

NDTV CONVERGENCE LIMITED

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the Eighth Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2014.

Financial Results and Operations

The summarized Financial Results of the Company for the year ended March 31, 2014 are as follows:

	Year ended 31.03.2014 Amount (in Rs. Million)	Year ended 31.03.2013 Amount (in Rs. Million)
Business income	641.82	542.58
Other income	81.36	2.05
Total income	723.18	544.63
Expenses	613.74	468.09
Profit/ (Loss) before tax	109.44	76.54
Profit/(Loss) after tax	73.20	77.23
Profit / (Loss) carried forward	73.20	77.23

Dividend

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

Deposits

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

Directors

Dr. Prannoy Roy and Mr. K.V.L. Narayan Rao, Directors retires by rotation and being eligible offers themselves for reappointment.

Operations

The business income during the period under review was recorded at Rs. 641.82 Million from Rs. 542.58 Million in the previous year.

Significant events during the year

NDTV Convergence: The Next Big Wave

The year under review was a landmark year for NDTV Convergence, which saw the launch of new initiatives including some path breaking technology innovations and record traffic across all its properties. First, [NDTV.com](http://www.ndtv.com) recorded the highest traffic ever in December 2013 and currently has an average of 35 million unique visitors per month and over 500 millions page views.

Second, NDTVgadgets.com is the number one technology information portal in the country and has maintained the leadership position for the last 9 months with over 9 million uniques.

Third, ndtv.com relaunched the market leading NDTV apps on iOS and Android platforms in an endeavour to be ahead of competition.

Fourth, Graphity, an instant personalised gratification platform for Twitter, was launched in September 2013; it is only the second company in the world to do so.

Fifth, NDTV maintained its dominance in the social media space and is now the most followed company on Twitter across all categories in India.

Sixth, NDTVauto.com was launched in February 2013 and has already reached over half a million unique users a month. And finally, the icing on the cake was when NDTV.com won the Best News Website award at both ENBA 2013 and the IAMA Awards 2013.

Last but not the least, www.ndtv.com created a record this year by recording 13 billion hits on the day of the Lok Sabha election results.

Investment in NDTV Ethnic Retail Limited

During the year under review, NDTV Ethnic Retail Limited (NDTV Ethnic), requested the Company to make further investment in e-commerce space to meet its business requirements. Accordingly, the Board of Directors of the Company approved the investment for an amount up to Rs. 18 crore, including the existing investment made by the Company in the securities of NDTV Ethnic.

Further, during the year under review, the Company executed the share purchase Agreement with NDTV Ethnic Retail Limited, NDTV Worldwide Limited and Rathi Strategic Ventures Private Limited (RSVPL), whereby RSVPL had agreed to purchase certain shares of NDTV Ethnic Retail Limited from the Company and NDTV Worldwide Limited. However, due to non-performance of RSVPL obligations, as agreed under the above said agreement; the Company along with other group companies terminated the said agreement with RSVPL.

The business of NDTV Ethnic Retail required funding, in line with its Business Plan and had been in discussions with various parties for the same. In order to meet the fund requirement of NDTV Ethnic, NDTV Lifestyle Holdings, a Company from the group, has invested in the securities of NDTV Ethnic. Accordingly, the Company signed an agreement with NDTV Lifestyle Holdings Limited, NDTV Worldwide Limited and NDTV Ethnic Retail Limited for infusion of funds by NDTV Lifestyle Holdings Limited into NDTV Ethnic Retail Limited, up to US\$ 3 Million (equivalent to Indian rupees) by way of subscription of equity shares of NDTV Ethnic.

As on June 30, 2014, the Company is holding 44830 equity shares, constituting 39.07% of the paid up equity share capital of NDTV Ethnic Retail Limited.

In-principle approval for merger of NDTV Labs Limited with the Company

During the year under review, the Board of Directors accorded its in-principle approval to the merger of NDTV Labs Limited with the Company.

NDTV Labs is engaged in the business of developing technology and software solutions for television broadcasting, software development, satellite uplink operations and related services.

The merger would allow the IPRs, which exist in NDTV Labs, to be available for the operations of the Company.

Dematerialization of Equity Shares of the Company

National Securities Depository Limited (NSDL) has issued the ISIN number-INE502L01014 to the equity shares of the Company. The shares of the Company can be held and transacted in dematerialized mode. The Company has appointed KARVY Computershare Private Limited as the Registrar and Share Transfer Agent (RTA).

Directors' Responsibility Statement

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

- (i) That in the preparation of the annual accounts for the financial year ended March 31, 2014 the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review.
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) That the directors have prepared the accounts for the financial year March 31, 2014 on a going concern basis.

Auditors

The Auditors of the Company, M/s. Price Waterhouse, Chartered Accountants, hold office till the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment. They have confirmed that their re-appointment as Auditors of the Company, if made, would be in accordance with the limits specified under Section 141 of the Companies Act, 2013. Your Directors recommend their re-appointment as Auditors of the Company.

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

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

A. Conservation of Energy

The Company is not an energy intensive unit, however regular efforts are made to conserve energy.

B. Research and Development

The Company did not have any Research and Development activity during the year under review.

C. Foreign Exchange Earnings and Outgo

During the year under review, the Company had Foreign Exchange earnings of Rs. 180.36 Million (Previous Year Rs. 104.01 Million).

The Foreign Exchange outgo on Subscription, uplinking and news service charges etc. amounted to Rs. 47.99 Million (Previous Year Rs. 37.40 Million).

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

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

Acknowledgement

Your Directors express their sincere thanks and appreciation for the cooperation received from the Investors, Shareholders, Banks and Business Associates during the year under review. Your Directors also wish to place on record their appreciation for the excellent performance and contribution of the Employees to the Company's progress during the year under review.

