

Company Information

- **Board of Directors**
Khalid A H Ansari - Chairman
Tarique Ansari - Managing Director
Narayan Varma
Nana Chudasama
Rakesh Jhunjhunwala
Nikhil Khattau
Ravi Raheja
Adille Sumariwalla
- **Company Secretary & Compliance Officer**
Ms Vidya Shembekar
- **Auditors**
M/s Haribhakti & Co.
Chartered Accountants
Free Press House, Nariman Point,
Mumbai - 400 021.
- **Bankers**
Bank of Baroda
Tardeo, Mumbai- 400 034.
- **Registrar & Transfer Agent**
Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup-West, Mumbai - 400 078.
Tel. No. 2596 3838, Fax No. 2594 6969
- **Registered Office**
Peninsula Centre, Dr.S.S. Rao Road,
Near M.G. Hospital,
Parel, Mumbai - 400 012.
Tel: 2419 7171, Fax: 2415 0009
Website: www.middaymultimedia.com
Email: cs@mid-day.com
- **Press**
Plot No. R-847/3, T.T.C. Industrial Area,
Rabale, Navi Mumbai.
- **Solicitors & Legal Advisors**
Mulla & Mulla & Craigie Blunt & Caroe

**26th Annual General Meeting
on Tuesday, July 31, 2007
at 4.30 p.m.
at Kamalnayan Bajaj Hall,
Ground Floor, Bajaj Bhavan,
Jamnalal Bajaj Marg, 226,
Nariman Point, Mumbai - 400 021**

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Chairman's Note

Ladies and Gentlemen,

Welcome to the 26th Annual General Meeting of your Company!

It was an action oriented year! It was a stepping stone to our dream to become national player. I would like to congratulate our management team and employees for putting in extra efforts and stretching existing resources to successfully initiate our journey of growth. As a result, now we have mid-day at 2 new metros and 3 new radio stations.

During the year, both Print & Radio companies have focused on new launches. I am happy that we got the much needed opportunity of reacquiring the Delhi Mid-Day, which will help the group to achieve higher growth since Delhi is a major advertising market.

Economic Scenario in India

The Indian Entertainment and Media Industry have out-performed the Indian economy and is one of the fastest growing sectors in India. Indian GDP has grown by 9.4% during 2006-07.

Advertising Revenue is poised to grow at 17% compounded annual growth rate (CAGR) to reach Rs 30,100 crore by 2010 from its present size (Source: SSKI Research). I am optimistic of this growth rate coupled with the GDP growth, increasing literacy and government initiatives.

I would like to update you on the status of key business aspects of the Company.

High quality objective

Our key objective is to be national player!

We have successfully launched local editions replicating our basic Mumbai model. I am satisfied with our reach of critical readership mass for the success of these editions.

In case of radio stations, we have adopted completely localized programming and this strategy is helping to built necessary listenership.

High quality team

It was a year, where we invested management time in creating a team which will fuel future growth. In the case of print, we have created a national sales team to monetize our efforts in creating national play.

Manpower strength in radio has gone up 3 times during the last year. We have created teams at new locations which will be focused on local play.

Operating Margins

By focusing on our long term objective of being a national player, we will have to face an impact on our margins in short term. Our margins will suffer while we strive to achieve our readership and listnership numbers, in the short term.

In Radio business, margins are impacted due to new stations launch. This business typically has a fixed cost as major component in terms of staff cost and amortization of one time entry fees. Hence, these new launches will start earning money after reaching critical listenership mass, which will result in improvement in profitability of each station.

There are few positives events during the year which I will like to emphasize on.

- ❖ Reacquisition of delhi Mid-DAY, which has put company on high growth path.
- ❖ Release of movie "Black-Friday", which has resulted in unlocking of funds.



Chairman's Note

- ❖ Consolidation of printing facility at Rabale which will result in better cost management.
- ❖ Reduction in Newsprint price and also rupee strengthening helped to control newsprint cost.

Divisional Review:

❖ **Newsmedia division**

The newsmedia division has breached 100 Cr revenue mark this year. The topline of this segment has grown by 4% to Rs 10,300 Lacs as against Rs 9,922 Lacs in FY06. This growth is despite sizable reduction in circulation revenue from existing products. The reduction in cover price has brought us in line with the competition.

The PBIT for this segment has however declined to Rs 599 Lacs from Rs 1,474 Lacs in FY06. As explained, it is impacted by our expansion plan.

