

Paid up Capital

Reserves & Surplus

Secured Loan

Unsecured Loan

Deferred Tax Liability

Application of Funds

Net Fixed Assets

Investment

Net Current Assets

Misc Expenditure

Accumulated Losses

IV. Performance of Company

Turnover (including Other Income)

Total Expenditure

(Please tick appropriate box + for Profit, -for Loss)

Profit/Loss Before Tax
+ -

Profit/Loss After Tax
+ -

(Please tick appropriate box + for Positive, -for Negative)

Earning per Share (in Rs.)-Annualised
+ -

Dividend Rate %

V. Generic names of Principal Products/Services of Company

The Company is engaged in broadcasting services for which no item code has been prescribed.

Note : i. Face Value of Rs. 5 per share is in current year, previous year was Rs. 10 per share.

For and on behalf of the Board

RAGHAVBAHL
Managing Director

SANJAY RAY CHAUDHURI
Whole Time Director

R.D.S. BAWA
CFO

ANIL SRIVASTAVA
Company Secretary

Noida
5 July, 2007

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF TELEVISION EIGHTEEN INDIA LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TELEVISION EIGHTEEN INDIA LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached consolidated Balance Sheet of Television Eighteen India Limited and its subsidiaries as at 31 March, 2007, the consolidated Profit and Loss account and the consolidated Cash Flow Statement for the year ended on that date both annexed thereto.
2. These financial statements are the responsibility of the management of Television Eighteen India Limited and have been prepared by the management on the basis of separate financial statements and other financial information regarding subsidiaries. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries and a joint venture, whose financial statements reflect total assets of Rs. 844.58 million as at 31 March, 2007 and total revenues of Rs. 568.08 million and net cash inflows amounting to Rs. 285.31 million for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
4. The accounts of the 'Indian Business News Undertaking' relating to the 'Demerged Operations' demerged from SGA News Limited as per the scheme of restructuring as set out in note 4b of Schedule 16 for the period 1 April to 30 September, 2006 have been audited by the auditors of SGA News Limited and their

report has been furnished to us and has been dealt with by us in preparing this report. The financial statements reflect revenues of Rs. 94.96 million and total expenditure of Rs. 163.56 million upto the period ended 30 September 2006 in respect of the 'Demerged Operations'. Our opinion, insofar as it relates to the amounts included in respect of the 'Demerged Operations', is based solely on the report of the auditors of SGA News Limited.

5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Television Eighteen India Limited and its subsidiaries:
 - a. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Television Eighteen India Limited and its subsidiaries included in the consolidated financial statements.
 - b. We are of the opinion that:
 - i. the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Television Eighteen India Limited and its subsidiaries as at 31 March, 2007,
 - ii. the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Television Eighteen India Limited and its subsidiaries for the year then ended.
 - iii. the Consolidated Cash flow statement gives a true and fair view of the consolidated cash flows of Television Eighteen India Limited and its subsidiaries for the year then ended.

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

New Delhi
Date : 5 July, 2007

BALANCE SHEET AS AT 31 MARCH, 2007

	Schedule Reference	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
SOURCE OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a. Share capital	1	282,805,700	210,432,240
b. Reserves and surplus	2	2,746,194,426	2,178,946,102
2. LOAN FUNDS			
a. Secured loans	3	2,134,051,583	1,050,237,452
b. Unsecured loans	4	1,085,141,539	800,216,076
3. DEFERRED TAX LIABILITY			
		49,549,287	112,411,387
4. MINORITY INTEREST (See note 14)			
		<u>437,510,638</u>	<u>13,654,210</u>
		<u>6,735,253,173</u>	<u>4,365,897,467</u>
APPLICATION OF FUNDS			
5. FIXED ASSETS			
a. Gross block	5	1,581,618,045	1,181,787,627
b Less: Depreciation		<u>498,923,146</u>	<u>288,527,747</u>
c. Net block		1,082,694,899	893,259,880
6. CAPITAL WORK IN PROGRESS (Including capital advance)			
	5	35,908,239	15,684,930
7. GOODWILL			
		56,021,125	51,589,331
8. INVESTMENTS			
	6	1,964,267,223	1,788,069,159
9. DEFERRED TAX ASSET			
		12,986,653	67,634
10. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories		8,636,962	5,079,399
b. Sundry debtors		1,634,995,948	971,487,928
c. Cash & bank balances		1,846,518,409	445,770,806
d. Loans & advances		<u>1,045,987,861</u>	<u>789,472,673</u>
		4,536,139,180	2,211,810,806
11. LESS: CURRENT LIABILITIES AND PROVISIONS			
	8	<u>980,381,270</u>	<u>620,653,137</u>
12. NET CURRENT ASSETS			
		<u>3,555,757,910</u>	<u>1,591,157,669</u>
13. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
	9	27,617,124	26,068,864
		<u>6,735,253,173</u>	<u>4,365,897,467</u>
Notes forming part of the accounts	16		
The above schedules form an integral part of the accounts			

As per our report of even date attached

 For **DELOITTE HASKINS & SELLS**
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104
New Delhi
5 July, 2007

For and on behalf of the Board

RAGHAV BAHL
Managing Director

R.D.S. BAWA
CFO

 Noida
5 July, 2007

SANJAY RAY CHAUDHURI
Whole Time Director

ANIL SRIVASTAVA
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2007

	Schedule Reference	Year ended 31.03.2007 (Rs.)	Year ended 31.03.2006 (Rs.)
1. INCOME			
a. Income from operations	10	2,471,247,929	1,520,038,180
b. Other income	11	114,273,555	69,084,502
		<u>2,585,521,484</u>	<u>1,589,122,682</u>
2. EXPENDITURE			
a. Production, administrative and other costs	12	1,257,536,265	552,587,181
b. Personnel expenses	13	575,960,626	271,926,521
c. Interest and financial charges	14	244,262,094	120,164,551
d. Depreciation	5	188,325,028	135,581,373
		<u>2,266,084,013</u>	<u>1,080,259,626</u>
3. Profit before tax		319,437,471	508,863,056
4. Provision for taxes (Net of provision written back)	15	(3,369,362)	126,127,762
5. Profit after tax		322,806,833	382,735,294
6. Minority shareholders interest		385,593	10,243,156
7. Profit/ Loss after tax carried to reserves and surplus		<u>322,421,240</u>	<u>372,492,138</u>
Earning per equity share (See note 13)			
(Face Value of Rs. 5 per share, previous year Rs. 10 per share)			
Basic		5.97	19.67
Diluted		5.90	19.39
Notes forming part of the accounts	16		
The above schedules form an integral part of the accounts			

As per our report of even date attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104
New Delhi
5 July, 2007

For and on behalf of the Board

RAGHAV BAHL
Managing Director

R.D.S. BAWA
CFO

Noida
5 July, 2007

SANJAY RAY CHAUDHURI
Whole Time Director

ANIL SRIVASTAVA
Company Secretary



Television Eighteen India Limited (Consolidated)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Year Ended 31.03.2007 (Rs.)	Year Ended 31.03.2006 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	319,437,471	508,863,056
Adjustments for :		
Depreciation	188,325,028	130,318,222
Loss on sale/disposal of assets	1,288,470	2,001,259
Non cash write offs	60,976,295	4,936,358
Employee stock compensation expenses	110,969,244	57,548,726
Finance expenses	244,262,094	120,164,551
Provision for doubtful debts	19,738,546	18,338,992
Foreign exchange loss / (gain)	6,958,142	1,357,200
Dividend income	(32,535,635)	(27,539,833)
Profit on sale of short term investments	(3,483,146)	52,350
Provisions written back	(7,137,154)	(209,000)
Interest income	(69,546,715)	(39,629,575)
Operating profit before working capital changes	839,252,640	776,202,306
Adjustments for :		
Decrease/(Increase) in Current assets	(885,215,234)	(736,812,097)
Increase/(Decrease) in Current liabilities	56,539,434	212,386,246
Cash generated from/ (used in) operations	10,576,840	251,776,455
Tax on operational income (including fringe benefit/ wealth tax)	(75,350,716)	(32,511,313)
Net cash from/ (used in) operating activities	(64,773,876)	219,265,142
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including pre-operative/capital advance)	(299,844,427)	(347,980,752)
Sale of assets/claim received	3,955,099	8,284,077
Investments		
- in affiliates	(533,049,344)	(705,650,000)
- Mutual funds and others (net)	(8,163,299,259)	(2,906,403,440)
Sale of investments	6,988,974,423	2,428,126,406
Interest received	56,443,987	38,203,957
Dividend received	32,535,635	27,539,833
Increase in Goodwill	(4,431,794)	(44,327,099)
Net cash from/ (used in) investing activities	(1,918,715,680)	(1,502,207,018)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(188,765,012)	(19,111,336)
Interest paid	(234,574,960)	(113,078,122)
Proceeds from issue of equity shares (Net)	2,091,817,102	786,195,941
Demerger expenses	(76,450,400)	—
Preference share of subsidiary held by minority (Net of Minority Interest)	423,470,835	—
Redemption of ZCSPCD(including premium on redemption)	(21,833,412)	(17,463,147)
Increase / (Decrease) in loans	1,390,573,006	1,020,928,646
Net cash from/ (used in) financing activities	3,384,237,159	1,657,471,982
Net increase/ (decrease) in cash and cash equivalents	1,400,747,603	374,530,106
Cash and cash equivalents as at the beginning of the year	445,770,806	71,240,700
Cash and cash equivalents as at the end of the year	7c 1,846,518,409	445,770,806
Notes forming part of the accounts	16	
The above schedules form an integral part of the accounts		

As per our report of even date attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104
New Delhi
5 July, 2007

For and on behalf of the Board

RAGHAV BAHL
Managing Director

R.D.S. BAWA
CFO

Noida
5 July, 2007

SANJAY RAY CHAUDHURI
Whole Time Director

ANIL SRIVASTAVA
Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED :		
100,000,000 equity shares of Rs. 5 (Previous year 25,000,000 of Rs. 10) each	500,000,000	250,000,000
500,000 (Previous year 500,000) preference shares of Rs. 100 each	50,000,000	50,000,000
	<u>550,000,000</u>	<u>300,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP :		
56,561,140 equity shares of Rs. 5 (Previous year 21,043,224 of Rs. 10) each fully paid up	282,805,700	210,432,240
Of the above:		
a. 23,113,829 equity shares of Rs. 5 each (Previous year 39,980 of Rs. 10) have been allotted as fully paid up without payments being received in cash		
b. 4,822,588 equity shares 'of Rs. 5 (Previous year 3,444,706 of Rs. 10) each have been allotted as fully paid up as bonus shares by capitalising share premium		
SCHEDULE 2		
RESERVES AND SURPLUS		
1. Securities Premium		
a. Opening balance	1,460,341,183	600,863,631
b. Add: Amounts received pursuant to issue of equity shares	2,179,493,825	864,331,412
c. Less:		
i. Adjustment on account of transfer of subsidiary	52,036,610	—
ii. Utilisation under demerger scheme 'A'	1,401,559,053	—
iii. Utilisation for QIP issue expenses	50,112,070	—
iv. Provision for premium on redemption of ZCSPCD	4,853,860	4,853,860
d. Closing balance	<u>2,131,273,415</u>	<u>1,460,341,183</u>
2. General reserve		
a. Opening balance	199,573,900	161,771,496
b. Add:		
i. Transfer from profit and loss account	17,510,764	19,496,288
ii. Adjustment on account of transfer of subsidiary	2,087,898	—
iii. Deferred tax asset written off (see note 18)	24,084,230	4,553,884
iv. Transfer from Reserve for technological upgradation	—	11,960,000
v. Transfer from Reserve for contingencies	—	10,900,000
c. Less:		
i. Utilisation under demerger scheme 'A'	57,031,275	—
ii. Utilisation under demerger scheme 'B'	81,437,796	—
iii. Utilisation for demerger expenses	76,450,400	—
d. Closing balance	<u>28,337,321</u>	<u>199,573,900</u>
3. Debenture redemption reserve		
a. Opening balance	60,655,862	41,252,366
b. Add: Transfer from profit and loss account	95,841,852	19,403,496
c. Closing balance	<u>156,497,714</u>	<u>60,655,862</u>
4. Employees stock options		
a. Opening balance	57,094,997	12,689,952
b. Add: Employee stock options outstanding	151,533,112	233,691,630
c. Less: Deferred employee compensation	146,420,889	189,286,585
d. Closing balance	<u>62,207,220</u>	<u>57,094,997</u>
5. Exchange translation reserve		
a. Opening balance	7,982,663	3,123,968
b. Adjustment for exchange translation reserve for earlier years	(24,923,238)	—
c. Adjustment for the current year	(11,287,626)	4,858,695
d. Closing balance	<u>(28,228,201)</u>	<u>7,982,663</u>
6. Profit & loss account		
a. Opening balance	393,297,497	118,898,633
b. Add:		
i. Profit/(Loss) for the year	322,421,240	372,492,138
ii. Add: Adjustment on account of transfer of subsidiary	20,305,123	—
iii. Less : Transferred to Debentures redemption reserve	95,841,852	19,403,496
iv. Add: Adjustment of minority's share of loss in opening balance	—	792,850
v. Adjustment for exchange translation reserve	24,923,238	—
c. Less:		
i. Provision for retirement benefits as per revised AS '15'	4,047,181	—
ii. Transfer of profits of 2005-2006 under demerger 'A'	13,805,285	—
iii. Transfer of loss of 2005-06 under demerger 'B'	104,856,387	—
vi. Interim Dividend	112,938,980	52,608,060
v. Tax on interim dividend	15,839,692	7,378,280
vi. Transfer to General reserve	17,510,764	19,496,288
d. Closing balance	<u>396,106,957</u>	<u>393,297,497</u>
	<u>2,746,194,426</u>	<u>2,178,946,102</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
SCHEDULE 3		
SECURED LOANS		
a. Zero coupon secured partly convertible debentures (See note 8)	81,494,686	98,957,833
b. Premium payable on redemption of debentures	20,382,626	24,752,891
c. Loans from banks		
i. Cash credit (See note 9a)	417,787,587	15,917,176
ii. Term loans (See note 9b)	1,596,789,154	888,376,430
iii. Other loans (See note 9c)	17,597,530	22,233,122
	2,134,051,583	1,050,237,452
SCHEDULE 4		
UNSECURED LOANS		
a. Term loans from banks	394,650,000	394,650,000
b. Commercial paper from banks	250,000,000	100,000,000
c. Public deposits	290,491,539	155,566,076
d. Non Convertible Debentures	150,000,000	—
e. Commercial paper from others	—	150,000,000
	1,085,141,539	800,216,076

SCHEDULE 5
FIXED ASSETS

	01.04.2006	During the year	ns Under Demerger 'B'	Sales/ Adjustments	Total Gross Block	Accumulated Asat 01.04.2006	Transfer Demerger 'B'	For the Year	Sale/ Adjustments	Asat 31.03.2007	Asat 31.03.2007	Asat 31.03.2006
Lease Hold Land	216,200	—	—	—	216,200	—	—	—	—	—	216,200	216,200
Lease hold Improvements	75,986,069	18,400,430	—	(72,364)	94,458,863	12,029,455	—	12,540,104	(69,330)	24,638,889	69,819,974	63,956,614
Building	26,828,032	—	—	—	26,828,032	367,124	—	437,297	—	804,421	26,023,611	26,460,908
Furniture & Fixture	16,829,757	3,524,133	—	(386,440)	20,740,330	7,986,934	—	1,801,197	(460,018)	10,248,149	10,492,181	8,842,823
Plant & Machinery	983,972,271	235,347,140	73,441,888	1,375,955	1,291,385,344	245,200,916	16,591,295	166,387,951	(998,599)	429,178,761	862,206,583	738,771,355
Electric Installation	16,599,366	1,892,395	—	—	18,491,761	2,812,110	—	1,285,656	—	4,097,766	14,393,995	13,787,256
Vehicles	30,008,621	5,532,158	3,202,691	4,061,517	34,681,953	7,598,360	383,655	3,202,761	1,703,677	9,481,099	25,200,854	22,410,261
News Archives	20,498,422	—	—	—	20,498,422	8,351,861	—	973,675	—	9,325,536	11,172,886	12,146,561
Goodwill	10,848,888	15,000,000	—	—	25,848,888	4,180,966	—	2,919,779	—	7,100,765	18,748,123	6,667,902
Software	—	27,468,252	—	—	27,468,252	—	—	1,345,843	—	1,345,843	26,122,409	—
Brand	—	21,000,000	—	—	21,000,000	—	—	2,701,917	—	2,701,917	18,298,083	—
Total	1,181,787,626	328,164,508	76,644,579	4,978,668	1,581,618,045	288,527,746	16,974,950	193,596,180	175,730	498,923,146	1,082,694,899	893,259,880
Capital Work in Progress	15,684,930	35,908,239	—	15,684,930	35,908,239	—	—	—	—	—	35,908,239	15,684,930
GROSS BLOCK	1,197,472,556	364,072,747	76,644,579	20,663,598	1,617,526,284	288,527,746	16,974,950	193,596,180	175,730	498,923,146	1,118,603,138	908,944,810
PREVIOUS YEAR	923,505,169	448,370,642	—	174,403,254	1,197,472,557	214,325,617	—	140,844,524	66,642,394	288,527,747	908,944,810	709,179,552

Depreciation for the year include Rs. 5,271,152 transferred to Pre-operative expenses

	As at 31.3.2007 (Rs.)	As at 31.3.2006 (Rs.)
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SCHEDULE 6
INVESTMENTS

a. Quoted - Long Term in Government securities - other than trade:		
i. 14% Government stock 2006	—	100,000
ii. 13.05% Government Stock 2007	100,000	100,000
Aggregate of Quoted - Long Term Investments	100,000	200,000
b. Quoted - Short Term in units of mutual funds - other than trade:		
i. 12,666,935 (Previous year 2,260,908) units of Rs 10 each in ABN Amro Mutual Fund	126,666,833	22,609,106
ii. 2,324,171 (Previous year 2,306,478) units of Rs. 10 each in Birla Mutual Fund	23,492,720	23,375,014
iii. 5,517,405 (Previous year 31,242,948) units of Rs. 10 each in Chola Mutual Fund	55,113,703	312,928,170
iv. Nil (Previous year 6,028) units of Rs. 1,000 each in Tata Mutual Fund	—	6,717,754
v. 6,740,214 (Previous year 4,957,732) units of Rs. 10 each in DSP Mutual Fund	563,821,801	49,698,771

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
vi. 3,155,535 (Previous year 4,856,725) units of Rs. 10 each in Grindlays Mutual Fund	37,033,731	49,558,265
vii. Nil (Previous year 1,417,236) units of Rs. 10 each in HDFC Mutual Fund	—	15,074,248
viii. 896,961 (Previous year 1,000,000) units of Rs. 10 each in ING Vysya Mutual Fund	8,914,550	9,950,599
ix. 11,209,593 (Previous year 1,162,183) units of Rs. 10 each in JM Mutual Fund	112,123,689	11,730,655
x. 5,359,791 (Previous year 20,347,880) units of Rs. 10 each in Kotak Mutual Fund	54,349,618	204,166,340
xi. Nil (Previous year 2,038,813) units of Rs. 10 each in Principal Mutual Fund	—	20,392,614
xii. 4,665,354 (Previous year 4,665,354) units of Rs. 10 each in Prudential ICICI Mutual Fund	50,000,001	50,000,001
xiii. 10,000,000 (Previous year 446,995) units of Rs. 10 each in Sundaram Mutual Fund	99,999,999	4,512,541
xiv. 5,278,099 (Previous year 5,006,707) units of Rs. 10 each in UTI Mutual Fund	52,772,597	49,985,491
xv. Nil (Previous year 150,387) units of Rs. 10 each in Templeton Mutual Fund	—	1,514,590
xvi. 1,000,000 (Previous year nil) units of Rs. 10 each in Mutual Fund Optimix Dynamic	10,000,000	—
xvii. 5,970,021 (Previous year nil) units of Rs. 10 each in Reliance Mutual Fund	60,087,682	—
xviii. 9,116,579 (Previous year nil) units of Rs. 10 each in LIC Liquid Fund	100,100,955	—
Aggregate of Quoted - Short Term Investments	<u>1,354,477,879</u>	<u>832,214,159</u>
Aggregate Market Value Rs. 1,354,687,531 (Previous year Rs. 837,301,643)		
Aggregate of Quoted - Short Term Investments (including Rs. 910,000,000 of unutilised money of QIP proceeds)		
c. Unquoted - Long Term in Equity shares:		
i. of other companies - other than trade		
981,000 (Previous year Nil) Equity shares of Rs. 10 each fully paid up in SRH Braodcast News Holdings Private Limited *	—	197,000,000
500 (Previous year 500) Equity shares of New India Co-op. Bank Limited of Rs. 10 each fully paid.	5,000	5,000
166,150 (Previous year Nil) 14% Cumulative Convertible Preference shares of Rs. 500 each fully paid up in SGA News Limited *	—	166,150,000
882,353 (Previous year Nil) Equity shares of Rs. 10 each fully paid up in SGA News Limited *	—	391,000,000
1,040,100 (Previous year Nil) Preference shares of Rs. 10 each fully paid up in SGA Finance & Management Services Private Limited *	—	201,500,000
1 Equity share of USD 1 each fully paid in Network 18 Holding Limited	44	—
46,90,899 (Previous Year Nil) Equity Shares of Rs 10 each of Global Boardcasting News Ltd.	533,049,300	—
ii. of other companies - trade		
1,500,015 (Previous year Nil) Preference Shares of USD 0.0001 each fully paid up of Yatra Online Inc.	22,147,500	—
975,700 Series B Preference Share (Previous Year NIL) of Yatra Online Inc.	54,487,500	—
Aggregate of unquoted investments	<u>609,689,344</u>	<u>955,655,000</u>
Total Investment	<u><u>1,964,267,223</u></u>	<u><u>1,788,069,159</u></u>
* demerged as per the scheme of arrangement		

**SCHEDULE 7
CURRENT ASSETS, LOANS & ADVANCES**

	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
a. Inventories (at cost)		
Tapes and compact discs	5,913,720	5,079,399
Work in progress	2,723,242	—
	<u>8,636,962</u>	<u>5,079,399</u>
b. Sundry debtors (Unsecured)		
i. Considered good:		
Debts outstanding for over six months	685,483,694	697,503,217
Other debts	949,512,254	273,984,711
	<u>1,634,995,948</u>	<u>971,487,928</u>
ii. Considered doubtful - Debts outstanding for more than 6 months	47,765,038	28,026,492
Less: Provision for doubtful debtors	47,765,038	28,026,492
	<u>1,634,995,948</u>	<u>971,487,928</u>
c. Cash and bank balances		
i. Cash on hand	1,266,724	851,723
ii. Balance with scheduled banks :		
- in current accounts*	340,497,599	137,169,503
- in deposit accounts**	1,504,754,086	307,749,580
	<u>1,846,518,409</u>	<u>445,770,806</u>
* Includes Rs.3,046,751 (Previous year Rs. 2,221,268) in Unclaimed dividend accounts,application money refundable accounts		
** Includes and Rs. 35,968,066 (Previous year Rs. 15,000,000) held in accounts as per Rule 3A of Companies (Acceptance of Deposits) Rules, 1975 and includes Rs. 1,070,000,000 of unutilised money of QIP proceeds		
d. Loans & advances (Unsecured, considered good)		
i. Advance for content supply	244,161,717	—
ii. Share application Money Paid	71,359,050	162,125,900
iii. Security and other deposits	122,117,275	108,039,177
iv. Deposit with customs, excise authorities	66,159,384	—
v. Advances recoverable in cash or in kind or for value to be received	464,375,198	484,951,714
vi. Advance Income tax paid (Net)	65,590,237	19,383,240
vii. MAT credit entitlement	12,225,000	12,225,000
viii. Capital advances	—	2,747,642
	<u>1,045,987,861</u>	<u>789,472,673</u>
TOTAL	<u>4,536,139,180</u>	<u>2,211,810,806</u>

**SCHEDULE 8
CURRENT LIABILITIES & PROVISIONS**

a. Current liabilities		
i. Book Overdraft	479,218	—
ii. Sundry creditors	630,516,535	411,533,399
iii. Interest accrued but not due	16,773,563	7,086,429
iv. Other liabilities	204,437,980	127,490,677
v. Advance from customer/billing	54,230,922	32,793
vi. Stock awards outstanding	31,111,500	—
	<u>937,549,718</u>	<u>546,143,298</u>
b. Investor Education and Protection Fund		
i. Unclaimed dividend	997,474	1,142,011
ii. Unclaimed application money received for allotment of securities and due for refund	—	964,378
iii. Unclaimed debenture redemption money	1,236,549	113,938
	<u>2,234,023</u>	<u>2,220,327</u>
c. Provisions		
i. Provision for retirement benefits	21,336,418	12,225,847
ii. Wealth tax (net of advance tax)	108,325	77,325
iii. Proposed/Interim dividend [Including Corporate Dividend tax payable Rs.Nil (Previous year Rs. 7,378,280)]	—	59,986,340
iv. Fringe benefit tax (Net of advance)	5,087,339	—
v. Provision for Income Tax (Net of advance)	14,065,447	—
	<u>40,597,529</u>	<u>72,289,512</u>
	<u>980,381,270</u>	<u>620,653,137</u>

**SCHEDULE 9
MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)		
a. Preliminary expenses	289,176	146,331
b. Debenture redemption premium	9,095,999	13,949,859
c. Pre-operative expenses	18,231,949	11,972,674
	<u>27,617,124</u>	<u>26,068,864</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	Year ended 31.03.2007 (Rs.)	Year ended 31.03.2006 (Rs.)
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**SCHEDULE 10
INCOME FROM OPERATIONS**

a. Income from business news operations	2,144,139,558	1,367,678,098
b. Internet operations	255,778,563	149,259,883
c. Equipment rentals and other receipts	71,329,808	3,100,199
	<u>2,471,247,929</u>	<u>1,520,038,180</u>

**SCHEDULE 11
OTHER INCOME**

a. Interest		
i. Loan to subsidiary	2,095,108	—
ii. Fixed deposits	25,943,183	2,803,317
iii. Others	41,508,424	36,826,258
b. Dividend from short term investments	32,535,635	27,539,833
c. Profit on sale of investments	3,483,146	—
d. Miscellaneous income	8,708,059	1,915,094
	<u>114,273,555</u>	<u>69,084,502</u>

**SCHEDULE 12
PRODUCTION, ADMINISTRATIVE AND OTHER COSTS**

a. Tapes consumed	4,348,126	5,051,735
b. Site support costs	44,711,438	16,866,983
c. Studio and equipment hire charges	50,429,432	19,050,417
d. Media professionals' fees	78,767,753	40,304,616
e. Telecast and uplinking charges	48,395,321	32,519,252
f. Content and franchisee expenses	117,778,646	92,775,761
g. Consumables and spares	5,679,835	1,518,262
h. Other production expenses	62,593,639	13,459,982
i. Rent	74,337,066	37,900,069
j. Office expenses	5,465,685	676,040
k. Electricity expenses	16,539,689	10,313,028
l. Insurance	4,430,514	8,107,136
m. Travelling and conveyance	87,382,561	42,899,093
n. Vehicle running and maintenance	19,633,957	9,966,267
o. Communication expenses	43,990,895	33,454,687
p. Distribution, advertising and business promotion	326,787,973	80,849,240
q. Membership and subscription	5,107,786	8,654,818
r. Repairs and maintenance:		
- Plant & machinery	15,164,032	9,901,265
- Others	13,127,513	9,933,352
s. Legal and professional expenses	103,273,818	38,838,174
t. Loss on sale / disposal of assets	1,288,470	2,001,259
u. Miscellaneous expenditure written off	3,324,071	47,500
v. Bad debts / other recoverables written off	75,749,076	18,176,115
w. Miscellaneous expenses	30,112,184	17,912,578
x. Loss on sale of short term investments	—	52,352
y. Loss on exchange rate fluctuation	6,958,142	1,357,200
z. Prior period Expenses	12,158,643	—
	<u>1,257,536,265</u>	<u>552,587,181</u>

**SCHEDULE 13
PERSONNEL EXPENSES**

a. Salaries and bonus	399,839,712	185,240,883
b. Contribution to provident fund and other funds	19,518,996	11,001,705
c. Staff welfare expenses	39,982,557	12,189,804
d. Retirement benefits	5,650,117	5,945,403
e. Employee stock option expenses	110,969,244	57,548,726
	<u>575,960,626</u>	<u>271,926,521</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	Year ended 31.03.2007 (Rs.)	Year ended 31.03.2006 (Rs.)
SCHEDULE 14		
INTEREST AND OTHER CHARGES		
a. Interest on :		
i. Term loans	135,888,931	87,076,949
ii. Cash credit	30,811,179	—
iii. Fixed deposit	20,037,419	—
iv. Non Convertible debentures	6,917,671	—
v. Commercial paper	19,751,740	—
vi. Others	9,264,513	18,390,764
b. Other financial charges	21,590,641	14,696,838
	<u>244,262,094</u>	<u>120,164,551</u>
SCHEDULE 15		
PROVISION FOR TAXATION		
a. Current income tax	35,989,439	27,777,350
b. Less: MAT credit entitlement	—	(12,225,000)
	<u>35,989,439</u>	15,552,350
c. Fringe benefit tax	12,202,353	5,990,500
d. Deferred income tax (See Note 15)	(51,696,889)	104,505,912
e. Wealth tax	135,735	79,000
	<u>(3,369,362)</u>	<u>126,127,762</u>

SCHEDULE 16
NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. These financial statements comprise a consolidation of the accounts of Television Eighteen India Limited (Tv18), the Parent and its subsidiaries

Company	Country of Incorporation	Percentage stake of the Parent
iNews.com Limited (iNews)	India	99.15
RVT Investments Private Limited	India	100.00
Newswire 18 Private Limited	India	100.00
Television Eighteen Mauritius Limited (TEML)	Republic of Mauritius	100.00
TV18 UK Limited- Subsidiary of TEML	UK	100.00
Web18 Holdings Limited, Cayman Islands- Subsidiary of TEML	Cayman Islands	93.80
E-18 Limited, Cyprus- Subsidiary of Web18 Limited, Cayman Islands	Cyprus	100.00
Television Eighteen Commoditiescontrol.Com Limited- Subsidiary of E-18 Limited, Cyprus	India	79.97
e-Eighteen.com Limited (e-18)- Subsidiary of E-18 Limited, Cyprus	India	91.95
Web 18 Software Services Limited- Subsidiary of E-18 Limited, Cyprus	India	100.00
Money Control Dot Com India Limited – Subsidiary of e-18.com Limited	India	100.00
Jobstreet.com Private Limited – JV of E-18 Limited, Cyprus	India	50.00

2. Background

Television Eighteen India Limited (TV18) was incorporated in 1993 and is primarily engaged in content production and broadcasting. Television Eighteen Commoditiescontrol.Com Limited (Formerly Eighteen Entertainment India Limited) had acquired the running business of an established commodities portal - M/s Agri Informatics India Private Limited on 29 October, 2004. On 24 May, 2005 the name of the company has been changed to Television Eighteen Commoditiescontrol.Com Limited (TECCL) However during the year ended 31 March, 2007 the Parent's investment in TECCL were sold to E18 Limited Cyprus, which has become the holding company subsequent to such disposal.

Television Eighteen Mauritius Limited (TEML) was incorporated in 1996 in the Republic of Mauritius under the Mauritius Offshore Business Activities Act, 1992 with production of television programmes as its principal business activity. The said act has since been repealed and replaced by Companies Act, 2001 under which TEML is known as a company holding Category 1 Global Business license and is regulated by the Financial Services Commission.

E-18 was incorporated on 28 March 2000 as a subsidiary of TV18 with the primary objective of setting up of business and finance, internet portal. e-18 acquired the business of an established personal finance portal Moneycontrol Dot Com India Private Limited on 21 May, 2000. Shares of E 18.com Limited were sold to E18 Limited Cyprus on 15 June 2006 and subsequent to the sale the Company has now become subsidiary of E18 limited Cyprus.

iNews.com Limited was incorporated on 28 August, 2000 as a subsidiary of TV18. The company has not yet commenced operations but has earned income from investments of surplus funds.

RVT Investment Private Limited was incorporated on 9 July, 2006 with the primary objective of dealing in or trading in shares, securities, debenture and investment as a subsidiary of Tv18 (I) limited. The company has not yet commenced operation.

NewsWire 18 Private Limited (NewsWire 18) was incorporated on 18 September, 2006 as Livewire Motion Pictures Private Limited. NewsWire 18 became a subsidiary of Tv18 consequent to transfer of entire share capital of promoters of Livewire Motion Pictures Private Limited, Raghav Bahl, Sanjay Ray Chaudhuri and Vandana Malik, to Tv18 on 15 November, 2006, the name change being effective from 1 December, 2006 pursuant to a resolution passed by the members for the same. NewsWire 18 acquired the staff and business of CRISIL Market Wire Limited, India's first real-time financial news agency and market data platform company.

3. Significant accounting policies

These financial statements have been prepared in accordance with the Accounting Standards as prescribed by the Institute of Chartered Accountants of India and referred to in section 211(3)(c) of the Companies Act 1956. The significant accounting policies adopted in presentation of the accounts are:

a. Basis of accounting

These accounts are prepared on the historical cost convention and on the mercantile basis.

b. Basis of consolidation

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Parent.

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.
- Interest in a jointly controlled entity is reported using proportionate consolidation.
- The excess of cost to the Company of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates, on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment, is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

c. Revenue Recognition

- Advertisement revenue comprises:

- Revenue from sale of advertising time, which is recognised on the accrual basis when advertisements are telecast in accordance with contractual obligations.
 - Advertisement revenue earned from displaying banner ads on the portal, which is recognised proportionately on the number of impressions achieved. Other advertisement revenue is recognised on accrual basis in accordance with contractual obligations.
 - Revenues from sponsorship contracts, which is recognised proportionately over the term of the sponsorship.
 - ii. Subscription revenue is recognised on the accrual basis in accordance with the terms of the contract with the distribution and collection agency.
 - iii. Program revenues are accounted for on the basis of dispatch of programmes in accordance with contractual commitments.
 - iv. Revenue from content licensing is recognised proportionately over the period of the contract for sale of content.
 - v. Income from online trading, comprising exclusivity fees received from customers for displaying their logos on the Moneycontrol portal, is recognised proportionately based on the volume of online trading generated or at the end of the contract period, whichever is earlier.
 - vi. Equipment rental is accounted for on the accrual basis for the period of use of equipment by the customers.
 - vii. Dividends on investments are accounted for when the right to receive dividend is established.
- d. Fixed Assets**
Fixed assets are stated at their original cost of acquisition/installation less depreciation. All direct expenses attributable to acquisition/installation of assets are capitalized.
- e. Depreciation**
Depreciation on all assets is charged on straight line basis over the estimated useful lives using rates (including double shift depreciation rates wherever applicable) prescribed by Schedule XIV of the Companies Act, 1956, except in respect of:
- i. Cost of improvements to leasehold premises which is amortised over the period of lease (including renewal options) of the premises.
 - ii. Computer software which is depreciated over a period of 5 years in case of TV18 and Newswire 18.
 - iii. Furniture and fixtures which are depreciated over a period 10 years in case of TEML.
 - iv. Vehicles which are depreciated over a period of 5 years in case of TEML.
 - v. Plant & Machinery which is depreciated over a period of 5 years in case of TEML.
 - vi. Distribution equipments which are depreciated over a period of 8 years in case TV18.
- News Archives are depreciated on straight line basis at the rate of 4.75% per annum. Useful life of News Archives is estimated for a period longer than 10 years as the contents of the same are continuously used in day to day programming and hence the economic benefits from the same arise in a period longer than 10 years.
- Depreciation on additions is charged proportionately from the date of acquisition/ installation except in case of TEML where the assets are depreciated for the full year in the year of acquisition. Assets costing less than Rs. 5,000 individually have been fully depreciated in the year of purchase.
- Depreciation on assets disposed-off during the year is charged proportionately till the date of sale except in the case of TEML where no depreciation is charged in the year of disposal.
- f. Impairment of assets**
At each balance sheet date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.
- Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.
- Reversal of impairment loss is recognised immediately as income in the profit and loss account.
- g. Goodwill**
Purchased goodwill is amortised over a period of 5 years
- h. Inventory Valuation**
Inventories include raw material, work in progress and completed/pilot programmes. Raw materials comprise stocks of used and unused tapes and compact discs, and are valued at cost on FIFO basis. Stocks of tapes are written off over the useful life of these tapes which is estimated at three years.
- i. Investments**
Long term investments are stated at cost less permanent diminution in the value of such investments. Current investments are carried forward at lower of cost or fair value.
- j. Retirement Benefits**
- i. Company's contribution to the Employees' Provident Fund is charged to the profit and loss account each year.
 - ii. Short term employee benefits (Medical, Leave travel allowance, etc.) expected to be paid in exchange for the services rendered is recognised on undiscounted basis
 - iii. Gratuity to employees is based on the Group Gratuity Scheme of an insurer. The liability at the year end is provided for on the basis of actuarial valuation using projected unit credit method (PUCM).
 - iv. Long term compensated absences are provided for on the basis of an actuarial valuation using projected unit credit method (PUCM).
- k. Miscellaneous Expenditure**
- i. Preliminary expenses
Preliminary expenses of the parent incurred till 31 March, 2003 are amortised over a period of 10 years. For the subsidiaries, preliminary expenses are either written off when incurred or amortised over 2 to 10 years.