For and on behalf of the Board

Place: New Delhi
Date: 30.7.2014


Dr. Prannoy Roy
Director


KVL Narayan Rao
Director

NDTV CONVERGENCE LIMITED

**STATEMENT OF ACCOUNTS FOR THE YEAR ENDED
MARCH 31, 2014**

INDEPENDENT AUDITORS' REPORT

To the Members of NDTV Convergence Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of NDTV Convergence Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act")/ notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, 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 appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act/ notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013,;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse
Firm Registration Number: 301112B
Chartered Accountants



Anupam Dhawan
Partner
Membership Number 084451

Place of Signature: New Delhi

Date: May 8, 2014

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of NDTV Convergence Limited on the financial statements as of and for the year ended March 31, 2014

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 4(ii) of the said Order are not applicable to the Company.
- iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c) and (d)] of the said Order are not applicable to the Company.
 - (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(f) and (g)] of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.



Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of NDTV Convergence Limited on the financial statements for the year ended March 31, 2014

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- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of service tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, sales tax, income tax, wealth tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, wealth tax, service tax and customs duty as at March 31, 2014 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in millions)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	7.76	Assessment Year 10-11 (Previous year 09-10)	CIT (Appeals)

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.



Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of NDTV Convergence Limited on the financial statements for the year ended March 31, 2014

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- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse
Firm Registration Number: 3011121
Chartered Accountants



Anupam Dhawan
Partner
Membership Number 084451

Place of Signature: New Delhi

Date: May 8, 2014

NDTV Convergence Limited

(in Rs million)

Balance sheet	Notes	As at	
		March 31, 2014	March 31, 2013
Equity and liabilities			
Shareholders' funds			
Share capital	3	0.67	0.67
Reserves and surplus	4	303.32	226.91
		303.99	227.58
Non-current liabilities			
Other long-term liabilities	5	80.00	
Long-term provisions	6	4.52	3.42
		84.52	3.42
Current liabilities			
Trade payables	7	87.64	150.30
Other current liabilities	8	111.81	40.81
Short-term provisions	6	0.15	0.20
		199.60	191.31
TOTAL		588.11	422.31
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	9.83	8.02
Intangible assets	10	29.39	13.71
Capital work-in-progress		1.85	13.67
Non-current investments	11	180.09	0.20
Deferred tax assets (net)	12	27.94	0.69
Long-term loans and advances	13	12.40	20.26
Other non-current assets	14.2	0.10	0.10
		261.60	56.65
Current assets			
Trade receivables	14.1	254.30	314.76
Other current assets	14.2	0.10	0.04
Cash and bank balances	15	20.32	10.64
Short-term loans and advances	13	51.79	40.22
		326.51	365.66
TOTAL		588.11	422.31

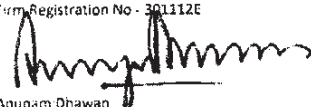
Summary of significant accounting policies



2

The accompanying notes are an integral part of the financial statements.


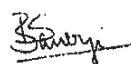
This is the Balance Sheet as referred to our report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No - 301112E


Anupam Dhawan
Partner
Membership Number 084451
Place of Signing : New Delhi
Date May 8, 2014


Dr. Prannoy Roy
Director

Vikramaditya Chandra
Group CEO & Director

For and on behalf of the Board


Radhika Roy
Director

Saurav Banerjee
Group Chief Financial Officer
PLACE - BOSTON, USA

NDTV Convergence Limited


(in Rs million except per share data)

Statement of Profit and Loss	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
Continuing operations			
Income			
Revenue from operations	16	641.82	547.58
Other income	17	81.36	2.05
Total revenue (I)		723.18	544.63
Expenses			
Cost of services	18	220.45	245.63
Employee benefit expense	19	168.87	121.99
Operations & administration expenses	20	193.57	79.77
Marketing, distribution and promotion expenses		19.48	7.49
Depreciation and amortization expense	21	9.35	12.64
Finance costs	22	7.07	1.12
Total (II)		613.74	468.09
Earnings before exceptional and extra ordinary items and tax (I) - (II)		109.44	76.54
Tax expenses			
Current tax		63.65	15.70
Tax on earlier years		(0.16)	
Less: Minimum alternate tax credit entitlement	31	-	(15.70)
Deferred tax	12	(27.25)	(0.69)
Total tax expense		36.24	(0.69)
Profit/(loss) for the year		73.20	77.23
Earnings per equity share (nominal value of share Rs.10(previous year Rs.10))			
Basic	23		
Computed on the basis of total profit/(loss) for the year		1,097.90	1,158.38
Diluted			
Computed on the basis of total profit/(loss) for the year		1,097.90	1,158.38
Summary of significant accounting policies			
	2		

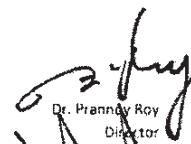
The accompanying notes are an integral part of the financial statements.