❖ **Radio division**

With the launch of 3 new stations, we are now operating in 4 cities. New stations operationalised during the year are Delhi, Bangalore and Chennai.

Radio topline has grown by 73% with the help of new launches. Topline has increased to Rs 1,484 Lacs against Rs 858 Lacs in FY06.

The loss before Interest and Tax for this segment is at Rs 1,721 Lacs against loss of Rs 136 Lacs in FY06. This is on account of new launches.

• **Black Friday**

Black Friday was released in theatres on February 9, 2007.

Revenue from release is Rs. 294 lacs. The amortisation cost of the film is at Rs.288 lacs.

Conclusion

These are our first steps on the path to become a national media house. I am confident that all our investments and efforts will help us to become a vibrant and respected media house throughout the Country.

Acknowledgement

I would like to acknowledge the efforts, support and valuable guidance of my colleagues on the Board.

I also take this opportunity to express my thanks to various officials of State and Central Government departments, banks and financial institutions for their on-going support and assistance.

Our dealers, customers, ancillaries and vendors have also contributed to our growth efforts and on this occasion it would be very pertinent to thank them for their continued co-operation as well.

I am greatly thankful to all our employees for their consistent level of performance, commitment for Company goals and for their team effort.

Khalid A.H. Ansari

Chairman

Place: Mumbai

Date: May 7, 2007

Management Discussion and Analysis

ENVIRONMENT

The Indian Media & Entertainment Industry is on the threshold of rapid growth. This growth is expected to be led by rising spends on media & entertainment by a growing Indian middle class, rising literacy levels, regulatory initiatives and increased corporate investments.

To unlock value, the Indian media and entertainment industry would need to develop marketable products keeping in mind the socio-economic realities, improve operational effectiveness through global benchmarking, adoption of best practices, technology and strategic innovation.

Print as a medium continues to dominate over other media in terms of revenues from advertising with the highest market share of total advertising spend in India in 2006 (48 percent), which amounted to 7,800 crores. Backed by increasing overall ad spends, the print media industry, including circulation revenues, grew by a healthy 17% in 2006 over 2005. The size of the industry is expected to further increase to Rs. 23,200 crores by 2011.

Radio has been the cheapest mode of entertainment in India for a long time. It has so far been dominated by the state broadcaster, All India Radio. There is now a sea change with the second phase of the FM licensing already rolled out. A total of 245 licenses out of 338 licenses were allocated to 37 different companies, covering 87 cities. These new channels are all expected to be fully functional by the end of 2007. The opening up of the radio industry to foreign investment has also been a major boost to its growth.

The Indian radio industry is set to grow at the fastest rate amongst all other major segments in the Entertainment & Media Industry. It is expected to grow from Rs. 500 crores in 2006 to Rs. 1,700 crores in 2011, which translates into a cumulative growth of 28% over the next five years.

(Source: Third Annual Report by FICCI -PwC, KPMG)

Highlights of Events in Mid-Day Group during the year 2006-07:

- Launch of Mid-Day in Bangalore;
- Company has re-acquired Delhi Mid-Day;
- Theatrical release of Black Friday;
- Launch of Radio stations in Bangalore, Delhi and Chennai;
- Preferential allotment of 1,73,37,288 equity shares to BBC Worldwide BV in Radio Mid-day West (India) Ltd.
- Preferential allotment of 26,85,000 equity shares to Banhem Financial and Investment Consultants Ltd (an associate of the Times Group) & 29,27,333 equity shares to Ferari Investments & Trading Co. Pvt. Ltd (promoter company);

PERFORMANCE OF THE COMPANY DURING THE YEAR :-

During the year ended March 2007, the Company recorded operating revenues of Rs. 105.94 crores as against operating revenues of Rs. 104.36 in the previous year ended March 2006. There has been a 13.5% drop in circulation revenue to Rs. 14.13 crores from Rs. 16.30 crores. This is on account of our reduction in subscription price of Mid-Day. Advertising Revenues have grown marginally by 1.6% from Rs. 86.78 crores to Rs. 88.16 crores.

Surplus from Operations was Rs. 10.77 crores against Rs. 15.25 crores during the previous year ended March 2006. The company has made a Net Profit of Rs. 1.10 crores against Rs. 8.09 crores in the previous year.