- ii. Premium on redemption of debentures
Premium on redemptions of debentures is written off over the term of the debentures. (See also note 8 below)

l. Foreign Currency Translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in a foreign currency and outstanding at the balance sheet date are translated at the exchange rate ruling at the cut off date. Exchange difference arising on a foreign currency transaction is recognized as income or expense in the year in which it arises except in the case of fixed assets where these amounts are increased/ decreased in the fixed asset.

In respect of the subsidiary, income and expenses are translated into the reporting currency at the average rate. All assets and liabilities are translated at the closing rate. Exchange gain or loss arising on translation is credited or charged to the exchange rate reserve.

m. Provision for Income Tax

Income tax comprises current tax and deferred tax. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date. Under the current Mauritius Legislation, TEML is subject to income tax at the rate of 15% but is entitled to a tax credit for foreign taxes equivalent to the greater of the actual foreign taxes paid and 80% of Mauritius tax payable on its foreign source income.

Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognised unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

n. Earnings per Share

The Group reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 (Earnings Per Share), issued by Institute of Chartered Accountants of India. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

o. Website development costs

Costs incurred in the planning or conceptual development of the web site are expensed as incurred. Once the planning or conceptual development of a web site has been achieved, and the project has reached the application development stage, the Group capitalizes all costs related to web site application and infrastructure development including costs relating to the graphics and content development stages. Training and routine maintenance costs are expensed as incurred.

p. Employee Stock Option Scheme

Stock options granted to the employees under the stock options schemes are accounted as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 issued by Securities and Exchange Board of India. Accordingly, the excess of average market value of the shares over the preceding 2 weeks of the date of grant of options over the exercise price of the options is recognized as deferred employee compensation and is charged to the profit and loss account on straight line method over the vesting period of the options. The amortised portion of the cost is shown under reserves and surplus.

q. Employee Stock Purchase Scheme

Shares issued under the stock purchase schemes are accounted as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 issued by Securities and Exchange Board of India. Accordingly, the excess of average market value of the shares over the preceding 2 weeks of the date of issue of shares over the issue price of the shares is recognized as employee compensation and is charged to the profit and loss account, on the date of the issue of shares to the employees.

r. Employee Stock Award Scheme

Awards granted under the stock award scheme as per accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 issued by Securities and Exchange Board of India. Accordingly, the excess of market value of the share price as at the balance sheet date over the market value on the date of grant of Awards are recognized as deferred employee compensation and is charged to the profit and loss account on straight line basis over the vesting period of the Awards. The deferred employee compensation is adjusted for change in market value at each balance sheet date.

s. Use of estimates

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of income and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialised.

4. Scheme of Restructuring

The Parent's Scheme of Arrangement and Restructure (Scheme) to:

- demerge Media Investment Undertaking of Television Eighteen India Limited to Network 18 Fincap Limited (Formerly, SGA Finance & Management Services Private Limited);
- merge Indian News Business Undertaking of SGA News Limited (SGA); and
- reduce Share Capital of the Company

was approved by the Hon'ble High Court of Delhi on 20 July, 2006 and is effective from 1 October 2005.

a. Demerger of Media Investment Undertaking

- i. On the scheme becoming effective, the following assets of the Parent have been transferred to Network 18 Fincap Limited at book values:

Particulars	<i>(Rupees millions)</i> Amount transferred by the Company
1. Equity Shares –SGA News Limited	391.00
2. Equity Shares – SRH Broadcast News Holding (P) Limited	197.00
3. Preference Shares – Network 18 Fincap (P) Limited	201.50
4. Share Application Money-TV18 Holdings Limited, Cayman Islands	67.90
5. Cash & Cash Equivalents	664.32
Total	1,521.72

The break up of investments actually transferred to Network 18 is different from the investments as approved by the High Court vide its order. However the total amount of the investments transferred is the same.

- ii. As per the scheme of restructuring, during the intervening period, TV18 shall be deemed to have been carrying on all business and activities relating to the Demerged Undertaking on behalf of Network 18 and all profits accruing to the Transferor Company, or losses arising or incurred by them relating to the Demerged Undertaking shall be treated as the profits or losses of the Network 18.
 - iii. The Parent has earned dividends on aforesaid investments aggregating to Rs. 26.33 million during the period starting from appointed date and ending on effective date. Out of Rs. 26.33 million, Rs. 13.81 million of dividend income pertaining to the period starting from appointed date and ending on 31 March, 2006 has been adjusted from the debit balance of profit and loss account. The remaining has been adjusted from current period's profit and loss account.
 - iv. Pursuant to scheme of arrangement, each fully paid up equity shares of Rs. 10 of the Parent were split into 2 fully paid up equity shares of Rs. 5 and the capital of the Parent was reduced by 30% amounting to Rs. 63,129,670. The shareholding in TV18 is re-organized and bifurcated as follows in respect of every 10 equity shares of face value of Rs 10 each in TV18:
 - 14 equity shares of face value Rs 5 each in TV18, and
 - 12 equity shares of face value Rs 5 each in Network 18
 Consequently, the Company has issued 8,417,290 shares to existing shareholders
- b. Merger of Indian Business News Undertaking**
- i. On the scheme becoming effective, the following assets and liabilities of SGA have been transferred to the Parent at book value:

Particulars	<i>(Rupees in million)</i> Assets/(liabilities) as on effective date
1. Fixed Assets	52.95
2. Investments	88.76
3. Debtors	142.38
4. Other Current Assets	27.04
Total (A)	311.13
5. Share Application Money received from TV18	166.15
6. Liabilities as per scheme	296.97
Total (B)	463.12
Net Assets(A-B)	(151.99)

- ii. As per the scheme of restructuring, during the intervening period, SGA shall be deemed to have been carrying on all business and activities relating to the demerged Undertaking on behalf of TV 18 and all profits accruing to the Transferor Company, or losses arising or incurred by them relating to the demerged undertaking shall be treated as the profits or losses of TV 18.
- iii. Debit balance of profit and loss account of Rs. 104.86 million of merged entity as on 31 March, 2006 has been adjusted from profit and loss account.
- iv. In consonance to the restructuring scheme, the Parent had issued 22,966,207 shares to the Shareholders of SGA News Limited in the ratio of 3.67 equity shares of face value of Rs 5 each for every one equity share of face value of Rs 10 each held by the shareholders of the SGA News Limited in that company.

5. Significant transactions during the year

a. Business transfer from Crisil Marketwire

- i. Under an agreement dated 14 November, 2006 between TV18 and Crisil Limited and Crisil Marketwire Limited, the business undertaking providing financial market newswire services, operated by Crisil Marketwire, has been acquired on a slump sale basis, with effect from 1 January, 2007 by Television Eighteen India Limited and housed in the company.
- ii. The amount paid for the acquisition has been capitalized under Goodwill.
- iii. As per the agreement, the company has also reimbursed to Crisil Limited/ Crisil Marketwire Limited amounts incurred by those companies towards all costs (including addition to fixed assets, equipment and software). Costs are net of proportionate revenues attributable to the business which belong to TV18.
- iv. These amounts, as detailed below, have been capitalized / charged to the Profit and Loss account on the basis of information received from Crisil / Crisil Marketwire Limited .

	Amount (Rs.)
Assets capitalised	39,990,526
Amounts expensed off	19,750,236
Incomes apportioned to Newswire	2,431,481

b. Disposal of Business

During the previous year TEML had an investment of Rs. 181,770,518 (USD 4,170,005) in TEML Broadcast limited, Mauritius. Consequent to winding up of the Company, the Investment had been written off from Goodwill account in its holding company.

c. Acquisition of Urban Interactive

On 14 July 2006, Web 18 Software Services Limited a step down subsidiary entered into a binding Memorandum of Understanding (MoU) to acquire the entire business of Urban Interactive alongwith assets, liabilities, contracts, employees and intangible assets for a purchase consideration of USD 252,351 (Rs. 11,000,000).

Further, as per the MoU, the purchase consideration also includes issuance of equity shares in the Company worth USD 151,411 (Rs. 66,00,000) at a valuation equivalent to the valuation used the proposed first placement by the Company at end of the first year (First year shares).

Additionally, the purchase consideration also includes issuance of equity shares of the Company equivalent in number to the first year shares at the end of the second year and third year.

Further, as per the MoU, the seller shall remain in exclusive employment of the purchaser for a minimum continuous period of 36 months. In case, the seller decides to leave the step down subsidiary before the period of 36 months, the seller shall not be entitled to any consideration has not been paid till the date of leaving.

As the assets taken over and liabilities assumed of Urban Interactive at 14 July 2006 were negligible, the entire purchase consideration been accounted as a brand acquisition.

d. Acquisition of IBNLive.com

On 31 July 2006, Web 18 Software Services Limited a step down subsidiary entered into an agreement to acquire the news portal business (ibnlive.com) together with the brand, domain name, assets, liabilities, contracts, employees etc for a purchase consideration of USD 38,793 (INR 1,691,000).

6. Pre-operative expenses

Miscellaneous expenditure includes Pre- operative expenses aggregating to Rs. 18,231,949 (Previous year Rs. 11,972,674) in iNews.com Limited as the Company has not commenced operations as at 31 March 2007.

7. Contingent Liabilities

- a. Claims against the Parent not acknowledged as debts include demands raised by Income Tax authorities Rs.121.41 million (Previous year Rs. 62.52 million). Amounts deposited by the Parent against these claims - Rs. 77.18 million (Previous year Rs. 26.26 million). No Provision has been made in the accounts for these demands as the Parent expects a favourable decision in appeal.
- b. Guarantees given by banks on behalf of the Parent outstanding at year end Rs. 4.46 million (Previous year Rs. 11.16 million).
- c. The Company and its subsidiary iNews.com Limited have extended corporate guarantees amounting to Rs. 50.9 million (previous year Rs. 40.9 million), in favour of ICICI Home Finance Company Limited in consideration of loan facility extended by ICICI Home Finance Company Limited to the employees of the company
- d. The Company has given corporate guarantees of Rs. 320 million (Previous year Rs. 320 million) towards fund based/non fund based credit facility given by ICICI bank to Global Broadcast News Limited.
- e. The company has extended corporate guarantees of USD 10,000,000 to Tracer Capital Partners L.P., Tracer Capital Partners QP L.P. and Tracer Capital Offshore funds for subscription of convertible securities in Web 18 Holdings Limited, a Company incorporated in Cayman Islands, an indirect subsidiary of TV18.
- f. Estimated amounts of contracts remaining to be executed on capital account (net of advances) Rs. 12.716 million (Previous year Rs. 15.96 million).
- g. The Parent has purchased fixed assets under the 'Export Promotion Capital Goods Scheme'. As per the terms of the license granted under the scheme, the Company has undertaken to achieve an export commitment of Rs. 293.66 million over a period of 8 years which expire on 8 August 2013. In the event the Company is unable to execute its export obligations the Company shall be liable to pay customs duty of Rs. 36.70 million (Previous year Rs. 36.70 million) and interest on the same at the rate of 15 per cent compounded annually. The company is hopeful of meeting its export obligation and accordingly no provision is required for the same.

8. Zero Coupon Secured Partly Convertible Debentures (ZCSPCD)

The Parent had during the year ended 31 March, 2003 issued 895,546 ZCSPCD of face value of Rs. 150 each for cash at par on right basis to the existing equity shareholders of the Company in the ratio of 1 ZCSPCD for every 13 equity shares held. Rs. 20 of the ZCSPCD was to be converted into two equity shares of Rs. 10 each. Accordingly the Company had allotted 1,791,092 shares to the ZCSPCD holders. The balance of Rs. 130 is being redeemed together with a premium of 25% of the value redeemed in four annual installments commencing from the end of the third year of the issue date as follows:

Year	Principal amount per ZCSPCD	Principal	Redemption premium	Premium amount per ZCSPCD	Total redemption amount per ZCSPCD
	(Rs.)	%	%	(Rs.)	(Rs.)
3	19.50	15	25	4.88	24.38
4	19.50	15	25	4.88	24.38
5	19.50	15	25	4.88	24.38
6	71.50	55	25	17.88	89.38
Total	130.00			32.52	162.52

The ZCSPCDs holder's interest in respect of redemption thereof, all costs, charges, expenses and other monies are secured by way of creating a first pari passu charge on the fixed assets of the Company.

The first and second installments of redemption have been paid in February 2006 and March 2007 respectively.

9. Secured Loans

- a. Cash credit with banks are secured by:
 - i. First charge on all current assets of the Parent on pari passu basis with consortium bankers.
 - ii. Second charge on all fixed assets of the Parent on pari passu basis with consortium bankers.
 - iii. Personal guarantee of the Managing Director and a relative of the Managing Director.
- b. The term loans from banks of Rs. 1,596.79 million are secured by
 - i. First charge on pari passu basis on all the Parent's, immovable and movable properties (except for the land exclusively mortgaged to the trustees of the ZCSPCDs), both present and future, save and except charges created/to be created in favour of the Parent's bankers on current assets for securing borrowings for working capital requirements.
 - ii. Exclusive charge on the moveable and immovable properties of all the subsidiary companies both present and future except Television Eighteen Mauritius Limited, save and except book debts subject to charges created/to be created in favour of the Parent's bankers on current assets for securing borrowings for working capital requirements.
 - iii. Unconditional and irrevocable personal guarantees of the Managing Director.
 - iv. Secured Loan of a subsidiary is secured by way of first charge on all fixed and current assets of the subsidiary. The loan is additionally secured by a Corporate Guarantee from Network 18 Fincap Limited (holding company of Parent)

The term loan outstanding at any point of time shall be additionally secured by an exclusive charge on liquid securities of the parent, amounting to 12.50% of the term loan outstanding at any point of time.

Out of abovementioned loans from banks of Rs. 1,596.79 million, a loan amounting to Rs. 234.33 million is further secured by mutual fund securities of Rs. 301.40 million.

- c. Other loans from banks and others are secured by hypothecation of vehicles and other assets financed.

10. Demerging Operations

For the scheme of demerger described in note 4 (a), the requisite disclosures in accordance with Accounting Standard 24 issued by Institute of Chartered Accountants of India are as follows:

a. Carrying Amount of assets transferred/to be transferred to Network 18

Particulars	(Rs. in millions)	
	Period ended	Year ended
	31.03.07	31.03.06
1. Investment in Equity shares of SRH Broadcast News Holdings Private Limited	197.00	197.00
2. Investment in Equity shares of SGA News Limited	391.00	391.00
3. Investment in Preference shares of Network 18	201.00	201.00
4. Share application money paid to TV18 Holdings Limited, Caymans Island	67.90	67.90
5. Cash and cash equivalents (including investments in mutual funds)**	664.32	664.32
Total	1,521.72	1,521.72

b. Revenue and expenses of continuing and demerging operations

Particulars	(Rs. in millions)			
	Continuing operations		Demerging operations	
	Period ended	Year ended	Period ended	Year ended
	31.03.07	31.03.06	31.03.07	31.03.06
Income (A)	2,585.52	1297.54	—	20.28
Expenditure (B)	2,366.08	1001.26	—	—
Profit before tax (C=A-B)	319.44	296.28	—	20.28
Provision for tax (D)	(3.37)	121.59	—	—
Profit after tax (E=C-D)	322.81	174.68	—	20.28

c. Cash flows from continuing and demerging operations

Particulars	(Rs. in millions)			
	Continuing operations		Demerging operations	
	Year ended	Year ended	Year ended	Year ended
	31.03.07	31.03.06	31.03.07	31.03.06
Net cash from/ (used in) operating activities	(64.77)	118.25	-	-
Net cash from/ (used in) investing activities	(1,918.72)	(1,525.26)	-	20.28
Net cash from/ (used in) financing activities	3,384.24	1,657.79	-	-
Net increase/ (decrease) in cash and cash equivalents	1,400.75	250.78	-	20.28

11. Employee Stock Option and Stock Purchase Plan

a. Television Eighteen India Limited Stock Option Plan 2002

During the year 2002-2003 the Company had established an Employee Stock Option Plan (ESOP 2002) for compensation to its employees whereby, the Company plans to grant upto 700,000 options to eligible employees. Options granted shall vest with the grantee after one year period from the date of grant. The exercise period is two years after vesting of the options. Each option is exercisable for one equity share of Rs.5 each fully paid up on payment of offer price of Rs. 5 per share. In past, the company has granted 302,350 options (net of cancellation). During the year the company has granted 50,190 options. 50,190 options remain outstanding as unvested options on 31 March, 2007.

b. Television Eighteen India Limited Stock Option Plan 2003

During the year 2003-2004 the Company had established an Employee Stock Option Plan (ESOP 2003) for compensation to its employees whereby, the Company plans to grant upto 700,000 options to eligible employees. The exercise price per each option shall be 95 percent of the market value on the grant date. In case of fall in market value of shares between the grant date and the date of exercise the compensation committee may reprice the options for an employee on the same principle as enunciated while ensuring that such repricing is not detrimental to the interest of the grantees. Options granted shall vest with the grantee for a period of one year from the grant. The exercise period of the options is a period of one year after the vesting of the options. In past, the Company has granted 638,309 (net of cancellations) options. There is 'Nil' options remaining outstanding as unvested on 31 March, 2007.

c. Television Eighteen India Limited Stock Purchase Plan 2003

During the 2003-2004 the Company had established Employee stock purchase plan (ESPP 2003) for compensation to the employees whereby the Company plans to issue upto 700,000 shares to eligible employees. The offer price per share shall be 95% of the market value of the shares as at the date of the offer. The Company has issued 667,016 shares under ESPP 2003 upto 31 March, 2007. There is 'Nil' shares remaining un-issued on 31 March, 2007.

d. Television Eighteen India Limited Employees Stock Option Plan, 2004

During the 2004-2005 the Company had established Employees Stock Option Plan (ESOP 2004) for compensation to the employees whereby the Company plans to grant upto 700,000 shares to eligible employees. Options granted shall vest with the grantee equally over a three years period from the date of grant. The exercise period is three years after vesting of the options. Each option is exercisable for one equity share of Rs.5/- each fully paid up on payment of offer price determined at 90% of (for

50% of the options granted) and at Rs. 125 discount per option to (for balance 50% of the options granted) market price of share determined with respect to the date of grant. In past, the company has granted 622,300 options (net of cancellation). During the year the company has granted 36,400 options. 658,700 options (net of cancellation) remain outstanding as unvested options on 31 March, 2007.

- e. Television Eighteen India Limited Senior Employees Stock Option Plan, 2004**
During the 2004-2005 the Company had established Senior Employees Stock Option Plan (Senior ESOP 2004) for compensation to the employees whereby the Company plans to grant upto 840,000 shares to eligible employees. Options granted shall vest with the grantee equally over a three years period from the date of grant. The exercise period is two years and three years after vesting of the options for one third and for remaining two third of the options respectively. Each option is exercisable for one equity share of Rs.5 each fully paid up on payment of offer price determined at 90% of (for 50% of the options granted) and at Rs. 100 discount per option to (for balance 50% of the options granted) market price of share determined with respect to the date of grant. The company has cancelled 28,000 options during the year out of 494,669 options (net of cancellation) granted in past. During the year the company has granted 233,332 options and 68,446 options were converted into 68,446 fully paid up equity shares of the Company on their being exercised. 631,555 options (net of cancellation) remain outstanding as unvested options on 31 March, 2007.
- f. Television Eighteen India Limited Long Term Retention Employee Stock Option Plan 2005**
During the 2005-2006 the Company had established Employees stock option plan (ESOP 2005) for compensation to the employees whereby the Company plans to grant upto 350,000 shares to eligible employees. Options granted shall vest with the grantee after four years period from the date of grant. The exercise period is two years after vesting of the options. Each option is exercisable for one equity share of Rs. 5 each fully paid up on payment of offer price equal to market price of share determined with respect to the date of grant. 350,000 options granted by the Company in past remain outstanding as unvested options on 31 March, 2007.
- g. Television Eighteen India Employee Stock Option Plan 2005**
During the 2005-2006 the Company had established Employees Stock Option Plan (ESOP 2005) for compensation to the employees whereby the Company plans to grant upto 1,260,000 shares to eligible employees. Part of the options granted shall vest with the grantee for 1 year period from the date of grant and part of the options shall vest with the grantee equally over a three years period from the date of grant. The exercise period of the options is a period of one year after the vesting of the options. Each option is exercisable for one equity share of Rs. 5 each fully paid up on payment of offer price at 90% of market price of share determined with respect to the date of grant. In past, the Company has granted 1,068,200 options. During the year 897,400 options were exercised and converted into 897,400 fully paid up equity shares of the Company. 170,800 options remain outstanding as unvested options on 31 March, 2007.
- h. Television Eighteen India Strategic Acquisition Stock Option Plan 2005**
During the 2005-2006 the Company had established Strategic Acquisition Plan 2005 for compensation to the employees whereby the Company plans to grant upto 840,000 shares to eligible employees. Options granted shall vest with the grantee for one year period from the date of grant. The exercise period of the options is a period of one year after the vesting of the options. Each option is exercisable for one equity share of Rs. 5 each fully paid up on payment of offer price of Rs. 100 per share. 280,000 options granted by the Company during the year remain outstanding as unvested options on 31 March, 2007.
- i. Television Eighteen India Employee Stock Option Plan 2006**
During the 2006-2007 the Company had established Employees Stock Option Plan (ESOP 2006) for compensation to the employees whereby the Company plans to grant upto 1,000,000 shares to eligible employees of the Company or its subsidiaries. Options granted shall vest with the grantee for a two years period from the date of grant. The exercise period of the options is a period of one year after the vesting of the options. Each option is exercisable for one equity share of Rs. 5 each fully paid up on payment of offer price of Rs. 5 per share. 226,540 options granted by the Company during the year remain outstanding as unvested options on 31 March, 2007.
- j. Television Eighteen Employee Stock Purchase Plan 2006**
Under this Plan the Company plans to grant 500,000 equity shares of Rs. 5 each to eligible employees of the Company or its subsidiaries. The offer price per share shall be 90% of the market price determined with respect to the date of grant. The Company has issued 'Nil' (net of cancellations) shares upto 31 March, 2007.
- k. Television Eighteen Employee Stock Option Plan 2007**
During the year 2006-2007 the Company had established an Employee Stock Option Plan (ESOP A 2007) for compensation to its employees whereby, Company plans to grant upto 1,000,000 options to eligible employees of the Company and directors of the Company and its holding and subsidiary companies. Options granted shall vest with the grantee equally over a four years period from the date of grant. The exercise period of the options is a period of four years after the vesting of the options. Each option is exercisable for one equity share of Rs.5 each fully paid up on payment of offer price at 75% of market price of share determined with respect to the date of grant. The Company has granted 'Nil' (net of cancellations) options upto 31 March, 2007.
- l. Television Eighteen Employee Stock Option Plan 2007**
During the year 2006-2007 the Company had established an Employee Stock Option Plan (ESOP B 2007) for compensation to its employees whereby, Company plans to grant upto 1,000,000 options to eligible employees of the Company and directors of the Company and its holding and subsidiary companies. Options granted shall vest with the grantee equally over a six years period from the date of grant. The exercise period of the options is a period of four years after the vesting of the options. Each option is exercisable for one equity share of Rs. 5 each fully paid up on payment of offer price of Rs. 5 per share. The Company has granted 'Nil' (net of cancellations) options upto 31 March, 2007.
- 12. Senior Employee Stock Awards (Stock Appreciation Right) Plan 2005**
During the 2005-2006 the Company had established Stock Appreciation Right Plan 2005 (Senior Employee Stock Award Plan) for compensation to the employees whereby the Company in its extraordinary general meeting held on 25 July, 2005 has approved a grant of upto 300,000 awards to eligible employees. The Company has granted 299,995 awards upto 31 March, 2007. Pursuant to the scheme, after vesting (after 1-3 years from grant date) of awards, the employees have right to receive such numbers of fully paid equity shares of Rs. 5 of the Company whose market value match with the amount of increase due to appreciation in share price during date of grant and date of exercise of the awards. During the year, the Company has issued 91,650 shares to employees on their exercising the option.

13. Earnings per share

Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year. The reconciliation between basic and diluted earnings per equity share is as follows:

Particulars	Units	Year ended 31.03.2007	Year ended 31.03.2006
a. Net profit after tax	Rs.	322,806,833	382,735,292
b. Weighted average of number of equity shares used in computing basic earnings per share	No. of shares	54,033,558	19,458,675
c. Basic earnings per share (a/b)	Rs.	5.97	19.67
d. Weighted average of the number of shares issued under Options	No. of shares	2,073,539	1,136,609
e. Adjustment for number of shares that would have been issued at the fair value	No. of shares	(1,426,120)	(860,396)
f. Weighted average of number of equity shares used in computing diluted earnings per share (b+d+e)	No. of shares	54,680,977	19,734,888
g. Diluted earnings per share (a/f)	Rs.	5.90	19.39
h. Effect of potential equity shares (c-g)	Rs.	0.07	0.28

14. Minority interest

Minority interest liability of Rs. 437,510,638 (Previous year Rs. 13,654,210) as at 31 March, 2007 represents the interest of the minority shareholders with an aggregate shareholding of 21.35% in the subsidiaries e-18 and MCD, 20% in the subsidiary TECCL and 0.85% in iNews. The break-up of the minority interest balance as at 31 March, 2006 is as follows:

Particulars	Year ended 31.03.2007 (Rs.)	Year ended 31.03.2006 (Rs.)
Opening balance	13,654,210	3,411,054
Less: Adjustment on account of transfer of subsidiary	(13,112,809)	—
Add: Minority's share of accumulated profit/(loss)	683,642	—
Add: Share in current year Profit/(loss)	385,593	10,243,156
Add: preference share capital in subsidiary held by minority	435,900,000	—
Closing balance	437,510,638	13,654,210

15. Deferred tax

Deferred tax assets and liability are being offset as they relate to taxes on income levied by the same governing taxation laws.

Break up of deferred tax assets/liabilities and reconciliation of current year deferred tax charge:

	Opening Balance	(Charged)/ Credited to General Reserve	(All amounts in rupees) (Charged)/ Credited to P&L	Closing Balance
DEFERRED TAX LIABILITY				
Deferred Tax Liabilities				
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	(134,886,546)	(482,154)	20,643,860	(114,724,840)
Total (A)	(134,886,546)	(482,154)	20,643,860	(114,724,840)
Deferred Tax Assets				
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax	3,694,049	-	11,352,580	15,046,629
Capital losses to be set off against capital gains in future years	596,715	-	(596,715)	-
Provision for doubtful debts	18,184,395	-	17,628,021	35,812,416
Brought forward business losses to be set off in future years	-	24,566,384	(10,249,876)	14,316,508
Total (B)	22,475,159	24,566,384	18,134,010	65,175,553
Total (A-B)	(112,411,387)	24,084,230	38,777,870	(49,549,287)
DEFERRED TAX ASSETS				
Deferred Tax Liabilities				
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	-	-	(748,776)	(748,776)
Total (C)	-	-	(748,776)	(748,776)
DEFERRED TAX ASSETS				
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax	67,634	-	451,183	518,817
Provision for doubtful debts	-	-	13,216,612	13,216,612
Total (D)	67,634	-	13,667,795	13,735,429
Total (C-D)	67,634	-	12,919,019	12,986,653

As per Accounting Standard Interpretation – 11 (ASI – 11) issued by The Institute of Chartered Accountants of India the brought forward losses arising out of the merger of the Indian News Business Undertaking have been adjusted from the general reserve.

15. Related party disclosures

a. List of related parties

- i. *Holding Company*
 - Network 18 Fincap Limited (27 November,2006 Onwards)
- ii. *Fellow Subsidiaries*
 - Global Broadcast News Limited(GBN) (27 November,2006 Onwards)
 - Setpro Holdings Private Limited (27 November,2006 Onwards)
 - TV18 Home Shopping Network Private Limited (TV18 HSN) (27 November,2006 Onwards)
 - TV18 HSN Holdings Limited (Formerly known as 18 Holdings Cyprus Limited) (27 November,2006 Onwards)
 - Network 18 Holdings Limited, Cayman Islands (Formerly known as TV18 Holdings Limited) (27 November,2006 Onwards)
- iii. *Entity over which Company exercises significant influence*
 - SGA Finance and Management Services Private Limited (SGAFM) (Upto 27 November, 2006)
 - SGA News Limited (SGA-N) (Upto 27 November, 2006)
 - RRB Holdings Private Limited
 - B K Media Private Limited
- iv. *Key Management Personnel*
 - Raghav Bahl (Also exercises control by virtue of having a substantial interest in the voting power of the Company)
 - Sanjay Ray Chaudhuri
 - Haresh Chawla
- v. *Relatives of Key Management Personnel*
 - P.N. Bahl
 - Subhash Bahl
 - Vandana Malik
 - Janhavi Chawla
 - Ritu Kapur

b. Transactions / balances outstanding with related parties

Particulars	Holding Company Amount (Rs.)	Fellow Subsidiaries Amount (Rs.)	Entity under significant influence Amount (Rs.)	Key Management Personnel Amount (Rs.)	Relatives of Key Management Personnel Amount (Rs.)
a. Services and other income					
1. Network 18	4,697,123	-	-	-	-
2. GBN	-	53,323,382 (16,479,466)	-	-	-
3. TV18 HSN	-	8,238,153	-	-	-
4. SGA-N	-	-	1,499,240 (53,091,404)	-	-
5. Setpro	-	829,372	-	-	-
6. Others	-	-	10,086	-	-
Total	4,697,123	62,390,907 (16,479,466)	1,509,326 (53,091,404)	-	-
Reimbursement of expenses (received)					
1. Network 18	4,304,934	-	-	-	-
2. GBN	-	76,469,086 (44,489,566)	-	-	-
3. Setpro	-	-	-	-	-
4. TV18 HSN	-	-	-	-	-
5. SGA-N	-	-	32,275,055 (109,607,957)	-	-
Total	4,304,934	76,469,086 (44,489,566)	32,275,055 (109,657,957)	-	-
Reimbursement of expenses (paid)					
1. GBN	-	34,439,480 (7,287,052)	-	-	-
2. Setpro	-	-	-	-	-
3. SGA-N	-	-	2,778,010 (1,011,876)	-	-
4. B.K. Media	-	-	1,430,529	-	-
5. Raghav Bahl	-	-	-	262,522	-
Total	-	34,439,480 (7,287,052)	4,208,539 (1,011,876)	262,522	-

Particulars	Holding Company Amount (Rs.)	Fellow Subsidiaries Amount (Rs.)	Entity under significant influence Amount (Rs.)	Key Management Personnel Amount (Rs.)	Relatives of Key Management Personnel Amount (Rs.)
Expenditure for services received					
1. GBN	-	11,833,827	-	-	-
2. Setpro	-	128,123,385	-	-	-
3. SGA-N	-	-	-	-	-
4. Raghav Bahl	-	-	-	5,925,758	-
5. Haresh Chawla	-	-	-	(6,047,425)	-
6. Sanjay Ray Chaudhuri	-	-	-	2,143,800	-
7. Ritu Kapur	-	-	-	(1,997,605)	-
8. Janhavi Chawla	-	-	-	4,388,000	-
9. Vandana Malik	-	-	-	-	1,327,500
10. Others	-	-	-	-	(1,214,400)
Total	-	139,957,412	-	10,313,758	2,896,647
Net Assets Transferred by the Related Party					
1. GBN	-	1,767,056	-	-	-
Investments in Equity shares					
1. SGA-N	-	-	(391,000,000)	-	-
2. GBN	-	533,049,300	-	-	-
3. SRH	-	-	-	-	-
Total	-	(197,000,000)	(391,000,000)	-	-
Investments in Preference shares					
1. SGAFM	-	-	(201,500,000)	-	-
2. SGA N	-	-	(276,150,000)	-	-
Total	-	-	(477,650,000)	-	-
Equity shares allotted by way of preferential allotment					
1. SGAFM	-	-	(106,400,000)	-	-
(ii) Balances at the year end					
Debtors outstanding at year end					
1. TV18 HSN	-	8,238,153	-	-	-
Loans / Advances at the year end					
1. Network 18	3,181,689	-	-	-	-
2. GBN	-	12,817,247	-	-	-
3. Setpro-	-	(137,059,952)	-	-	-
4. TV18 HSN	-	49,550,225	-	-	-
5. SGA-N	-	-	36,231,936	-	-
6. Haresh Chawla	-	-	(203,282,586)	3,559,425	-
7. Janhavi Chawla	-	-	-	(11,541,113)	-
8. Others	-	-	-	-	(10,000,000)
Total	3,181,689	65,047,395	36,643,188	3,559,425	(60,000)
	-	(140,294,583)	(205,982,586)	(11,541,113)	(10,060,000)



Television Eighteen India Limited (Consolidated)

Particulars	Holding Company Amount (Rs.)	Fellow Subsidiaries Amount (Rs.)	Entity under significant influence Amount (Rs.)	Key Management Personnel Amount (Rs.)	Relatives of Key Management Personnel Amount (Rs.)
Loans / Payables at the year end					
1. Network 18 Fincap Ltd.	4,440,077	-	-	-	-
2. GBN	-	2,750,006	-	-	-
3. BKP Media	-	-	965,036	-	-
4. Raghav Bahl	-	-	-	262,522	-
Total	4,440,077	2,750,006	965,036	262,522	-
Share Application Money Paid					
1. TV18 Holding	-	2,263,000	-	-	-
Unsecured loans outstanding at the year end					
1. Subhash Bahl	-	-	-	-	(1,000,000)

Figures in brackets indicate amounts pertaining to the previous year

17. Segmental reporting

The group is engaged in the media business and related operations, primarily in India. As the group operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by paragraphs 39 to 51 of Accounting Standard 17 - Segment reporting, have not been provided in these financial statements.

18. Operating Leases

The Company has taken various residential/commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. The rental expenses on operating leases were charged to Profit and Loss account.

19. Previous year's amounts have been regrouped/reclassified to conform with current year's presentation.

For and on behalf of the Board

RAGHAV BAHL
Managing Director

SANJAY RAY CHAUDHURI
Whole Time Director

R.D.S. BAWA
CFO

ANIL SRIVASTAVA
Company Secretary

Noida
5 July, 2007



**TELEVISION EIGHTEEN MAURITIUS LIMITED
MANAGEMENT AND ADMINISTRATION
FOR THE YEAR ENDED 31 MARCH 2007**

Appointed

DIRECTORS

R. Bahl	03 December 1996
R. D. Singh Bawa	03 December 1996
M. Mohanka	03 December 1996
M.A. Koomar	23 October 1997
S. Golam Hossen	29 November 2002

SECRETARY

Fidelity Trust Limited

REGISTERED OFFICE

608, St James Court
St Denis Street
Port Louis
Mauritius

AUDITORS

Servansingh Associates
2nd Floor, Fon Sing Building
Edith Cavell Street
Port Louis
Mauritius

DIRECTORS' REPORT

The director presents herewith their report and the audited financial statements for the year ended 31st March 2007.

Principal Activity

The Principal activity of the Company is the production of television programs.

Result and Dividends

The Company's profit after taxation for the year ended 31st March 2007 was USD 1,806,946 (year ended 31.03.2006 : profit of USD 3,376,269)

The Director do not recommend the payment of a dividend during the year under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs and of the profit or loss of the Company. In preparing those financial statements, the directors are required to :

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements ; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors servansingh Associates have signified their willingness to continue in office and a resolution for their re-appointment will be put to the members at the next Annual Meeting.