This is the Statement of Profit and Loss referred to our report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No - 301112E



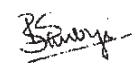
Anupam Dhawan
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Membership Number 084451
Place of Signing : New Delhi
Date : May 8, 2014


Dr. Prannoy Roy
Director

Vikramaditya Chandra
Group CEO & Director

For and on behalf of the Board


Radhika Roy
Director


Saurav Banerjee
Group Chief Financial Officer
PLACE - BOSTON, USA

NDTV Convergence Limited

(in Rs million)


	March 31, 2014	March 31, 2013
Cash flow from operating activities		
Profit before tax from continuing operations	109.44	76.54
Profit before tax		
Adjustments for:		
(Profit)/ loss from sale of investment	(78.25)	-
Depreciation/ amortization on continuing operation	9.34	12.64
Impairment/ other write off on tangible/ intangible assets pertaining to continuing operation	0.01	0.01
Loss/ (profit) on sale of fixed assets	0.04	0.00
Liabilities for operating expenses written back	(4.09)	(1.80)
Employee stock compensation expense	3.21	0.04
Provision for Gratuity	1.70	1.91
Unrealized foreign exchange loss	(0.02)	0.33
Advances written off	0.85	-
Bad Debts written off	0.06	1.22
Provision for Doubtful debts	8.81	1.88
Provision for Doubtful debts written back	(0.56)	(0.62)
Provision for Doubtful Advances	78.86	-
Provision for Doubtful Advances written back	(0.85)	-
Interest expense	2.01	1.12
Interest (income)	(1.00)	(1.50)
Operating profit before working capital changes	129.56	91.77
Movements in working capital:		
Increase/ (decrease) in trade payables	(58.06)	21.91
Increase / (decrease) in long-term provisions	(0.61)	(0.62)
Increase / (decrease) in short-term provisions	(0.05)	0.17
Increase/ (decrease) in other current liabilities	151.00	15.53
Decrease / (increase) in trade receivables	51.68	(101.07)
Decrease / (increase) in long-term loans and advances	(64.34)	1.45
Decrease / (increase) in short-term loans and advances	70.87	(3.24)
Decrease / (increase) in other current assets	(27.26)	-
Cash generated from / (used in) operations	252.79	25.90
Direct taxes paid (net of refunds)	(47.10)	(24.04)
Net cash flow from/ (used in) operating activities (A)	205.69	1.86
Cash flows from investing activities		
Purchase of Tangible assets	(5.37)	(7.83)
Purchase of Intangible assets and addition to CWIP	(9.69)	(18.94)
Proceeds from sale of fixed assets	-	0.05
Purchase of non-current investments	(179.89)	(0.20)
Interest received	0.95	1.76
Net cash flow from/ (used in) Investing activities (B)	(194.00)	(20.16)
Cash flows from financing activities		
Interest paid	(2.01)	(1.12)
Net cash flow from/ (used in) in financing activities (C)	(2.01)	(1.12)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	9.68	(19.42)
Cash and cash equivalents at the beginning of the year	10.64	30.06
Cash and cash equivalents at the end of the year	20.32	10.64
Components of cash and cash equivalents		
Cash in hand	0.01	0.04
With banks- current account	0.31	1.10
- deposit account	20.00	9.50
Total cash and cash equivalents (note 15)	20.32	10.64
Summary of significant accounting policies	2.1	

Notes:

- The above cash flow statement has been prepared under the indirect method set out in Accounting Standard-3 as notified under section 211(3C) of the Companies Act, 1956.
- Figures in brackets indicate cash outflow
- Previous year's figures have been rearranged wherever necessary to conform to the current year's presentation.


This is the cash flow statement referred to in our report of even date


for First Waterhouse
Chartered Accountants
Firm Registration No - 3011129



Anupa Chawla
Partner

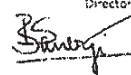
Membership Number F-084451
Place of Signing: New Delhi
Date: May 8, 2014

For and on behalf of the Board


Dr. Pradnya Roy
Director


Vikramaditya Chandra
Group CEO & Director


Radhika Roy
Director


Saurav Banerjee
Group Chief Financial Officer
PLACE - BOSTON, USA

NDTV Convergence Limited
Notes to financial statements for the year ended March 31, 2014

1. Corporate information

The Company was incorporated on December 13, 2006 and it commenced operations on January 1, 2007 with the purchase of existing website from New Delhi Television Limited, its ultimate parent company. The Company maintains and operates ndtv.com and other web sites. The Company is also a content provider to MVAS operators.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of services and the time between rendering of services/airing of programmes and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Use of estimates

In the preparation of the financial statements, the management of the Company makes estimates and assumptions in conformity with the applicable accounting principles in India that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets.

A provision is recognized when there is a present obligation as a result of a past event in respect of which it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made.

Contingencies are disclosed when it is possible that a liability will be incurred, and the amount can be reasonably estimated. Where no reliable estimate can be made, a disclosure is made of the existence of the contingent liability.

2.3 Tangible assets

Tangible assets, except in the cases mentioned below are stated at the cost of acquisition, which includes taxes, duties, freight, insurance and other incidental expenses incurred for bringing the assets to the working condition required for their intended use, less depreciation and impairment.

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

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

Asset Head	Useful Life (years)
Plant and Machinery	5-12
Computers	3-6
Office equipment	3-5
Furniture and fixtures	5-8
Vehicles	5

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognized in the Statement of Profit and Loss.

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2.4 Intangible assets

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

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the statement of profit and loss.

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

Asset Head	Useful Life (years)
Website	6
Computer Software	6

The rates of depreciation arrived at using these estimates of useful lives States in Para 2.3 and 2.4 above are equal to or higher than the rates prescribed by the Companies Act 1956

2.5 Leases

As a lessee:

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

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

2.6 Impairment of tangible and intangible assets

The management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

2.7 Revenue Recognition

Revenue from advertising is recognized for the period for which services have been provided.

The Company recognizes revenue from the display of graphical advertisements ("display advertising") on the website as "impressions" are delivered. An "impression" is delivered when an advertisement appears in pages viewed by users.

Revenue from sale of licenses and services is recognized as per terms of contract when no significant uncertainty exists with respect to ultimate collection. Revenue from content provided to MVAS operators is recognized when services are rendered and no significant uncertainty exists with respect to ultimate collection.

The Company recognizes revenue from the display of text based links to the websites of its advertisers ("search advertising") which are placed on the website. Search advertising revenue is recognized as "click throughs" occur. A "click-through" occurs when a user clicks on an advertiser's listing.