Management Discussion and Analysis

On a consolidated basis the operating revenues for the year ended March 2007 is Rs.123.90 crores as against Rs.117.23 crores in the previous year ended March 2006. Net Profit after tax and minority interest for the group is reduced to a loss of Rs. 11.00 crores as against profit of Rs. 6.35 crores in the previous year.

Cost analysis

The cost structure as a proportion to Net Sales of Rs. 105.94 (Previous year Rs. 104.36 crores) is elaborated in the table below:

Particulars	Current yr (Rs. in crores)	(% to Net Sales)	Previous yr (Rs. in crores)	(% to Net Sales)
Cost of printing	44.57	42.07	42.15	40.39
News Expenses	2.28	2.15	2.55	2.44
Employee Cost	25.66	24.22	19.67	18.85
Selling And Distribution	9.92	9.36	6.72	6.44
Other Operational Exp	12.72	12.01	14.45	13.85
Interest & Finance Charges	1.61	1.52	1.35	1.29
Depreciation	6.57	6.20	2.89	2.77

Cost of Printing

Printing cost has increased from Rs. 42.15 crores to Rs. 44.57crores, an increase of 5.74%. Raw materials consumption, at 42% of sales, comprises a substantial cost burden for the company. During the year the Company has managed to control the cost of printing due to falling newsprint prices and strengthening of the Indian Rupee against the dollar. This is despite the additional charge on account of the Bangalore edition.

News Expense

News expenses has reduced to Rs. 2.28 crores from Rs. 2.55 crores in the previous year.

Employee Cost

Employee cost is the next major cost of the Company. It has increased from Rs. 19.67 crores to Rs. 25.66 crores, an increase of 30%. It has gone up from being 18.85% of Sales to 24.22% of Sales. This is due to increasing head count in line with the expansion strategy of the Company. The headcount increase is primarily in Bangalore and Delhi.

Selling & Distribution expenses

Selling & Distribution expenses rose from Rs. 6.72 crores to Rs. 9.92 crores, an increase of 45%. This increase is on account of our launch campaign for the Bangalore edition.

Other Operational expenses

Other manufacturing expenses include the fixed costs incurred by the Company like rent, repairs & maintenance, electricity, legal charges etc. This cost has reduced by 13% from Rs. 14.45 crores to Rs. 12.72 crores, in the previous year, due to increased operational efficiencies.

Interest & Finance Charges

This cost has increased from Rs.1.35 crores to Rs.1.61 crores, an increase of 18%. The increase in the current year is due to increase in borrowings for Rabale press and the Bangalore and Delhi offices. Also there is a general uptrend in the interest rates. We have tried to arrest this by increasingly taking Commercial Paper and ECB's.

Management Discussion and Analysis

Depreciation

Depreciation has increased by 123% in the current year, from Rs.2.89 crores to Rs.6.57 crores. The increase is mainly because the film 'Black Friday' has been treated as a Fixed Asset and its cost has been amortized during the year.

CAPITAL EMPLOYED :

Own funds

The Equity Share Capital of the Company increased by Rs. 5.61 crores due to preferential allotment. The Company received share subscription money worth Rs. 33.67 crores during the year.

In addition, the Company also issued 0.01% Non-cumulative Convertible Preference Shares worth Rs.0.83 crores at a premium of Rs. 50 per share.

The Company also issued 8,33,333 Convertible Share Warrants to the Promoters.

Loan funds

Loan funds for the Company comprised secured loans worth Rs. 17.13 crores (previous year Rs.19.21 crores) and unsecured loans worth Rs. 3.50 crores (previous year Rs. nil).

Debt-equity ratio for the current year is 0.12 : 1 against 0.15 : 1 in the previous year.

Gross block

The Gross Block increased from Rs.64.39 crores to Rs.81.58 crores. Of this, the increase of Rs.7.63 crores is on account of the capitalisation of Black Friday. The Balance investments have been made in the Rabale press and the Bangalore and Delhi offices.

Investments

Investments of the Company have reduced from Rs. 66.53 crores in 2005-06 to Rs. 26.83 crores in 2006-07. There has been a reduction of Rs. 49.24 crores on account of the transfer of investment in Radio Mid-Day West (India) Limited to our 100% subsidiary, Mid-Day Radio North (India) Limited, to give effect to the capital restructuring of the Company.