By Order of the Board;

Corporate Secretary
Fidelity Trust Limited

Date : 4 July, 2007

**AUDITORS' REPORT
TO THE MEMBERS OF
TELEVISION EIGHTEEN MAURITIUS LIMITED**

We have audited the attached consolidated financial statements which have been prepared under the historical cost convention, in accordance with applicable accounting standards in the Republic of Mauritius and on the basis of accounting policies.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The company's directors are responsible for the preparation of the consolidated financial statements. It is our responsibility to form an independent opinion, based on our audit, on those consolidated financial statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with International Standards of Auditing. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the consolidated financial statements are free from any material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company at 31 March 2007 and of its result, changes in equity and cash flow statement for the year then ended and have been properly prepared in accordance with the Companies Act 2001 of the Republic of Mauritius and comply with International Accounting Standards.

*SERVANSINGH ASSOCIATES
S. C. SERVANSINGH FCCA
Chartered Certified Accountants
2nd Floor, Fon Sing Building
Edith Cavell Street,
Port Louis,
Mauritius.*

Date: July 4, 2007

BALANCE SHEET AS AT 31 MARCH 2007

Notes	31.03.2007 USD	31.03.2006 USD	31.03.2007* INR	31.03.2006* INR
FIXED ASSETS	3			
Gross Block	99,197	138,050	4,323,997	6,158,411
Less Depreciation	(39,305)	(36,533)	(1,713,305)	(1,629,737)
NET BLOCK	59,892	101,517	2,610,692	4,528,673
Non-current assets				
Investment	4	241,811	4,170,005	10,540,541
Current assets				
Accounts receivable	5	6,779,327	4,879,546	295,510,864
Deposits, advances & prepayments	4,280,140	1,990,990	186,571,303	88,818,064
Inventories	35,812	—	1,561,045	—
Cash at bank	3,788,601	2,280,783	165,145,118	101,745,730
	14,883,880	9,151,319	648,788,329	408,240,341
Total assets	15,185,583	13,422,841	661,939,563	598,792,937
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	6	12,295,000	12,295,000	535,939,050
Reserves and surplus	7	1,434,418	(372,528)	62,526,281
		13,729,418	11,922,472	598,465,331
Current liabilities				
Accounts payable	8	1,284,201	1,500,369	55,978,322
Taxation		171,964	—	7,495,911
		1,456,165	1,500,369	63,474,232
Total equity and liabilities		15,185,583	13,422,841	661,939,563

*INR figures are given in order to comply with requirements of the Companies Act, 1956.

* Rate of Exchange is taken on March 31, 2007 and March 31, 2006 as Rs. 43.59 and 44.61 per USD respectively.

The financial statements were approved by the Board of Directors on 4 July, 2007 and were signed on their behalf by:

DIRECTOR

DIRECTOR

NAME: RDS Bawa

NAME: Raghav Bahl



Television Eighteen Mauritius Limited

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

Notes	31.03.2007 USD	31.03.2006 USD	31.03.2007* INR	31.03.2006* INR
INCOME				
Operational income	6,047,016	3,559,190	263,589,427	158,775,466
Other income	679,861	535,101	29,635,141	23,870,856
	6,726,877	4,094,291	293,224,568	182,646,322
EXPENSES				
Operating and administrative expenses	544,398	686,707	23,730,309	30,633,999
Investments written off	4,170,005	—	181,770,518	—
Accounting and audit fees	12,895	7,300	562,093	325,653
Loss on disposal of fixed assets	4,983	—	217,209	—
Depreciation	15,686	24,015	683,753	1,071,309
	4,747,967	718,022	206,963,882	32,030,961
PROFIT FROM OPERATION BEFORE TAX				
	1,978,910	3,376,269	86,260,687	150,615,360
Taxation	(171,964)	—	(7,495,911)	—
	1,806,946	3,376,269	78,764,776	150,615,360

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2007

	Share Capital USD	Reserves & Surplus USD	Total USD	Total INR
At 1 April 2005	12,295,000	(3748797)	8,546,203	372,528,989
Profit from operation	-	3,376,269	3,376,269	147,171,566
At 31 March 2006	12,295,000	(372528)	11,922,472	519,700,554
Profit from operation	-	1,806,946	1,806,946	78,764,776
At 31 March 2007	12,295,000	1,434,418	13,729,418	598,465,331

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	31.03.2007 USD	31.03.2006 USD	31.03.2007 INR	31.03.2006 INR
Cash flow from operating activities				
Profit before taxation	1,978,910	3,376,269	86,260,687	150,615,360
(Increase)/Decrease in receivables/prepayments	(4,188,931)	584,716	(182,595,502)	26,084,181
(Decrease) in accounts payables	(216,169)	(825,339)	(9,422,807)	(36,818,373)
Inventories	(35,812)	—	(1,561,045)	—
Loss on sale of fixed assets	4,983	—	217,209	—
Depreciation	15,686	22,812	683,753	1,017,643
Net cash generated in operating activities	(2,441,333)	3,158,458	(106,417,705)	140,898,811
Cash flow from investing activities				
Purchase of fixed assets	(244)	(24,693)	(10,636)	(1,101,555)
Purchase of investments	(241,810)	(1,000,000)	(10,540,498)	(44,610,000)
Investment written off	4,170,005	—	181,770,518	—
Sales of fixed assets	21,200	5,055	924,108	225,504
Net cash used in investing activities	3,949,151	(1,019,638)	172,143,492	(45,486,051)
Net increase in cash and cash equivalents	1,507,818	2,138,820	65,725,787	95,412,760
Cash and cash equivalents at beginning of year	2,280,783	141,963	99,419,331	4,006,570
Cash and cash equivalents at end of year	3,788,601	2,280,783	165,145,118	99,419,331

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES

The financial statements of the Company, which are expressed in United States Dollars have been prepared in accordance with and comply with the International Financial Reporting Standards. A summary of the more important accounting policies, which have been applied consistently, is set out below:-

(a) Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention.

(b) Investments

Long term investments are stated at cost less permanent diminution in the value of such investment. Current investments are carried at lower of the cost and fair value, and provision is made to recognise any decline in the carrying value.

(c) Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. The transactions of the Indian Branch have been incorporated in the accounts at the exchange rate prevailing on the date of the Balance Sheet.

(d) Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Preliminary expenses

Preliminary expenses are written off to income statement when incurred.

(f) Revenue recognition

Revenue from sale of advertising time are recognised on the basis of advertisements aired. Non air-time revenue and revenue from production & management service, and archives are recognised on completion of contracted obligation on accrual basis. Subscription revenue are recognised on the basis of monthly billing. In case of marketing arrangements where there is a contracted obligation for a minimum revenue. Revenues are recognised on the basis of contract on accrual basis.

Revenue from theatrical distribution of movies are recognised on the theatrical release of the movie. Revenues from DVD Sales is recognised on physical delivery of the same.

Dividend income is recognised on the ex-dividend date ('ex-date'), except for certain Indian securities which are recorded as soon after the ex-date as the Company becomes aware of such dividends.

Dividend and interest income are shown gross of withholding taxes.

(g) Inventory

The cost of movie rights acquired is amortised proportionately based on management estimate of revenues. In case of aforesaid right not fully exploited, proportionate appropriate cost of the said right is carried forward to be written off.

(h) Depreciation

Depreciation is charged on straight line method, full charge in the year of acquisition, no charge in the year of disposal. Depreciation is calculated on the basis such that the assets shall be written off over their useful life.

(i) Deferred taxation

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Currently enacted tax rates are used to determine deferred tax.

Deferred tax assets relating to the carryforward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

(j) Financial instruments

Financial instruments carried on the balance sheet include bank balances and investments. The particular recognition methods adopted are disclosed on the individual policy statements associated with each item.

TAXATION

The company is subject to income tax in Mauritius at the rate of 15% but is entitled to a tax credit for foreign taxes equivalent to the greater of the actual foreign taxes paid and 80% of the Mauritian tax payable on its foreign source income. At 31 March 2007, the company had tax Profit of USD 1,978,910. Hence, USD 171,964 provision for tax has been made in the financial statements.

FIXED ASSETS

	Lease Hold improvement USD	Furniture & Fixture USD	Computer & Equipment USD	accessories USD	TOTAL USD
Cost 1.04.2006	11,734	24,192	91,945	10,179	138,050
Assets sold during the year	-	-	(39,097)	-	(39,097)
Purchase during the year	-	-	244	-	244
Cost 31.03.2007	11,734	24,192	53,092	10,179	99,197
DEPRECIATION					
Balance 1.04.2006	1,271	2,426	30,797	2,039	36,533
Charge for the year	1,946	4,013	8,039	1,688	15,686
Disposal	-	-	(12,914)	-	(12,914)
Cost 31.03.2007	3,217	6,439	25,922	3,727	39,305
Net Book Value 31.03.2007	8,517	17,753	27,170	6,452	59,892
Net Book Value 31.03.2006	10,463	21,766	61,148	8,140	101,517
Net Book Value in INR 31.03.2007	371,256	773,853	1,184,340	281,243	2,610,692
Net Book Value INR 31.03.2006	466,754	970,981	2,727,812	363,125	4,528,673

4. INVESTMENT

	31.03.2007 USD	31.03.2006 USD	31.03.2007 INR	31.03.2006 INR
6,469,388 equity shares of USD 1.00 each fully paid in TEML Broadcast Mauritius Limited (Formerly CNBC India Limited)	-	4,170,005	-	186,023,923
25,400,013 equity share of USD .00952 each fully paid in Web 18 Holding Limited	241,808	-	10,540,411	-



Television Eighteen Mauritius Limited

1 Equity share of GBP 1 each fully paid in TV18 UK Limited	1.75	-	76	-
1 Equity share of USD 1.00 each fully paid in Network 18 Holding Limited	1.00	-	44	-
	241,811	4,170,005	10,540,531	186,023,923

The company had an investment of USD 4,170,005 in its wholly owned subsidiary TEML Broadcast Limited, Mauritius. Consequent to the winding up, the investment has been written off. (Please refer note 10 below)

During the year, the company invested USD 1.75 in its wholly owned subsidiary TV 18 UK Limited, UK. The company has positive networth as at March 31, 2007.

During the year, the company invested USD 241,808 in Web 18 Holdings Limited, Cayman Islands (Web18 Caymans) in which the company is holding 93.8% of its equity. Web 18 Caymans holds 100% equity stake in E-18 Limited, Cyprus which in turn holds majority stacks in e-Eighteen.com Limited, Television Eighteen Commoditiescontrol.com Limited, Web18 Software Services Limited and Money control Dot Com India Limited, all incorporated in India. The company has positive networth as at March 31, 2007.

The company has positive networth as at March 31, 2007.

Money Control.com Limited, all incorporated in India.

The company has positive networth as at March 31, 2007.

5. ACCOUNTS RECEIVABLE

Trade Debtors	4,704,823	2,602,959
Due from Ad Sales Franchisee (Holding/ Subsidiary companies)	2,074,504	2,276,587
	6,779,327	4,879,546

DEPOSITS, ADVANCES & PREPAYMENTS

Deposits	845,948	845,948
Other advances and prepayments	3,434,192	1,145,042
	4,280,140	1,990,990

6. SHARE CAPITAL	31.3.2007	31.3.2006	31.03.2007	31.03.2006
Issued, Subscribed and Paid Up	USD	USD	INR	INR
12,295,000 equity shares of USD 1.00 each fully paid	12,295,000	12,295,000	535,939,050	548,479,950

7. RESERVES AND SURPLUS

a Profit & Loss account

Balance brought forward	(372,528)	(3,748,797)	(16,238,496)	(167,233,834)
Profit for the year	1,806,946	3,376,269	78,764,776	150,615,360
	1,434,418	(372,528)	1,434,418	(372,528)

8. ACCOUNTS PAYABLE

Trade creditors	1,273,681	1,478,630	55,519,755	65,961,684
Other creditors and accruals	10,520	21,739	458,567	969,777
	1,284,201	1,500,369	55,978,322	66,931,461

9. PARENT COMPANY

Television Eighteen Mauritius Limited is a wholly own subsidiary of Television Eighteen India Limited, a company incorporated in India.

10. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

The company had an investment in TEML Broadcast Limited, Mauritius, formerly CNBC India Limited. CNBC India Limited was owning and operating CNBC India channel in India. Consequent to the changes in regulatory provisions in India, the business of CNBC India Limited was discontinued with effect from 1st July 2003. The company went into voluntary winding up during the year.

The Registrar of Companies, Mauritius has notified the winding up of TEML Broadcast Limited Mauritius, a wholly owned subsidiary of the Company, vide its order dated 07 May 2007.

Due to substantial accumulated losses, the networth of TEML Broadcast Limited was totally eroded.

Being a significant event after the balance sheet date, the company has recognised the diminution in the value of its investment and the distributed surplus in the financials statements for the year ended March 31, 2007.

11. RETIREMENT BENEFITS

During the year there was no employee on the payroll of the company who was entitled to retirement benefits.

12. PRESENTATION

Previous year figures have been regrouped/reclassified whenever necessary to conform with the present year presentation.

13. RELATED PARTY TRANSACTIONS

RELATED PARTIES	RELATIONSHIP
1. Television Eighteen India Limited	Parent company
2. TEML Broadcast Mauritius Ltd	Subsidiary Company

3. TV18 UK Limited	Subsidiary Company
4. Web 18 Holdings Limited	Subsidiary Company
5. Network 18 Holdings Limited	Fellow subsidiary Company
6. e18 . Com Limited	Fellow subsidiary company
7. i News . Com Limited	Fellow subsidiary company
8. Money Control Dot Com Limited	Fellow subsidiary company
9. Television Eighteen Commodities control.Com Ltd	Fellow subsidiary company
10. RVT Investments (P) Limited	Fellow subsidiary company
11. Newswire 18 India (P) Limited	Fellow subsidiary company
12. E18 Limited	Fellow subsidiary company
13. Web18 Service Software Limited	Fellow subsidiary company
14. Global Broadcast News Limited	Fellow subsidiary company
15. Setpro Holdings (P) Limited	Fellow subsidiary company
16. TV18 HSN Holding Limited	Fellow subsidiary company
17. TV18 HSN (P) Limited	Fellow subsidiary company
18. Job Street.com India (P) Limited	Significant Influence
19. SGA News Limited	Significant Influence

1) Television Eighteen India Limited	31.03.2007	31.03.2006	31.03.2007	31.03.2006
	USD	USD	INR	INR

a) Transaction Sale of contents	135,000	121,500	5,884,650	5,420,115
Sale of archives	—	103,664	—	4,624,451

RECEIVABLE				
Non Fct collection a/c	1,943,243	2,148,328	84,705,962	95,836,912

PAYABLE				
Commission payable	(66,756)	(51,927)	(2,909,894)	(2,316,463)
Current a/c	(451,620)	(468,768)	(19,686,116)	(20,911,740)
Event expense payable	(618,956)	(604,804)	(26,980,292)	(26,980,306)

2) Television Eighteen Commoditiescontrol.Com Ltd				
a) Balance outstanding.				
Debit Fct collections receivables a/c	131,261	128,260	5,721,667	5,721,679

3) TML Broadcast Mauritius Ltd				
Transaction				
Investment in equity	—	1,000,000	—	44,610,000

4) TV 18 UK Limited				
Transaction				
Investment in equity	1.75	—	76	—

5) Web 18 Holdings Limited				
Transaction				
Investment in equity	241,808	—	10,540,411	—

6) TV 18 Holdings Limited				
Transaction				
Investment in equity	1.00	—	44	—

There are no transactions in the company other than the above, with any of the directors relatives of any parent/fellow subsidiaries of the company.				
--	--	--	--	--

14. FINANCIAL INSTRUMENTS				
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	31.03.2007	31.03.2007	31.03.2006	31.03.2006
	USD	USD	USD	USD

United States dollars	6,779,327	1,284,200	4,879,545	1,500,369
AMOUNT IN INR	295,510,864	55,978,278	217,676,502	66,931,461

15. FAIR VALUE				
The carrying amount of trade and other receivables, cash at bank, loan payable and trade and other payables approximate their fair values.				

16. FINANCIAL SUMMARY

	31.03.2007	31.03.2006	31.03.2007	31.03.2006
	USD	USD	INR	INR
Profit/loss before Tax	1,978,910	3,376,269	86,260,687	150,615,360
Profit/loss after Tax	1,806,946	3,376,269	78,764,776	150,615,360
Issued and Fully Paid Up Share Capital	12,295,000	12,295,000	535,939,050	548,479,950
Profit and Loss Account				
Carried Forward	1,434,418	(372,528)	1,434,418	(372,528)

17. REPORTING CURRENCY

The financial statements are presented in United States dollars ("USD"). The Company, which is now referred to as a Category 1 Global Business Licence Company under the Financial Services Development Act 2001 has been granted a Category 1 Global Business Licence, which requires that the Company's business to be carried on in a currency other than the Mauritian rupee.

DIRECTORS' REPORT

AUDITORS' REPORT

The Members,
Web 18 Holdings Limited

Your Directors submit their **First Annual Report** and the audited financial statements for the period from 19th April, 2006 to 31st March 2007.

COUNTRY OF INCORPORATION

The Company was incorporated in Cayman Islands on 19th April, 2006 as a limited liability company under the laws of Cayman Islands. The Company is a subsidiary of Television Eighteen Mauritius Limited.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the holding of investments.

FINANCIAL RESULTS

**For the year ended
March 31, 2007
(USD)**

Income	1,48,455
Expenditure	66,645
Loss before tax	81,809
Less : Provision for tax (including deferred tax)	Nil
Profit / (Loss) after tax	81,809
Profit/(Loss) carried to Balance Sheet	81,809

FUTURE DEVELOPMENTS

The Company expects to carry out the same activities in the next year.

TREASURY SHARES

The Company did not make any acquisitions of its own shares either by itself or through a person acting in his own name but on the Company's behalf.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company did not carry out any research and development activities during the period.

BRANCHES

The Company did not operate through any branches during the period.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL PERIOD

At the date of this report there were no material post balance sheet events which require disclosure in the financial statements.

SUBSIDIARIES

The Company is an investment company and during the period from 13th February, 2006 to 31st March, 2007, the Company has invested in E-18 Limited, a company incorporated in Cyprus.

DIRECTORS

The following were the Directors of the Company for the year under review:

- Mr. Raghav Bahl
- Mr. Haresh Chawla

There is no requirement for the retirement of Directors by rotation, and consequently, all the aforementioned Directors shall remain in office.

AUDITORS

The auditors of the Company, BSR & Associates, who were appointed by the Directors as the Company's first Auditors, have signified their willingness to continue in office. Your Directors recommend their appointment for the ensuing year.

By order of the Board

Place : New Delhi
Date : 3 July, 2007

Director

To the Directors of
Web 18 Holdings Limited

We have audited the attached balance sheet of Web 18 Holdings Limited ('the Company') as at 31 March 2007, the profit and loss account for the period from 19 April 2006 to 31 March 2007 and the cash flow statement for the period ended on that date annexed thereto. 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.

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 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required 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 31 March 2007;
- ii. in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
- iii. in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For **BSR & Associates**
Chartered Accountants
Akeel Master

Place : Mumbai
Date : 3 July 2007

Partner
Membership No: 046768

**BALANCE SHEET
AS AT 31 MARCH 2007**

	Schedule	2007 USD	2007* INR**
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	10,257,790	447,137,046
Reserves and surplus	4	81,809	3,566,060
		<u>10,339,599</u>	<u>450,703,106</u>
APPLICATION OF FUNDS			
Investments			
Current assets, loans and advances	5	10,045,695	437,891,845
Cash and bank balances	6	301,016	13,121,290
Loans and advances	7	14,285	622,683
		<u>315,301</u>	<u>13,743,974</u>
Current liabilities and provisions			
Current liabilities	8	21,397	932,713
		<u>21,397</u>	<u>932,713</u>
Net current assets		<u>293,904</u>	<u>12,811,261</u>
		<u>10,339,599</u>	<u>450,703,106</u>

*INR figures are given in order to comply with requirements of Companies Act, 1956.
** Rate of Exchange is taken as on March 31, 2007 as Rs.43.59 per USD.

Significant accounting policies 2

Notes to accounts 10 - 17

The schedules referred to above form an integral part of the balance sheet.

As per our report attached.

For BSR & Associates
Chartered Accountants

For Web 18 Holdings Limited

Akeel Master
Partner
Membership No: 046768
Mumbai
Date : July 3, 2007

Raghav Bahl
Director
Place : Delhi
Date : July 3, 2007

Haresh Chawla
Director
Place : Delhi
Date : July 3, 2007

CASH FLOW STATEMENT

	2007 USD	2007 INR
for the period 19 April 2006 to 31 March 2007		
A) Cash flows from operating activities :		
Profit before tax	81,809	3,566,066
Adjustment for:		
Interest on fixed deposits	(148,455)	(6,471,143)
Operating profit before working capital changes (Increase)/decrease in current assets, loans and advances	<u>(66,645)</u>	<u>(2,905,077)</u>
Loans and advances	(14,285)	(622,683)
Increase in current liabilities and provisions	21,397	932,713
	<u>7,112</u>	<u>310,030</u>
Cash used in operations	<u>(59,533)</u>	<u>(2,595,047)</u>
Income tax paid	—	—
Net cash used in operations	<u>(59,533)</u>	<u>(2,595,047)</u>
B) Cash flows from investing activities :		
Purchase of investments	(10,045,695)	437,891,845
Interest on fixed deposits	148,455	6,471,143
Net cash used in investing activities	<u>(9,897,240)</u>	<u>(431,420,702)</u>
C) Cash flows from financing activities :		
Issuance of equity shares	257,790	11,237,053
Issuance of preference shares	10,000,000	435,900,000
Net cash flow generated from financing activities	<u>10,257,790</u>	<u>447,137,053</u>
Net increase in cash and cash equivalents	<u>301,016</u>	<u>13,121,304</u>
Cash and cash equivalents, beginning of period (Refer schedule 6)	—	—
Cash and cash equivalents, end of year (Refer schedule 6)	<u>301,016</u>	<u>13,121,290</u>
	<u>301,016</u>	<u>13,121,290</u>

- The cash flow statement has been prepared under the indirect method as set out in Accounting Standard -3 (AS-3) on 'Cash flow statement' issued by The Institute of chartered Accountant of India.
- Cash & cash equivalents consist of bank balance in current account US \$ 44,839 and in fixed deposit account US \$ 256,177.

As per our report attached.

For BSR & Associates
Chartered Accountants

For Web 18 Holdings Limited

Akeel Master
Partner
Membership No: 046768
Mumbai
Date : July 3, 2007

Raghav Bahl
Director
Place : Delhi
Date : July 3, 2007

Haresh Chawla
Director
Place : Delhi
Date : July 3, 2007

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM 19 APRIL 2006 TO 31 MARCH 2007**

	Schedule	For the period 19 April 2006 to 31 March 2007 USD	For the period 19 April 2006 to 31 March 2007 INR
INCOME			
Income on fixed deposits		148,455	6,471,143
		<u>148,455</u>	<u>6,471,143</u>
EXPENDITURE			
Administrative and other costs	9	66,645	2,905,077
		<u>66,645</u>	<u>2,905,077</u>
Profit before taxation		<u>81,809</u>	<u>3,566,066</u>
Provision for taxation		—	—
Profit after taxation carried to balance sheet		<u>81,809</u>	<u>3,566,066</u>
Basic and diluted earnings per share		<u>0.003</u>	<u>0.13</u>
Face value of share US \$ 0.00952 each			

*INR figures are given in order to comply with requirements of Companies Act, 1956.

Significant accounting policies 2

Notes to accounts 10 - 17

The schedules referred to above form an integral part of the balance sheet.

As per our report attached.

For BSR & Associates
Chartered Accountants

For Web 18 Holdings Limited

Akeel Master
Partner
Membership No: 046768
Mumbai
Date : July 3, 2007

Raghav Bahl
Director
Place : Delhi
Date : July 3, 2007

Haresh Chawla
Director
Place : Delhi
Date : July 3, 2007

Schedules to the financial statements

for the period 19 April 2006 to 31 March 2007

(Currency: US \$)

SCHEDULE - 1

BACKGROUND

Web 18 Holdings Limited was incorporated in Cayman Islands on April 19, 2006. The Company is an investment company with strategic investments in web based subsidiaries.

SCHEDULE - 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements
The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, to the extent applicable.

2.2 Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

2.3 Revenue recognition
The Company derives its revenues from interest on fixed deposits and bank balances. Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

2.4 Investment
Long-term investments are stated at cost, and provision is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments. Current investments are carried at lower of cost and fair value, and provision is made to recognize any decline in the carrying value.

2.5 Foreign currency transactions
Foreign exchange transactions are recorded at the spot rates on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account of the year. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the profit and loss account.

2.6 Retirement benefits
There are no permanent employees in the payroll of the Company and therefore, no provision is made for retirement benefits.

2.7 Taxation
There are no taxes on income or gains in the Cayman Islands and the Company has received an undertaking from the Governor in the Cabinet of the Cayman Islands exempting it from all local income, profits and capital taxes for a period of twenty years. Accordingly,

no provision for income taxes is included in these financial statements.

2.8 Preliminary expenses

Expenses incurred in set up/formation of the Company are expensed as incurred.

2.9 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financials. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

SCHEDULE - 3 SHARE CAPITAL	2007 USD	2007 INR
Authorised:		
35,000,000 Class A equity shares of US \$ 0.00952 each	333,200	14,524,188
10,125,000 Class B equity shares of US \$ 1 each	10,125,000	441,348,750
19,000,000 convertible, redeemable preference shares of US \$ 1 each	19,000,000	828,210,000
	<u>29,458,200</u>	<u>1,284,082,938</u>
Issued, subscribed and paid-up:		
27,078,751 equity shares of US \$ 0.00952 fully paid up	257,790	11,237,046
10,000,000 convertible, redeemable preference shares of US \$ 1 fully paid up	10,000,000	435,900,000
	<u>10,257,790</u>	<u>447,137,046</u>

Note :

*Of the above, 25,400,013 equity shares of US \$ 0.00952 each fully paid up are held by Television Eighteen Mauritius Limited, the holding company.

The preference shares are redeemable between a period of 18 months and five years from the date of subscription at the option of the preference share holders at an IRR of 8%. The preference shares shall be converted into Class B shares at the end of 5 years or at the time of an Initial Public Offering, whichever is earlier. The conversion of the preference shares into Class B shares is based on specified norms in the preference share subscription document.

**SCHEDULE - 4
RESERVE AND SURPLUS**

Profit and loss account	81,809	3,566,060
	<u>81,809</u>	<u>3,566,060</u>

**SCHEDULE - 5
INVESTMENTS**

3,760 equity shares of US \$1 each of E 18 Limited, Cyprus fully paid	10,045,695	437,891,845
	<u>10,045,695</u>	<u>437,891,845</u>

**SCHEDULE - 6
CASH AND BANK BALANCES**

Balances with non scheduled banks in:		
- Current account	44,839	1,954,545
- Deposit account	256,177	11,166,745
(Maximum amount during the period US \$ 9,000,000)	<u>301,016</u>	<u>13,121,290</u>

**SCHEDULE - 7
LOANS AND ADVANCES**

(Unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received	361	15,736
Advance tax and tax deducted at source	13,924	606,947
	<u>14,285</u>	<u>622,683</u>

**SCHEDULE - 8
CURRENT LIABILITIES**

Sundry creditors		
- Small scale industrial undertakings	—	—
- Other than small scale industrial undertakings * #	21,397	932,713
	<u>21,397</u>	<u>932,713</u>

* As represented by the management, there are no dues to small scale industrial undertaking as defined under clause j of Section 3 of Industries (Development and Regulations) Act, 1951 (Previous year: Rs. Nil).

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

The Company is in the process of compiling relevant information is not readily available, no disclosures have been made in the accounts.

	2007 USD	2007 INR
SCHEDULE - 9 ADMINISTRATIVE AND OTHER COSTS		
Legal & professional fees	53,130	2,315,928
Preliminary expenses written off	10,958	477,653
Bank charges	2,558	111,496
	<u>66,645</u>	<u>2,905,077</u>

**SCHEDULE - 10
BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE**

Profit/(loss) per share has been computed as under:		
a) Profit/(loss) after tax	81,809	3,566,054
b) Weighted average number of equity shares outstanding during the period	27,078,751	1,180,362,756
c) Basic and diluted Earnings / (loss) per share (face value US\$0.00952 per share) (a)/(b)	0.003	0.13

**SCHEDULE - 11
REMUNERATION TO AUDITORS**

Audit fees (excluding service tax)	5,000	217,950
Other services (excluding service tax)	—	—
Total Rs.	<u>5,000</u>	<u>217,950</u>

**SCHEDULE - 12
RELATED PARTY DISCLOSURE**

- i) Holding Company
Television Eighteen Mauritius Limited
- ii) Group companies
Television Eighteen India Limited
- iii) Entity in which Key Management Personnel has significant influence
Raghav Bahl
R D S Bawa
Hareesh Chawla
Surya Mantha

Following transactions were carried out with related parties mentioned above

S.No	Transactions	Party	For the period 19 April 2006 to 31 March 2007
1	Issue of equity share Capital	Television Eighteen Mauritius Limited	241,808
2	Investments made by the Company in subsidiary Company	E 18 Limited, Cyprus.	10,045,695

**SCHEDULE - 13
YEAR END BALANCES**

S.No	Transaction	Party	As at 31 March 2007
1	Balances payable	Television Eighteen Mauritius Limited	15,856

**SCHEDULE - 14
SEGMENT REPORTING**

Primary and geographical segment:

The Company is an investment company with strategic investments in several web based companies. Hence, there are no separate reportable primary and geographical segment as defined by Accounting Standard 17; 'Segment reporting'.

**SCHEDULE - 15
MANAGERIAL REMUNERATION**

No managerial remuneration is paid/payable to any director during the period from 19 April 2006 to 31 March 2007. (Previous year Rs. Nil)

**SCHEDULE - 16
QUANTITATIVE INFORMATION**

The Company is in an investment company with strategic investments in several web based companies. This service is not capable of being expressed in generic terms and hence it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3,4C and 4D of Part II of schedule VI to the Companies Act, 1956.

**SCHEDULE - 17
PRIOR YEAR COMPARATIVES**

Being the first year of operations of the Company, there are no prior year numbers.

DIRECTORS' REPORT

AUDITORS' REPORT

The Members,
E 18 Limited

Your Directors submit their **First Annual Report** and the audited financial statements for the year ended 31st March 2007. The company was originally incorporated on 13th February, 2006 as "Tadcaster Limited" under the Cyprus Companies Law, Cap. 113 of Cyprus. The name of the Company was subsequently changed to "E-18 Limited" with effect from 17th July, 2006. The Company is a wholly owned subsidiary of Web 18 Holdings Limited, Cayman Islands.

PRINCIPAL ACTIVITIES

The Company is an investment company with strategic investments in various webbased companies.

FINANCIAL RESULTS

	For the year ended March 31, 2007 (USD)
Income	3,085
Expenditure	31,690
Loss before tax	(28,605)
Less : Provision for tax (including deferred tax)	Nil
Profit / (Loss) after tax	(28,605)
Profit/(Loss) carried to Balance Sheet	(28,605)

DIVIDEND

In view of the losses incurred during the Financial Year under review, your Directors do not recommend any dividend for the year.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL PERIOD

Subsequent to the year end, the Company has acquired Big Tree Entertainment Private Limited and Care Websites Private Limited.

BUSINESS REVIEW

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory. There are no major risks and uncertainties that the Company faces.

EXPECTED FUTURE DEVELOPMENTS OF THE COMPANY

The Company shall continue to do strategic investments in web based companies and the Board does not foresee any significant change in the business of the Company.

SUBSIDIARIES

The Company is an investment company and during the period from 13th February, 2006 to 31st March, 2007, the Company has invested/ acquired the following subsidiaries:

- Web 18 Software Services Limited
- E-eighteen.com Limited
- Television Eighteen Commoditiescontrol.com Limited
- Money Control Dot Com India Limited

Further, during the said period, the Company has also invested in Job Street.Com India Private limited, a 50:50 joint venture with Job Street.Com Pte Limited.

DIRECTORS

The following were the Directors of the Company for the year under review:

- Ms. Antoinette Wilhelmina Albus
- Mr. Raghav Bahl
- Ms. Anna Nicolaou
- Mr. Haresh Chawla

There is no requirement for the retirement of Directors by rotation, and consequently, all the aforementioned Directors shall remain in office.

AUDITORS

The auditors of the Company, BSR & Associates, who were appointed by the Directors as the Company's first Auditors, have signified their willingness to continue in office. Your Directors recommend their appointment for the ensuing year.

By order of the Board

Place: New Delhi
Date: 3rd July, 2007

Director

To the Directors of
E-18 Limited

We have audited the attached balance sheet of E 18 Limited ('the Company') as at 31 March 2007, the profit and loss account for the period from 13 February 2006 to 31 March 2007 and the cash flow statement for the period ended on that date annexed thereto. 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.

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 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required 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 31 March 2007;
- ii. in the case of the profit and loss account, of the loss of the Company for the year ended on that date; and
- iii. in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For **BSR & Associates**
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

Mumbai
3 July 2007

BALANCE SHEET
as at 31 March 2007

Schedule	2007 USD	2007 * INR **
SOURCES OF FUNDS		
Shareholders' funds		
Share capital	4	3,760
Reserves and surplus	5	10,041,935
		<u>10,045,695</u>
APPLICATION OF FUNDS		
Investments	6	4,915,851
Current assets, loans and advances		214,281,938
Cash and bank balances	7	3,543,411
Loans and advances	8	1,572,816
		<u>5,116,227</u>
		223,016,334
Current liabilities and provisions		
Current liabilities	9	14,988
		<u>14,988</u>
		653,327
Net current assets		
Profit and loss account		5,101,239
		<u>28,605</u>
		1,246,889
		<u>10,045,695</u>
		437,891,834

*INR figures are given in order to comply with requirements of the Companies Act, 1956.
** Rate of Exchange is taken as on March 31, 2007 as Rs.43.59 per USD.

Significant accounting policies 2

Notes to accounts 12-19

The schedules referred to above form an integral part of the balance sheet.
As per our report attached.

For **BSR & Associates**
Chartered Accountants

For **E 18 Limited**

Akeel Master
Partner
Membership No: 046768
Mumbai
Date : July 3, 2007

Raghav Bahl
Director
Haresh Chawla
Director
Place : Delhi
Date : July 3, 2007

CASH FLOW STATEMENT

for the period 13 February 2006 to 31 March 2007

	2007 USD	2007 INR
A) Cash flows from operating activities :		
Loss before tax	(28,605)	(1,246,889)
Adjustment for:		
Interest received on fixed deposits	3,085	134,484
Interest paid	(2,130)	(92,847)
Operating profit before working capital changes	<u>(27,650)</u>	<u>(1,205,252)</u>
(Increase)/decrease in current assets, loans and advances		
Loans and advances	(1,572,816)	(68,559,036)
Increase in current liabilities and provisions	14,988	653,327
	<u>(1,557,828)</u>	<u>(67,905,709)</u>
Cash used in operations	<u>(1,585,477)</u>	<u>(69,110,961)</u>
Income tax paid		
Net cash used in operations	<u>(1,585,477)</u>	<u>(69,110,961)</u>
B) Cash flows from investing activities :		
Purchase of investments	(4,915,851)	(214,281,938)
Interest received on fixed deposits	(3,085)	(134,484)
Interest paid	2,130	92,847
Net cash used in investing activities	<u>(4,916,806)</u>	<u>(214,323,575)</u>
C) Cash flows from financing activities :		
Issuance of equity shares	3,760	163,898
Receipt of share premium	10,041,935	437,727,947
Net cash flow generated from financing activities	<u>10,045,695</u>	<u>437,891,845</u>
Net increase in cash and cash equivalents	<u>3,543,411</u>	<u>154,457,308</u>
Cash and cash equivalents, beginning of period (Refer schedule 7)	—	—
Cash and cash equivalents, end of year (Refer schedule 7)	<u>3,543,411</u>	<u>154,457,298</u>
	<u>3,543,411</u>	<u>154,457,298</u>

1. The cash flow statement has been prepared under the indirect method as set out in Accounting Standard -3 (AS-3) on 'Cash flow statement' issued by The Institute of chartered Accountant of India.

2. Cash & cash equivalents consist of bank balance in deposit account US \$ 3,543,411.

As per our report attached.