Revenues from events are recognised when the contract period begins and the programming is available for broadcast pursuant to the terms of the agreement. Typically the milestone is reached when the finished product has been delivered or made available to and accepted by the customer.

2.8 Investment

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

2.9 Foreign currency transaction

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

Gains / (losses) arising out of fluctuations in the exchange rates are recognized as income/expense in the period in which they arise.

2.10 Retirement and other employee benefits

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

Post employment and other long term employee benefits: The Company's contribution to State Provident Fund is charged to the Statement of Profit and Loss.

The Company provides for long term defined benefit scheme of Gratuity on the basis of actuarial valuation on the balance sheet date based on the projected unit credit method. The actuarial valuation of the liability towards retirement gratuity benefits of the employees is made on the basis of assumptions with respect to the variable elements like discount rate, future salary increases, etc. affecting the valuation. The Company recognizes the actuarial gains and losses in the Statement of Profit and Loss as income and expense in the period in which they occur.

2.11 Employee share based payments

The Company calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of market price of underlying equity shares as on the date of the grant of options/shares over the exercise price of the options/shares given to employees under the Employee Stock Option Scheme/Employee Stock Purchase Scheme of the Company, is recognized as deferred stock compensation expense and is amortized over the vesting period in accordance with the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

2.12 Earnings Per Share (EPS)

Basic EPS

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

Diluted EPS

The net profit/ (loss) after tax and the weighted average number of shares outstanding during the year are adjusted for all the effects of dilutive potential equity shares for calculating the diluted EPS

2.13 Other Income

Interest Income

Interest Income is recognized on a proportion of time basis taking into account the principal outstanding and the rate applicable.

2.14 Barter

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

2.15 Taxes on Income

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

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

Deferred tax assets in respect of unabsorbed depreciation / brought forward losses are recognized to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

Minimum Alternate Tax credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.16 Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with bank, other short-term highly liquid investments with original maturities of three months or less.

2.17 Provision and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liability: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

3. Share capital

(in Rs. million)

	As at March 31,	
	2014	2013
Authorized		
3,000,000 (Previous Year 3,000,000) Equity Shares of Rs.10/- each	30.00	30.00
23,000,000 (Previous Year 23,000,000) Preference Shares of Rs.10/- each	230.00	230.00
Issued, subscribed and paid-up shares		
66,671 (Previous Year 66,671) Equity shares of Rs.10/- each, fully paid up	0.67	0.67
Issued, subscribed and fully paid-up share capital	0.67	0.67

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

	As at March 31, 2014		As at March 31, 2013	
	Number of Shares	Rs million	Number of Shares	Rs million
At the beginning of the year	66,671	0.67	66,671	0.67
Issued/Paid-up during the year	-	-	-	-
Outstanding at the end of the year	66,671	0.67	66,671	0.67

(b) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Equity Shares	As at March 31,	
	2014	2013
<i>Equity shares of Rs. 10 each fully paid</i>		
NDTV Networks Limited, the holding company and its nominees 50,003 (previous year 50,003)	0.50	0.50
New Delhi Television Limited, the ultimate holding company 11,334 (previous year 11,334)	0.11	0.11
	0.61	0.61

(c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	Number of Shares	% holding	Number of Shares	% holding
NDTV Networks Limited and its nominees	50,003	75%	50,003	75%
New Delhi Television Limited	11,334	17%	11,334	17%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(d) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 26.

(e) Rights, preferences and restrictions attached to the shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any, in proportion to their shareholding.

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4. Reserves and surplus (in Rs million)

	As at March 31,	
	2014	2013
Securities premium account		
Opening Balance	236.35	236.35
Closing Balance	236.35	236.35
Employee stock options outstanding		
Compensation for options granted during the year	33.87	-
Less: deferred employee stock compensation	(30.66)	-
Closing Balance	3.21	-
Surplus/ (deficit) in the Statement of Profit and Loss		
Balance as per last financial statements	(9.44)	(86.67)
Profit/ (Loss) for the year	73.20	77.23
Net surplus in the Statement of Profit and Loss	63.76	(9.44)
Total reserves and surplus	303.32	226.91

5. Other long-term liabilities (in Rs million)

	As at March 31,	
	2014	2013
Advance from customer	80.00	-
	80.00	-

6. Provisions (in Rs million)

	As at March 31,			
	Long - term		Short - term	
	2014	2013	2014	2013
Provision for employee benefits				
Provision For gratuity	4.52	3.42	0.15	0.20
Total	4.52	3.42	0.15	0.20

7. Trade Payables (in Rs million)

	As at March 31,	
	2014	2013
Trade payables (refer note 32 for details of dues to micro and small enterprises) *	87.64	150.30
Total	87.64	150.30

8. Other current liabilities (in Rs million)

	As at March 31,	
	2014	2013
Book overdraft	4.22	-
Statutory dues	5.83	17.76
Employee Benefits Payable	26.66	18.31
Income received in advance/Deferred Income	65.07	-
Advance from customers	0.13	0.20
Others	9.90	4.54
	111.81	40.81

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9. Tangible assets	(in Rs million)				
	Computers	Office Equipments	Plant and Machinery	Vehicles	Total
Cost or valuation					
As at April 01, 2013	18.34	1.75	0.96	-	21.05
Additions	2.67	0.68	1.29	0.73	5.37
Disposals	3.59	-	-	0.04	3.63
As at March 31, 2014	17.42	2.43	2.25	0.69	22.79
Depreciation					
Upto April 01, 2013	11.73	0.77	0.53	-	13.03
Charge for the year	2.69	0.58	0.21	0.03	3.51
Disposals	3.58	-	-	0.00	3.58
Upto March 31, 2014	10.84	1.35	0.74	0.03	12.96
Net Block					
As at March 31, 2013	6.61	0.98	0.43	-	8.02
As at March 31, 2014	6.58	1.08	1.51	0.66	9.83

Notes:

1. During the year pursuant to the physical verification, fixed assets with a book written down value of Rs 0.01 million (previous year Rs.0.01 million) were written off. The aforesaid net block included computers of Rs. 0.01 million (previous year office equipments of Rs.0.01 million).