However, there is an increase in the investments in mutual funds from Rs.14.38 crores to Rs.26.75 crores, an increase of Rs.12.37 crores. The increase is due to the Times of India investment money being parked in treasury operations to meet future contingencies.

Current Assets

The Current Assets of the Company increased from Rs.38.86 crores to Rs.107.84 crores.

There has been a decrease in Inventories, Debtors and Cash & Bank balances on account of better operational management.

Loans & advances have increased due to significant increase in loans to the Radio Subsidiaries.

Current liabilities & Provisions

The current liabilities of the Company rose from Rs. 14.98 crores in 2005-06 to Rs.18.38 crores in 2006-07.

Tax management

The Company calculated charge for income tax in accordance with the tax regulations prevalent in India.

Current taxes are lower at Rs. 0.33 crores against Rs. 3.95 crores, due to lower Profit After Tax.

Deferred income tax reflected the impact of a timing difference between accounting for tax as per the

Management Discussion and Analysis

Companies Act, 1956 and the Income Tax Act, 1961. The deferred tax provision of the Company stood at Rs. 1.96 crores in 2006-07 as against Rs. 0.40 crores in 2005-06.

Fringe Benefit Tax was calculated in accordance with the prevalent tax regulations within the country and stood at Rs. 0.34 crores in 2006-07, as against Rs. 0.31 crores in 2005-06.

SEGMENTWISE PERFORMANCE

Newsmedia

The topline for Newsmedia crossed the Rs. 100 crore mark for the first time and ended at Rs. 103 crores against Rs. 99.22 crores in the previous year, an increase of 4%.

The PBIT of the segment declined from Rs. 14.56 crores to Rs. 5.99 crores, down by 59%. This decline is due to the investments made for the launch of the Bangalore edition.

Radio

The topline for the Radio segment grew by 79%, from Rs. 8.66 crores to Rs. 15.51 crores. We launched three new radio stations in the year under review, in Bangalore, Delhi and Chennai.

The Loss Before Interest and Tax for the year under review was at Rs. 17.21 crores against a Loss of Rs. 1.36 crores in the previous year.

The increase in loss is on account of the investments made in the three new radio stations.

OPPORTUNITIES & CHALLENGES

The Company has taken the first step towards its goal of becoming a national tabloid. Your Company has launched its Bangalore edition and also re-acquired the title "Delhi Mid-Day" from Special Protection Services Private Ltd. This is with the intention of launching the Delhi edition of Mid-Day.

The initial response to the Bangalore edition has been good and we are seeing some traction in the subscription numbers towards the end of the year. There is a time lag between the build up in circulation and the monetisation of the same. Our endeavour in the current year will be to monetise this build up in circulation, even as we strive for a further increase in circulation numbers.

One of the major concerns of the business, the ever-increasing newsprint price has finally shown signs of abating. With a better newsprint mix and strengthening of the India Rupee, this has been contained in the year under review.

In radio, we have re-positioned our playout towards a mass audience. This is in line with our national footprint in the business. We have launched 3 of the new stations in the financial year under review and will launch the remaining 3 in FY 2007-08 as per schedule.

HUMAN RESOURCE DEVELOPMENT:

The Employee Relations in the company continued to be positive.

During the year, the company has recruited several individuals at the senior and middle management levels and assigned them specific functional leadership positions. The focussed approach towards organisational structuring enabled us to establish clearer communication channels and responsibility centres throughout the organisation. We expect this to have a positive impact on the organisation in the future.

Management Discussion and Analysis

The Company believes in empowering colleagues through greater knowledge, opportunity, responsibility, accountability and reward. The company provides an equal opportunity work environment and places great emphasis on acquiring, maintaining and developing human asset base.

EMPLOYEE STOCK OPTION PLAN

To enable employees to participate in the future growth and success of the company, the Company has instituted an Employee Stock Option Scheme 2005. The Company has obtained Shareholders approval at the EGM held on January 8, 2007 to grant 10,00,000 Options to the TRUST 'Mid Day Exports Private Limited' formed for grant of ESOPs to employees.

The Employee Stock Option Scheme 2005 is in accordance with the Securities and Exchange Board of India (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999. The eligibility and number of options to be granted to an employee is determined on the basis of the employee's work performance and approval of the Compensation Committee.

As of 31st March, 2007, 1,14,500 options had been exercised.