For **BSR & Associates**
Chartered Accountants

For **E 18 Limited**

Akeel Master
Partner
Membership No: 046768
Mumbai
Date : July 3, 2007

Raghav Bahl
Director
Haresh Chawla
Director
Place : Delhi
Date : July 3, 2007

PROFIT AND LOSS ACCOUNT

for the period from 13 February 2006 to 31 March 2007

Schedule	For the period 13 February 2006 to 31 March 2007 USD	For the period 13 February 2006 to 31 March 2007 INR
INCOME		
Interest on bank deposits	3,085	134,484
	<u>3,085</u>	<u>134,484</u>
EXPENDITURE		
Administrative and other costs	10	26,800
Interest and financial charges	11	4,890
	<u>31,690</u>	<u>1,381,374</u>
Loss before taxation	<u>(28,605)</u>	<u>(1,246,889)</u>
Less: Provision for taxation		
Loss after taxation carried to balance sheet	<u>(28,605)</u>	<u>(1,246,889)</u>
Basic and diluted earnings per share	<u>(10.15)</u>	<u>(443)</u>
Face value of share US \$ 1/- each		
Significant accounting policies	2	
Notes to accounts	12-19	

The schedules referred to above form an integral part of the balance sheet.

As per our report attached.

For **BSR & Associates**
Chartered Accountants

For **E 18 Limited**

Akeel Master
Partner
Membership No: 046768
Mumbai
Date : July 3, 2007

Raghav Bahl
Director
Haresh Chawla
Director
Place : Delhi
Date : July 3, 2007

SCHEDULES TO THE FINANCIAL STATEMENTS

as at 31 March 2007

**SCHEDULE - 1
BACKGROUND**

E 18 Limited ('the Company') was originally incorporated as Tadcaster Limited on February 13, 2006. The name of the Company was subsequently changed to E-18 Limited, with effect from July 17, 2006. The Company is an investment company with investments in various web based companies.

**SCHEDULE - 2
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, to the extent applicable.

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

2.3 Revenue recognition

The Company derives its revenues from interest on fixed deposits and bank balances. Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

2.4 Investment

Long-term investments are stated at cost, and provision is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments. Current investments are carried at lower of cost and fair value, and provision is made to recognize any decline in the carrying value.

2.5 Foreign currency transactions

Foreign exchange transactions are recorded at the spot rates on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account of the year. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the profit and loss account.

2.6 Retirement benefits

There are no permanent employees in the payroll of the Company and therefore, no provision is made for retirement benefits.

2.7 Taxation

2.8 Preliminary expenses
Expenses incurred in set up/formation of the Company are expensed as incurred.

2.9 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financials. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

SCHEDULE - 3

INVESTMENT IN SUBSIDIARIES/JOINT VENTURES

During the period from 13 February 2006 to 31 March 2007, the Company has invested/ acquired the following subsidiaries:

- Web 18 Software Services Limited
- E-eighteen.Com Limited
- Television Eighteen Commoditiescontrol.Com Limited

Further, during the period from 13 February 2006 to 31 March 2007, the Company has also invested in Job Street.Com India Private Limited, a 50:50 joint venture with Job Street.Com Pte Limited.

Subsequent to the year end, the Company has acquired the following subsidiaries: Big Tree Entertainment Private Limited and Care Websites Private Limited.

	2007 USD	2007 INR
SCHEDULE - 4 SHARE CAPITAL		
Authorized:		
350,000 equity shares of US \$ 1 each	<u>350,000</u>	<u>15,256,500</u>
Issued, subscribed and paid-up:		
3,760 equity shares of US\$. 1/- each, fully paid up	<u>3,760</u>	<u>163,893</u>
	<u>3,760</u>	<u>163,893</u>

Note : All the above equity shares are held by its holding company - Web 18 Holdings Limited, Cayman Islands.

SCHEDULE - 5

RESERVE AND SURPLUS

Security premium account	10,041,935	437,727,941
	<u>10,041,935</u>	<u>437,727,941</u>

SCHEDULE - 6

INVESTMENTS

Long term - unquoted

In subsidiary company

317,040 equity shares of INR 10/-each of Television Eighteen Commoditiescontrol.Com Limited	7,065	307,963
4,968,894 equity shares of INR 10/- each of E-eighteen.Com Limited	257,241	11,213,135
224,650 equity shares of INR 10/- each of Web 18 Software Services Private Limited	156,493	6,821,530
561,880 convertible, cumulative, redeemable preference shares of INR 10/-each of Web 18 Software Services Private Limited	1,245,052	54,271,809

In joint venture company

424,500 equity shares of INR 10/- each of Job Street.com India Private Limited	2,000,000	87,180,000
--	-----------	------------

Others

1975,700 Series B Preference Share of Yatra Online Inc. of US \$ 0.0001 each	1,250,000	54,487,500
	<u>4,915,851</u>	<u>214,281,938</u>

SCHEDULE - 7

CASH AND BANK BALANCES

Balances with non scheduled banks in:		
- deposit account	3,543,411	154,457,298
Maximum amount during the period US \$ 3,543,532)	<u>3,543,411</u>	<u>154,457,298</u>

SCHEDULE - 8

LOANS AND ADVANCES

(Unsecured, considered good)

Share application paid	1,569,922	68,432,887
Other receivables *	2,894	126,149
	<u>1,572,816</u>	<u>68,559,036</u>

* includes amount receivable from Global Broadcast News Limited USD 1,372, E-18 Professional Trust USD 1,370 and Television Eighteen India Limited USD 152), companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.

SCHEDULE - 9

CURRENT LIABILITIES

Sundry creditors		
- Small scale industrial undertakings	—	—
- Other than small scale industrial undertakings * #	9,088	396,146
Other liabilities	5,900	257,181
	<u>14,988</u>	<u>653,327</u>

* As represented by the management, there are no dues to small scale industrial undertaking as defined under clause j of Section 3 of Industries (Development and Regulations) Act, 1951 (Previous year: Rs. Nil).

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. The Company is in the process of compiling relevant information is not readily available, no disclosures have been made in the accounts.

SCHEDULE - 10

ADMINISTRATIVE AND OTHER COSTS

Legal & professional fees	26,712	1,164,376
Miscellaneous expenses	88	3,836
	<u>26,800</u>	<u>1,168,212</u>

SCHEDULE - 11

INTEREST AND FINANCIAL CHARGES

Interest on loan	2,130	92,847
Bank charges	2,760	120,315
	<u>4,890</u>	<u>213,162</u>

SCHEDULE - 12

BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

Profit/(loss) per share has been computed as under:	2007
a) Loss after tax	(28,605)
b) Weighted average number of equity shares outstanding during the period	2,817
c) Basic and diluted Loss per share (face value US \$1 per share) (a)/(b)	(10.15)

SCHEDULE - 13

REMUNERATION TO AUDITORS

Audit fees (excluding service tax)	5,000
Other services (excluding service tax)	—
	<u>5,000</u>

SCHEDULE - 14

RELATED PARTY DISCLOSURE

- i) Holding Company
Web18 Holdings Limited
- ii) Group and subsidiary companies
Television Eighteen Mauritius Limited
E-eighteen.com Limited
Television Eighteen Commoditiescontrol.Com Limited
Web18 Software Services Limited
Job Street.com India Private Limited
- iii) Entity in which Key Management Personnel has significant influence
Raghav Bahl
R D S Bawa
Haresh Chawla
Surya Mantha

Following transactions were carried out with related parties mentioned above

S.No	Transactions	Party	For the period 13 February 2006 to 31 March 2007
1	Issue of equity share capital	Web 18 Holding Limited	10,045,695
2	Investment made by the Company	Television Eighteen Commodities control.Com Limited e-eighteen.Com Limited Web 18 Software Services Limited Job Street.com Private Limited	7,065 257,241 1,56,493 2,000,000
3	Issue of preference share capital	Web 18 Software Services Limited	1,199,956
3	Share application money paid	Web 18 Software Services Limited	45,096
Year end balances			
S.No	Transaction	Party	As at 31 March 2007
1	Balances receivable	Television Eighteen India Ltd. Global Broadcasting News Limited	152 1,372

SCHEDULE - 15

SEGMENT REPORTING

Primary and geographical segment:

The Company is an investment company with strategic investments in several web based companies. Hence, there are no separate reportable primary and geographical segment as defined by Accounting Standard 17; 'Segment reporting'.

SCHEDULE - 16

MANAGERIAL REMUNERATION

No managerial remuneration is paid/ payable to any director during the period from 13 February 2006 to 31 March 2007.

SCHEDULE - 17

TAXATION

In accordance with the provisions of the Cyprus Income Tax Laws, the Company's chargeable profits, as adjusted for tax purposes, are liable to corporation tax at the rate of 10%. Furthermore, the Company is subject to 10% special contribution levied on interest receivable other than that arising out of the ordinary course of business and closely related activities of the Company. The Company's tax losses that may be carried forward without any time limit are US \$ 28,605.

SCHEDULE - 18

QUANTITATIVE INFORMATION

The Company is in an investment company with strategic investments in several web based companies. This service is not capable of being expressed in generic terms and hence it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3,4C and 4D of Part II of schedule VI to the Companies Act, 1956.

SCHEDULE - 19

PRIOR YEAR COMPARATIVES

Being the first period of operations of the Company, there are no prior year numbers.

DIRECTORS' REPORT

The Members,

Television Eighteen Commoditiescontrol.com Limited
(Formerly known as Eighteen Entertainment India Limited)

Your Directors are pleased to present the Tenth Annual Report of the Company and the audited accounts for the year ended March 31, 2007.

FINANCIAL RESULTS

	For the year ended March 31, 2007 (Rs.)	For the year ended March 31, 2006 (Rs.)
Income	21,182,006	15,828,492
Expenditure	43,740,905	25,051,804
Profit/(Loss) before depreciation	(22,558,899)	(9,223,312)
Depreciation	4,503,081	3,504,230
Profit/ (Loss) before tax	(27,061,980)	(12,727,542)
Less: Provision for tax (including deferred tax)	(905,246)	(722,913)
Less: Provision for Fringe benefit Tax	194,872	(158,000)
Profit/ (Loss) after tax	(26,351,606)	(13,608,455)
Brought forward loss	(23,797,965)	(10,189,510)
Loss carried to Balance Sheet	(50,149,571)	(23,797,965)

OPERATIONS

The income of your Company during the year under review was Rs. 21,182,006/- as compared to Rs.15,828,492/- last year. The net loss increased to Rs. 26,351,606/- from Rs.13,608,455/- in the last year due to increase in the amount of expenses to Rs.48,243,986/- in the current year from Rs.28,556,034/- last year. Efforts are being taken to improve the prospects of the Company.

BUSINESS STRATEGY AND FUTURE PLANS

Adequate measures are being taken to improve the performance of the Company. In the ensuing financial year, based on the business plans, the projected increase in income should be more than 50% and by controlling costs, as well, the performance of the Company should improve.

CHANGE OF REGISTERED OFFICE

Your Directors wish to inform you that during the year under review the Registered Office of the Company was shifted from ' B-2, Kailash Apartment, Lala Lajpat Rai Marg, New Delhi-110 048 ' to ' 601, 6th Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi - 110 001 '.

DIVIDEND

In order to conserve the resources, your Directors do not recommend any dividend for the year under review.

DEPOSITS

Your Company has not accepted any fixed deposits from the public under section 58A of the Companies Act, 1956 during the year under review.

DIRECTORS

Mr. R. D. S. Bawa, Director retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

COMPLIANCE CERTIFICATE

In accordance with the provisions of Section 383A of the Companies Act, 1956, the Secretarial Compliance Certificate issued by **M/s A. K. Bhayana & Associates** is attached with this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The particulars required to be given in terms of Section 217(1) (e) of the Companies Act, 1956 regarding conservation of energy and technology absorption are not applicable to your Company.

PARTICULARS OF EMPLOYEES

Information that is required to be given under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is annexed to the Directors' Report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review foreign exchange outflow on account of Content subscription was Rs. 2,900,120/- and earnings on account of Banner Advertisement was Rs. 191,751/-.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 as amended, your Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- Appropriate accounting policies have been followed consistently and, wherever required, judgements and estimates have been made in a reasonable and prudent manner so as to provide a true and fair view of the state of affairs of the Company as at March 31, 2007 and of the loss of the Company for the period ended on that date
- Proper and sufficient care has been taken to maintain adequate accounting records for safeguarding the assets of the Company and for preventing and detecting irregularities;
- The accounts have been prepared on a 'going' concern basis.

AUDITORS & AUDITORS' REPORT

Your Company's Auditors, M/s. Mohan L Jain & Co., Chartered Accountants had given their resignation due to some other assignments. Subsequently BSR & Associates were appointed as Statutory Auditors of the Company and their term expires at the ensuing Annual General Meeting and being eligible, they have expressed their willingness to be re-appointed as the Statutory Auditors of the Company. Your Directors recommend their appointment for the ensuing year.

The Board took a note of the draft Auditors' Report on the accounts for the year ended on March 31, 2007 and noted that there was no qualification.

ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude for the co-operation extended to the Company by its bankers, employees and investors.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 3rd July, 2007

Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 2007

Name	Designation Nature of duties	Age	Remuneration received (per month)	Qualification years	Experince of employment of employment	Date of joining the company	Last employment held before
Mr. Rajendra Daga	CEO (Commodities)	42	Rs. 2,52,694	B.Com	20	01.11.2004	—

AUDITORS' REPORT

To the Members of
Television Eighteen Commoditiescontrol.com Limited

We have audited the attached balance sheet of Television Eighteen Commoditiescontrol.com Limited ('the Company') as at 31 March 2007, the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. 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.

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 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Companies (Auditor's Report) Order, 2003 ("CARO") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ('the Act') we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Without qualifying our opinion, we draw attention to Note no.2 of the financial statements regarding the accounts of the Company being prepared on a going concern.
3. Further to our comments in the Annexure referred to 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 purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, the 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 Companies Act, 1956;
 - (e) on the basis of the written representations received from the directors of the Company as on 31 March 2007, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - (f) in our opinion, and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required 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 31 March 2007;
 - ii. in the case of the profit and loss account, of the loss of the Company for the year ended on that date; and
 - iii. in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For BSR & Associates
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Place : Mumbai
Dated : 3 July, 2007

Annexure to the Auditors' Report – 31 March 2007

Referred to in our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has carried out a physical verification of its fixed assets during the year. No material discrepancies were noticed during such verification.
- (c) The Company has not disposed off any fixed assets during the year.
- (ii) The Company is a service company, primarily rendering web related activities. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- (iii) (a) The Company is maintaining current accounts with two fellow subsidiaries covered in the register maintained under Section 301 of the Companies Act, 1956, which is in the nature of loans. The maximum amount outstanding during the year as well as the year end balance of the loans is Rs. 2,962,332.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted to companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (c) In case of a loan granted to companies covered in the register maintained under Section 301 of the Companies Act, 1956, the payment of the loans amount was on demand.
- (d) There is no overdue amount of more than rupees one lakh in respect of loan granted to its Holding Company covered in the register maintained under Section 301 of the Companies Act, 1956.
- (e) The Company has taken a loan from a fellow subsidiary and is also maintaining current accounts with three fellow subsidiaries covered in the register maintained under Section 301 of the Companies Act, 1956, which is in the nature of loans. The maximum amount outstanding during the year as well as the year end balance of the loan is Rs. 48,315,123 and of the 3 current accounts is Rs. 5,870,547
- (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (g) In case of a loan taken from companies covered in the register maintained under Section 301 of the Companies Act, 1956, the payment of the loans amount was on demand.
- (iv) In our opinion and according to the information and explanations given to us, there is an internal control system for sale of services and purchase of fixed assets, which in our opinion needs to be substantially strengthened to be commensurate with the size of the Company and the nature of its business. The activities of the Company do not involve purchase of inventory and sale of goods.
- (v) 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 Companies Act, 1956 have been entered in the register required to be maintained under that section.

In our opinion, and according to the explanations given to us, there are transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lakh rupees in respect of any party during the year.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company is not required to have an internal audit system as paid up share capital and reserve is less than rupees fifty lakhs as at the commencement of the financial year and average annual turnover of three preceding previous year is less than rupees five crore.
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the services

rendered by the Company.

- (ix) (a) According to the information and explanations given to us and on the basis of the examination of the records of the Company, amounts deducted / accrued in the books of accounts in respect of undisputed statutory dues including Income-tax, Service tax, Provident Fund and other materials statutory dues have generally been regularly deposited with the appropriate authorities, though there have been a slight delay in a few cases.
- As explained to us, Employee State Insurance Act is not applicable to the company.
- As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Sales tax, Wealth tax, Custom duty and Excise duty.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Provident Fund, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess, Excise Duty and other material statutory dues were in arrears as at 31 March 2007 for a period of more than six months from the date they became payable.
- There were no dues on account of cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.
- (b) According to the information and explanations given to us, there are no dues of Income Tax, Provident Fund, Wealth Tax, Sales Tax, Cess and Service Tax that have not been deposited by the Company on account of disputes.
- (x) The Company has accumulated losses at the end of the financial year and has incurred cash losses in the financial year. No cash losses were incurred in the immediately preceding financial year.
- (xi) The Company has not taken any loans from financial institutions and banks. The Company did not have any outstanding debentures during the year.
- (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) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which a charge has been created on all movable and immovable assets of the Company against the loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvii) The Company did not have any term loans outstanding during the year.
- (xviii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xix) The Company has not made any preferential allotment of shares to companies, firms and parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xx) The Company did not have any outstanding debentures during the year.
- (xxi) The Company has not raised any money by public issues during the year.
- (xxii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For BSR & Associates
Chartered Accountants

Place : Mumbai
Dated : 3 July, 2007

Akeel Master
Partner
Membership No. 046768



Television Eighteen Commoditiescontrol.com.Ltd
(formerly known as Eighteen Entertainment India Ltd.)

BALANCE SHEET AS AT 31 MARCH, 2007

	Schedule	2007 (Rs.)	2006 (Rs.)
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	4	3,964,250	3,964,250
Unsecured loans	5	48,315,123	28,296,529
Deferred tax liability, net	6	—	905,246
		<u>52,279,373</u>	<u>33,166,025</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	7	21,414,088	18,183,030
Accumulated depreciation		(10,596,552)	(6,093,472)
Net block		<u>10,817,536</u>	<u>12,089,558</u>
Current assets, loans and advances			
Sundry debtors	8	6,524,400	2,532,935
Cash and bank balances	9	4,197,205	1,519,586
Loans and advances	10	10,822,130	6,319,202
		<u>21,543,735</u>	<u>10,371,723</u>
Current liabilities and provisions			
Current liabilities	11	(28,892,976)	(12,476,985)
Provisions	12	(1,338,493)	(619,434)
		<u>(30,231,469)</u>	<u>(13,096,419)</u>
Net current assets			
Miscellaneous expenditure, to the extent not written off or adjusted		—	3,197
Profit and loss account		<u>50,149,571</u>	<u>23,797,965</u>
		<u>52,279,373</u>	<u>33,166,024</u>
Significant accounting policies	3		
Notes to accounts	19-29		

The schedules referred to above form an integral part of the balance sheet

As per our report attached.

For BSR & Associates For Television Eighteen Commoditiescontrol.com Limited
Chartered Accountants

Akeel Master
Partner
Membership No: 046768
Place : Mumbai
Date : 3 July, 2007

Ritu Kapur
Director
Place : Delhi
Date : 3 July, 2007

Vandana Malik
Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2007

	Schedule	2007 (Rs.)	2006 (Rs.)
INCOME			
Income from services	12	21,084,838	15,828,362
Other income	13	97,168	130
		<u>21,182,006</u>	<u>15,828,492</u>
EXPENDITURE			
Cost of services	14	17,031,501	11,386,348
Personnel costs	15	18,547,668	9,034,193
Depreciation/amortisation	6	4,503,081	3,504,230
Other costs	16	5,489,900	3,987,751
Interest expense, net	17	2,671,836	643,512
		<u>48,243,986</u>	<u>28,556,034</u>
Net loss before tax			
		<u>(27,061,980)</u>	<u>(12,727,542)</u>
Provision for taxation			
- Deferred taxes		(905,246)	722,913
- Fringe benefit tax		194,872	158,000
Net loss after tax			
		<u>(26,351,606)</u>	<u>(13,608,455)</u>
Profit and loss account brought forward from previous year			
		<u>(23,797,965)</u>	<u>(10,189,510)</u>
Profit and loss account carried to Balance Sheet			
		<u>(50,149,571)</u>	<u>(23,797,965)</u>
Earnings per share (Basic and diluted)			
Face value of share Re 10/- each		(66.47)	(34.33)
Significant accounting policies	3		
Notes to accounts	19-29		

The schedules referred to above form an integral part of the profit and loss account.

As per our report attached.

For BSR & Associates For Television Eighteen Commoditiescontrol.com Limited
Chartered Accountants

Akeel Master
Partner
Membership No: 046768
Place : Mumbai
Date : 3 July, 2007

Ritu Kapur
Director
Place : Delhi
Date : 3 July, 2007

Vandana Malik
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	2007 (Rs.)	2006 (Rs.)
A) Cash flows from operating activities :		
Loss before tax	(27,061,980)	(12,727,542)
Adjustments:		
Depreciation and amortisation	4,503,081	3,504,230
Preliminary expenses w/off	3,196	3,500
Unrealized foreign exchange gain	(82,941)	—
Interest expense	2,842,411	644,835
Interest income from banks and others	(121,116)	(1,323)
Operating profit before working capital changes	(19,917,349)	(8,573,654)
Increase/decrease in working capital:		
Sundry debtors	(3,994,185)	1,129,731
Loans and advances	(4,732,605)	4,391,004
Sundry creditors and other current liabilities	16,495,674	(3,651,521)
Provisions	719,059	158,319
Net change in working capital	8,487,943	(9,013,937)
Cash generated/ (used) by/ in operations	(11,429,406)	(17,587,591)
Direct taxes paid, net	481,916	—
Net cash generated/ (used) by/in operations	(11,911,322)	(17,587,591)
B) Cash flows from investing activities :		
Purchase of fixed assets	(3,231,059)	(3,141,922)
Interest income from banks and others	66,340	1,323
Net Cash used in investing activities	(3,164,719)	(3,140,599)
C) Cash flows from financing activities :		
Loan from holding company	17,820,000	21,650,700
Net cash flow used in financing activities	17,820,000	21,650,700
Net increase in cash and cash equivalents	2,743,959	922,510
Cash and cash equivalents, beginning of year	1,519,586	597,076
Cash and cash equivalents, end of year	4,197,205	1,519,586
	<u>2,677,619</u>	<u>922,510</u>

- The cash flow statement has been prepared under the indirect method as set out in Accounting Standard -3 (AS-3) on 'Cash flow statement' issued by The Institute of chartered Accountant of India.
- Cash & Cash equivalents consist of cash Rs 15,184 and Bank balance in current account Rs 4,182,021

As per our report attached.

For BSR & Associates For Television Eighteen Commoditiescontrol.com Limited
Chartered Accountants

Akeel Master
Partner
Membership No: 046768
Place : Mumbai
Date : 3 July, 2007

Ritu Kapur
Director
Place : Delhi
Date : 3 July, 2007

Vandana Malik
Managing Director

SCHEDULE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2007

**SCHEDULE - 1
BACKGROUND**

Television Eighteen Commoditiescontrol.com Limited (Erstwhile Eighteen Entertainment India Ltd.) (TECC or 'the Company'), was incorporated in New Delhi on 17 March 1997 as a 100% subsidiary of Television Eighteen India Limited (TV-18). The main objectives of the Company are setting up and developing internet portals. TECC is one of the leading internet destinations for websites focusing on India and the global Indian community. TECC is operating the website named www.commoditiescontrol.com website consist of channels related to Indian commodities, trading related activities, which include providing news, information and search facilities in relation to Indian commodities market .

**SCHEDULE - 2
GOING CONCERN**

At 31 March 2007, the Company's paid up capital was Rs. 3,964,250 and the accumulated losses aggregated Rs. 50,149,571. Management is currently implementing a plan to increase turnover, improve profitability and the financial position of the Company.

The Company has received a letter of support from Television Eighteen India Limited of continuing operating and financial support in the foreseeable future. Management believes that the above business plan and continued support from Television Eighteen India Limited will enable the Company to settle its obligations as they fall due. Accordingly, the financial statements have been prepared assuming that the Company will continue as a going concern.

**SCHEDULE - 3
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956, to the extent applicable.

1.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

1.3 Revenue recognition

The Company derives its revenues primarily from online advertising and fee-

based services. Online advertising includes banner advertisement and sponsored links. Fee-based services include subscription services and content sharing services.

Advertisement and sponsorship income is derived from customers who advertise on the Company's websites either directly or through links that connects users to the customer's websites.

Revenue from advertisement and sponsorships is recognized ratably over the contractual period of advertisement, commencing when the advertisement is placed on the website. Revenues are also derived from sponsor buttons placed in specific areas of the Company's websites, which generally provide users with direct links to sponsor websites. These revenues are recognized ratably over the period in which the advertisement is displayed, provided that no significant obligations remain and collection of the resulting receivable is probable.

Subscription service revenues primarily include income from providing information in connection with the Indian commodity markets to a registered user base. The revenue for subscription services is recognized ratably over the period of the subscription. The Company recognizes revenues from providing access to content, proportionately over the period of the contract.

Interest income is recognized on the time proportion basis.

1.4 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

The Company depreciates its fixed assets on Straight Line Method (SLM). Depreciation on additions is provided pro-rata from the immediate next date of the asset put to use.

Depreciation on assets is provided at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except in the following cases where the rates used are greater than the corresponding minimum rates prescribed in schedule XIV to the Companies Act, 1956, based on the estimated useful life of the assets:

Asset	Rate
Computer Software	50%
Computer Hardware	25%
Office and Other Equipment	25%
Furniture and Fixtures	20%

Assets costing less than Rs.5,000 are fully charged to the profit and loss account in the year of acquisition.

1.5 Intangible assets

Intangible assets comprises only of goodwill. Goodwill is amortized on straight-line basis over a useful life of 5 years, which in management's estimate represents the period during which economic benefits will be derived from their use.

1.6 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or a group of assets. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

1.7 Retirement benefits

Provident fund

The Company makes regular contributions to the statutory provident fund at the prescribed rates. Provident fund dues are recognized when the liability to contribute to the provident fund arises under the Employees' Provident Fund Act, 1952.

Gratuity

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering all employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. Liability with regard to gratuity plan is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary.

Leave encashment

The Company's liabilities leave wages, which is a defined benefit, is accrued based on an actuarial valuation at the balance sheet date carried out by an independent actuary.

1.8 Foreign currency transactions

Foreign exchange transactions are recorded at the spot rates on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account of the year, except that exchange differences related to acquisition of imported fixed assets are adjusted in the carrying amount of the related fixed assets.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the profit and loss account except those related to acquisition of imported fixed assets which are adjusted in the carrying amount of the related fixed assets.

1.9 Taxation

Income tax expense comprises current income tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income

and taxable income for the period) computed in accordance with the relevant provisions of the Income Tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

1.10 Fringe Benefit Tax:

Provision for fringe benefit tax is made on the basis of applicable FBT on the taxable value of eligible expenses of the company as prescribed under the Income Tax Act 1961.

1.11 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognized as an expense on a straight line basis over the lease period.

1.12 Earnings per share

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

1.13 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financials. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

2007	2006
(Rs.)	(Rs.)

**SCHEDULE - 4
SHARE CAPITAL**

AUTHORISED :

500,000 (Previous year 500,000)

Equity Shares of Rs. 10 each	<u>5,000,000</u>	<u>5,000,000</u>
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ISSUED, SUBSCRIBED AND PAID UP :

396,425 (Previous year 396,425)

Equity Shares of Rs. 10 each fully paid up	<u>3,964,250</u>	<u>3,964,250</u>
--	------------------	------------------

	<u>3,964,250</u>	<u>3,964,250</u>
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Note :

Of the above, 317,140 (previous year: NIL) equity shares of Rs. 10/- each, fully paid up, are held by E- Eighteen Limited, the holding company. During the year these shares were transferred by Television Eighteen India Limited the former holding company.

The balance 79,285 equity shares of Rs 10/- each are allotted as fully paid up pursuant to a contract without payment being received in cash.

**SCHEDULE - 5
UNSECURED LOANS**

Loan from others	<u>48,315,123</u>	<u>28,296,529</u>
	<u>48,315,123</u>	<u>28,296,529</u>

(Repayable within one year Rs 48,315,123, previous year, Rs 28,296,529)

**SCHEDULE - 6
DEFERRED TAX LIABILITY, NET**

Deferred tax assets

-Provision for leave encashment	190,111	—
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-Provision for gratuity	238,268	—
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-Provision for doubtful advances	155,827	—
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-Expenses incurred under Sec 40 (a) of the Income Tax Act, 1961	69,508	—
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- Carryforward losses	1,109,372	—
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Deferred tax liability

-Depreciation	1,763,086	905,246
---------------	------------------	---------

	<u>—</u>	<u>905,246</u>
--	----------	----------------

	<u>—</u>	<u>905,246</u>
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Deferred tax asset has been recognized only to the extent of net deferred tax liability, as this amount is considered to be virtually certain of realisation.

SCHEDULES TO THE FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE - 7
FIXED ASSETS

Particulars	Gross Block			Amortisation/ depreciation				Net Block		
	As at April 1, 2006	Additions during the year	Deletions during the year	As at March 31, 2007	As at April 1, 2006	For the year	On deletions	As at March 31, 2007	As at March 31, 2007	As at March 31, 2006
Intangible assets										
Goodwill	10,848,888	-	-	10,848,888	4,180,986	2,169,779	-	6,350,765	4,498,123	6,667,902
Tangible assets										
Leasehold land	1,403,665	1,271,213	-	2,674,878	388,937	1,324,069	-	1,713,006	961,872	1,014,728
Computers	2,969,587	999,339	-	3,968,926	821,421	659,230	-	1,480,651	2,488,275	2,148,166
Plant and machinery	1,980,499	535,307	-	2,515,806	416,377	183,422	-	599,799	1,916,007	1,564,122
Furniture and fixture	980,390	425,200	-	1,405,590	285,750	166,581	-	452,331	953,259	694,640
Total	18,183,030	3,231,059	-	21,414,088	6,093,472	4,503,081	-	10,596,552	10,817,536	12,089,558
Previous year	14,248,258	3,934,771	-	18,183,030	2,589,241	3,504,230	-	6,093,472	12,089,558	

	2007 (Rs.)	2006 (Rs.)		2007 (Rs.)	2006 (Rs.)
SCHEDULE - 8 SUNDRY DEBTORS			SCHEDULE - 13 INCOME FROM SERVICES		
(unsecured, considered good)			Banner advertisement revenues	663,359	360,000
Debts outstanding over six months	—	2,532,935	Web site subscription revenues	4,576,431	5,563,643
Other debts	6,524,400	—	SMS subscription revenues	10,440,929	9,904,719
	6,524,400	2,532,935	Content Licensing revenues	5,404,119	—
				21,084,838	15,828,362

* includes amount receivable from E-eighteen.Com Limited Rs 2,000,000 (previous year Rs nil), a company under the same management within the meaning of section 370(1B) of the Companies Act, 1956.

Maximum balance in respect of above Rs 4,722,539 (previous year Rs nil)

SCHEDULE - 9
CASH AND BANK BALANCES

Cash on hand	15,184	3,083
Balances with scheduled banks in:		
- Current account	4,182,021	1,516,503
	4,197,205	1,519,586

SCHEDULE - 10
LOANS AND ADVANCES

	2007 (Rs.)	2006 (Rs.)
<i>(Unsecured)</i>		
<i>Considered doubtful</i>		
Advances recoverable in cash or in kind or for value to be received	462,944	446,684
<i>Considered good</i>		
Advance to holding company	—	1,983,736
Advances and loans to fellow subsidiaries *	2,849,429	—
Interest accrued on loans to fellow subsidiaries*	112,903	—
Advances recoverable in cash or in kind or for value to be received	7,859,798	4,335,466
	11,285,074	6,765,886
Less: provision for doubtful advances	(462,944)	(446,684)
	10,822,130	6,319,202

Note:
* includes amount receivable from SGA News Limited of Rs 910,701 (2006: Rs. NIL) and from E-Eighteen.com Limited of Rs 2,051,631 (2006:Rs.NIL) a company under the same management within the meaning of section 370(1B) of the Companies Act, 1956. Maximum balance during the year: SGA News Limited Rs 976,251 (2006: Rs Nil) and e-eighteen.Com Limited Rs 2,877,817 (2006: Rs NIL)

SCHEDULE - 11
CURRENT LIABILITIES

Sundry creditors	—	—
- Small scale industrial undertakings	—	—
- Other than small scale industrial undertakings * \$ #	11,173,251	11,649,472
- Other sundry creditors	4,666,626	827,513
Advances from Customers	13,053,099	—
	28,892,976	12,476,985

Note:
* As represented by the management, there are no dues to small scale industrial undertaking as defined under clause j of Section 3 of Industries (Development and Regulations) Act, 1951. (2006 : Rs. Nil)

\$ Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. The Company is in the process of compiling relevant

The above creditors include Rs 131,385 (2006:Rs NIL), Rs 17,500 (2006: Rs NIL), Rs 5,721,662 (2006: Rs 5,721,662) and Rs NIL (2006: Rs 245,898) due to Television Eighteen India Limited, Global Broadcast News, Television Eighteen Mauritius Limited and S

SCHEDULE - 12
PROVISIONS

Leave wages	564,799	280,614
Gratuity	707,866	180,820
Fringe benefit tax (net of advance tax paid)	65,828	158,000
	1,338,493	619,434

SCHEDULE - 13
INCOME FROM SERVICES

Banner advertisement revenues	663,359	360,000
Web site subscription revenues	4,576,431	5,563,643
SMS subscription revenues	10,440,929	9,904,719
Content Licensing revenues	5,404,119	—
	21,084,838	15,828,362

SCHEDULE - 14
OTHER INCOME

Foreign exchange gain	82,941	—
Write back of credit balances	14,227	—
Miscellaneous income	—	130
	97,168	130

SCHEDULE - 15
COST OF SERVICE

Cost of messaging service	8,144,711	5,048,008
Production expenses	913,298	1,327,328
Communication expenses	3,136,376	2,160,009
Content subscription*	4,607,949	2,851,003
Brokerage costs	229,167	—
	17,031,501	11,386,348

* includes prior period expense of Rs 1,330,196

SCHEDULE - 16
PERSONNEL COSTS

Salaries, wages and bonus	16,135,324	7,932,730
Contribution to provident fund and other funds	818,349	532,597
Staff welfare expenses	1,593,995	568,866
	18,547,668	9,034,193

SCHEDULE - 17
OTHER COSTS

Rent	1,455,000	954,774
Office expenses	624,984	358,495
Electricity expenses	704,229	479,387
Insurance	11,352	4,213
Travelling and conveyance	810,376	792,734
Repairs to		
- machinery	23,722	—
- others	262,238	88,267
Legal and professional expenses	173,174	68,987
Audit fees	400,000	101,530
Foreign exchange loss	—	540
Marketing and promotional costs	77,231	66,257
Bad debts	12,822	212,810
Provision for doubtful advances	16,260	446,684
Bank charges	91,752	51,559
Preliminary expenses written off	3,197	3,500
Miscellaneous expenses	823,563	358,014
	5,489,900	3,987,751

SCHEDULE - 18
INTEREST EXPENSE, NET

Interest expense on loan from holding company	2,842,411	644,835
Interest expense on dues to government authorities	16,881	—
Less: interest income from loan to companies (TDS Rs 27,178, previous year Rs nil)	(121,116)	—
interest income on bank deposits (TDS Rs 14,887, previous year Rs nil)	(66,340)	(1,323)
	2,671,836	643,512

SCHEDULE - 19
BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Loss per share has been computed as under:		
a) Loss after tax	(26,351,606)	(13,608,455)
b) Weighted average number of equity shares outstanding during the period	396,425	396,425
c) Basic and diluted loss per share (face value Rs 10 per share) (a)/(b)	(66.47)	(34.33)

DIRECTORS' REPORT

To,
The Members,
e-Eighteen.com Limited

Your Directors are pleased to present the 8th Annual Report of the Company and the audited accounts for the year ended March 31, 2007.

FINANCIAL RESULTS

	For the year ended March 31, 2007 (Rs.)	For the year ended March 31, 2006 (Rs.)
Income	214,270,875	96,428,532
Expenditure	212,202,573	40,357,738
Profit (Loss) before depreciation	20,68,302	56,070,794
Depreciation	1,059,811	531,218
Net Profit (Loss) before tax	10,08,491	55,539,576
Less : Provision for tax (including deferred tax)	(46,19,019)	3,628,815
Less : Fringe benefit tax	834,000	—
Less : Prior year adjustments	—	(16,977)
Profit / (Loss) after tax	4,793,510	51,927,738
Brought forward loss	(63,589,297)	(115,517,035)
Profit/(Loss) carried to Balance Sheet	(58,795,787)	(63,589,297)

OPERATIONS

Your company has made significant progress during the year and the income increased from Rs. 964.28 lacs to Rs. 2142.70 lacs. In the previous year, the Company launched a portal in the name & style of www.poweryourtrade.com. The portal tries to bring information and content that subscribers can use to improve their investment decision. It is involved in analysis of market data and digging out stock sensitive triggers. The prime feature of the site is its trading calls - four top chartists give two trading picks each, every morning before trade begins, but things change after opening bell. The site's midday calls gets users six trading calls from three technical experts at 12 noon everyday. The site has been successful in delivering a value driven service to the investing community by bringing together a powerful mix of expert advice, stock news and advice.