10. Intangible assets	(in Rs million)		
	Computer softwares*	Websites	Total
Gross block			
As at April 01, 2013	16.63	11.12	27.75
Purchase	11.17	10.35	21.52
As at March 31, 2014	27.80	21.47	49.27
Amortization			
Upto April 01, 2013	5.32	8.72	14.04
Charge for the year	4.00	1.84	5.84
Upto March 31, 2014	9.32	10.56	19.88
Net block			
As at March 31, 2013	11.31	2.40	13.71
As at March 31, 2014	18.48	10.91	29.39

Note: * Includes Mobile applications

11. Non-current investments	(in Rs million)	
	As at March 31, 2014	2013
Trade investments (valued at cost unless stated otherwise)		
Unquoted		
Investment in Associate		
NDTV Ethnic Retail Ltd (formally NDTV Ethnic Retail Pvt Ltd) (Refer Note 35)	180.09	0.20
34,041 (Previous Year 19,920) Equity Shares of Rs.5,290.42 (Previous Year Rs -10/-) each Fully Paid Up *		
	180.09	0.20
Aggregate amount of unquoted investments	180.09	0.20

* During the year, Company has further invested In NDTV Ethnic Retail Limited. 24,910 shares for a total consideration of Rs. 180 million

12. Deferred tax asset (net)	(in Rs million)	
	As at March 31, 2014	2013
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting period	(3.12)	(3.07)
Sub Total (A)	(3.12)	(3.07)
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	1.44	1.06
Impact of Provision for doubtful debts and advances allowable on write off	29.62	2.70
Sub Total (B)	31.06	3.76
Net deferred tax asset (A+B)	27.94	0.69

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13. Loans and advances

(in Rs million)

	As at March 31,			
	Long - term		Short-term	
	2014	2013	2014	2013
Security deposits				
Unsecured, considered good	1.19	-	-	1.40
Doubtful	0.50	-	-	-
	1.69	-	-	1.40
Provision for doubtful security deposit	(0.50)	-	-	-
	1.19	-	-	1.40
Advances recoverable in cash or kind				
Unsecured considered good	-	-	0.37	0.29
Doubtful	-	0.11	78.36	-
	-	0.11	78.73	0.29
Provision for doubtful advances (refer note 35)	-	(0.11)	(78.36)	-
	-	-	0.37	0.29
Other loans and advances				
Advance Income-tax (net of provision for taxation of Rs.67.55 million.)(Previous year Rs.26.93 million)	11.21	4.56	30.37	19.36
Prepaid expenses	-	-	6.60	6.82
Advances and imprest to Employees	-	-	1.52	1.69
Advance Fringe Benefit Tax (Previous year net of provision of Rs.2.04 million)	-	-	-	(0.04)
Minimum Alternate Tax Credit Entitlement (refer note 31)	-	15.70	3.88	10.70
Service Tax Receivable	-	-	9.05	-
Total	12.40	20.26	51.79	40.22

14. Trade receivables and other assets
14.1. Trade receivables

(in Rs million)

	As at March 31,			
	Non -current		Current	
	2014	2013	2014	2013
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	32.80	34.61
Doubtful	-	-	17.01	9.49
	-	-	49.81	44.10
Provision for doubtful receivables	-	-	(17.01)	(9.49)
	-	-	32.80	34.61
Other receivables				
unsecured, considered good *	-	-	221.50	280.15
	-	-	221.50	280.15
	-	-	254.30	314.76

14.2. Other assets

(in Rs million)

	As at March 31,			
	Non - current		Current	
	2014	2013	2014	2013
Unsecured, considered good unless stated otherwise				
Deposits with original maturity for more than 12 months	0.10	0.10	-	-
Non-current bank balances (refer note 15)	0.10	0.10	-	-
Others				
Interest accrued on fixed deposits	-	-	0.10	0.04
Total	0.10	0.10	0.10	0.04

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15. Cash and bank balances

(in Rs million)

	As at March 31,			
	Non - current		Current	
	2014	2013	2014	2013
Cash and cash equivalents				
Balances with banks:				
Current accounts	-	-	0.31	1.10
Deposits with original maturity of less than three months	-	-	20.00	9.50
Cash in hand	-	-	0.01	0.04
			20.32	10.64
Other bank balances				
Deposits with original maturity for more than 12 months	0.10	0.10	-	-
Amount disclosed under non-current assets (note 14.2)	(0.10)	(0.10)	-	-
	-	-	20.32	10.64

16. Revenue from operations

(in Rs million)

	Year ended March 31,	
	2014	2013
Revenue from operations		
Advertisement	405.66	236.93
Mobile VAS	133.49	149.31
Events	13.69	80.72
Consultancy	47.77	52.68
Other Business Income	37.12	21.14
Other Operating Revenue		
Liabilities for operating expenses written back	4.09	1.80
Revenue from operations	641.82	542.58

17. Other income

(in Rs million)

	Year ended March 31,	
	2014	2013
Interest income on bank deposits	1.00	1.50
Foreign Exchange Fluctuation (net)	1.26	0.49
Provision For Doubtful Debts/Advances Written Back	0.85	-
Gain on sale of Investment in an Associate (refer note 35)	78.25	-
Miscellaneous Income	0.00	0.06
	81.36	2.05