Other statutory disclosures as required by the revised SEBI guidelines on ESOPs are given in the Annexure to this report.

None of the management employees or Whole time directors have received options exceeding 5% of the value of the options issued for the year ended March 2007.

Likewise, no employee has been issued share options, during the year equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

ADEQUACY OF INTERNAL CONTROLS

Mid-Day Multimedia Limited has an internal audit and control system. The Company has appointed a firm of Chartered Accountants ASP & CO., as an Internal Auditor. The Internal Audits are conducted at regular intervals and a report is submitted to the Audit Committee at its meeting held at every quarter. Besides this, special audits are also carried out from time to time.

An extensive programme of internal audits supplements the internal control systems. Internal Audit at Mid-Day Multimedia Limited includes evaluation of all financial operations and use of information technology. The audit committee of the company review the findings and directs the senior management to take effective steps to upgrade these systems for better control.

CAUTIONERY STATEMENT

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute 'Forward looking statements' within the meaning of applicable laws and regulations. Your Company undertakes no obligation or liability to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those either expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements and read this report in conjunction with the financial statements included herein.

Corporate Governance

The Directors present the Company's report on Corporate Governance for the year ended March 31, 2007.

Company's Philosophy on Corporate Governance

Mid Day believes in corporate governance. It is a set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled. Corporate governance includes the relationships among the many players involved and the goals for which the corporation is governed. The principal players are the shareholders, management and board of directors. Other stakeholders include employees, suppliers, customers, banks and other lenders, regulators, the environment and the community at large.

Corporate governance is a multi-faceted subject. An important theme of corporate governance deals with issues of accountability and fiduciary duty, essentially advocating the implementation of guidelines and mechanisms to ensure good behaviour and protect shareholders.

The Corporate governance structure spells out the rules and procedures for making decisions on corporate affairs. It also provides the structure through which the Company objectives are set, as well as the means of attaining and monitoring the performance of those objectives.

Corporate governance is used to monitor whether outcomes are in accordance with plans and to motivate the organization to be more fully informed in order to maintain or alter organizational activity. Corporate governance is the mechanism by which individuals are motivated to align their actual behaviors with the overall participants.

A Board Members often plays a key role in corporate governance. It is their responsibility to endorse the organisation's strategy, develop directional policy, appoint, supervise and remunerate senior executives and to ensure accountability of the organisation to its owners and authorities.

Key elements of good corporate governance principles include honesty, trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect, and commitment to the organisation.

Mid Day has accepted and implemented following principles of corporate governance:

- **Rights and equitable treatment of shareholders:** We respect the rights of shareholders and help shareholders to exercise their rights by effectively communicating information that is understandable and accessible and encourage shareholders to participate in general meetings.
- **Interests of other stakeholders:** We recognise that we have legal and other obligations to all legitimate stakeholders.
- **Role and responsibilities of the board:** Our board has a range of skills and understanding to deal with various business issues and have the ability to review and challenge management performance. It has an appropriate level of commitment to fulfill its responsibilities and duties. The key roles of Chairman and Managing Director are held by different persons.
- **Integrity and ethical behaviour:** Mid Day has developed a code of conduct for its directors and senior management personnel which promotes ethical and responsible decision making.
- **Disclosure and transparency:** We have implemented procedures to independently verify and safeguard the integrity of the Company's financial reporting. We believe in timely disclosure of material matters concerning the organisation to ensure that all investors have access to clear, factual information.

Corporate Governance

Board of Directors

Composition of the Board

The Company has a Non-Executive Chairman. The Board consists of eight members, four of whom are independent directors. All Board members are professionals from diverse fields. The day-to-day management of the Company is conducted by the Managing Director subject to supervision and control of the Board of Directors.

No Director of the Company is a Chairman of more than five Board Committees or a Member of more than ten Board Committees as stipulated under the Corporate Governance Code.

The Company has adopted a Code of Conduct for Board members and Senior Management Personnel of the Company. The Company has received confirmations from all Board members regarding compliance of the Code for the year ended March 31, 2007.