BUSINESS STRATEGY AND FUTURE PLANS

The Company's subsidiary Moneycontrol Dot Com India Limited operates through its website www.moneycontrol.com by serving the investors on latest business news, expert opinions and advices, market and technical analysis carried on by an expert team, currency trading and an analysis on mutual funds. The website offers details on the best funds to buy, new fund offers and it also facilitates online buying of funds. It has been aiming to provide quality and expert information to facilitate its investors to maintain a good portfolio.

CHANGE OF REGISTERED OFFICE

Your Directors wish to inform you that during the year under review the Registered Office of the Company was shifted from ' B-2, Kailash Apartment, Lala Lajpat Rai Marg, New Delhi-110 048' to '601, 6th Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi - 110 001'.

DIVIDEND

In order to conserve the resources, your Directors do not recommend any dividend for the financial year 2006 – 07.

SUBSIDIARIES

The audited Balance Sheet and Profit and Loss Account along with the Directors' Report and Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary company, Moneycontrol Dot Com India Limited, is attached.

DEPOSITS

Your Company has not accepted any fixed deposits from the public under section 58A of the Companies Act, 1956 during the year under review.

DIRECTORS

Mr. R. D. S. Bawa, Director retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The particulars required to be given in terms of Section 217(1) (e) of the Companies Act, 1956 regarding conservation of energy and technology absorption are not applicable to your Company.

PARTICULARS OF EMPLOYEES

There is no employee in the Company in respect of whom information is required to be given under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review foreign exchange earnings on account of Income from banner advertising, content and subscription fees was Rs. 79,844,891/-.

AUDIT COMMITTEE

An Audit Committee Meeting was held on July 1, 2007 to review the audited financial results of the Company for the financial year ended March 31, 2007 before being placed

before the Board for their consideration.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 as amended, your Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- Appropriate accounting policies have been followed consistently and, wherever required, judgements and estimates have been made in a reasonable and prudent manner so as to provide a true and fair view of the state of affairs of the Company as at March 31, 2007 and of the profit of the Company for the period ended on that date;
- Proper and sufficient care has been taken to maintain adequate accounting records for safeguarding the assets of the Company and for preventing and detecting irregularities;
- The accounts have been prepared on a going concern basis.

AUDITORS & AUDITORS' REPORT

Your company's Auditors, M/s. Mohan L Jain & Co., Chartered Accountants had given their resignation due to some other assignments. Subsequently, BSR & Associates were appointed as Statutory Auditors of the Company and their term expires at the ensuing Annual General Meeting. But being eligible, they have expressed their willingness to be re-appointed as the Statutory Auditors of the Company. Your Directors recommend their appointment for the ensuing year.

The Board took a note of the draft Auditors' Report on the accounts for the year ended March 31, 2007 and noted that there was no qualification.

ACKNOWLEDGEMENT

Your Directors would also like to place on record their gratitude for the assistance and co-operation received from the Bankers, Contributors, Advertisers, Vendors and Alliance Partners.

Your Directors also acknowledge with gratitude the dedicated efforts and valuable contribution made by all the employees of the Company.

For and on behalf of
Board of Directors

Place: New Delhi
Date: 3rd July, 2007

Chairman

Annexure to Director's Report Statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary companies

	Moneycontrol Dot Com India Limited
1 Name of the subsidiary	
2 Financial Year of the subsidiary ended on	31.03.2007
3 Shares of the subsidiary held by the company as on March 31, 2007	
a) No. and face value	5,00,000 Equity Shares of Rs. 1/- each
b) Extent of holding	100%
4 Net aggregate amount of the subsidiary companies Profit/(loss) so far as it concerns the members of the holding company	
a) Not dealt with in the holding company's accounts	
i) For the financial year ended March 31, 2007	(Rs. 116,453)
ii) Upto the previous financial years of the subsidiary company	Rs. 63,724
b) Dealt with in the holding company's accounts	
(i) For the financial year ended March 31, 2007	Nil
(ii) For the previous financial year of the subsidiary company since they become the holding company's subsidiaries	Nil
5. Material changes in subsidiary between the end of its financial year and the financial year of the holding company	
a) Fixed Assets	N/A
b) Investments made	N/A
c) Money lent by subsidiary	N/A
d) Money borrowed by the subsidiary for any purpose other than that of meeting current liabilities	N/A

For and on behalf of
Board of Directors

Place: New Delhi
Date: 3rd July, 2007

Chairman

AUDITORS' REPORT

To
The Members of
e-Eighteen.com Limited

We have audited the attached balance sheet of E-eighteen.com Limited ('the Company') as at 31 March 2007, the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. 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.

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 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Companies (Auditor's Report) Order, 2003 ("CARO") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ('the Act') we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Without qualifying our opinion, we draw attention to Note no. 3 of the financial statements regarding the accounts of the Company being prepared on a going concern basis.
3. Further to our comments in the Annexure referred to 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 purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, the 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 Companies Act, 1956;
 - (e) on the basis of the written representations received from the directors of the Company as on 31 March 2007, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - (f) in our opinion, and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required 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 31 March 2007;

- ii. in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
- iii. in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For **BSR & Associates**
Chartered Accountants

Akeel Master
Partner

Mumbai
3 July, 2007

Membership No: 046768

Annexure to the Auditors' Report – 31 March 2007

Referred to in our report of even date

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has carried out a physical verification of its fixed assets during the year. No material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off any fixed assets during the year.
- (ii) The Company is a service company, primarily rendering web related activities. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
 - (a) The Company has granted loans to three companies and other party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 21,200,000 and the year end balance of such loans was Rs. 18,000,000.
 - (b) The Company has taken loan from a company covered in the register maintained under section 301 of the Companies Act, 1956 which has been repaid during the year. The maximum amount outstanding during the year was Rs. 809,537 and the year-end balance of such loans was Rs. Nil.
 - (c) In the case of loans granted to companies and other party listed in the register maintained under section 301 of the Companies Act, 1956, the loan is repayable on demand.
 - (d) There is no overdue amount of more than rupees one lakh in respect of loans granted to any of the companies, firms or other parties listed in the register maintained under section 301.
 - (e) The Company has taken loans from two companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 11,200,000 and the year-end balance of such loans was Rs. 11,200,000.
 - (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
 - (g) In the case of loans taken from companies/firms/other parties listed in the register maintained under section 301, the Company has been regular in repaying the principal amounts and payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there is an internal control system for sale of

services and purchase of fixed assets, which in our opinion needs to be substantially strengthened to be commensurate with the size of the Company and the nature of its business. The activities of the Company do not involve purchase of inventory and sale of goods.

- (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 Companies Act, 1956 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 contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company does not have an internal audit system.
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the services rendered by the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of the examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including Income-tax, Service tax, Provident Fund and other materials statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- As explained to us, Employee State Insurance Act is not applicable to the company.
- As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Sales tax, Wealth tax, Custom duty and Excise duty.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Provident Fund, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess, Excise Duty and other material statutory dues were in arrears as at 31 March 2007 for a period of more than six months from the date they became payable.
- There were no dues on account of cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.
- (b) According to the information and explanations given to us, there are no dues of Income Tax, Provident Fund, Wealth

Tax, Sales Tax, Cess and Service Tax that have not been deposited by the Company on account of disputes.

- (x) The Company has accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) The Company has not taken any loans from financial institutions and banks. The Company did not have any outstanding debentures during the year.
- (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) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which a charge has been created on all movable and immovable assets of the Company against the loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies, firms and parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **BSR & Associates**
Chartered Accountants

Akeel Master
Partner

Mumbai
3 July, 2007

Membership No: 046768

BALANCE SHEET AS AT 31 MARCH, 2007

	Schedule No.	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	4	54,040,000	54,040,000
Reserves and surplus	5	66,166,120	66,166,120
Loan funds			
Unsecured loans	6	—	809,537
		<u>120,206,120</u>	<u>121,015,657</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	7	28,041,681	22,119,377
Less: depreciation		22,915,496	21,855,685
Net block		5,126,185	263,692
Investments	8	34,369,502	3,569,642
Deferred tax (net)	9	12,986,653	67,634
Current assets, loans and advances			
Sundry debtors	10	105,264,187	47,744,778
Cash and bank balances	11	9,108,533	9,621,086
Loans and advances	12	29,278,598	9,992,839
		<u>143,651,318</u>	<u>67,358,703</u>
Current liabilities and provisions			
Current liabilities	13	125,977,980	12,821,496
Provisions	14	8,745,345	1,011,815
		<u>134,723,325</u>	<u>13,833,311</u>
Net current assets		<u>8,927,993</u>	<u>53,525,392</u>
Profit and loss account		<u>58,795,787</u>	<u>63,589,297</u>
		<u>120,206,120</u>	<u>121,015,657</u>

Significant accounting policies 2

Notes to accounts 19-28

The schedules referred to above form an integral part of the balance sheet.

As per our report attached

For BSR & Associates
Chartered Accountants

Akeel Master **Sanjay Ray Chaudhari** **Raghav Bahl** **Sonia Gupta**
Partner Director Director Company Secretary
Membership No. 046768

Place : Mumbai
Date : 3 July, 2007

For e-Eighteen.com Limited

Place : Delhi
Date : July 3, 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2007

	Schedule No.	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
INCOME			
Income from banner advertisement, content licensing and subscriptions		211,883,058	95,530,945
Other income	15	2,387,817	897,587
		<u>214,270,875</u>	<u>96,428,532</u>
EXPENDITURE			
Production, administrative and other costs	16	171,740,132	24,739,577
Personnel costs	17	38,817,029	14,261,075
Interest and finance charges	18	1,645,412	1,357,086
Depreciation	7	1,059,811	531,218
		<u>213,262,384</u>	<u>40,888,956</u>
Profit before taxation		<u>1,008,491</u>	<u>55,539,576</u>
Provision for taxation		—	—
- Current		8,300,000	3,032,000
- Fringe benefit tax		834,000	—
- Deferred tax		(12,919,019)	596,815
- Prior years adjustments		—	(16,977)
		<u>4,793,510</u>	<u>51,927,738</u>
Profit after taxation		<u>4,793,510</u>	<u>51,927,738</u>
Profit and loss account brought forward from previous year		<u>(63,589,297)</u>	<u>(115,517,035)</u>
Profit/(Loss) after taxation carried forward to balance sheet		<u>(58,795,787)</u>	<u>(63,589,297)</u>
Basic and diluted earnings per share		0.89	9.61
Face value of share Rs. 10/- each		—	—
Significant accounting policies			
Notes to accounts	19-28		

Significant accounting policies 2

Notes to accounts 19-28

The schedules referred to above form an integral part of the balance sheet.

As per our report attached

For BSR & Associates
Chartered Accountants

Akeel Master **Sanjay Ray Chaudhari** **Raghav Bahl** **Sonia Gupta**
Partner Director Director Company Secretary
Membership No. 046768

Place : Mumbai
Date : 3 July, 2007

For e-Eighteen.com Limited

Place : Delhi
Date : July 3, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Schedule Reference	Year Ended 31.03.2006 (Rs.)	Year Ended 31.03.2005 (Rs.)
A) Cash flows from operating activities :			
Profit before tax		1,008,491	55,539,577
Adjustment for:			
Depreciation		1,059,811	531,218
Profit on sale of assets		—	(230,000)
Interest received from bank and others		(1,141,617)	(136,003)
Provision for doubtful debts		39,265,038	—
Interest paid		1,543,858	1,309,435
Unrealised exchange gain		(4,835)	—
Dividend received		(999,860)	(91,744)
Operating profit before working capital changes		<u>40,730,886</u>	<u>56,922,483</u>
(Increase)/decrease in current assets, loans and advances		(96,779,612)	(36,556,339)
Loans and advances		(19,285,759)	1,070,427
Increase/(decrease) in current liabilities and provisions		112,848,565	8,655,624
		<u>(3,216,806)</u>	<u>(27,430,888)</u>
Cash used in operations		<u>37,514,080</u>	<u>29,491,595</u>
Income tax paid		1,092,551	2,396,617
Net cash used in operations		<u>36,421,529</u>	<u>27,094,978</u>
B) Cash flows from investing activities :			
Purchase of fixed assets		(5,922,304)	(187,355)
Sales proceeds from sale of assets		—	230,000
Purchase of investments		(30,799,860)	(1,891,743)
Interest received from bank and others		1,141,617	136,003
Dividend received		999,860	91,744
Net cash used in investing activities		<u>(34,580,687)</u>	<u>(1,621,351)</u>
C) Cash flows from financing activities :			
Interest paid		(1,543,858)	(1,309,435)
Repayment of unsecured loans		(809,537)	(17,203,183)
Net cash flow generated from financing activities		<u>(2,353,395)</u>	<u>(18,512,618)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(512,553)</u>	<u>6,961,009</u>

Cash and cash equivalents, beginning of year (refer schedule 11)	9,621,086	2,660,077
Cash and cash equivalents, end of year (refer schedule 11)	<u>9,108,533</u>	<u>9,621,086</u>
	<u>(512,553)</u>	<u>6,961,009</u>

The cash flow statement has been prepared under the indirect method as set out in Accounting Standard -3 (AS-3) on 'Cash flow statement' issued by The Institute of chartered Accountant of India.

As per our report attached

For BSR & Associates
Chartered Accountants

Akeel Master **Sanjay Ray Chaudhari** **Raghav Bahl** **Sonia Gupta**
Partner Director Director Company Secretary
Membership No. 046768

Place : Mumbai
Date : 3 July, 2007

Place : Delhi
Date : 3 July, 2007

SCHEDULES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

(Currency: Indian Rupee)

SCHEDULE - 1

BACKGROUND

E-eighteen.com Limited ('the Company') was incorporated in New Delhi on 28 March 2000. The Company was established with the primary objective of setting up and developing internet portals. The Company is operating its business through websites called www.moneycontrol.com and www.poweryourtrade.com. www.moneycontrol.com has established its position as premier online financial destinations in providing business news, personalized finance, futures options and stock market information, information for mutual funds. www.poweryourtrade.com is a paid site and offers services in respect of exclusive trading calls, stock to watch etc.

SCHEDULE - 2

GOING CONCERN

At 31 March 2007, the Company's paid up capital and reserves were Rs. 120,206,120 and the accumulated losses aggregating Rs. 58,795,787. Management is currently implementing a plan to increase turnover, improve profitability and the financial position of the Company.

The Company has received a letter of support from Television Eighteen India Limited of continuing financial and operational support in the foreseeable future. Management believe that the above business plan and continued support from Television Eighteen India Limited will enable the Company to settle its obligations as they fall due. Accordingly, the financial statements have been prepared assuming that the Company will continue as a going concern.

**SCHEDULE - 3
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

3.1 Basis of preparation of financial statements
The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, to the extent applicable.

3.2 Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

3.3 Revenue recognition
The Company derives its revenues primarily from online advertising and fee-based services. Online advertising includes banner advertisement and sponsored links. Fee-based services include subscription services and content sharing services.

Advertisement and sponsorship income is derived from customers who advertise on the Company's websites either directly or through links that connects users to the customer's websites.

Revenue from advertisement and sponsorships is recognized ratably over the contractual period of advertisement, commencing when the advertisement is placed on the website. Revenues are also derived from sponsor buttons placed in specific areas of the Company's websites, which generally provide users with direct links to sponsor websites. These revenues are recognized ratably over the period in which the advertisement is displayed, provided that no significant obligations remain and collection of the resulting receivable is probable.

Subscription service revenues primarily include income from providing information in connection with the Indian stock markets to a registered user base. The revenue for subscription services is recognized ratably over the period of the subscription. The Company recognizes revenues from providing access to content, proportionately over the period of the contract.

Interest income is recognized on a time proportion basis.

Dividend is recognized when the right to receive the dividend is established.

3.4 Fixed assets and depreciation
Fixed assets are stated at cost less accumulated depreciation. Cost includes cost of acquisition and incidental costs related to the acquisition and installation of the asset.

Depreciation on fixed assets is provided on pro rata to the period of use, using the Straight Line method at the following annual rates which are not lower than the rates prescribed under Schedule XIV of the Companies Act, 1956.

Asset	Estimated life (in years)	%
Computers	4	25%
Plant and machinery	4	25%
Furniture and fixtures	5	20%

Computer software is being depreciated over a period of 5 years, being the estimated period of benefit.

Assets individually costing Rs 5,000 or less are fully depreciated in the year of purchase.

3.5 Investments
Long term investments are stated at cost less permanent diminution in the value of such investments. Current investments are carried forward at lower of cost or fair value.

3.6 Foreign currency transactions
Foreign exchange transactions are recorded at the spot rates on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account of the year, except that exchange differences related to acquisition of imported fixed assets are adjusted in the carrying amount of the related fixed assets.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the profit and loss account except those related to acquisition of imported fixed assets which are adjusted in the carrying amount of the related fixed assets.

3.7 Retirement benefits
Provident fund
The Company makes regular contributions to the statutory provident fund at the prescribed rates. Provident fund dues are recognized when the liability to contribute to the provident fund arises under the Employees' Provident Fund Act, 1952.

Gratuity
In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering all employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. Liability with regard to gratuity plan is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary.

Leave encashment

Provision for leave encashment is accrued based on actuarial valuation at the balance sheet date carried out by an independent actuary.

3.8 Taxation
Income tax expense comprises current income tax, fringe benefit tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Provision for fringe benefit tax is made on the basis of applicable FBT on the taxable value of eligible expenses of the company as prescribed under the Income Tax Act 1961.

3.9 Earnings per share
Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

3.10 Operating lease
Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognized as an expense on a straight line basis over the lease period.

3.11 Impairment of assets
The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying value, the carrying value is reduced to the recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and loss account for the period. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

3.12 Provisions and contingent liabilities
The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financials. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

	2007	2006
SCHEDULE - 4 SHARE CAPITAL		
Authorised:		
10,000,000 (Previous year: 10,000,000) equity shares of Rs. 10/- each	100,000,000	100,000,000
	100,000,000	100,000,000
Issued, subscribed and paid-up:		
5,404,000 (Previous year: 5,404,000) equity shares of Rs. 10/- each fully paid up	54,040,000	54,040,000
	54,040,000	54,040,000

	2007	2006
SCHEDULE - 5 RESERVE AND SURPLUS		
Securities premium account	66,166,120	66,166,120
	66,166,120	66,166,120

	2007	2006
SCHEDULE - 6 UNSECURED LOANS		
From companies	—	809,537
(Repayable within a period of one year Rs.Nil, previous year:Rs. 809,537)	—	809,537
	—	809,537

SCHEDULES FORMING PART OF THE ACCOUNTS
**SCHEDULE - 7
FIXED ASSETS**

Particulars	Gross Block			Depreciation				Net Block	
	As at April 1, 2006 the year	Additions during the year	Deletions during the year	As at March 31, 2007	As at April 1, 2006	For the year	On deletions	As at March 31, 2007	As at March 31, 2006
Computers	21,382,640	5,898,304	-	27,280,944	21,193,260	992,830	-	22,186,090	5,094,854
Plant and machinery	559,931	24,000	-	583,931	516,373	36,227	-	552,600	31,331
Furniture and fixture	176,806	-	-	176,806	146,052	30,754	-	176,806	-
Total	22,119,377	5,922,304	-	28,041,681	21,855,685	1,059,811	-	22,915,496	5,126,185
Previous year	22,988,041	187,355	1,056,019	22,119,377	22,397,463	531,218	1,072,996	21,855,685	263,692

	2007 (Rs.)	2006 (Rs.)	SCHEDULE - 13 CURRENT LIABILITIES	2007 (Rs.)	2006 (Rs.)
SCHEDULE - 8 INVESTMENTS			Sundry creditors		
Current investments (non trade, at cost)			- Small scale industrial undertakings	—	—
Mutual funds			- Other than small scale industrial undertakings * #	23,040,000	8,104,930
3,404,950 (Previous year: 324,964) units of Rs. 10/- each in	34,049,502	3,249,642	Payable to holding company	15,974,469	—
DSP Merrill Lynch Liquidity Fund - Daily Dividend (Aggregate market value Rs. 34,049,502) (Previous year: Rs. 32,49,642)			Payable to group companies	66,776,025	332,831
Long term investment (unquoted)			Fees received in advance	7,670,906	—
In subsidiary company			Other liabilities	12,516,580	4,383,735
500,000 (Previous year: 500,000) equity shares of Rs. 1/- each fully paid up in Moneycontrol Dot Com India Limited	320,000	320,000		125,977,980	12,821,496
	34,369,502	3,569,642			

	2007 (Rs.)	2006 (Rs.)
SCHEDULE - 9 DEFERRED TAX		
<i>Deferred tax assets</i>		
- Depreciation	—	67,634
- Provision for leave encashment	279,654	—
- Provision for gratuity	239,163	—
- Provision for doubtful debts	13,216,612	—
<i>Deferred tax liability</i>		
- Depreciation	748,776	—
	12,986,653	67,634

	2007 (Rs.)	2006 (Rs.)
SCHEDULE - 10 SUNDRY DEBTORS (Unsecured)		
Over six months		
- considered good	16,226,235	—
- considered doubtful	39,265,038	—
Other debts		
- considered good *	89,037,952	47,744,778
	144,529,225	47,744,778
Less: Provision for doubtful debts	39,265,038	—
	105,264,187	47,744,778

* includes amount receivable from Television Eighteen India Limited Rs. 23,29,674 (Previous year: Rs.1,186,688), a company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956. Maximum balance during the year: Television Eighteen India Limited Rs 7,683,141 (2006: Rs 1,186,688)

	2007 (Rs.)	2006 (Rs.)
SCHEDULE - 11 CASH AND BANK BALANCES		
Cash on hand	44,003	136,137
Balances with scheduled banks in:		
- Current accounts	9,064,530	9,484,949
	9,108,533	9,621,086

	2007 (Rs.)	2006 (Rs.)
SCHEDULE - 12 LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	9,268,228	3,806,918
Loan to group companies*	6,800,000	3,750,000
Loan to a holding company	11,200,000	—
Deposits	2,010,370	2,010,370
Advance tax and tax deducted at source (net of provision for taxation Rs.Nil) (Previous year: Rs. 28,10,000)	—	425,551
	29,278,598	9,992,839

* includes amount receivable from Web 18 Software Services Limited Rs. 62,50,000 (Previous year: Rs.Nil), E 18 Professional Trust Rs. 550,000 (Previous year: Rs. 3,750,000) a company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956. Maximum balance during the year: Web 18 Software Services Limited Rs 6,250,000 (2006: Rs Nil), E18 Professional Trust Rs 3,750,000 (2006: 3,750,000)

	2007 (Rs.)	2006 (Rs.)
SCHEDULE - 14 PROVISIONS		
Taxation (net of advance tax and TDS Rs.4,560,409) (Previous year: Rs. Nil)	6,549,591	—
Gratuity	710,526	361,534
Leave encashment	830,819	428,281
Fringe benefit tax (net of advance tax paid)	654,409	222,000
	8,745,345	1,011,815

* As represented by the management, there are no dues to small scale industrial undertaking as defined under clause j of Section 3 of Industries (Development and Regulations) Act, 1951. (Previous year: Rs. Nil)

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. The Company is in the process of compiling relevant

	2007 (Rs.)	2006 (Rs.)
SCHEDULE - 15 OTHER INCOME		
Interest received from bank and others (Tax deducted at source Rs. 274,250) (Previous year: Rs.30,520)]	1,141,617	136,003
Dividend received - current investment	999,860	91,744
Profit on sale of assets	—	230,000
Bad debts recovered	—	256,259
Exchange gain (net)	—	119,930
Miscellaneous income	246,340	63,651
	2,387,817	897,587

	2007 (Rs.)	2006 (Rs.)
SCHEDULE - 16 PRODUCTION, ADMINISTRATIVE AND OTHER COSTS		
Site support costs	104,711,457	16,866,983
Advertising and business promotion	9,887,570	313,256
Rent	6,674,844	2,611,791
Provision for doubtful debts	39,265,038	—
Repairs and maintenance	87,089	67,148
Electricity charges	731,866	871,661
Communication expenses	1,419,792	163,074
Insurance	24,167	20,985
Vehicle maintenance	732,364	121,993
Travelling and conveyance	1,199,397	2,503,272
Legal and professional charges	2,973,035	251,082
Audit fees	725,000	91,530
Media professional fees	869,151	343,843
Exchange loss (net)	21,010	—
Bad debts written off	208,939	—
Miscellaneous expenses	2,209,413	512,959
	171,740,132	24,739,577

	2007 (Rs.)	2006 (Rs.)
SCHEDULE - 17 PERSONNEL COSTS		
Salaries, wages and other benefits	36,385,819	13,809,473
Contributions to provident fund and other funds	1,633,353	51,086
Staff welfare expenses	797,857	400,516
	38,817,029	14,261,075



**SCHEDULE - 18
FINANCE COSTS**

Interest on unsecured loan	1,543,858	1,309,435
Bank charges	101,554	47,651
	<u>1,645,412</u>	<u>1,357,086</u>

SCHEDULE - 19

BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Profit/(loss) per share has been computed as under:

a) Profit after tax	4,793,510	51,927,738
b) Weighted average number of equity shares outstanding during the period	5,404,000	5,404,000
c) Basic and diluted earnings per share (face value Rs 10 per share) (a)/(b)	0.89	9.61

SCHEDULE - 20

REMUNERATION TO AUDITORS

	2007 (Rs.)	2006 (Rs.)
Audit fees (excluding service tax)	625,000	50,000
Tax audit fees (excluding service tax)	100,000	25,000
Other services	—	16,530
	<u>725,000</u>	<u>91,530</u>

SCHEDULE - 21

MANAGERIAL REMUNERATIONS

No managerial remuneration is paid/ payable to any director during the period from 1 April 2006 to 31 March 2007. (Previous year Rs. Nil)

SCHEDULE - 22

EARNINGS IN FOREIGN EXCHANGE

Income from banner advertising, content and subscription fees	79,844,891	384,76,077
---	------------	------------

SCHEDULE - 23

SEGMENT REPORTING

a) Primary segment:

The business of the Company is of rendering services in respect of banner advertisement, content licensing and subscription income which are routed through websites. Hence, there are no separate reportable primary segment as defined by Accounting Standard 17; "Segment reporting".

b) Geographical Segment

The Company caters services through website and hence separate geographical segment information has not been given in financial statements.

SCHEDULE - 24

OPERATING LEASE

The Company has taken commercial premises under operating leases. The future minimum lease payments in respect of non-cancelable operating leases as on 31 March 2007 are as follows.

Lease payments	2007	2006
Not later than one year	—	—
Later than one year but not later than 5 years	—	—
Later than 5 years	—	—
Payment of lease rentals during the year	6,674,844	—

The lease agreement provides for an option to the Company to renew the lease period at the end of non-cancellable period. There are no exceptional/restrictive covenants in the lease agreements.

SCHEDULE - 25

RELATED PARTY DISCLOSURE

i) Holding Company

E 18 Limited, Cyprus holds 100% of the equity share capital, as at 31 March 07. Television Eighteen India Limited (ultimate parent company)

ii) Other related parties with whom transactions have taken place during the year

Moneycontrol Dot Com India Limited
Television Eighteen Commoditiescontrol.com Limited
Web 18 Software Services Limited

iii) Entity in which Key Management Personnel has significant influence

Raghav Bahl
Sanjay Ray Chaudhuri
Haresh Chawla
R D S Bawa
Vandana Malik
Surya Mantha

Following transactions were carried out with related parties mentioned above

S. No	Transaction	Party	For the year ended 31 March 2007	For the year ended 31 March 2006
1	Expenses incurred on behalf of the Company	Moneycontrol.com India Limited Television Eighteen India Limited Television Eighteen Commoditiescontrol.	Nil 12,151,165	37,821 5,419,497

		com Limited	40,00,000	Nil
		Web 18 Software Services Limited	60,00,000	Nil
2	Service and other income	Television Eighteen India Limited	7,683,141	Nil
3	Loan given	Television Eighteen India Limited	11,200,000	Nil
		Web 18 Software Services Limited	6,250,000	Nil
4	Loan taken	Television Eighteen India Limited	Nil	23,550,141
5	Interest paid	Moneycontrol.com India Limited	47,035	6,616
		Web 18 Software Services Limited	1,111,357	—
		Television Eighteen Commoditiescontrol.com Limited	28,388	—
6	Interest received	Television Eighteen India Limited	137,496	1,228,964

Year end balances

S. No	Transaction	Party	As at 31 March 2007	As at 31 March 2006
1	Balance receivable	Television Eighteen India Limited	23,29,674	Nil
2	Balance payable	Moneycontrol.com India Limited	47,035	809,536
		Web 18 Software Services Limited	64,677,359	NIL
		Television Eighteen Commoditiescontrol.com Limited	2,051,631	Nil
		Television Eighteen India Limited	15,974,469	332,831
3	Loan and advances	Web 18 Software Services Limited	6,250,000	Nil
		E 18 Professional Trust	550,000	3,750,000
		Television Eighteen India Ltd.	11,200,000	Nil

SCHEDULE - 26

QUANTITATIVE INFORMATION

The Company is in the business of banner advertisement, content licensing and subscriptions income through websites. This service is not capable of being expressed in generic terms and hence it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3,4C and 4D of Part II of schedule VI to the Companies Act, 1956.

SCHEDULE - 27

CREATION OF CHARGE

An exclusive charge has been created on the moveable and immovable properties, except book debts, of the Company, both present and future, in favour of the bankers of its ultimate Holding Company for securing borrowings for working capital requirements of the ultimate Holding Company.

SCHEDULE - 28

PRIOR YEAR COMPARATIVES

Previous year figures have been regrouped/reclassified where necessary to conform to the current year classifications. Further, previous years figures are audited by a firm other than BSR & Associates.

For e-Eighteen.com Limited

Sanjay Ray Chaudhari **Raghav Bahl** **Sonia Gupta**
Director Director Company Secretary

Place : Delhi
Date : July 3, 2007

Additional Information pursuant to Part IV of Schedule VI to the Companies Act, 1956, of India.

Balance Sheet Abstract & Company's General Business Profile

I. Registration Details :

Registration No. State code

Balance sheet Date :

II. Capital raised during the year

(All amounts in Rupees)

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

III. Position of Mobilisation and Deployment of Funds

Total Liabilities (including Shareholders' Funds) Total Assets

Sources of Funds

Paid up Capital	Reserves & Surplus
<input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="0"/>	<input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="6"/>
Unsecured Loan	
<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	

Application of Funds

Net Fixed Assets	Investment
<input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="6"/>	<input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="0"/>
Deferred Tax assets	Net Current Assets
<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="7"/>	<input checked="" type="checkbox"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="8"/>
Profit and Loss Accounts	
<input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="6"/>	

(Please tick appropriate box + for Positive, - for Negative)

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

Turnover (including other income) Total Expenditure

(Please tick appropriate box + for Profit, - for Loss)

Profit/Loss Before Tax	Profit/Loss After Tax
<input checked="" type="checkbox"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="8"/>	<input checked="" type="checkbox"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/>

(Please tick appropriate box + for Profit, - for Loss)

Earning per Share (in Rs.)-Annualised	Dividend Rate %
<input checked="" type="checkbox"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="1"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

(Please tick appropriate box + for Positive, - for Negative)

V. Generic names of principal products/services of the Company (as per monetary terms)

Item Code No (ITC Code) NOT APPLICABLE
Product Description NOT APPLICABLE

For e-Eighteen.com Limited

Sanjay Ray Chaudhari Director Raghav Bahl Director Sonia Gupta Company Secretary

Place : Delhi
Date : July 3, 2007

DIRECTORS' REPORT

The Members,
Moneycontrol Dot Com India Limited

Your Directors are pleased to present the 8th Annual Report of the Company and the audited accounts for the year ended March 31, 2007.

Financial Results	For the year ended March 31, 2007 (Rs.)	For the year ended March 31, 2006 (Rs.)
Income	658,258	131,984
Expenditure	794,841	48,310
Profit/ (Loss) before tax	(136,583)	83,674
Less : Provision for taxes	(20,130)	19,950
Profit/ (Loss) after tax	(116,453)	63,724
Profit brought forward	933,760	870,036
Profit carried to Balance Sheet	817,307	933,760

OPERATIONS

The income of your Company during the year was Rs.658,258/- out of which Rs. 597,614/- was from its operations and Rs. 60,644/- was from other sources. During the year under review the company incurred a net loss of Rs.116,453/- as against a profit in the previous year, due to a sharp increase in the amount of expenses from Rs.48,310/- last year to Rs.794,841/- in the current year. However, the income earned by the Company has increased tremendously from Rs.131,984/- last year to Rs. 658,258/- in the current year.

BUSINESS STRATEGY AND FUTURE PLANS

The company is looking at taking adequate measures to improve the performance of the Company.

DIVIDEND

In order to conserve the resources, your Directors do not recommend any dividend for the year under review.

DEPOSITS

Your Company has not accepted any fixed deposits from the public under section 58A of the Companies Act, 1956 during the year under review.

DIRECTORS

Mr. Raghav Bahl, Director retires at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The particulars required to be given in terms of Section 217(1) (e) of the Companies Act, 1956 regarding conservation of energy and technology absorption are not applicable to your Company.

PARTICULARS OF EMPLOYEES

There is no employee in the Company in respect of whom information is required to be given under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review there were no foreign exchange earnings or outgo.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 as amended, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been followed consistently and, wherever required, judgments and estimates have been made in a reasonable and prudent manner so as to provide a true and fair view of the state of affairs of the Company as at March 31, 2007 and of the loss of the Company for the period ended on that date;
- proper and sufficient care has been taken to maintain adequate accounting records for safeguarding the assets of the Company and for preventing and detecting irregularities;
- the accounts have been prepared on a going concern basis.

AUDITORS & AUDITORS' REPORT

Your Company's Auditors, M/s. Mohan L Jain & Co., Chartered Accountants had given their resignation due to some other assignments. Subsequently, BSR & Associates were appointed as Statutory Auditors of the Company and their term expires at the ensuing Annual General Meeting. But, being eligible, they have expressed their willingness to be re-appointed as the Statutory Auditors of the Company. Your Directors recommend their appointment for the ensuing year.

The Board took a note of the draft Auditors' Report on the accounts for the year ended on March 31, 2007 and noted that there was no qualification.

ACKNOWLEDGEMENT

Your Directors thank the holding Company, e-Eighteen.com Limited for its support. They also wish to place on record their appreciation to all its bankers for the co-operation extended to the Company and its employees for their sincere and dedicated service.

For and on behalf of the Board of Directors

Place: New Delhi
Date: 3 July, 2007

Chairman

AUDITOR'S REPORT

To
The Members of
Moneycontrol Dot Com India Limited

iii. in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For **BSR & Associates**
Chartered Accountants

Akeel Master
Partner

Mumbai
3 July 2007

Membership No: 046768

We have audited the attached balance sheet of Moneycontrol Dot Com India Limited ('the Company') as at 31 March 2007, the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. 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.

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 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Companies (Auditor's Report) Order, 2003 ("CARO") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ('the Act') we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to 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 purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) on the basis of the written representations received from the directors of the Company as on 31 March 2007, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - (f) in our opinion, and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required 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 31 March 2007;
 - ii. in the case of the profit and loss account, of the loss of the Company for the year ended on that date; and

Annexure to the Auditors' Report – 31 March 2007

Referred to in our report of even date

- (i) The Company does not have any fixed assets; hence paragraph 4(i) of the Order is not applicable.
- (ii) The Company is a service company, primarily rendering web related activities. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- (iii) (a) The Company is maintaining a current account with its Holding Company covered in the register maintained under Section 301 of the Companies Act, 1956, which is in the nature of loans. The year end balance of such current account is Rs. 47,035 recoverable. The maximum amount outstanding during the year was Rs. 809,537.
- (b) In our opinion, the rate of interest and other terms and conditions on which loan have been granted to its Holding Company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (c) In case of a loan granted to its Holding Company covered in the register maintained under Section 301 of the Companies Act, 1956, the payment of the loans amount was on demand.
- (d) There is no overdue amount of more than rupees one lakh in respect of loan granted to its Holding Company covered in the register maintained under Section 301 of the Companies Act, 1956.
- (e) The Company has not taken any loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clause (e), (f) and (g) of paragraph 4(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an internal control system for sale of services, which in our opinion needs to be substantially strengthened to be commensurate with the size of the Company and the nature of its business. The activities of the Company do not involve purchase of inventory and sale of goods. The Company does not have any fixed assets during the year. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) According to the information and explanations given to us and on the basis of examination of the records of the Company, the transactions that need to be entered in the registers maintained under section 301 of the Companies Act, 1956 have been so entered.