18. Cost of services

(in Rs million)

	Year ended March 31,	
	2014	2013
Consultancy & Professional Fee	10.98	4.96
Hire Charges	-	-
Graphic, Music & Editing	-	-
Video Cassettes	-	-
Subscription, Footage & News Service	26.32	20.66
Website Hosting & Streaming	105.20	85.00
Production expenses	66.54	125.98
Travelling	4.14	3.58
Trade Mark/License Fee	7.27	5.45
	220.45	245.63

19. Employee benefits expense

(in Rs million)

	Year ended March 31,	
	2014	2013
Salary, Wages & Other Benefits	157.44	116.02
Contribution to Provident Fund & Other Funds	7.34	5.35
Staff Welfare	0.88	0.58
Employee Stock Compensation Expense	3.21	0.04
	168.87	121.99

20. Operations & Administration Expenses

(in Rs million)

	Year ended March 31,	
	2014	2013
Rent	7.75	7.64
Rates and taxes	22.12	13.04
Electricity and water	3.05	2.80
Printing and stationery	0.10	0.07
Postage and courier	0.04	0.04
Books, periodicals and news papers	2.57	2.15
Local conveyance, travelling & taxi hire	3.23	2.65
Business promotion	1.30	0.76
Repair and Maintenance		
- Plant & Machinery	0.92	0.81
Auditor's Remuneration (See * below)	0.91	0.69
Bank Charges	0.49	0.38
Insurance	3.90	2.61
Communication	4.78	4.59
Vehicle	11.67	4.18
Medical	1.35	1.19
Staff Training	0.85	1.49
Provision for doubtful debts	8.81	1.88
Provision for doubtful advances (refer note 35)	78.86	-
Bad Debt & doubtful advances written off	0.91	1.22
Less: Adjusted with provision	(0.56)	(0.62)
Legal, Professional & Consultancy	39.71	30.83
Loss on Sale of Fixed Assets	0.04	0.00
Asset Written off	0.01	0.01
Miscellaneous	0.76	0.76
	193.57	79.22

*** Auditor's Remuneration**

(in Rs million)

	Year ended March 31,	
	2014	2013
As auditor:		
Audit fee	0.85	0.65
Reimbursement of expenses	0.06	0.04
	0.91	0.69

21. Depreciation and amortization expense

(in Rs million)

	Year ended March 31,	
	2014	2013
Depreciation of tangible assets	3.51	3.30
Amortization of intangible assets	5.84	9.34
	9.35	12.64

22. Finance costs

(in Rs million)

	Year ended March 31,	
	2014	2013
Interest		
Short term borrowings (refer note 36)	0.19	-
Others	1.83	0.04
Processing Fee	-	1.08
	2.02	1.12

23. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

(in Rs million Except per share data)

	Year ended March 31,	
	2014	2013
Profit / (loss) attributable to Equity Shareholders	73.20	77.23
Number of equity shares outstanding at the beginning of the year (Nos.)	66,671	66,671
Number of equity shares outstanding at year end (Nos.)	66,671	66,671
Weighted average number of Equity Shares outstanding during the year for	66,671	66,671
Weighted average number of Equity Shares outstanding during the year for	66,671	66,671
Diluted EPS (Nos.)	66,671	66,671
Basic Earnings per Equity Share (Rs.)	1,097.90	1,158.38
Diluted Earnings per Equity Share (Rs.)	1,097.90	1,158.38
Nominal Value per share (Rs)	10	10

24. Gratuity and other post-employment benefit plans

The Company provides for long term defined benefit schemes of gratuity on the basis of actuarial valuation on the Balance Sheet date based on the Projected Unit Credit Method. The Company recognizes the actuarial gains and losses in the Statement of Profit & Loss as income and expense in the period in which they occur.

(in Rs million)

The reconciliation of opening and closing balances of the present value of the defined benefit obligations are as below:

Particulars	For the year ended March 31,				
	2014	2013	2012	2011	2010
Changes in the Present value of the Obligation:					
Obligations at year beginning	3.63	2.17	1.80	1.46	1.39
Service Cost – Current	1.12	0.98	0.65	0.54	0.50
Service Cost – Past	-	-	-	-	-
Interest Cost	0.30	0.18	0.15	0.12	0.10
Actuarial (gain) / loss	0.28	0.75	0.02	(0.32)	(0.51)
Benefits Paid	(0.66)	(0.45)	(0.45)	-	(0.02)
Obligations at year end	4.67	3.63	2.17	1.80	1.46
Change in plan assets:					
Plan assets at year beginning, at fair value	-	-	-	-	-
Expected return on plan assets	-	-	-	-	-
Actuarial gain / (loss)	-	-	-	-	-
Contributions	-	-	-	-	-
Benefits paid	-	-	-	-	-
Plan assets at year end, at fair value	-	-	-	-	-
Reconciliation of present value of the obligation and the fair value of the plan assets:					
Present value of the defined benefit obligations at the end of the year	4.67	3.63	2.17	1.80	1.46
Fair value of the plan assets at the end of the year	4.67	3.63	2.17	1.80	1.46
Liability recognized in the Balance Sheet	-	-	-	-	-
Defined benefit obligations cost for the year					
Service Cost – Current	1.12	0.98	0.65	0.54	0.50
Service Cost – Past	-	-	-	-	-
Interest Cost	0.30	0.18	0.15	0.12	0.10
Expected return on plan assets	0.28	0.75	0.02	(0.32)	(0.51)
Actuarial (gain) / loss	1.70	1.92	0.82	0.34	0.09
Net defined benefit obligations cost					
Investment details of plan assets					
100% of the plan assets are in the Gratuity fund administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme.					
The principal assumptions used in determining post-employment benefit obligations are shown below:					
Discount Rate	9.30%	8.35%	8.57%	7.99%	7.50%
Future salary increases	5%	5%	5%	5%	5%
Expected return on plan assets					

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The demographic assumptions were as per the published rates of "Life Insurance Corporation of India (1994-96) Mortality Table (ultimate), which is considered a standard table.