- In our opinion, and according to the explanations given to us, there are transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lakh rupees in respect of any party during the year.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company is not required to have an internal audit system as paid up share capital and reserve is less than rupees fifty lakhs as at the commencement of the financial year and average annual turnover of three preceding previous year is less than rupees five crore.
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the services rendered by the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of the examination of the records of the Company, amounts deducted / accrued in the books of accounts in respect of undisputed statutory dues including Income-tax and other materials statutory dues have generally been regularly deposited with the appropriate authorities though there have been a slight delay in a few cases.
- As explained to us, Provident Fund, Service Tax and Employee State Insurance Act is not applicable to the Company.
- As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Sales tax, Wealth tax, Custom duty and Excise duty.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Customs Duty, Cess, Excise Duty and other material statutory dues were in arrears as at 31 March 2007 for a period of more than six months from the date they became payable.
- There were no dues on account of Cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.
- (b) According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Sales Tax and Cess that have not been deposited by the Company on account of disputes.
- (x) The Company does not have any accumulated losses at the end of the financial year. However, it has incurred cash losses in the financial year. No cash losses were incurred in the immediately preceding financial year.
- (xi) The Company has not taken any loan from financial institutions and banks. The Company did not have any outstanding debentures during the year.
- (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) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which a charge has been created on all movable and immovable assets of the Company against the loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies, firms and parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **BSR & Associates**
Chartered Accountants

Akeel Master
Partner

Membership No: 046768

Mumbai
3 July 2007



Moneycontrol Dot Com India Limited

BALANCE SHEET AS AT MARCH 31, 2007

	Schedule	(Rupees)	
		2007	2006
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	500,000	500,000
Reserves and surplus	4	817,307	933,760
		<u>1,317,307</u>	<u>1,433,760</u>
APPLICATION OF FUNDS			
Current assets, loans and advances			
Cash and bank balances	5	1,994,165	688,081
Loans and advances	6	79,602	925,104
		<u>2,073,767</u>	<u>1,613,185</u>
Current liabilities and provisions			
Current liabilities	7	736,511	47,710
Provisions	8	19,950	131,715
		<u>756,461</u>	<u>179,425</u>
Net current assets		<u>1,317,306</u>	<u>1,433,760</u>
Significant accounting policies	2		
Notes to accounts	11 - 20		

The schedules referred to above form an integral part of the financial statements.

As per our report attached.

For **BSR & Associates**
For Moneycontrol Dot Com India Limited

Chartered Accountants

Akeel Master

Partner

Membership No: 046768

Mumbai

Date : 3 July, 2007

Raghav Bahl
Director

Haresh Chawla
Director

Place : Delhi
Date : 3 July, 2007

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

	Schedule	(Rupees)	
		2007	2006
INCOME			
Operational income (including prior year income Rs. 23,529)		597,614	55,368
Interest income [Tax Deducted at Source Rs. 13,609 (Previous year Rs.17,193)]		60,644	76,616
		<u>658,258</u>	<u>131,984</u>
EXPENDITURE			
Operational and other expenses	9	781,598	37,821
Interest paid	10	13,243	10,489
		<u>794,841</u>	<u>48,310</u>
Profit/(Loss) before taxation		<u>(136,583)</u>	<u>83,674</u>
Provision for taxation		—	19,950
- Current		(20,130)	—
- For earlier years		—	—
Profit/(Loss) after taxation		<u>(116,453)</u>	<u>63,724</u>
Profit and loss account brought forward from previous year		933,760	870,036
Profit and loss account carried to balance sheet		<u>817,307</u>	<u>933,760</u>
Earnings per share (Basic and diluted)		(2.33)	1.27
Face value of share Re 1/- each			
Significant accounting policies	2		
Notes to accounts	11 - 20		

The schedules referred to above form an integral part of the financial statements.

As per our report attached.

For **BSR & Associates**
For Moneycontrol Dot Com India Limited

Chartered Accountants

Akeel Master

Partner

Membership No: 046768

Mumbai

Date : 3 July, 2007

Raghav Bahl
Director

Haresh Chawla
Director

Place : Delhi
Date : 3 July, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	(Currency: Indian Rupees)	
	2007	2006
A) Cash flows from operating activities :		
Profit/(loss) before tax	(136,583)	83,674
Adjustments		
Interest income	(60,644)	(76,616)
Interest expense	13,243	10,489
Operating profit/(loss) before working capital changes	<u>(183,984)</u>	<u>17,547</u>
Adjustments for :		
Decrease/(increase) in current assets, loans and advances		
Loans and advances	831,893	407,532
Current liabilities	597,165	(435,578)
Cash generated from/(used in) operations	<u>1,429,058</u>	<u>(28,046)</u>
Cash provided by operations	1,245,074	(10,499)
Income tax paid	13,609	19,950
Net cash generated/(used in) from operations	<u>1,231,465</u>	<u>(30,449)</u>
B) Cash flows from investing activities :		
Interest received	60,644	76,616
Net cash used in investing activities	<u>60,644</u>	<u>76,616</u>
C) Cash flows from financing activities :		
Interest paid	(13,243)	(10,489)
Net cash flow used in financing activities	<u>(13,243)</u>	<u>(10,489)</u>
Net increase in cash and cash equivalents	<u>1,278,866</u>	<u>35,678</u>
Cash and cash equivalents, beginning of year (Refer schedule 5)	688,081	652,403
Cash and cash equivalents, end of year (Refer schedule 5)	<u>1,994,165</u>	<u>688,081</u>
	<u>1,306,084</u>	<u>35,678</u>

1. The cash flow statement has been prepared under the indirect method as set out in Accounting Standard -3 (AS-3) on cash flow statement issued by The Institute of Chartered Accountant of India.

2. Cash & Cash equivalents consist of cash Rs 4,039 and Bank balance in current account Rs 1,990,126

As per our report attached.

For **BSR & Associates**
For Moneycontrol Dot Com India Limited

Chartered Accountants

Akeel Master

Partner

Membership No: 046768

Mumbai

Date : 3 July, 2007

Raghav Bahl
Director

Haresh Chawla
Director

Place : Delhi
Date : 3 July, 2007

Schedules to the financial statements for the year ended 31 March 2007

(Currency: Indian Rupees)

SCHEDULE - 1 BACKGROUND

Moneycontrol Dot Com India Limited ('the Company') was incorporated in Mumbai in 1999. The Company is a 100% subsidiary of e-Eighteen.com Limited, a wholly owned subsidiary of Television Eighteen India Limited, the ultimate holding Company. The Company is operating its business through a website called www.moneycontrol.com. The Company facilitates mutual fund related transactions through its website www.moneycontrol.com and earns brokerage income for each mutual fund transactions routed through the website.

SCHEDULE - 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, to the extent applicable.

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

2.3 Revenue recognition

Revenue from brokerage services is recognised net of service tax as the services are provided and when no significant uncertainty as to collectibility or realisability exists.

Interest income is recognized on a time proportion basis.

2.4 Foreign currency transactions

Foreign exchange transactions are recorded at the spot rates on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the profit and loss account.

2.5 Taxation

Income tax expense comprises current income tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between

accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

2.6 Earnings per share

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

2.7 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financials. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

SCHEDULE - 3	2007	2006
SHARE CAPITAL		
Authorised:		
500,000 (previous year: 500,000) equity shares of Rs. 1/- each	<u>500,000</u>	<u>500,000</u>
Issued, Subscribed and Paid-up:		
500,000 (previous year: 500,000) equity shares of Rs. 1/- each, fully paid up.	<u>500,000</u>	<u>500,000</u>
	<u>500,000</u>	<u>500,000</u>

Note :

All the above 500,000 (previous year: 500,000) equity shares of Rs. 1/- each, fully paid up, are held by e-eighteen.com Limited, the holding company.

SCHEDULE - 4
RESERVES AND SURPLUS

Profit and loss account	<u>817,307</u>	<u>933,760</u>
	<u>817,307</u>	<u>933,760</u>

SCHEDULE - 5
CASH AND BANK BALANCES

Cash on hand	<u>4,039</u>	<u>449</u>
Balances with scheduled banks in:		
- Current account	<u>1,990,126</u>	<u>687,632</u>
	<u>1,994,165</u>	<u>688,081</u>

SCHEDULE - 6
LOANS AND ADVANCES

<i>Unsecured, considered good)</i>		
Amount due from holding company	<u>47,035</u>	<u>809,537</u>
Advances recoverable in cash or in kind or for value to be received	<u>1,765</u>	<u>3,640</u>
Advance tax and tax deducted at source	<u>30,802</u>	<u>111,927</u>
	<u>79,602</u>	<u>925,104</u>

Note:

* includes amount receivable from E-eighteen.Com Limited, Rs. 47,035 (previous Year: Rs. 809,537) a company under the same management within the meaning of section 370(1B) of the Companies Act, 1956.

Maximum amount during the year: E-eighteen.Com Limited Rs 856,572 (2006: Rs 809,537)

SCHEDULE - 7
CURRENT LIABILITIES

Sundry creditors		
- Small scale industrial undertakings	—	—
- Other than small scale industrial undertakings * # \$	<u>690,195</u>	<u>8,758</u>
- Other liabilities	<u>46,316</u>	<u>38,952</u>
	<u>736,511</u>	<u>47,710</u>

Note:

* As represented by the management, there are no dues to small scale industrial undertaking as defined under clause j of Section 3 of Industries (Development and Regulations) Act, 1951. (Previous year : Rs. Nil)

includes Rs. 539,988 (Previous year: Rs. Nil) payable to a group company.

\$ Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the Act. Since the relevant information is not readily available, no disclosures have been made in the Accounts.

SCHEDULE - 8
PROVISIONS

Taxation	<u>19,950</u>	<u>131,715</u>
	<u>19,950</u>	<u>131,715</u>

For the year	For the year
31 March 2007	31 March 2006

SCHEDULE - 9
OPERATING AND OTHER EXPENSES

Brokerage	<u>106,000</u>	—
Service charges	<u>561,200</u>	—
Travelling and conveyance	<u>12,376</u>	<u>8,715</u>
Legal and professional charges	—	<u>5,460</u>
Audit fees	<u>93,415</u>	<u>20,475</u>
Bank charges	<u>352</u>	—
Miscellaneous	<u>8,255</u>	<u>3,171</u>
	<u>781,598</u>	<u>37,821</u>

SCHEDULE - 10
INTEREST PAID

On unsecured loan	<u>13,243</u>	—
On income tax	—	<u>10,489</u>
	<u>13,243</u>	<u>10,489</u>

SCHEDULE - 11
BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Profit / (Loss) per share has been computed as under:	<u>2007</u>	<u>2006</u>
a) Profit / (Loss) after tax	<u>(116,453)</u>	<u>63,724</u>
b) Weighted average number of equity shares outstanding during the period	<u>50,000</u>	<u>50,000</u>
c) Basic and diluted Earnings / (loss) per share (face value Rs 10 per share) (a)/(b)	<u>(2.33)</u>	<u>1.27</u>

SCHEDULE - 12
REMUNERATION TO AUDITORS

Particulars	2007	2006
Audit fees (including service tax)	<u>93,415</u>	<u>12,190</u>
Other services	—	<u>8,285</u>
	<u>93,415</u>	<u>20,475</u>

SCHEDULE - 13
SEGMENT REPORTING

- a) Primary segment:
The business of the Company is of rendering brokerage services in respect of transactions of mutual funds institutions routed through this websites. Hence, there are no separate reportable primary segment as defined by Accounting Standard 17; "Segment reporting".
- b) Geographical Segment
The Company caters services through its website to the needs of investors and hence separate geographical segment information has not been given in financial statements.

SCHEDULE - 14
RELATED PARTY DISCLOSURE

- i) *Holding Company*
E-eighteen.com Limited holds 100% of the equity share capital, as at 31 March 2007.
Television Eighteen India Limited (ultimate parent company)
- ii) *Entity in which Key Management Personnel has significant influence*
Raghav Bahl
Sanjay Ray Chaudhuri
Hareesh Chawla
- iii) *Other related parties with whom transactions have taken place during the year*
Jhanvi Chawla (wife of Harish Chawla)
Joyson Thomas (VP – Operations)
Web 18 Software Services Limited
E-eighteen.com Limited

SCHEDULE - 15 (Continued)
RELATED PARTY DISCLOSURE

Following transactions were carried out with related parties mentioned above			
S. No	Transactions	Party	For the year ended 31 March 2007
			For the year ended 31 March 2006
1	Expenses incurred on behalf of the Company	E-eighteen.com Limited	Nil
		Web 18 Software Services Limited	561,200
2	Interest received	E-eighteen.com Ltd.	60,644
3	Interest paid	Web 18 Software Services Limited	13,243
			76,616
			Nil



Moneycontrol Dot Com India Limited

4	Brokerage paid	Harish Chawla	50,000	Nil
		Jhanvi Chawla	50,000	Nil
		Joyson Thomas	6,000	Nil

Year end balances

S. No.	Balances	Party	As at 31 March 2007	As at 31 March 2006
1	Balance receivable	E-eighteen.com Ltd,	47,035	809,536
2	Balance payable	Web 18 Software Services Limited	539,988	Nil

SCHEDULE - 16

TAXATION

The Company has no assessable income for the year and accordingly, no provision for income-tax has been made.

The Company has a carried forward tax loss pending assessment by the income tax authorities. In the absence of virtual certainty of realisation of carried forward tax losses and unabsorbed depreciation, management has not created any deferred tax assets. The same will be reassessed at subsequent balance sheet date and will be accounted for in the year of certainty/virtual certainty.

SCHEDULE - 17

MANAGERIAL REMUNERATION

No managerial remuneration is paid/ payable to any director during the period from 1 April 2006 to 31 March 2007. (Previous year: Rs. Nil)

SCHEDULE - 18

QUANTITATIVE INFORMATION

The Company is in the business of brokerage income from various asset management companies. This service is not capable of being expressed in generic terms and hence it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3,4C and 4D of Part II of schedule VI to the Companies Act, 1956.

SCHEDULE - 19

CREATION OF CHARGE

An exclusive charge has been created on the moveable and immovable properties, except book debts, of the Company, both present and future, in favour of the bankers of its ultimate Holding Company for securing borrowings for working capital requirements of the ultimate Holding Company.

SCHEDULE - 20

PRIOR YEAR COMPARATIVES

Previous year figures have been regrouped / reclassified where necessary to conform to the current year classifications. Further, previous years figures are audited by a firm other than BSR & Associates.

The schedules referred to above form an integral part of the financial statements.

As per our report attached.

For **BSR & Associates**

For **Moneycontrol Dot Com India Limited**

Chartered Accountants

Akeel Master

Partner

Membership No: 046768

Place : Mumbai

Date : 3 July, 2007

Raghav Bahl

Director

Haresh Chawla

Director

Place : Delhi

Date : 3 July, 2007

Additional Information pursuant to Part IV of Schedule VI to the Companies Act, 1956, of India

Balance Sheet Abstract & Company's General Business Profile

I. Registration Details :

Registration No. State code

Balance sheet Date :

II. Capital Raised During the Year

(All amounts in Rupees)

Public Issue Right Issue
 Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds

Total Liabilities (including Shareholders' Funds) Total Assets

Sources of Funds

Paid up Capital Reserves & Surplus

Deferred Tax Liability (Net)

Application of Funds

Net Fixed Assets Investment
 + - Net Current Assets Misc Expenditure

(Please tick appropriate box + for Positive, -for Negative)

IV. Performance of Company Amount in Rs. Thousands

Turnover (including other income) Total Expenditure

(Please tick appropriate box + for Profit, -for Loss)

Profit/Loss Before Tax Profit/Loss After Tax

(Please tick appropriate box + for Profit, -for Loss)

Earning per Share (in Rs.)-Annualised Dividend Rate %

(Please tick appropriate box + for Positive, -for Negative)

V. Generic names of Principal Products/Services of the Company (as per monetary terms)

Item Code No (ITC Code) NOT APPLICABLE
 Product Description NOT APPLICABLE

For and on behalf of the Board of Monecontrol Dot Com India Limited

Place : Delhi
 Date : 3 July, 2007

Raghav Bahl **Haresh Chawla**
 Director Director

DIRECTORS' REPORT

The Members,
Web18 Software Services Limited

Your Directors are pleased to present the First Annual Report of the Company and the audited accounts for the year ended March 31, 2007.

FINANCIAL RESULTS

	For the year ended
	March 31, 2007
	(Rs)
Income	81,535,454
Expenditure	141,474,481
Loss before Depreciation	(59,939,027)
Less : Depreciation	3,187,017
Loss before tax	(63,126,044)
Provision for tax (including deferred tax)	-
Less : Provision for Fringe benefit Tax	108,000
Loss after tax	(63,234,044)
Brought forward loss	-
Loss carried to Balance Sheet	(63,234,044)

BUSINESS REVIEW

Operations

The Company was incorporated on July 10, 2006 and being the first year of its operation, there are no figures related to the previous period available for comparison.

The Income of your Company during the year was Rs. 81,535,454/- out of which Rs. 79,520,074 was from operations and Rs. 2,015,380/- was income from other sources and the expenditure was Rs.144,661,498/- resulting in a loss of Rs. 63,234,044/-.

Acquisitions

Urban Interactive

On 14 July 2006, the Company entered into a binding Memorandum of Understanding (MoU) to acquire the entire business of Urban Interactive along with assets, liabilities, contracts, employees and intangible assets for a purchase consideration of Rs. 11,000,000.

IBNLive.com

On 31 July 2006, the Company entered into an agreement to acquire the news portal business (ibnlive.com) together with the brand, domain name, assets, liabilities, contracts, employees, etc. for a purchase consideration of Rs. 1,691,000.

Cricketnext.com

On 2 December 2006, the Company entered into an agreement to acquire the entire business of Walchand Cricketnext.com Limited along with assets (tangible and intangible), intellectual property rights, trademarks, internet domain names, employees, subscriber database, etc for a purchase consideration of Rs. 10,000,000.

BUSINESS STRATEGY AND FUTURE PLANS

The Company's mission is to grow to a large enterprise in every manner i.e. revenues, profits, & Competitive Positioning and become the best in class in the Internet industry. While the Company would continue to grow in its existing business and consolidate its acquisitions, it would also be venturing into other related areas such as eCommerce, mobile and eBroking. Brand building and marketing will also be critical focus areas.

CHANGE OF REGISTERED OFFICE

Your Directors wish to inform you that during the year under review the Registered Office of the Company has been shifted from 'B-2, Kailash Apartment, Lala Lajpat Rai Marg, New Delhi-110 048' to '601, 6th Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi- 110 001'.

DIVIDEND

In order to conserve the resources, your Directors do not recommend any dividend for the year under review.

DEPOSITS

Your Company has not accepted any fixed deposits from the public under section 58A of the Companies Act, 1956 during the year under review.

DIRECTORS

Mr. Raghav Bahl, Director retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

COMPLIANCE CERTIFICATE

In accordance with the provisions of Section 383A of the Companies Act, 1956, the Secretarial Compliance Certificate issued by **M/s A. K. Bhayana & Associates** is attached with this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The particulars required to be given in terms of Section 217(1) (e) of the Companies Act, 1956 regarding conservation of energy and technology absorption are not applicable to your Company.

PARTICULARS OF EMPLOYEES

There are no employees in the Company in respect of whom information is required to be given under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review the expenditure in foreign exchange was as follows:

Particulars	2007 (Rs.)
Studio & Equipment hire charges	14,338,275
Content and franchise expenses	318,868

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 as amended, your Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- Appropriate accounting policies have been followed consistently and, wherever required, judgements and estimates have been made in a reasonable and prudent manner so as to provide a true and fair view of the state of affairs of the Company as at March 31, 2007 and of the loss of the Company for the period ended on that date;
- Proper and sufficient care has been taken to maintain adequate accounting records for safeguarding the assets of the Company and for preventing and detecting irregularities;
- The accounts have been prepared on a going concern basis.

AUDITORS & AUDITORS' REPORT

Your Company's Auditors, M/s. G. S. Ahuja & Associates, Chartered Accountants had given their resignation due to some other assignments. Subsequently BSR & Associates were appointed as Statutory Auditors of the Company and their term expires at the ensuing Annual General Meeting. Being eligible, they have expressed their willingness to be re-appointed as the Statutory Auditors of the Company. Your directors recommend their appointment for the ensuing year.

The Board took note of the draft Auditors' Report on the accounts for the year ended on March 31, 2007 and reported that there was no qualification. The delays in depositing the statutory dues mainly of tax deducted at source were primarily due to the delay in receipt of the tax deduction account number.

ACKNOWLEDGEMENT

Your Directors would also like to place on record their gratitude for the assistance and co-operation received from the Client, Bankers, Vendors and Business Associates.

Your Directors place on record their appreciation of the contribution made by the employees of the Company at all levels, who through their dedicated efforts, valuable contribution and support, have enabled the Company to achieve growth in this period.

For and on behalf of the Board of Directors

Place: New Delhi
Date : 3 July, 2007

Chairman

AUDITORS' REPORT

To the Members of
Web18 Software Services Limited

We have audited the attached balance sheet of Web 18 Software Services Limited ('the Company') as at 31 March 2007, the profit and loss account for the period from 10 July 2006 to 31 March 2007 and the cash flow statement for the period then ended annexed thereto. 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.

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 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Companies (Auditor's Report) Order, 2003 ("CARO") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ('the Act') we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Without qualifying our opinion, we draw attention to Note no.2 of the financial statements regarding the accounts of the Company being prepared on a going concern.
3. Further to our comments in the Annexure referred to 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 purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, the profit and loss account and the cash flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) on the basis of the written representations received from the directors of the Company as on 31 March 2007, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) in our opinion, and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required 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 31 March 2007;
 - ii. in the case of the profit and loss account, of the loss of the Company for the period from 10 July 2006 to 31 March 2007; and
 - iii. in the case of the cash flow statement, of the cash flows of the Company for the period from 10 July 2006 to 31 March 2007.

For **BSR & Associates**
Chartered Accountants

Akeel Master
Partner

Mumbai
3 July 2007

Membership No: 046768

Annexure to the Auditors' Report – 31 March 2007

Referred to in our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has carried out a physical verification of its fixed assets during the period. No material discrepancies were noticed during such verification.
 - (c) The Company has not disposed off any fixed assets during the period.
- (ii) The Company is a service company, primarily rendering physical related activities. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- (iii) The Company is maintaining current accounts with its holding and subsidiary company which are in the nature of unsecured loans covered in the register maintained under Section 301 of the Companies Act, 1956;
 - (a) The Company has taken loan from one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the period is Rs. 6,250,000 and year end balance is Rs. 6,250,000.
 - (b) The rate of interest and other terms and conditions on which loans have been taken from companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
 - (c) In the case of loans taken from companies listed in the register maintained under section 301 of the Companies Act, 1956, the payment of loan and interest amount was on demand.
 - (d) The company has not granted any loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clause (b), (c) and (d) of paragraph 4(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an internal control system for sale of services and purchase of fixed assets, which in our opinion needs to be substantially strengthened to be commensurate with the size of the Company and the nature of its business. The activities of the Company do not involve purchase of inventory and sale of goods.
- (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 Companies Act, 1956 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 contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, except for service charges recovered which represent employee and other administrative costs recovered from group companies.
- (vi) The Company has not accepted any deposits from the public.
- (vii) As the paid up share capital and reserves of the Company does not exceed rupees fifty lakhs as at the commencement of the financial year and the Company does not have an average annual turnover exceeding five crore rupees for a period of three consecutive financial year immediately preceding the financial year, paragraph 4(vii) of the Order is not applicable.
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the services rendered by the Company.
- (ix) (a) According to the information and explanations given to us

- and on the basis of the examination of the records of the Company, amounts deducted / accrued in the books of accounts in respect of undisputed statutory dues including Income-tax, Service tax, Provident Fund and other materials statutory dues have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.
- As explained to us, Employee State Insurance Act is not applicable to the company.
- As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Sales tax, Wealth tax, Custom duty and Excise duty.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Provident Fund, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess, Excise Duty and other material statutory dues were in arrears as at 31 March 2007 for a period of more than six months from the date they became payable.
- There were no dues on account of cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.
- (b) According to the information and explanations given to us, there are no dues of Income Tax, Provident Fund, Wealth Tax, Sales Tax, Cess and Service Tax that have not been deposited by the Company on account of disputes.
- (x) The Company was incorporated on 10 July 2006. As a period of five years has not elapsed since the date of incorporation as at the balance sheet date, the provisions of paragraph 4(x) of the Order are not applicable.
- (xi) The Company has not taken any loans from financial institutions and banks. The Company did not have any outstanding debentures during the period.
- (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) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which a charge has been created on all movable and immovable assets of the Company against the loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xvi) The Company did not have any term loans outstanding during the period.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies, firms and parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the period.
- (xx) The Company has not raised any money by public issues during the period.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

For **BSR & Associates**
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

Mumbai
3 July 2007



Web18 Software Services Limited

BALANCE SHEET AS AT 31 MARCH, 2007

Currency: Indian Rupees
Schedule 2007

SOURCES OF FUNDS	
Shareholders' funds	
Share capital	5 7,865,300
Share application money	62,500,060
Reserves and surplus	6 55,568,700
Loan funds	
Unsecured loan from a group company (Repayable within a period of one year Rs.6,250,000)	6,250,000
	<u>132,184,060</u>
APPLICATION OF FUNDS	
Fixed assets	
Gross block	7 27,797,516
Less: depreciation	<u>3,187,017</u>
Net block	24,610,499
Capital work-in-progress (including capital advances)	<u>26,287,321</u>
	50,897,820
Current assets, loans and advances	
Sundry debtors	8 85,632,639
Cash and bank balances	9 6,236,967
Loans and advances	10 7,646,669
	<u>99,516,275</u>
Current liabilities and provisions	
Current liabilities	11 81,005,065
Provisions	12 459,014
	<u>81,464,079</u>
Net current assets	18,052,196
Profit and loss account	<u>63,234,044</u>
	<u>132,184,060</u>
Significant accounting policies	4
Notes to accounts	18 - 25

The schedules referred to above form an integral part of the financial statements.
As per our report attached.

For BSR & Associates	For Web 18 Software Services Limited	
Chartered Accountants		
Akeel Master Partner Membership No: 046768	Raghav Bahl Director	Sanjay Ray Chaudhari Director
	Surya Mantha CEO	Gopal Arjun CFO
Mumbai Date : 3 July, 2007	Place : Delhi Date : 3 July, 2007	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

(Currency: Indian Rupee)

A) Cash flows from operating activities :	2007
Loss before tax	(63,126,044)
Adjustment for:	
Depreciation	3,187,017
Preliminary expenses written off	24,312
Interest on fixed deposits	(229,021)
Interest paid	2,565,049
Dividend received short term investments	(335,468)
Operating profit before working capital changes	<u>(57,914,155)</u>
(Increase)/decrease in current assets, loans and advances	
Sundry debtors	(85,632,639)
Loans and advances	(3,444,001)
Increase in current liabilities and provisions	<u>81,362,079</u>
	(7,714,561)
Cash used in operations	(65,628,716)
Income tax paid	4,208,668
Net cash used in operations	<u>(69,837,384)</u>
B) Cash flows from investing activities :	
Purchase of fixed assets	(54,084,837)
Dividend received short term investments	335,468
Interest on fixed deposits	229,021
Net cash used in investing activities	<u>(53,520,348)</u>
C) Cash flows from financing activities :	
Increase in share capital	7,865,300
Increase in share application money	62,500,060
Increase in share premium	55,568,700
Interest paid	(2,565,049)
Preliminary expenditure written off	(24,312)
Increase in unsecured loans from a group company	6,250,000
Net cash flow generated from financing activities	<u>129,594,699</u>
Net increase in cash and cash equivalents	6,236,967
Cash and cash equivalents, beginning of year (Refer schedule 7)	—
Cash and cash equivalents, end of year (Refer schedule 7)	<u>6,236,967</u>

As per our report attached.

For BSR & Associates	For Web 18 Software Services Limited	
Chartered Accountants		
Akeel Master Partner Membership No: 046768	Raghav Bahl Director	Sanjay Ray Chaudhari Director
	Surya Mantha CEO	Gopal Arjun CFO
Mumbai Date : 3 July, 2007	Place : Delhi Date : 3 July, 2007	

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2007

Currency: Indian Rupees

Schedule	For the period from 10 July 2006 to 31 March 2007
INCOME	
Income from operations	13 79,520,074
Other income	14 2,015,380
	<u>81,535,454</u>
EXPENDITURE	
Production, administrative and other costs	15 110,300,835
Personnel costs	16 28,605,183
Interest and financial charges	17 2,568,463
Depreciation	<u>3,187,017</u>
	144,661,498
Loss before taxation	(63,126,044)
Provision for taxation	
- Current	—
- Fringe benefit tax	108,000
Loss after taxation carried to balance sheet	<u>(63,234,044)</u>
Basic earnings per share	(430.67)
Diluted earnings per share	(89.18)
Face value of share Rs. 10/- each	
Significant accounting policies	4
Notes to accounts	18 - 25

The schedules referred to above form an integral part of the financial statements.
As per our report attached.

For BSR & Associates	For Web 18 Software Services Limited	
Chartered Accountants		
Akeel Master Partner Membership No: 046768	Raghav Bahl Director	Sanjay Ray Chaudhari Director
	Surya Mantha CEO	Gopal Arjun CFO
Mumbai Date : 3 July, 2007	Place : Delhi Date : 3 July, 2007	

Schedules to the financial statements for the period from 10 July 2006 to 31 March 2007
Currency: Indian Rupee)

SCHEDULE - 1 BACKGROUND

Web 18 Software Services Limited ('the Company') was incorporated in Mumbai in 10 July 2006. The Company is operating its business through websites called www.cricketnext.com and www.ibnlive.com. www.cricketnext.com has established its position as a premier online news site relating to sports and www.ibnlive.com is providing news about political, business, sports, finance, share markets and others.

SCHEDULE - 2 GOING CONCERN

At 31 March 2007, the Company's paid up capital was Rs. 7,665,300 and the accumulated losses aggregating Rs. 63,234,044. Management is currently implementing a plan to increase turnover, improve profitability and the financial position of the Company. The Company has received a letter of support from Television Eighteen India Limited of continuing financial and operational support in the foreseeable future. Management believe that the above business plan and continued support from Television Eighteen India Limited will enable the Company to settle its obligations as they fall due. Accordingly, the financial statements have been prepared assuming that the Company will continue as a going concern.

SCHEDULE - 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Basis of preparation of financial statements**
The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, to the extent applicable.
- Use of estimates**
The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.
- Revenue recognition**
The Company derives its revenues primarily from online advertising and fee-based services. Online advertising includes banner advertisement and sponsored links. Fee-based services include subscription services and content sharing services.
Advertisement and sponsorship income is derived from customers who advertise

on the Company's websites either directly or through links that connects users to the customer's websites.

Revenue from advertisement and sponsorships is recognized ratably over the contractual period of advertisement, commencing when the advertisement is placed on the website. Revenues are also derived from sponsor buttons placed in specific areas of the Company's websites, which generally provide users with direct links to sponsor websites. These revenues are recognized ratably over the period in which the advertisement is displayed, provided that no significant obligations remain and collection of the resulting receivable is probable.

The Company recognizes revenues from providing access to content, proportionately over the period of the contract.

3.4 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes cost of acquisition and incidental costs related to the acquisition and installation of the asset.

Depreciation on fixed assets (including computer software) is provided on the Straight Line method at the rates prescribed in Schedule XIV to the Companies Act, 1956. For additions and disposals, depreciation is provided pro-rata for the period of use. Assets individually costing Rs 5,000 or less are fully depreciated in the year of purchase.

Website development costs are debited to profit and loss account in the year of incurrence.

Acquired brands are capitalized at cost of acquisition and disclosed as intangible assets. Such intangible assets are amortized on a straight line basis over their estimated period of benefit (5 years) and assessed for impairment at every reporting period.

3.5 Foreign currency transactions

Foreign exchange transactions are recorded at the spot rates on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the profit and loss account of the year, except that exchange differences related to acquisition of imported fixed assets are adjusted in the carrying amount of the related fixed assets.

3.5 Foreign currency transactions (Continued)

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the profit and loss account except those related to acquisition of imported fixed assets which are adjusted in the carrying amount of the related fixed assets.

3.6 Retirement benefits

Provident fund

The Company makes regular contributions to the statutory provident fund at the prescribed rates. Provident fund dues are recognized when the liability to contribute to the provident fund arises under the Employees' Provident Fund Act, 1952.

Gratuity

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering all employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. Liability with regard to gratuity plan is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary.

Leave encashment

Provision for leave encashment is accrued based on actuarial valuation at the balance sheet date carried out by an independent actuary.

3.7 Taxation

Income tax expense comprises current income tax, fringe benefit tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Provision for fringe benefit tax is made on the basis of applicable FBT on the taxable value of eligible expenses of the company as prescribed under the Income Tax Act 1961.

3.8 Earnings per share

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

3.9 Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognized as an expense on a straight line basis over the lease period.

3.10 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying value, the carrying value is reduced to the recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and loss account for the period. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

3.11 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financials. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

4.1 Urban Interactive

On 14 July 2006, the Company entered into a binding Memorandum of Understanding (MoU) to acquire the entire business of Urban Interactive alongwith assets, liabilities, contracts, employees and intangible assets for a purchase consideration of Rs. 11,000,000. Further, as per the MoU, the purchase consideration also includes issuance of equity shares in Web 18 Holdings Limited (Cayman Islands) worth Rs. 66 lakhs at a valuation equivalent to the valuation used for the proposed first placement by Web 18 Holdings Limited (Cayman Islands) at end of the first year (First year shares). Additionally, the purchase consideration also includes issuance of equity shares of Web 18 Holdings Limited (Cayman Islands) equivalent in number to the first year shares at the end of the second year and third year.

Further, as per the MoU, the seller shall remain in exclusive employment of the purchaser for a minimum continuous period of 36 months. In case, the seller decides to leave the Company before the period of 36 months, the seller shall not be entitled to any consideration which has not been paid till the date of leaving.

As the assets taken over and liabilities assumed of Urban Interactive at 14 July 2006 were negligible, the entire purchase consideration has been accounted as a brand acquisition.

4.2 IBNLive.com

On 31 July 2006, the Company entered into an agreement to acquire the news portal business (ibnlive.com) together with the brand, domain name, assets, liabilities, contracts, employees etc for a purchase consideration of Rs. 1,691,000.

4.3 Cricketnext.com

On 2 December 2006, the Company entered into an agreement to acquire the entire business of Walchand Cricketnext.com Limited alongwith assets (tangible and intangible), intellectual property rights, trademarks, internet domain names, employees, subscriber database, etc for a purchase consideration of Rs. 10,000,000. The agreement also provides for payment of additional purchase consideration on achievement of specified milestones in the future.

As per the agreement, the acquisition is effective 7 September 2006. As the assets taken over and liabilities assumed of Walchand Cricketnext.com Limited on 7 September 2006 were negligible, the entire purchase consideration has been accounted as a brand acquisition.

Schedules to the financial statements as at 31 March 2007

**Currency: Indian Rupees
2007**

SCHEDULE - 5	
SHARE CAPITAL	
Authorised:	
500,000 equity shares of Rs. 10/- each	5,000,000
1,000,000 preference shares of Rs. 10/- each	10,000,000
	15,000,000
Issued, subscribed and paid-up:	
224,650 equity shares of Rs. 10/- each, fully paid up*	2,246,500
14% 561,880 preference shares of Rs. 10/- each, fully paid up**	5,618,800
Note :	
*Of the above, 224,650 equity shares of Rs. 10/- each fully paid up, are held by E 18 Limited, Cyprus, the holding company.	
**All the preference shares are held by E 18 Limited, Cyprus, the holding company.	
Note on terms and conditions of preference share capital is pending	
SCHEDULE - 6	
RESERVE AND SURPLUS	
Security premium account	
Opening balance	—
Addition during the year	55,568,700
	<u>55,568,700</u>

Schedules to the financial statements as at 31 March 2007

**SCHEDULE - 7
FIXED ASSETS**

Currency: Indian Rupees

Particulars	Gross Block			Depreciation		Net Block	
	As at April 1, 2006	Additions during the year	As at March 31, 2007	As at April 1, 2006	For the year	As at March 31, 2007	As at March 31, 2007
Tangible assets							
Computers	—	6,164,301	6,164,301	—	423,789	423,789	5,740,512
Plant and machinery	—	159,191	159,191	—	40,348	40,348	118,843
Furniture and fixture	—	456,204	456,204	—	19,146	19,146	437,058
Intangible assets							
Brand	—	21,000,000	21,000,000	—	2,701,917	2,701,917	18,298,083
Computer software	—	17,820	17,820	—	1,817	1,817	16,003
Total	—	27,797,516	27,797,516	—	3,187,017	3,187,017	24,610,499

Schedules to the financial statements as at 31 March 2007

Currency: Indian Rupees

SCHEDULE - 8

SUNDRY DEBTORS

(Unsecured, considered good)

Debts outstanding for a period exceeding six months —

Other debts* 85,632,639

85,632,639

* includes amount receivable from Setpro Holding Private Limited Rs. 193,588 (Previous year: Rs. Nil), Global Broadcasting News Limited Rs. 461,084 (Previous year: Rs. Nil), E-eighteen.com Limited Rs. 64,677,359 (Previous year: Rs. Nil) and Moneycontrol Dot Com India Limited Rs. 539,988 (Previous year: Rs. Nil) a company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.

SCHEDULE - 9

CASH AND BANK BALANCES

Cash on hand 69,969

Balances with scheduled banks in:

- Current account 6,166,998

6,236,967

SCHEDULE - 10

LOANS AND ADVANCES

(Unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received 295,001

Deposits 3,149,000

Advance tax and tax deducted at source 4,202,668

7,646,669

SCHEDULE - 11

CURRENT LIABILITIES

Sundry creditors —

- Small scale industrial undertakings —

- Other than small scale industrial undertakings * # 22,521,182

- Group companies 51,881,734

Other liabilities 6,602,149

81,005,065

* As represented by the management, there are no dues to small scale industrial undertaking as defined under clause j of Section 3 of Industries (Development and Regulations) Act, 1951 (Previous year: Rs. Nil).

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the Act. Since the relevant information is not readily available, no disclosures have been made in the accounts.

SCHEDULE - 12

PROVISIONS

Gratuity 158,894

Leave encashment 198,120

Fringe benefit tax (net of advance tax paid) 102,000

459,014

For the period from
10 July 2006 to
31 March 2007

SCHEDULE - 13

INCOME FROM OPERATIONS

Income from banner advertisement and content licensing 19,020,074

Service charges recovered 60,500,000

79,520,074

SCHEDULE - 14

OTHER INCOME

Interest on fixed deposits (tax deducted at source Rs. 51,392) 229,021

Dividend on short term investments 335,468

Interest from others (tax deducted at source Rs. 325,580) 1,450,891

2,015,380

SCHEDULE - 15

PRODUCTION, ADMINISTRATIVE AND OTHER COSTS

Legal and professional charges 58,268,120

Rent 17,117,164

Repairs and maintenance

- Plant and machinery 213,865

- Others 978,988

Electricity charges 545,798

Communication expenses 2,775,919

Studio and equipment hire charges 14,392,242

Content and franchise expenses 2,664,350

Travelling and conveyance 364,906

Vehicle maintenance 424,300

Audit fees 750,000

Media professional fees 1,501,724

Brokerage 2,496,200

Advertising and business promotion 7,218,413

Exchange loss 199,772

Preliminary expenses written off 24,312

Miscellaneous expenses 364,762

110,300,835

SCHEDULE - 16

PERSONNEL COSTS

Salaries, wages and bonus (including staff on deputation from group company) 25,440,456

Contributions to provident fund and other funds 262,809

Staff welfare expenses 2,901,918

28,605,183

SCHEDULE - 17

FINANCE COSTS

Bank charges 3,414

Interest to others 2,565,049

2,568,463

SCHEDULE - 18

BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Profit/(Loss) per share has been computed as under: **2007**

a) Profit/(Loss) after tax (63,234,044)

b) Weighted average number of equity shares outstanding during the period 146,829

c) Basic and diluted Earnings / (loss) per share (face value Rs 10 per share) (a)/(b) (430.67)

SCHEDULE - 19

REMUNERATION TO AUDITORS

Audit fees (excluding service tax) 650,000

Other services (excluding service tax) 100,000

Total Rs. 750,000

SCHEDULE - 20

EXPENDITURE IN FOREIGN CURRENCY

Studio and equipment hire charges 14,338,275

Content and franchise expenses 318,868

SCHEDULE - 21

SEGMENT REPORTING

a) Primary segment:

The business of the Company is of rendering services in respect of banner advertisement and content licensing which are routed through websites. Hence, there are no separate reportable primary segment as defined by Accounting Standard 17; "Segment reporting".

b) Geographical Segment

The Company caters services through its website and hence separate geographical segment information has not been given in financial statements.

**THE DIRECTOR'S REPORT
PERIOD FROM 24 OCTOBER 2005 TO 31 MARCH 2007**

The director presents his report and the financial statements of the company for the period from 24 October 2005 to 31 March 2007.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company was incorporated on 24 October 2005, and commenced trading on 30 April 2006. The principal activity of the company during the year was that of media services. During the period, the company traded through 2 divisions, TV18 UK & Studio18 UK. TV18 UK Division generated income through the sale of UK news content to foreign TV channels.

Studio18 UK division generated income from the promotion and distribution of Indian movies in the UK and Ireland. During the year, Studio18 UK distributed 2 movies, Honey Moon Travels Ltd (HMTL) and 1971. HMTL was distributed to the cinemas in the UK and was also released on DVD, whereas 1971 was only released on DVDs.

The director has considered the implications of the Insolvency Act 1986 and regard the Balance Sheet position as temporary only. The parent company and the directors of that company have indicated their willingness to financially support the company to enable it to pay its liabilities as and when they fall due. The directors have also ensured adequate funding will be available throughout the year to meet the company's liabilities as they fall due.

The company's principal financial instruments comprise cash and inter-company balances. Cash and inter-company balances are required for the day to day running of the company.

The director continues to assess the risks facing the company. Both securing of new business and maintaining existing relationships are key to the company's success.

Piracy and Counterfeit Goods

The company is exposed to piracy of media products and the company along with the industry monitor the risk to piracy.

Exchange Rate Risk

The company's sales and purchases are mainly denominated in Sterling. The residual risk after the natural hedging effects of any foreign currency denominated assets and liabilities are not expected to have a significant impact of the company's financial position.

Other ongoing challenges are credit risk and overhead cost control, which are kept under regular review by the director.

RESULTS AND DIVIDENDS

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

The director has not recommended a dividend.

DIRECTORS

The directors who served the company during the period were as follows:

MR Incorporate Directors Limited
MR R D S BAWA

The company is a wholly owned subsidiary and the interests of the group director are disclosed in the financial statements of the parent company.

MR Incorporate Directors Limited was appointed as a director on 24 October 2005. MR R D S BAWA was appointed as a director on 25 October 2005.

MR Incorporate Directors Limited resigned as a director on 24 October 2005.

STATEMENT OF DISCLOSURE TO AUDITOR

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- He has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

POLICY ON THE PAYMENT OF CREDITORS

The company's current policy concerning the payment of trade creditors is to: -settle the terms of payment with suppliers when agreeing the terms of each transaction; -ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and -pay in accordance with the company's contractual and other legal obligations.

Creditors at the period end mainly represented the balance owing to the parent company, Television Eighteen Mauritius Limited. On average, other trade creditors as at 31 March 2007 represented 30 days purchases.

DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 8 to 9, and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors Sedley Richard Laurence Vouters, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on.

Registered office:
1 CONDUIT STREET LONDON
W1S 2XA

Signed by order of the director

Director

Approved by the director on 3 July 2007

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TV18 UK LIMITED
PERIOD FROM 24 OCTOBER 2005 TO 31 MARCH 2007**

We have audited the financial statements of TV 18 UK LIMITED for the period from 24 October 2005 to 31 March 2007 which have been prepared under the historical cost convention and the accounting policies.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Director's Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Director's Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION**In our opinion:**

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year the ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the director's report is consistent with the financial statements.

1 conduit Street
London
W1S 2XA
3 July 2007

SEDLEY RICHARD LAURENCE VOUTERS
Chartered Accountants
& Registered Auditors

BALANCE SHEET 31ST MARCH 2007

	Note	31 Mar 07		
		£	£	INR
FIXED ASSETS				
Tangible assets	5		3,067	262,321
CURRENT ASSETS				
Stocks	6	17,155		1,467,267
Debtors	7	107,748		9,215,686
Cash at bank and in hand		18,971		1,622,590
		143,874		12,305,543
CREDITORS: Amounts falling due within one year	8	129,512		11,077,161
NET CURRENT ASSETS			14,362	1,228,382
TOTAL ASSETS LESS CURRENT LIABILITIES			17,429	1,490,703
CREDITORS: Amounts falling due after more than one year	9	30,000		2,565,900
		(12,571)		(1,075,197)
CAPITAL AND RESERVES				
Called-up equity share capital	11		1	85
Profit and loss account		(12,572)		(1,075,283)
DEFICIENCY	12	(12,571)		(1,075,197)

**PROFIT AND LOSS ACCOUNT
PERIOD FROM 24 OCTOBER 2005 TO 31 MARCH 2007**

	Note	Period from 24 Oct 05 to 31 Mar 07	
		£	INR
TURNOVER	2	173,693	14,855,962
Cost of sales		62,323	5,330,486
GROSS PROFIT		111,370	9,525,476
Administrative expenses		124,064	10,611,193
OPERATING LOSS	3	(12,694)	(1,085,717)
Interest receivable		122	10,434
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(12,572)	(1,075,283)
Tax on loss on ordinary activities		—	—
LOSS FOR THE FINANCIAL PERIOD		(12,572)	(1,075,283)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

These financial statements were approved and signed by the director on 3 July, 2007.

MR. R D S BAWA

**DETAILED PROFIT AND LOSS ACCOUNT
PERIOD FROM 24 OCTOBER 2005 TO 31 MARCH 2007**

	Period from 24 Oct 05 to 31 Mar 07		
	£	£	INR
TURNOVER	173,693		14,855,962
COST OF SALES			
Direct costs	8,351		714,261
Overseas Distribution Rights	37,159		3,178,209
Prints	12,036		1,029,439
Stringar Fees	20,525		1,755,503
Courier Cargo & Freight	612		52,344
Import Duty	295		25,231
Customs Clearance	500		42,765
	79,478		6,797,752
Closing work-in-progress	(17,155)		(1,467,267)
	62,323		5,330,485
GROSS PROFIT	111,370		9,525,477
OVERHEADS			
Administrative expenses	124,064		10,611,193
OPERATING LOSS	(12,694)		(1,085,716)
Bank interest receivable	122		10,434
LOSS ON ORDINARY ACTIVITIES	(12,572)		(1,075,282)

**NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
PERIOD FROM 24 OCTOBER 2005 TO 31 MARCH 2007**

	Period from 24 Oct 05 to 31 Mar 07			
	£	£	INR	INR
ADMINISTRATIVE EXPENSES				
Personnel costs				
Administrative staff salaries	11,923		1,019,774	
Wages and salaries	40,840		3,493,045	
		52,763		4,512,819
Establishment expenses				
Rent	22,171		189,285	
Rates and water	866		74,068	
		23,037		197,354
General expenses				
Travel and subsistence	2,049		175,250	
Telephone	1,291		110,419	
Office expenses	733		62,693	
Stationery and postage	2,488		212,798	
Other staff related expenses	19,077		1,631,644	
Sundry expenses	300		25,659	
General expenses	1,150		98,359	
Advertising	12,388		1,059,545	
Legal and professional fees	3,502		299,526	
Accountancy fees	4,500		384,885	
Depreciation of fixtures and fittings	70		5,987	
Depreciation of office equipment	610		52,173	
		48,158		4118,933
Financial costs				
Bank charges	106		9,066	
	124,064		10,611,193	
INTEREST RECEIVABLE				
Bank interest receivable	122		10,434	

**NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 24 OCTOBER 2005 TO 31 MARCH 2007**

1. ACCOUNTING POLICIES

1 Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

At 31 March 2007, the company disclosed a net deficit on the balance sheet amounting to £12,571. Included within trade creditors is £51,132 owed to a group company Studio 18 India Ltd and included within Other creditors is £68,682 owed to the parent company, Television Eighteen Mauritius Limited, and the directors of these companies have indicated their willingness to financially support the company to enable it to pay its liabilities as and when they fall due.

Thus the accounts have been prepared on a going concern basis which, in the opinion of the director, is wholly appropriate.

2 Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

3 Turnover

The turnover shown in the profit and loss account, represents amounts invoiced during the period, exclusive of Value Added Tax.

Turnover arising from theatrical distribution of motion pictures is the percentage share of box office achieved by each film.

Turnover arising from the supply of news contents are recognised when invoice are raised.

4 Fixed assets

All fixed assets are initially recorded at cost.

5 Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- Straight Line over 10 years
Equipment	- Straight Line over 5 years

6 Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

7 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

8 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	Period from 24 Oct 05 to 31 Mar 07	
	£	INR
United Kingdom	53,693	4,592,362
Overseas	120,000	10,263,600
	173,693	14,855,962

3. OPERATING LOSS

Operating loss is stated after charging:	Period from 24 Oct 05 to 31 Mar 07	
	£	INR
Director's emoluments	—	—
Depreciation of owned fixed assets	680	58,160
Operating lease costs:		
Land and buildings	22,171	1,896,285

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to:	No.
Number of administrative staff	3

The aggregate payroll costs of the above were:	£	
Wages and salaries	52,763	4,505,121
Social security costs	—	—
	52,763	4,505,121

5. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge	Period from	
The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30%	24 Oct 05 to 31 Mar 07	
Loss on ordinary activities before taxation	(12,572)	(1,075,283)
Profit/(loss) on ordinary activities by rate of tax	(3,772)	(322,619)
Capital allowance for period in excess of depreciation	(246)	(21,040)
Unrelieved tax losses	4,018	343,659
Total current tax	—	—

6. TANGIBLE FIXED ASSETS

	Fixtures & Fittings		Equipment		Total	
	£	INR	£	INR	£	INR
COST						
Additions	699		3,048		3,747	
At 31 March 2007	699		3,048		3,747	
DEPRECIATION						
Charge for the period	70		610		680	
At 31 March 2007	70		610		680	
NET BOOK VALUE						
At 31 March 2007	629		2,438		3,067	
Net Book Value (INR)		537,985		208,522		26,2320

7. STOCKS

	31 Mar 07	
	£	INR
Work in progress	17,155	1,467,267

8. DEBTORS

Trade debtors	95,618	8,178,207
Other debtors	12,130	1,057,479
	107,748	9,215,686

9. CREDITORS: Amounts falling due within one year

Trade creditors	71,283	6,096,834
Amounts owed to group undertakings	38,782	3,317,024
Other creditors including taxation and social security:		
Other taxation and social security	3,882	332,030
Other creditors	4,407	376,930
	5,358	458,269
	123,712	10,581,087
Accruals and deferred income	5,800	496,074
	129,512	11,077,161

10. CREDITORS: Amounts falling due after more than one year

Amounts owed to group undertakings	30,000	2,565,900
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This represents a loan from the parent company Television Eighteen Mauritius Limited (£30,000) with no specific repayment period.

11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred in FRS8 not to disclose transactions with other members of the group.

12. SHARE CAPITAL

Authorised share capital:		
100 Ordinary shares of £1 each	100	8,553

Allotted, called up and fully paid:

	No	£
Ordinary shares of £1 each	1	1

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Loss for the financial period	(12,572)	(1,075,283)
New equity share capital subscribed	1	85
Net reduction to shareholders' equity funds	(12,571)	(1,075,197)
Closing shareholders' equity deficit	(12,571)	(1,075,198)

14. POST BALANCE SHEET EVENTS

No significant post balance sheet event occurred post year end which would have a material effect on the financial statements.

15. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Television Eighteen Mauritius Limited, a company incorporated in Mauritius.

The ultimate parent company is TV18 India Limited, a company registered in India, Registered office, 601 Commercial Tower, Hotel Le Meridian, Raisina Road, New Delhi-110001, India. The published consolidated group accounts are available from this office.



News Wire 18 India Private Limited
(formerly known as Livewire Motion Pictures Private Limited)

DIRECTORS' REPORT

The Members,
News Wire 18 India Private Limited
(Formerly known as Live Wire Motion Pictures Private Limited)

Your Directors are pleased to present the First Annual Report of the Company and the audited accounts for the year ended March 31, 2007.

FINANCIAL RESULTS

**For the year ended on
March 31, 2007
(Rs.)**

Income	5,215,369
Expenditure	72,691,023
Profit/(Loss) before depreciation	(67,475,654)
Depreciation	3,704,714
Loss for the year	(71,180,368)
Less: Provision for Fringe benefit Tax	317,228
Balance carried to Reserves & Surplus	(71,497,596)

OPERATIONS

The real-time market data and news platform offering of NewsWire18 has stabilised and has chalked up some serious successes in the market against global competitors.

NewsWire18 has exceeded its target for the quarter in terms of subscription terminals and has subsequently raised the annual target for FY 2007-08. In revenue terms, NewsWire18 is already running at one-third of its break-even revenue target. Consequently, the break-even is expected to achieve earlier than originally estimated, despite some cost overruns due to general escalation in costs—particularly rents and salaries—and recruitment of staff beyond original estimates to keep pace with growing business.

BUSINESS STRATEGY AND FUTURE PLANS

NewsWire18 is poised to launch a retail version of its information terminal for the non-institutional segment players and expects to chalk up significant sales in this segment. Sales in this segment are likely to help overcome the price pressure on the main product arising out of price cuts by competition.

The focus for the main product continues to be on converting customers of the erstwhile Moneyline Telerate and CRISIL MarketWire offering as well as on widening and deepening our customer outreach.

CHANGE OF NAME/ OBJECT

During the year under review, your Company has amended its object clause to carry out the business of providing real-time market news on multi delivery platforms, data and analytics platform or systems, to carry on all creative media business including advertising, to carry on the business of providing all databases, archivals, packaging, to carry on the business of outsourced contents, including client communications, in house journals, advertorials, supplements, mass mailers, publications of any sort whatsoever and other related businesses in the sectors of Print media, Television media, Internet media, Information Technis carrying out the business of providing real-time market news on multi delivery platforms, data and analytics platform or systems and providing of all databases.

Therefore, with a view to reflect the business activity in its name, your Company has changed its name from 'Livewire Motion Pictures Private Limited' to 'News Wire 18 India Private Limited' w. e. f. December 13, 2006

DIVIDEND

In view of the losses incurred during the Financial Year under review, your Directors do not recommend any dividend for the year.

DEPOSITS

Your Company has not accepted any fixed deposits from the public under section 58A of the Companies Act, 1956 during the year under review.

COMPLIANCE CERTIFICATE

In accordance with the provisions of Section 383A of the Companies Act, 1956, the Secretarial Compliance Certificate issued by Nilesh Shah, Practicing Company Secretary is attached with this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The particulars required to be given in terms of Section 217(1) (e) of the Companies Act, 1956 regarding conservation of energy and technology absorption are not applicable to your Company.

PERSONNEL

The particulars of employees as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are given in Annexure A forming part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 as amended, your Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- Appropriate accounting policies have been followed consistently and, wherever required, judgements and estimates have been made in a reasonable and prudent manner so as to provide a true and fair view of the state of affairs of the Company as at March 31, 2007 and of the profit of the Company for the period ended on that date;
- Proper and sufficient care has been taken to maintain adequate accounting records for safeguarding the assets of the Company and for preventing and detecting irregularities;
- The accounts have been prepared on a going concern basis.

APPRECIATION

Your Directors would like to express their grateful appreciation for the support and co-operation extended by the banks, customers, and other associated bodies and all other allied authorities.

BY ORDER OF THE BOARD

Place: Noida
Date: July 2, 2007

Sd/-
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 2007

Name	Designation	Qualification	Age	DOJ	Exp	Fixed	PF	Gross Remuneration	Previous Employment
1 Pankaj Aher	CEO	M.A (Political Science)	40	1-Jan-07	18 yrs	253,236	10,097	263,333	CRISIL MarketWire Ltd
2 Feroze Chandra	Managing Editor	M A (Economics)	55	1-Jan-07	31 yrs	223,988	8,928	232,916	CRISIL MarketWire Ltd
3 Abhijit Doshi	Editor	Ph.D in Economics	58	1-Jan-07	35 yrs	208,124	8,293	216,417	CRISIL Market Wire Ltd

AUDITORS' REPORT

ANNEXURE

To the members of
News Wire 18 India Private Limited

1. We have audited the attached Balance Sheet of **News Wire 18 India Private Limited** as at March 31,2007 and the Profit & Loss Account for the period ended on that date. 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 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 check, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act,1956 ,we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the company.
4. Further to our comments in the annexure referred to in the Paragraph 1 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 our audit.
 - b. in our opinion, proper books of account have been kept as required by law so far as appears from our examination of the 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 & Loss Account and Cash Flow Statement dealt with by this report are in compliance with the mandatory Accounting Standards referred to in sub section 3(c) of Section 211 of the Companies Act,1956.
 - e. In our opinion and to the best of our information and according to the explanations given to us , the said accounts subject to the foregoing , read together with the significant accounting policies and notes thereon give the information as required by The Companies Act,1956 in the manner so required 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 31,2007 ,and
 - ii) in the case of the Profit and Loss account, of the profit for the period ended on that date,and
 - iii) in the case of the Cash Flow statement ,of the cash flows of the Company for the period ended on that date

On the basis of written representations received from the Directors, as on March 31,2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on that date from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act,1956.

For G S Ahuja & Associates
Chartered Accountants

G S Ahuja
Partner

Membership No. 87732

Noida
July 2 ,2007

Annexure referred to in Para 3 of our Auditors' Report of even date ,to the members of News Wire 18 India Private Limited
As required by the Companies (Auditor's Report) Order, 2003 on the basis of such checks as we considered appropriate, and, according to the information and explanations given to us, we report that :-

1. The company is in the process of compiling records showing full particulars including quantitative details and situation of fixed assets.
2. The management is in the process of physical verification of all Fixed Assets.
3. None of the fixed assets have been disposed off during the year.
4. The company has no inventories. Clauses 4 (ii)(a) to 4(ii)(c) are, therefore not applicable to the company .
5. 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. Clauses 4(iii) (b) to 4(iii)(d) are therefore not applicable to the company .
6. The company has taken an unsecured loan of Rs 1,344,703 from a company covered in the register maintained under Section 301 of the Companies Act. The rate of interest is ,prima facie, not prejudicial to the interest of the company . No terms are specified for the loan. The company has till the date of the Balance Sheet not repaid any part of the loan .
7. There is an internal control procedure commensurate with the size of the company and the nature of its business for the purchase of Fixed Assets. The company's activities till date have not involved the purchase / sale of inventory .
8. The company has entered into an arrangement which requires entry in the register required to be maintained u/s 301 of the Act and it has been so entered. In absence of alternate quotes for the services , we are unable to comment on the reasonableness of the value of the transactions .
9. The company has not accepted deposits from the public during the year.
10. Clause 4 (vii) is not applicable to the company.
11. Maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act,1956, for any of the products of the Company.
12. The company has been generally regular in depositing undisputed statutory dues on account of Income tax, Service tax , Provident fund and Employees State Insurance dues . The company's operations do not require it to deposit any amounts towards Investor Education and Protection Fund, Wealth Taxes , Sales Taxes, Customs Duty , Excise and such cess(s). There are no undisputed sums payable towards Income tax ,Sales Tax, Customs Duty , Wealth Taxes, Excise duty, Service tax and Cess payable for a period more than six months, as at the close of the financial year.
13. Clause 4 (x) is not applicable to the company.
14. The company has not issued any debentures or taken loans from any financial institution .
15. No loans/ advances have been granted on the basis of security of pledge of shares , debentures and other securities .
16. The company's activities do not require compliance with any special statute applicable to chit fund companies.
17. The company has ,during the period under review, not dealt or traded in shares , securities or other investments .
18. The company has not given any guarantee for loan taken by others .
19. The company has applied proceeds from Term Loans for the purpose for which the loans were obtained.
20. No funds raised for short term use have been used for long term purposes.
21. The company has made a preferential allotment shares of Equity shares to a party listed in the Register maintained u/s 301. The issue price of such shares is not prejudicial to the interest of the company.
22. The company has not issued any debentures and therefore was not required to create any security in favour of debenture holders
23. The company has not made any public issue.
24. No fraud on or by the company has been noticed or reported during the year .

For **G S Ahuja & Associates**
Chartered Accountants

G S Ahuja
Proprietor

Membership No. 87732

Noida
July 2,2007



News Wire 18 India Private Limited
(formerly known as Livewire Motion Pictures Private Limited)

BALANCE SHEET AS AT MARCH 31, 2007

	Schedule	Amount (Rs)
Sources of Funds		
Shareholders' Funds		
Share Capital	1	11,100,200
Securities Premium	2	44,000,000
Loan Funds		
Secured loan	3	100,000,000
Unsecured loan	4	13,443,703
Total		<u>168,543,903</u>
Application of Funds		
Fixed Assets	5	
Gross block		93,759,264
Less : Depreciation		<u>3,704,714</u>
Net block		90,054,550
Current Assets, Loans and Advances		
Sundry debtors	6	9,646,885
Cash & bank balances		3,168,060
Loans & advances		<u>21,001,529</u>
		33,816,474
Less: Current Liabilities and Provisions	7	
Current Liabilities		26,111,193
Provisions		<u>713,525</u>
		26,824,718
Net Current Assets		6,991,756
Profit and Loss account		<u>71,497,597</u>
Total		<u>168,543,903</u>

Notes forming part of accounts 13
The above schedules form an integral part of the accounts
As per our report of even date attached

for G S Ahuja & Associates
Chartered Accountants

G S Ahuja
Proprietor
Noida
July 2, 2007

For and on behalf of the Board

Raghav Bahl Sanjay Ray Chaudhuri
Director Director

Pankaj Aher
Chief Executive Officer

PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2007

	Schedule	Amount (Rs)
INCOME		
Income from operations	8	5,192,494
Other income	9	22,875
Total		<u>5,215,369</u>
EXPENDITURE		
Production, administrative and other costs	10	36,058,854
Staff cost	11	28,864,704
Financial charges	12	7,767,465
Depreciation	5	<u>3,704,714</u>
		76,395,737
Loss for the year		(71,180,369)
Provision for fringe benefit tax		317,228
Balance carried to Reserves and surplus		<u>(71,497,597)</u>
Notes forming part of accounts	13	

The above schedules form an integral part of the accounts
As per our report of even date attached

for G S Ahuja & Associates
Chartered Accountants

G S Ahuja
Proprietor
Noida
July 2, 2007

For and on behalf of the Board

Raghav Bahl Sanjay Ray Chaudhuri
Director Director

Pankaj Aher
Chief Executive Officer

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2007

	Schedule	(Rs.)
A. Cash flow from Operating activities		
Profit before tax		(71,497,597)
Adjustments for :		
Depreciation		3,704,714
Financial charges		<u>7,767,465</u>
Operating profit before working capital changes		(60,025,418)
Adjustments for :		
Decrease/(Increase) in Current assets		(30,648,414)
Increase/(Decrease) in Current liabilities		<u>26,824,718</u>
Cash generated/ (used in) from operations		(63,849,114)
B. Cash flow from Investing activities		
Purchase of fixed assets		(93,759,264)
Purchase of Investments (Net)		—
Dividend received		—
Net cash from/ (used in) investing activities		(93,759,264)
C. Cash flow from Financing activities		
Issue of Equity (including Premium)		55,100,200
Loans		113,443,703
Financial charges		<u>(7,767,465)</u>
Net cash from financing activities		160,776,438
Net increase/ (decrease) in cash and cash equivalents		3,168,060
Cash and cash equivalents as at the beginning of the year		—
Cash and cash equivalents as at the end of the year		3,168,060
Notes forming part of the accounts	12	

The above schedules form an integral part of the accounts
As per our report of even date attached

for G S Ahuja & Associates
Chartered Accountants

G S Ahuja
Proprietor
Noida
July 2, 2007

For and on behalf of the Board

Raghav Bahl Sanjay Ray Chaudhuri
Director Director

Pankaj Aher
Chief Executive Officer

SCHEDULE FORMING PART OF ACCOUNTS AS AT MARCH 31, 2007

	Amount (Rs)
SCHEDULE - 1 SHARE CAPITAL	
Authorised	
12,000,000 Equity shares of Rs.10/- each	<u>120,000,000</u>
Issued , Subscribed and paid up	
1,110,020 Equity shares of Rs.10/- each fully paid up	<u>11,100,200</u>
SCHEDULE - 2 SECURITIES PREMIUM	
Received on issue of equity shares	<u>44,000,000</u>
SCHEDULE - 3 SECURED LOAN	
Term loan from Standard Chartered Bank (Note 5)	<u>100,000,000</u>
SCHEDULE - 4 UNSECURED LOAN	
From Holding Company	<u>13,443,703</u>

**SCHEDULE - 5
FIXED ASSETS**

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2006	Additions Adjustment	Sale/ 31.03.2007	As at 01.04.2006	As at	For the year 31.03.2007	Adjustment 31.03.2006	As at 31.03.2007	As at	As at
Intangibles										
Goodwill	—	15,000,000	—	15,000,000	—	750,000	—	750,000	—	14,250,000
Tangibles										
Computer	—	41,634,227	—	41,634,227	—	1,610,068	—	1,610,068	—	40,024,159
Office Equipment	—	5,990	—	5,990	—	18	—	18	—	5,972
Printer Machine	—	26,514	—	26,514	—	490	—	490	—	26,024
Furniture & Fixture	—	21,183	—	21,183	—	112	—	112	—	21,071
Software	—	27,450,432	—	27,450,432	—	1,344,026	—	1,344,026	—	26,106,406
Capital Work in Progress	—	84,138,346	—	84,138,346	—	3,704,714.05	—	3,704,714	—	80,433,632
		9,620,918	—	9,620,918	—	—	—	—	—	9,620,918
GRAND TOTAL	—	93,759,264	—	93,759,264	—	3,704,714	—	3,704,714	—	90,054,550

**SCHEDULE - 6
CURRENT ASSETS, LOANS AND ADVANCES**

	Amount (Rs)
Sundry debtors	
(Unsecured, considered good)	
Debts outstanding for less than six months	9,646,885
Cash and bank balances	
Cash in hand	161,601
(includes foreign exchange in hand Rs 23,140)	
Balance with scheduled bank on current account	3,006,459
Loans & advances	
(Unsecured, considered good)	
Security & other deposits	12,868,976
Advances recoverable in cash or in kind or for value to be received	70,624
Income tax deducted at source	135,435
Fringe Benefit tax	175,000
Other advances	7,751,494
	<u>33,816,474</u>

**SCHEDULE - 7
CURRENT LIABILITIES AND PROVISIONS**

Current liabilities	
Sundry creditors	9,554,598
Other liabilities	9,965,053
Advance Subscription-Revenue	6,591,542
	<u>26,111,193</u>
Provisions	
Provision for Gratuity and Leave Encashment	396,297
Provision for Fringe Benefit tax	317,228
	<u>713,525</u>
	<u>26,824,718</u>

**SCHEDULE - 8
INCOME FROM OPERATIONS**

Installation charges	500,500
Subscription revenue	4,691,994
	<u>5,192,494</u>

**SCHEDULE - 9
OTHER INCOME**

Foreign exchange fluctuation	22,875
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**SCHEDULE - 10
OPERATIONAL, ADMINISTRATIVE AND GENERAL EXPENSES**

Subscription and Data Acquisition costs	19,503,720
Communication Expenses	2,361,057
Software Maintenance	1,722,512
Business Promotion Expenses	1,547,094
Electricity Expenses	556,549
Legal & Professional Charges	2,508,414
Miscellaneous Expenses	194,965
Office Expenses	545,787
Printing & Stationery	117,304
Rent	3,626,944
Repairs & Maintenance	90,185
Preliminary Expenses	965,036
Travelling & Conveyance Expenses	2,319,287
	<u>36,058,854</u>

**SCHEDULE - 11
STAFF COSTS**

Salaries, wages and bonus	28,214,789
Provision for gratuity and leave encashment	562,128
Staff welfare expenses	87,787
	<u>28,864,704</u>

**SCHEDULE - 12
FINANCIAL CHARGES**

Interest	4,120,442
Bank charges	3,647,023
	<u>7,767,465</u>

**SCHEDULE - 13
NOTES TO ACCOUNTS**

1 Background

- The company was incorporated on September 18, 2006 as Livewire Motion Pictures Private Limited to engage in the business of motion pictures. The members of the company resolved on October 28, 2006 to amend the objects of the company keeping in view modification / change in the business plans and enter into the current business.
- In terms of a resolution passed by the members of the company on December 1, 2006, the name of the company was changed to News Wire 18 India Private Limited.
- The company is currently engaged in the business of provision of real time market news and data on multi delivery platforms.
- Consequent to the transfer of the entire share capital held by the erstwhile promoters, Raghav Bahl, Sanjay Ray Chaudhuri and Vandana Malik, on November 15, 2006, the company became a subsidiary of Television Eighteen India Limited.
- The company started its commercial operations in the previous year. The Company has negative cash flows from the operation and has reported a loss of Rs 71,497,597 and negative net worth of Rs 16,397,577 as at 31 March 2007.
- The holding company, Television Eighteen India Limited has committed to support the Company's future funds requirements, which shall be met by infusing funds on 'as and when required' basis in order to facilitate smooth/uninterrupted operations of the Company.
- The Company has positive working capital as at March 31, 2007. The management expects to achieve operational break even and generate profits in the future and to generate profits in due course. Accordingly, the financial statements continue to be prepared on a going concern basis.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with the Accounting Standards as prescribed by the Institute of Chartered Accountants of India and referred to in section 211(3)(c) of the Companies Act 1956. Significant accounting policies adopted in the presentation of the accounts are:

a. Basis of Accounting

These accounts are prepared on the historical cost convention and on the mercantile basis.

b. Revenue Recognition

Revenue from service contracts is recognized on an accrual basis, as per contracts with the customers.

c. Fixed Assets / Software

Fixed Assets are stated at their original cost of acquisition / installation less depreciation. All direct expenses attributable to acquisition / installation of assets are capitalized. Software is stated at the cost of acquisition and includes all costs attributable to bringing the software to its working condition for its intended use.

d. Depreciation

Depreciation is charged on a pro rata basis on straight line method at rates prescribed by Schedule XIV of the Companies Act, 1956. Assets costing less than Rs 5,000 each, where they do not form part of larger assets, have been fully depreciated in the year of purchase.

Software is depreciated pro rata over an estimated useful life of 5 years. Goodwill is amortised pro rata over 5 years.

e. Retirement benefits

The company's contribution to Employees Provident Fund is charged to the Profit and Loss account. Gratuity liability is unfunded but provided on the basis of actuarial valuation. Leave encashment is provided on the basis of actuarial valuation.

f. Transactions in foreign exchange

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate ruling on that date. Exchange differences on foreign exchange transactions other

than those relating to fixed assets are recognised in the Profit & Loss Account. Exchange differences on liability relating to Fixed Assets are capitalized as a part of the asset.

g. Provision for Income Tax

Income tax comprises deferred tax and current tax. Deferred tax assets and liabilities are recognised for future tax consequences of timing differences, subject to consideration of prudence and are measured using tax rates enacted or substantively enacted by the Balance Sheet date.

h. Leases (where the Company is the lessee)

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

i. Earnings Per Share

The company reports basic and diluted earnings per share in accordance with AS 20 on Earnings Per Share. Basic earnings per equity share have been computed by dividing the Net Profit(Loss) after tax by the weighted average number of equity shares outstanding during the year.

j. Use of estimates

The preparation of the financial statements requires estimates and assumptions to be made that effect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of income and expenses during the reporting period. Differences, if any, between the actual results and estimates are recognised in the period in which the results are known.

3. Business transfer from Crisil Marketwire

a. Under an agreement dated November 14, 2006 between Television Eighteen India Limited and Crisil Limited and Crisil Marketwire Limited, the business undertaking providing financial market newswire services, operated by Crisil Marketwire, has been acquired on a slump sale basis, with effect from January 1, 2007 by Television Eighteen India Limited and housed in the company. The amount paid for the acquisition has been capitalized under Goodwill.

b. As per the agreement, the company has also reimbursed to Crisil Ltd/ Crisil Marketwire Ltd amounts incurred by those companies towards all costs (including addition to fixed assets, equipment and software). Costs are net of proportionate revenues attributable to the business which belong to TV18.

c. These amounts, as detailed below, have been capitalized / charged to the Profit and Loss account on the basis of information received from Crisil / Crisil Marketwire Limited.