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25. Related party disclosures

New Delhi Television Limited	Ultimate Holding Company
NDTV Networks Limited (formerly NDTV Networks Private Limited)	Holding Company
NDTV Media Limited	Fellow Subsidiary
NDTV Labs Limited	Fellow Subsidiary
NDTV Lifestyle Limited	Fellow Subsidiary
NDTV Worldwide Limited	Fellow Subsidiary

NDTV Ethnic Retail Limited (formerly NDTV Ethnic Retail Private Limited)	Associate
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Key Management Personnel and their relatives

Dr. Prannoy Roy	Director
Radhika Roy	Director
S.V.L. Narayan Rao	Director
Vikramaditya Chandra	Group CEO & Director

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties, in the ordinary course of business for the year ended March 31, 2014.

Nature of relationship / transaction	For the year ended March 31, 2014				For the year ended March 31, 2013			
	Ultimate Holding Company	Fellow Subsidiaries	Associate	Total	Ultimate Holding Company	Fellow Subsidiaries	Associate	Total
Rendering of services	29.07	45.83	53.81	128.71	81.64	53.49	-	135.13
NDTV Lifestyle Limited	-	1.25	-	1.25	-	0.76	-	0.76
NDTV Worldwide Limited	-	44.58	-	44.58	-	52.73	-	52.73
NDTV Ethnic Retail Limited	-	-	53.81	53.81	-	-	-	-
New Delhi Television Limited	29.07	-	-	29.07	81.64	-	-	81.64
Trade Mark / Royalty Paid	(7.27)	-	-	(7.27)	(5.45)	-	-	(5.45)
New Delhi Television Limited	(7.27)	-	-	(7.27)	(5.45)	-	-	(5.45)
Services Availed of	(0.07)	-	-	(0.07)	(16.80)	(20.47)	-	(37.27)
NDTV Lifestyle Limited	-	-	-	-	-	(10.47)	-	(10.47)
NDTV Labs Ltd	-	-	-	-	-	(10.00)	-	(10.00)
New Delhi Television Limited	(0.07)	-	-	(0.07)	(16.80)	-	-	(16.80)
Reimbursement Of Expenses	(26.44)	(10.07)	1.91	(34.60)	(18.59)	0.02	-	(18.57)
NDTV Lifestyle Limited	-	(13.24)	-	(13.24)	-	-	-	-
NDTV Media Ltd	-	(0.03)	-	(0.03)	-	(0.17)	-	(0.17)
NDTV Worldwide Limited	-	3.20	-	3.20	-	0.19	-	0.19
NDTV Ethnic Retail Limited	-	-	1.91	1.91	-	-	-	-
New Delhi Television Limited	(26.44)	-	-	(26.44)	(18.59)	-	-	(18.59)
Rent Paid	(7.60)	-	-	(7.60)	(7.64)	-	-	(7.64)
New Delhi Television Limited	(7.60)	-	-	(7.60)	(7.64)	-	-	(7.64)
Shared service cost	(26.28)	-	-	(26.28)	(20.32)	-	-	(20.32)
New Delhi Television Limited	(26.28)	-	-	(26.28)	(20.32)	-	-	(20.32)
Programs purchased	(8.50)	-	-	(8.50)	(42.24)	-	-	(42.24)
New Delhi Television Limited	(8.50)	-	-	(8.50)	(42.24)	-	-	(42.24)
Investment in Associate	-	-	179.89	179.89	-	-	0.20	0.20
NDTV Ethnic Retail Limited	-	-	179.89	179.89	-	-	0.20	0.20
Income Received in Advance	-	-	(145.53)	(145.53)	-	-	-	-
NDTV Ethnic Retail Limited	-	-	(145.53)	(145.53)	-	-	-	-
Short Term Advance	-	-	8.50	8.50	-	-	-	-
NDTV Ethnic Retail Limited	-	-	8.50	8.50	-	-	-	-

Amount due to/from related parties as on March 31, 2014

Nature of relationship / transaction	(in Rs million)		
	Ultimate Holding Company	Subsidiary Companies	Associate Companies
Debit balances outstanding as on 31 March 2014			
Outstanding Receivable	10.79	90.55	27.93
Credit balances outstanding as on 31 March 2014			
Outstanding Payable	(18.98)	(14.33)	-
Income received in advance	-	-	(145.53)

Amount due to/from related parties as on March 31, 2013

Nature of relationship / transaction	(in Rs million)		
	Ultimate Holding Company	Subsidiary Companies	Associate Companies
Debit balances outstanding as on 31 March 2013			
Outstanding Receivable	55.31	29.61	-
Credit balances outstanding as on 31 March 2013			
Outstanding Payable	(71.86)	(25.14)	-

26. Employee stock option plans

The Board of Directors of Company on May 9, 2008 allotted 267 equity shares and 5,067 equity shares to the consultants and Trustees of NDTV Group Employees Trust respectively, collectively amounting to 8% of post issue paid Up Equity Capital of Company. NDTV Group Employees Trust would hold such shares on behalf of employees of Company and employees of the ultimate parent company hereinafter referred to as beneficiaries. The Trust Deed provides that if a beneficiary employee ceases to be an employee before the expiry of the period specified (vesting period), the employee will stand divested of all or part entitled shares on staggered basis.