Assets capitalised	Rs. 39,990,526
Amounts expensed off	Rs. 19,750,236
Incomes apportioned to Newswire	Rs. 2,431,481

4. Amount due from Director / officer of the company Rs Nil. The maximum amount due from a Director / officer of the company during the period was Rs. Nil.

5. Secured Loan from Standard Chartered Bank is secured by way of first charge on all fixed and current assets of the company. The loan is additionally secured by a Corporate Guarantee from Network 18 Fincap Limited. (holding company of Television Eighteen India Limited)

Amount repayable within one year – Rs Nil

6. Payment to Auditors' (Rs)

For Audit Fee	3,00,000
For certification /other services	12,000
Reimbursement of Service Tax	38,189
Total	3,50,189

7. Additional Information required to be given pursuant to Part II of Schedule VI of the Companies Act, 1956

- Remuneration paid to Directors : NIL
- Expenditure in Foreign Exchange (on accrual basis) :

Amount (Rs)

Software Development / Purchase	10,662,807
Data Subscription	1,02,349
Travelling	2,85,681

- CIF Value of imports : NIL
- Earnings in Foreign Exchange : NIL

8. Vendor agreements in respect of Software purchase / maintenance are in the name of the Holding Company and are in the process of migration to the company name.

9. In the opinion of the Board, current assets, loans and advances have a value not less than the amount at which they are stated.

10. Balances of Sundry Debtors and Creditors are subject to confirmation.

11. The company was incorporated on September 18, 2006. There are therefore, no previous year figures to report.

12. Related party disclosures

a. List of related parties

i. Holding Company

- Television Eighteen India Limited

ii. Key Management Personal

- Raghav Bahl (Also exercises control by virtue of having a substantial interest in the voting power of Television Eighteen India Limited)
- Pankaj Aher

iii. Entity over which Key Management Personnel exercise significant influence

- BK Media Pvt Ltd

b. Transactions / balances outstanding with Related Parties.

	Holding Company Amount (Rs)	Entity under significant influence Amount (Rs)
Allotment of equity shares	55,000,000	—
Expenses incurred on behalf of the company by	27,647,295	965,036
Interest paid to	265,647	—
Balances at the year end (payable to)	13,653,331	965,036

13. Contingent Liabilities : Nil

14. Claims against the company not acknowledged as debts : Nil

15. As per the Micro, Small and Medium Enterprises Development Act, 2006 the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. The company has initiated the process of identification of such suppliers. In view of this, the liability of interest cannot be reliably estimated nor can required disclosures be made. Accounting in this regard will be carried out after process is complete and reliable estimate can be made in this regard. However, management is of opinion that liability in any case will be insignificant in view of supplier profile of the Company

16. As per the information available with the Company, there are no dues outstanding to the Small Scale Industrial Undertakings

17. Leases

a. The Company has taken various office premises under operating lease agreements. These are generally non-cancelable and are renewable by mutual consent on mutually agreed terms.

b. Lease payments for the year are Rs. 9,97,000 (excluding rentals paid for periods prior to business transfer)

c. The future minimum lease payments under non-cancelable operating lease;	
Not later than one year	Rs 23,934,760
Later than one year but not later than five years	Rs 48,629,419
Later than five years	Nil

18. Capital Work-in-Progress includes amounts paid towards renovation of leasehold premises. Amortisation of the costs is deferred till occupation of the premises.

19. In view of losses and in absence of virtual certainty regarding subsequent realization of the assets, deferred tax assets have not been recognised.

20. Earnings Per Share

Basic and diluted earnings per equity share have been computed by dividing the net profit (loss) after tax by the number of equity shares outstanding for the year, as below:

Particulars	Units	Period ended March 31, 2007
Net Profit (Loss) after tax	Rs (a)	(71,497,597)
Weighted Average number of Equity Shares used in computing basic earnings per share	No.s (b)	29,305
Basic and Diluted Earning (Loss) per share	Rs (a/b)	(2,439.77)

21. Contracts remaining to be executed on capital account : Rs 12,667,173 (net of advances).

22. The company operates in only segment viz . providing real time market news .

As per our report of even date attached

For and on behalf of the Board

Raghav Bahl Sanjay Ray Chaudhuri
Director Director

Noida
July 2, 2007

Pankaj Aher
Chief Executive Officer



Balance Sheet Abstract & Company's General Business Profile

I. Registration Details :

Registration No. State code
 Balance sheet Date :

II. Capital Raised During the Year

(All amounts in Rupees)

Public Issue Right Issue
 Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds

Total Liabilities (including Shareholders' Funds) Total Assets

Sources of Funds

Paid up Capital Reserves & Surplus
 Secured Loan Unsecured Loan
 Deferred Tax Liability

Application of Funds

Net Fixed Assets Investment
 + - Net Current Assets Misc Expenditure
 Accumulated Losses

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

Turnover (including other income) Total Expenditure

(Please tick appropriate box + for Profit, -for Loss)

Profit/ Loss Before Tax Profit/Loss After Tax

(Please tick appropriate box + for Profit, -for Loss)

Earning per Share (in Rs.)-Annualised Dividend Rate %

(Please tick appropriate box + for Positive, -for Negative)

V. Generic names of Principal Products/Services of the Company (as per monetary terms)

Item Code No (ITC Code) NOT APPLICABLE
 Product Description NOT APPLICABLE

For and on behalf of the Board

Raghav Bahl Director Sanjay Ray Chaudhuri Director

Noida
 July 2, 2007

Pankaj Aher
 Chief Executive Officer

DIRECTORS' REPORT

AUDITORS' REPORT

The Members,
RVT Investments Private Limited

To
The Members of RVT Investment Private Ltd

Your Directors are pleased to present the **First Annual Report** of the Company and the Audited Accounts for the year ended March 31, 2007.

1. We have audited the attached Balance Sheet of M/s RVT Investment Private Ltd. as at 31st March 2007 and the Profit and Loss Account and Cash flow statement for the year ended on that date annexed thereto. 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.

FINANCIAL RESULTS

**For the year ended
on March 31, 2007
(Rs.)**

Expenditure	98,938
Profit (Loss) after tax	(98,938)
Loss carried to Balance Sheet	(98,938)

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 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.

OPERATIONS

Your Company was incorporated on July 09, 2006 as an Investment Company. Being the first year of operation, the Company had incurred pre-operative and other expenses, which has been debited to Profit & Loss account and therefore there is a loss of Rs. 98,938/-.

3. As required by the Companies (Auditors' Report) order 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Govt. of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in Paragraph 4 & 5 of the said order.

CHANGE OF REGISTERED OFFICE

Your Directors wish to inform you that during the year under review the Registered Office of the Company has been shifted from 'B-2, Kailash Apartment, Lala Lajpat Rai Marg, New Delhi-110 048' to 601, 6th Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi- 110 001.'

4. Further to our comments in the annexure referred to in paragraph 3 above, we state that:

DIVIDEND

In view of the losses incurred during the Financial Year under review, your Directors do not recommend any dividend for the year.

(a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

DEPOSITS

Your Company has not accepted any Fixed Deposits from the public under section 58A of the Companies Act, 1956 during the year under review.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books;

COMPLIANCE CERTIFICATE

In accordance with the provisions of Section 383A of the Companies Act, 1956, the Secretarial Compliance Certificate issued by **M/s. A.K. Bhayana & Associates** is attached with this report.

(c) The Balance Sheet and the annexed Profit and Loss Account & Cash Flow Statement referred to in this report are in agreement with the books of accounts;

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The particulars required to be given in terms of Section 217(1) (e) of the Companies Act, 1956 regarding conservation of energy and technology absorption are not applicable to your company.

(d) In our opinion, the Profit and Loss Account and Balance Sheet and Cash Flow Statement comply with the mandatory Accounting standards referred to in Sub-Section 3(c) of section 211 of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

There is no employee in the Company in respect of whom information is required to be given under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

(e) As per the information and explanations given to us, and representation obtained by the company none of the Directors of the company are disqualified from being appointed as Directors under clause "g" of sub-section (1) of section 274 of Companies Act, 1956.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review there was no foreign exchange earnings and outgo.

(f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and annexed Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 as amended, your Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- Appropriate accounting policies have been followed consistently and, wherever required, judgements and estimates have been made in a reasonable and prudent manner so as to provide a true and fair view of the state of affairs of the Company as at March 31, 2007 and of the profit and loss of the Company for the period ended on that date;
- Proper and sufficient care has been taken to maintain adequate accounting records for safeguarding the assets of the Company and for preventing and detecting irregularities;
- the accounts have been prepared on a going concern basis.

- in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007 and
- in so far as it relates to the Profit and Loss Account, of the loss for the year ended on that date.
- In so far as it relates to the Cash Flow Statement of the company as at 31st March 2007.

AUDITORS & AUDITORS' REPORT

Your company's Auditors, M/s. Mohan L Jain & Co., Chartered Accountants, term expires at the ensuing Annual General Meeting but being eligible, have expressed their willingness to be re-appointed as Statutory Auditors of the Company. Your directors recommend their re-appointment for the ensuing year.

For **Mohan L. Jain & Co.**
Chartered Accountants

Place: New Delhi
Dated: 3 July, 2007

(M. L. Jain)
Partner
Membership No. 084190

The Board took a note of the draft Auditors' Report on the accounts for the year ended on March 31, 2007 and noted that there was no qualification.

For and on behalf of the Board of Directors

Place: New Delhi
Date: 3 July, 2007

Chairman 115

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) of our report of even date)

- i) The Company does not have assets so far. Hence, this clause is not applicable to the company.
- ii) The company does not have any inventory so this clause is not applicable to the company.
- iii) The company has not granted any loans, secured or unsecured to companies firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
The company has not taken any loan from any person listed in the register maintained U/S 301 of the companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- v)
 - a) According to the information and explanation provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained u/s 301 have been so entered.
 - b) According to the information and explanation given to us, there are no transaction in pursuance of contracts or arrangements entered in the register maintained u/s 301 and exceeding the value of five lakh rupees in respect of any party during the year.
- vi) According to the information and explanations given to us, the Company has not accepted any deposit under the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) The company is not required to maintain cost records u/s 209(1)(d) of the Companies Act, 1956.
- ix) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales tax, wealth tax, custom duty, excised-duty, cess and other statutory dues applicable to it according to the records of the Company.

According to the information and explanations given to us, no undisputed amounts was payable in respect of income-tax, wealth tax, sales tax, custom duty and excise duty were outstanding, as at 31st March 2007 for a period of more than six months from the date they became payable.

According to the records of the company, there are no dues of sales tax, income tax, and customs/wealth tax, excise duty/cess that have not been deposited because of any dispute.

- x) The company is in first year of its incorporation. It has not completed its five years. Hence, this clause is not applicable to the company.
- xi) The company had not taken any loan from financial institutions, banks or debenture holders.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of share, debentures and other securities.
- xiii) The company is not a chit fund or a Nidhi/mutual benefit fund/society.
- xiv) The company is dealing in or trading in share, securities, debenture and investment.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) The company has not raised any term loan during the year.
- xvii) According to the Cash flow statement and other records examined by us and the information and explanations given to us on an overall basis the company has not raised any funds from loan.
- xviii) According to the information and explanation given to us, the company has not made any preferential allotment of shares.
- xix) There are no securities created in respect of debentures, during the period covered by our audit report.
- xx) The company has not raised any money from public issue during the year.
- xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **Mohan L. Jain & Co.**
Chartered Accountants
(M. L. Jain)
Partner
Membership No. 084190

Place: New Delhi
Dated: 3 July, 2007

BALANCE SHEET AS AT 31 MARCH, 2007

	Schedule Reference	As at 31.03.2007 (Rs.)
SOURCES OF FUNDS		
SHARE HOLDERS FUNDS		
a. Share Capital	1	6,100,000
b. Reserve and Surplus	2	525,720,000
SHARE APPLICATION MONEY		<u>1,350,000</u>
TOTAL		<u>533,170,000</u>
APPLICATION OF FUNDS		
INVESTMENT	3	533,049,300
CURRENT ASSETS, LOANS & ADVANCES		
Cash in Hand		15,650
Bank Balance		<u>102,421</u>
		118,071
LESS : CURRENT LIABILITIES & PROVISIONS	4	301,806
NET CURRENT ASSETS		(183,735)
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Profit and Loss Account	5	98,938
Preliminary Expenses		<u>205,498</u>
TOTAL		<u>533,170,000</u>
Notes forming part of the accounts	7	

The above schedules form an integral part of the accounts

As per our report of even date attached

For **Mohan L. Jain & Co.**
Chartered Accountants

(M.L. Jain)
Partner
Membership No. 084190

Place: New Delhi
Dated: 3 July, 2007

For and on behalf of Board

Raghav Bahl **Ritu Kapur**
Director Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2007

	Schedule Reference	Year ended 31.03.2007 (Rs.)
INCOME		
Income from operations		—
Other income		—
		<u>—</u>
EXPENDITURE		
Administration Expenses	6	94,158
Interest and financial charges		4,779
		<u>98,938</u>
Profit/(Loss) before tax		(98,938)
Provision for taxes (Net of write back)		—
Profit/(Loss) transferred to Balance Sheet		<u>(98,938)</u>
Notes forming part of the accounts	7	

The above schedules form an integral part of the accounts

As per our report of even date attached

For **Mohan L. Jain & Co.**
Chartered Accountants

(M.L. Jain)
Partner
Membership No. 084190

Place: New Delhi
Dated: 3 July, 2007

For and on behalf of Board

Raghav Bahl **Ritu Kapur**
Director Director



CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2007

	Year Ended 31.03.2007 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES	
Profit before tax	(98,938)
Operating profit before working capital changes	(98,938)
Adjustments for:	
Preliminary Expenses	(205,498)
Decrease/(Increase) in Current assets	—
Increase/(Decrease) in Current liabilities	301,806
Tax on Operational Income	—
Net cash from/ (used in) operating activities	<u>(2,629)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of fixed assets	—
Investment in Equity/Mutual Funds	(533,049,300)
Net cash from/ (used in) investing activities	<u>(533,049,300)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES	
Issue of Subscribed & Paid up share capital	531,820,000
Increase/(Decrease) in Loans	—
Share Application Money	1,350,000
Net cash from/ (used in) financing activities	<u>533,170,000</u>
Net increase/ (decrease) in cash and cash equivalents	118,071
Cash and cash equivalents as at the beginning of the year	—
Cash and cash equivalents as at the end of the year	<u>118,071</u>

As per our report of even date attached

For **Mohan L. Jain & Co.**
Chartered Accountants

For and on behalf of Board

(M.L. Jain)
Partner
Membership No. 084190

Raghav Bahl **Ritu Kapur**
Director Director

Place: New Delhi
Dated: 3 July, 2007

PART OF BALANCE SHEET OF M/S RVT INVESTMENTS PVT. LTD.

	As at 31.03.2007 (Amt. In Rs.)
SCHEDULE - 1	
CAPITAL	
SHARE CAPITAL	
Authorised Capital	
EQUITY	
10,00,000 Equity share of Rs. 10/- each	10,00,000
Preference	
10,00,000 Preference share of Rs. 10/- each	10,00,000
	<u>20,00,000</u>
Issued Subscribed and paid up	
10,000 Equity share of Rs. 10/- each fully paid up	100,000
6,00,000 Preference share of Rs. 10/- each fully paid up	6,00,000
Total	<u>6,10,000</u>
SCHEDULE - 2	
RESERVE AND SURPLUS	
Security Premium	
Opening Balance	—
Add: Amount received pursuant to issue of Preference Shares	525,720,000
Total	<u>525,720,000</u>
SCHEDULE - 3	
INVESTMENT	
Equity Shares	
46,90,899 equity shares of Global Broadcast News Limited of Rs. 10/- each (Market Value Rs. 2,508,223,695)	533,049,300
Total	<u>533,049,300</u>
SCHEDULE - 4	
CURRENT LIABILITIES	
Audit Fee Payable	39,284
Expenses Payable	262,522
Total	<u>301,806</u>

SCHEDULE - 5
PROFIT AND LOSS ACCOUNT

Opening Balance	—
Add: Loss during the year	(98,938)
Total	<u>(98,938)</u>

SCHEDULE - 6
ADMINISTRATIVE EXPENSES

Audit Fees	39,284
Demat Charges	3,500
Preliminary Expenses written off	51,374
Total	<u>94,158</u>

SCHEDULE-7
NOTES FORMING PART OF THE ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

I The accounts have been prepared on historical cost convention, on accrual basis and comply materially with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

II RECOGNITION OF INCOME & EXPENDITURE

All revenues, costs, assets and liabilities are accounted for on accrual basis.

- There is no liability under payment of Gratuity Act, 1972 as on 31.03.2007 as the provisions of this Act not applicable to the Company, during the year under consideration.
- The Provisions of Provident Funds and Payment of Bonus Act do not apply to the Company during the year under consideration.
- Additional information as far as applicable pursuant to Part-II of Schedule VI of the Companies Act 1956: - NIL
- This is the first year of the company; hence, Previous year figures have not been given.
- Schedules 1 to 7 are annexed to and form part of the statement of accounts.
- The management has given a view that the operational activities of the company have not yet been started. The company has written off 1/5th amount of preliminary expenses in the first year of the company. The company will write off balance amount of preliminary expenses in next year.
- Investment in Global Broadcast News Limited includes 100 shares purchased at a consideration of Rs. 44,29,59,551/-. The company in which investment made was not listed at the time of transaction.

III PROVISION FOR TAXATION

The company does not have any taxable income as per Income Tax Act 1961 so there no provision for taxation has been made.

IV ADDITIONAL INFORMATION PURSUANT TO SCHEDULE VI PART II OF THE COMPANIES ACT, 1956:

a. Directors Remuneration	31.03.2007
b. Auditors Remuneration:	NIL
Statutory Audit Fee	28,060.00
For Other Services	11,224.00

V RELATED PARTY DISCLOSURES:

- List of Related Parties
 - Holding Company
 - Television Eighteen India Limited
 - Key Management Personal
 - Raghav Bahl
 - Ritu Kapur
 - Relatives of Key Management Personal
 - P.N. Bahl
 - Subhash Bahl
 - Vandana Malik
- Transaction/balance outstanding with related parties:

1) Raghav Bahl	31.03.2007
Amount (Rs)	
i) Expenses incurred by Key Management Personal on behalf of the company	2,62,522.00
ii) Balance Outstanding	2,62,522.00

As per our report of even date attached

For **Mohan L. Jain & Co.**
Chartered Accountants

For and on behalf of Board

(M.L. Jain)
Partner
Membership No. 084190

Raghav Bahl **Ritu Kapur**
Director Director

Place: New Delhi
Dated: 3 July, 2007



Balance Sheet Abstract & Company's General Business Profile

I. Registration Details :

Registration No. State code

Balance sheet Date:

II. Capital Raised During the Year (All amounts in Rupees)

Public Issue Right Issue

Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds

Total Liabilities (including Shareholders' Funds)* Total Assets

Sources of Funds

Paid up Capital Reserves & Surplus

Deferred Tax Liability (Net)

Application of Funds

Net Fixed Assets Investment

+ - Net Current Assets Misc Expenditure

Accumulated Losses

IV. Performance of Company Amount in Rs. Thousands)

Turnover (including other income) Total Expenditure

(Please tick appropriate box + for Profit, -for Loss)

Profit/ Loss Before Tax Profit/Loss After Tax

(Please tick appropriate box + for Profit, -for Loss)

Earning per Share (in Rs.)-Annualised Dividend Rate %

(Please tick appropriate box + for Positive, -for Negative)

V. Generic names of Principal Products/Services of the Company (as per monetary terms)

Item Code No (ITC Code) NOT APPLICABLE
Product Description NOT APPLICABLE

* Includes shareapplication money Rs. 13,50,000

For and on behalf of the Board

Place : Delhi
Date : 3 July, 2007

Raghav Bahl **Ritu Kapur**
Director Director

DIRECTORS' REPORT

To,
The Members,
iNews.com Limited

Your Directors are pleased to present the Seventh Annual Report of the Company and the audited accounts for the year ended March 31, 2007.

Financial Results	For the year ended on March 31, 2007 (Rs.)	For the year ended on March 31, 2006 (Rs.)
Income	0.00	1,18,680
Expenditure	33,411	41390
Provision for taxes	—	900
Profit/(Loss) after taxes	(33,411)	76, 390

OPERATIONS

The income of your Company during the year was Rs. Nil and the expenditure was Rs. 33,411/- marking a Loss of Rs. 33,411/.

CHANGE OF REGISTERED OFFICE

Your directors wish to inform you that the Registered Office of your company has been changed from 'B-2 Kailash Apartment, Lala Lajpat Rai Marg, New Delhi 110 048' to '601, 6th Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi- 110 001'.

DIVIDEND

In view of the losses incurred during the Financial Year under review, your Directors do not recommend any dividend for the year.

DEPOSITS

Your Company has not accepted any fixed deposits from the public under section 58A of the Companies Act, 1956 during the year under review.

DIRECTORS

Mr. Raghav Bahl, Director retires at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The particulars required to be given in terms of Section 217(1) (e) of the Companies Act, 1956 regarding conservation of energy and technology absorption are not applicable to your company.

PARTICULARS OF EMPLOYEES

There is no employee in the Company in respect of whom information is required to be given under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the period under review there was no foreign exchange earnings and outgo.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 as amended, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been followed consistently and, wherever required, judgements and estimates have been made in a reasonable and prudent manner so as to provide a true and fair view of the state of affairs of the Company as at March 31, 2007 and of the profit and loss of the Company for the period ended on that date;
- proper and sufficient care has been taken to maintain adequate accounting records for safeguarding the assets of the Company and for preventing and detecting irregularities;
- the accounts have been prepared on a going concern basis.

AUDITORS & AUDITORS' REPORT

Your company's Auditors, M/s. Mohan L Jain & Co., Chartered Accountants, term expires at the ensuing Annual General Meeting but being eligible, have expressed their willingness to be re-appointed as statutory auditors of the Company. Your directors recommend their appointment for the ensuing year.

The Board took a note of draft Auditors' Report on the accounts for the year ended on March 31, 2007 and noted that there was no qualification.

For and on behalf of the Board of Directors

Place: New Delhi
Date: July 03, 2007

Chairman

AUDITORS' REPORT

To
The Members of
iNews.com Limited

- We have audited the attached Balance Sheet of M/s iNews .com Limited. as at 31st March 2007 and the Profit and Loss Account and Cash flow statement for the year ended on that date annexed thereto. 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.
- 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 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.
- As required by the Companies (Auditors' Report) order 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Govt. of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in Paragraph 4 & 5 of the said order.
- Further to our comments in the annexure referred to in paragraph 3 above, we state that:
 - We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books;
 - The Balance Sheet and the annexed Profit and Loss Account & Cash Flow Statement referred to in this report are in agreement with the books of accounts;
 - In our opinion, the Profit and Loss Account and Balance Sheet and Cash Flow Statement comply with the mandatory Accounting standards referred to in Sub-Section 3(c) of section 211 of the Companies Act, 1956.
 - As per the information and explanations given to us, and representation obtained by the company none of the Directors of the company are disqualified from being appointed as Directors under clause "g" of sub-section (1) of section 274 of Companies Act, 1956.
 - In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and annexed Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007 and
 - in so far as it relates to the Profit and Loss Account, of the loss for the year ended on that date.
 - in so far as it relates to the Cash Flow Statement of the company as at 31st March 2007.

For Mohan L. Jain & Co.
Chartered Accountants

(M. L. Jain)

Partner

Membership No. 084190

Place : New Delhi
Dated : 3 July, 2007

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our report of even date)

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. We are informed that the management has physically verified fixed assets in reasonable interval and no material discrepancy was found on the fixed assets.
- The company does not have any inventory so this clause is not applicable to the company.
- The company has not granted any loans, secured or unsecured to companies firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. The company has taken a loan from Television Eighteen India

Limited, its holding company, listed in the register maintained U/S 301 of the Companies Act, 1956. The year-end balance of this loan is Rs. 33.81 Lacs. Maximum amount outstanding during the year being Rs. 34.50Lacs.

We are not in position to comment on repayment schedule, as the term of repayment has not been stipulated. Other terms of the loans are not prima facie, prejudicial to the interest of the company.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.

v) a) According to the information and explanation provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained u/s 301 have been so entered.

b) According to the information and explanation given to us, there are no transaction in pursuance of contracts or arrangements entered in the register maintained u/s 301 and exceeding the value of five lakh rupees in respect of any party during the year.

vi) According to the information and explanations given to us, the Company has not accepted any deposit under the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

viii) The company is not required to maintain cost records u/s 209(1)(d) of the Companies Act, 1956.

ix) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales tax, wealth tax, custom duty, excised-duty, cess and other statutory dues applicable to it according to the records of the Company. According to the information and explanations given to us, no undisputed amounts was payable in respect of income-tax, wealth tax, sales tax, custom duty and excise duty were outstanding, as at 31st March 2007 for a period of more than six months from

the date they became payable.

According to the records of the company, there are no dues of sales tax, income tax, and customs/wealth tax, excise duty/cess that have not been deposited because of any dispute.

x) The company does not have any accumulated losses and has not incurred any cash losses in immediately preceding financial year. In the current financial year, the company incurred a cash loss of Rs. 33,411/-.

xi) The company had not taken any loan from financial institutions, banks or debenture holders.

xii) The company has not granted any loans and advances on the basis of security by way of pledge of share, debentures and other securities.

xiii) The company is not a chit fund or a Nidhi/mutual benefit fund/society.

xiv) The company is not dealing in or trading in share, securities, debenture and investment.

xv) A charge has been created on all the movable and immovable assets of the company against the loan taken by the holding company Television Eighteen India Limited.

xvi) The company has not raised any term loan during the year.

xvii) According to the Cash flow statement and other records examined by us and the information and explanations given to us on an overall basis the company has not raised any funds from loan.

xviii) According to the information and explanation given to us, the company has not made any preferential allotment of shares.

xix) There are no securities created in respect of debentures, during the period covered by our audit report.

xx) The company has not raised any money from public issue during the year.

xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For Mohan L. Jain & Co.
Chartered Accountants

(M. L. Jain)
Partner

Place : New Delhi
Dated : 3 July, 2007

Membership No. 084190

BALANCE SHEET AS AT 31 MARCH, 2007

	Schedule Reference	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a. Share capital	1	60,000,000	60,000,000
b. Reserves and surplus	2	3,737,366	3,770,777
2. LOAN FUNDS			
Unsecured loans	3	3,381,763	2,901,800
		<u>67,119,129</u>	<u>66,672,577</u>
APPLICATION OF FUNDS			
2. FIXED ASSETS			
Gross block	4	61,240,053	61,240,053
Less: Depreciation		12,475,126	7,203,974
Net block		48,764,927	54,036,079
3. CURRENT ASSETS, LOANS & ADVANCES			
a. Cash & bank balances		7,633	135,307
b. Loans & advances		363,425	356,892
		<u>371,058</u>	<u>492,199</u>
4. LESS: CURRENT LIABILITIES AND PROVISIONS			
	6	296,528	324,220
5. NET CURRENT ASSETS			
		74,530	167,979
6. MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	7	18,279,672	12,468,519
		<u>67,119,129</u>	<u>66,672,577</u>
Notes on Accounts	11		
Related Party Disclosure	12		

As per our report of even date attached

For Mohan L. Jain & Co.
Chartered Accountants

M L. JAIN
Partner
Membership No 084190
Place : New Delhi
Date : 3 July, 2007

For and on behalf of the Board

Raghav Bahl Director
Sanjay Ray Chaudhuri Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31ST, 2007

	Schedule Reference	Year ended 31.03.2007 (Rs.)	Year ended 31.03.2006 (Rs.)
1. INCOME			
Other income	8	—	118,680
		<u>—</u>	<u>118,680</u>
2. EXPENDITURE			
a. Production, administrative and other costs	9	28,720	41,390
b. Interest and financial charges	10	4,691	—
		<u>33,411</u>	<u>41,390</u>
3. Profit/(Loss) before tax			
		<u>(33,411)</u>	<u>77,290</u>
4. Provision for taxes (Net of write back)			
		—	900
5. Profit/(Loss) carried to Reserve and Surplus			
		<u>(33,411)</u>	<u>76,390</u>
Notes on Accounts	11		
Related Party Disclosure	12		

As per our report of even date attached

For Mohan L. Jain & Co.
Chartered Accountants

M L. JAIN
Partner
Membership No 084190
Place : New Delhi
Date : 3 July, 2007

For and on behalf of the Board

Raghav Bahl Director
Sanjay Ray Chaudhuri Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Year Ended 31.03.2007 (Rs.)	Year Ended 31.3.2006 (Rs.)		
A. CASH FLOW FROM OPERATING ACTIVITIES			Interest Income	— 7,166
Profit before tax	(33,411)	77,290	Dividend Received	— 74,697
Adjustments for:			Net cash from/ (used in) investing activities	<u>(540,001)</u> <u>294,131</u>
Dividend Received	—	(74,697)	C. CASH FLOW FROM FINANCING ACTIVITIES	— —
Profit on Sale of Assts	—	(36,817)	Issue of Subscribed & Paid up share capital	— —
Interest Income	—	(7,166)	Increase/(Decrease) in Loans	<u>479,963</u> <u>(1,464,771)</u>
Operating profit before working capital changes	(33,411)	(41,390)	Net cash from/ (used in) financing activities	<u>479,963</u> <u>(1,464,771)</u>
Adjustments for:			Net increase/ (decrease) in cash and cash equivalents	<u>(127,674)</u> <u>(22,952)</u>
Decrease/(Increase) in Current assets	(6,533)	1,687,548	Cash and cash equivalents as at the beginning of the year	<u>135,307</u> <u>158,259</u>
Increase/(Decrease) in Current liabilities	(27,692)	(497,570)	Cash and cash equivalents as at the end of the year	<u>7,633</u> <u>135,307</u>
Tax on Operational Income	—	(900)		
Net cash from/ (used in) operating activities	<u>(67,636)</u>	<u>1,147,688</u>	As per our report of even date attached	
B. CASH FLOW FROM INVESTING ACTIVITIES			For Mohan L. Jain & Co.	For and on behalf of the Board
Purchase of fixed assets	—	(702,826)	Chartered Accountants	
Preliminary & Preoperative Expenses (Net of Depreciation)	(540,001)	(826,210)	M L. JAIN	Raghav Bahl Sanjay Ray Chaudhuri
Investment in Mutual Fund	—	1,704,487	Partner	Director Director
Profit on Sale of assets	—	36,817	Membership No 84190	
			Place : New Delhi	
			Date : 3 July, 2007	

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)		As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
SCHEDULE - 1			SCHEDULE - 2		
SHARE CAPITAL			RESERVE & SURPLUS		
AUTHORISED:			Profit & Loss A/c		
6,000,000 (Previous year 6,000,000) Equity shares of Rs. 10 each	<u>60,000,000</u>	<u>60,000,000</u>	a. Opening balance	<u>3,770,777</u>	<u>3,694,387</u>
	<u>60,000,000</u>	<u>60,000,000</u>	b. Add : Transfer From Profit & Loss account	<u>(33,411)</u>	<u>76,390</u>
ISSUED, SUBSCRIBED AND PAID UP:			c. Closing balance	<u>3,737,366</u>	<u>3,770,777</u>
6,000,000 (Previous year 6,000,000) Equity shares of Rs. 10 each fully paid up	<u>60,000,000</u>	<u>60,000,000</u>	SCHEDULE - 3		
			UNSECURED LOANS		
			From Holding company	<u>3,381,763</u>	<u>2,901,800</u>
				<u>3,381,763</u>	<u>2,901,800</u>

SCHEDULE - 4
FIXED ASSETS As on 31.03.07

Particulars	GROSS BLOCK			DEPRECIATION BLOCK		NET BLOCK	
	As At 1-Apr-06	Total Gross Block	Depreciation As At 1/4/2006	Depreciation Up to 31/03/07	Total Depreciation	As at 31-Mar-07	As at 31-Mar-06
Plant & Machinery	61,240,053	61,240,053	7,203,974	5,271,152	12,475,126	48,764,927	54,036,079
GROSS BLOCK	61,240,053	61,240,053	7,203,974	5,271,152	12,475,126	48,764,927	54,036,079

	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)		Year ended 31.03.2007 (Rs.)	Year ended 31.03.2006 (Rs.)
SCHEDULE - 5			SCHEDULE - 8		
CURRENT ASSETS, LOANS & ADVANCES			OTHER INCOME		
a. Cash and bank balances			Income from investment in mutual fund	—	74,697
Cash in hand	771	2,995	Miscellaneous income	—	43,983
Balance with scheduled banks : - in current accounts	<u>6,862</u>	<u>132,312</u>		<u>—</u>	<u>118,680</u>
b. Loans & advances			SCHEDULE - 9		
(Unsecured, considered good)			PRODUCTION, ADMINISTRATIVE AND OTHER COSTS		
Advances recoverable in cash or in kind or for value to be received			Legal and professional expenses	<u>28,720</u>	<u>21,020</u>
- Income tax deducted at source	<u>221,607</u>	<u>220,732</u>	Miscellaneous expenses	—	<u>20,370</u>
- Other advances	<u>141,818</u>	<u>136,160</u>		<u>28,720</u>	<u>41,390</u>
	<u>363,425</u>	<u>356,892</u>	SCHEDULE - 10		
SCHEDULE - 6			INTEREST AND OTHER CHARGES		
CURRENT LIABILITIES & PROVISIONS			BANK CHARGES	<u>4,691</u>	—
a. Current liabilities				<u>4,691</u>	—
Other liabilities			SCHEDULE - 11: NOTES ON ACCOUNTS		
Provision for Expenses	<u>22,448</u>	<u>19,898</u>	1 Significant Accounting Policies:		
Tds Payable	<u>67,870</u>	<u>98,112</u>	(i) The accounts are prepared on historical cost convention, on an accrual basis, and comply materially with the mandatory accounting standards issued by the Institute of Chartered Accountants of India. The significant accounting policies followed by the company are stated below		
	<u>90,318</u>	<u>118,010</u>	(ii) Fixed Assets and Depreciation: -		
b. Provisions			Fixed assets are stated at cost less accumulated depreciation. The Company capitalizes all cost relating to acquisition and installation of fixed assets. Depreciation on fixed assets is provided on a straight-line method, at rates specified in schedule XIV of the Companies Act, 1956.		
Provision For Taxation	<u>206,210</u>	<u>206,210</u>	(iii) Amortisation of Preliminary Expenses: -		
	<u>206,210</u>	<u>206,210</u>	Preliminary expenses shall be written off over a period of 10 years.		
	<u>296,528</u>	<u>324,220</u>			
SCHEDULE - 7					
MISCELLANEOUS EXPENDITURE					
(To the extent not written off or adjusted)					
a. Preliminary expenses	<u>47,723</u>	<u>63,627</u>			
b. Pre-Operative Expenses	<u>18,231,949</u>	<u>12,404,892</u>			
	<u>18,279,672</u>	<u>12,468,519</u>			



TELEVISION EIGHTEEN INDIA LIMITED

Regd. Off.: 601, 6th Floor, Commercial Tower, Hotel Le Merdien, Raisina Road, New Delhi-110 001

ATTENDANCE SLIP

(TO BE SIGNED AND HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

I/We hereby record my/our presence at the 14th ANNUAL GENERAL MEETING of the above named Company held at 1400 hours on Friday, the 7th day of September 2007 at Kamani Auditorium, 1, Copernicus Marg, New Delhi 110 001

NAME(S) OF THE MEMBER(S)	Registered Folio No.
	Client ID No.
	DP ID No.
	No. of shares held

Name of Proxy (in block letters)
(To be filled in, if the Proxy attends instead of the Member)

Member's/Proxy's Signature



TELEVISION EIGHTEEN INDIA LIMITED

Regd. Off.: 601, 6th Floor, Commercial Tower, Hotel Le Merdien, Raisina Road, New Delhi-110 001

PROXY FORM

I/We of being a Member's of TELEVISION EIGHTEEN INDIA LIMITED hereby appoint of or falling him of or falling him of as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 14th ANNUAL GENERAL MEETING of the Company to be held at 1400 hours on Friday, the 7th day of September 2007 at Kamani Auditorium, 1, Copernicus Marg, New Delhi 110 001

AS WITNESSED under my/our hand(s) this day of 2007

Signed by the said

Regd. Folio No./Client ID No.

DP ID No.



NOTES :

1. This Proxy need not be a member
2. The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.