During the year the Company has identified beneficiaries of 1,934 equity shares to whom ESOPs have been allotted. In aggregate, the Company has identified beneficiaries for 4,201 (Previous Year 2,267) (Net of forfeiture of 734) equity shares till March 31, 2014. Company is recognizing the excess of the fair value, based on independent valuation, over the issue price as an expense in the Statement of Profit and Loss over the vesting period.

27. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of capital advances) is Rs.0.93 million (Previous year Rs.3.66 million)

28. Contingent liabilities

(i) Guarantees issued by bank for Rs.0.10 million (Previous year Rs.0.10 million) in favour of government authorities towards VAT registration.

(ii) Claims against the Company not acknowledged as debt : Income tax matters of Rs.Nil (previous year Rs.7.76 million).

29. Expenditure in foreign currency (accrual basis)	(in Rs million)	
	Year ended March 31,	
	2014	2013
Subscription, Uplinking and news service charges	42.07	31.60
Travelling expenses	0.89	0.95
Other expenses (including production expenses, hire charges, etc.)	5.03	4.85
	47.99	37.40

30. Earnings in foreign currency (accrual basis)	(in Rs million)	
	Year ended March 31,	
	2014	2013
Business income - Website and Syndication	180.36	104.01
Total	180.36	104.01

31. Minimum Alternate Tax Credit Entitlement

During the year, the Company has provided for Rs. Nil (Previous year Rs.15.7 million) as Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act, 1961. In view of the virtual certainty that the Company will be paying normal income tax in the subsequent years, the Company has accounted for MAT credit entitlement of Rs. Nil (Previous year Rs.15.7 million).

During the year Company has utilized Rs.22.52 million (Previous year Rs. Nil) against the MAT credit in view of taxable income under normal tax provisions exceeding taxable income under MAT.

32. Details of dues to micro and small enterprises as defined under the MSME Act, 2006 (As Applicable)

During the year the Company has sought status information from its vendors to be able to classify them as Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the responses received from the vendors, the Company has determined that no information is required to be separately disclosed in this respect.

33. Going concern

Keeping in mind the current economic environment and the Company's future business plan, the Company is confident of its ability to continue operations for the foreseeable future and accordingly the accounts of the Company are prepared on a going concern basis.

34. Segment information

The Company operates in the single primary segment of online/digital broadcast media and accordingly, there is no separate reportable segment.

35. Non Current investment

In September, 2013, the Company sold 10,789 equity shares of NDTV Ethnic Retail Limited, to an investor for a consideration of Rs 78.36 million, which resulted in a gain of Rs 78.25 million. The aforesaid consideration has not been realised as envisaged in the agreement with the investor. Subsequent to the year end, following the investor's inability to pay the agreed consideration, the Company have initiated steps to settle the transaction and have made a provision for the unrealised consideration of Rs 78.36 million in their books of account.

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36. Short Term Borrowings

During the 2012-13 the Company was sanctioned a Cash Credit (CC) and Working Capital Demand Loan (WC DL) facility of Rs.75 million from Yes Bank Limited. This facility is secured by exclusive charge on all the current assets & book debts (both present and future), movable fixed assets (both present and future) located anywhere in India. This charge was created on March 15, 2013. There is Nil balance as on 31st March, 2014 on account of borrowings from Yes Bank Limited.

37. Unhedged foreign currency exposure

The foreign currency exposures that are not hedged by a derivative instrument or otherwise are as follows:

(in Rs million)

Particulars	Year ended March 31,					
	2014			2013		
	Amount in Foreign Currency in million	Exchange Rate	INR Equivalent	Amount in Foreign Currency in million	Exchange Rate	INR Equivalent
Receivables						
GBP	0.01	99.85	1.11	0.02	82.92	1.61
USD	0.66	60.10	41.09	0.58	94.89	41.47
Euro	-	-	-	0.00	69.54	0.35
Grand Total	0.69		42.20	0.60		43.43
Payables						
USD	0.15	60.10	9.13	0.11	94.39	10.01
Grand Total	0.15		9.13	0.11		10.01

38. Transfer Pricing

The Company will appoint independent consultants for conducting a transfer pricing study to determine whether the transactions with associated enterprises entered into in the current year were undertaken at 'arms length prices'. Adjustments, if any arising from the transfer pricing study shall be accounted for as and when the study is completed. The management confirms that all relevant domestic transactions with associated enterprises are undertaken at negotiated contracted prices on usual commercial terms. The provisions of transfer pricing were not applicable for the year ended March 31, 2013.

39. Other commitments

The Company has given a comfort letter to NDTV Ethnic Retail Limited (formerly NDTV Ethnic Retail Private Limited) confirming that the Company shall provide financial and operational support to assist that company in meeting its liabilities as and when they fall due, to the extent of Company's proportion in the share capital of that company.

40. During the year, the Board of Directors of the Company accorded an in principle approval of the merger of NDTV Labs Limited with the Company. The Company is in the process of finalizing the Scheme of arrangement and shall initiate regulatory approvals to initiate the merger process.

41. Previous year figures

Previous years figures have been reclassified to conform to current year classification.

As per our report of even date

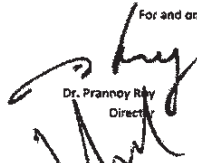
For Price Waterhouse
Chartered Accountants
Firm Registration No - 301112E



Anupam Dhawan
Partner
Membership Number 084451
Place of Signing : New Delhi

Date: May 8, 2014

For and on behalf of the Board


Dr. Pranay Roy
Director

Vikram Chandra
Group CEO & Director


Radhika Roy
Director



Saurav Banerjee
Group Chief Financial Officer
PLACE - BOSTON, USA