Director	Executive/ Non-Executive/ Independent	Other Director ships (Public Ltd. Co.)*	Chairman/ Membership Of Board Committees in other Public limited companies	
			Chairmanship	Membership
Mr. Khalid Ansari	Non-Executive	2	-	-
Mr. Tarique Ansari	Executive	2	-	1
Mr. Narayan Varma	Independent	1	-	-
Mr. Nana Chudasama	Independent	4	-	2
Mr. Nikhil Khattau	Independent	2	-	1
Mr. Rakesh Jhunjunwala	Non-Executive	11	-	-
Mr. Ravi Raheja	Independent	5	4	2
Mr. Adille J. Sumariwalla	Non-Executive	-	-	-

*Excluding directorships in Mid-Day Multimedia Limited.

- Committees considered are Remuneration Committee, Audit Committee and Shareholders/ Investors' Grievance Committee excluding Mid-Day Multimedia Limited.

Corporate Governance

Information about Director appointed/re-appointed

Name of the Director	Mr. Rakesh Jhunjunwala	Mr. Nikhil Khattau
Date of Birth	05.07.1960	20.03.1963
Date of Initial appointment	31.01.2005	31.01.2005
Expertise in specific functional areas and qualifications	<p>He is one of the well-known equity investors in India. Mr. Jhunjunwala belongs to a class of investors who has created wealth through careful stock selection, patience and conviction. Mr. Jhunjunwala has shared his insight into successful investing with the people at large through his articles, interviews and presentations. His passion for stocks compelled him to opt for investing as a career rather than CA practice, a preferred choice of most CAs then. Mr. Jhunjunwala is also known for his trading skills and believes that trend is his friend. He also realized that investing also has a four-letter word attached to it - RISK. Mr. Jhunjunwala has been profiled as one of India's best five investors by Business India magazine in 1998. The media constantly seeks his views and he regularly interacts and shares his opinions with the investing community.</p>	<p>He is a Commerce graduate from the University of Mumbai and a Chartered Accountant from the Institute of England and Wales, has behind him over two decades of experience in areas of asset management and emerging markets corporate finance. He worked with Ernst & Young's corporate finance practice in London & New York.</p>
Directorships held in other Public Companies	<ol style="list-style-type: none"> 1) Aptech Limited 2) Bilcare Limited 3) Concord Biotech Ltd. 4) Geojit Financial Services Ltd. 5) Innovasynth Technologies (I) Ltd. 6) Nagarjuna Construction Co. Ltd. 7) Praj Industries Limited 8) Prime Focus Ltd. 9) Provogue (India) Ltd. 10) Viceroy Hotels Ltd. 11) Tops Security Ltd. 	<ol style="list-style-type: none"> 1) Marico Limited 2) Nagpur Power & Industries Limited
Membership of Committees in other Public Limited Companies	NIL	NIL

Corporate Governance

Board Meetings

Board meetings are held at the Registered Office of the Company. The Board is responsible for the management of the business and meets regularly for discharging its role and functions. The members of the board have complete freedom to express their views and all the decisions are taken on the basis of a consensus arrived at after detailed discussion on each item of the agenda. The functions, role, accountability and responsibilities of the Board are clearly defined in advance.

The items placed at the meetings of the Board include the following:

- Quarterly results of the Company
- Capital Budgets and any updates
- Annual operating plans and budgets
- Financial statements such as cash flow, inventories, sundry debtors and any other claims/liabilities of substantial nature
- Opportunities for expansion, modernization, new projects etc.,
- Financial plans, budgets and review of the same
- Performance of each segment
- The information on recruitment and remuneration of senior officers just below the board level
- Compliance of all laws applicable to the Company including all requirements of the Listing Agreement with both the Stock Exchanges
- Investment proposals , if any
- Proposals for Joint venture/ collaborations;

A detailed agenda is sent in advance along with comprehensive note on each item to enable the Board to take immediate decision during the board meeting. The minutes of the Board meeting are circulated along with agenda papers and are confirmed at the subsequent Board Meeting.

Details of Board meetings held during the financial year 2006-07 and the number of Directors present

Sr. No.	Date of the Board meeting	Total strength of the board	No of Directors present
1	April 28, 2006	9	6
2	July 17, 2006	9	7
3	October 31, 2006	9	7
4	December 11, 2006	8	4
5	January 22, 2007	8	4
6	January 29, 2007	8	6

Corporate Governance

Attendance of Directors

Directors	Relationship With other Directors	Sitting Fees Paid for the year 2006-2007 (In Rs)	No. of Board Meetings Attended out of 6 meetings held during the year	No. of Committee Meetings Attended	Attended Last AGM held on July 17, 2006	Attended Last EGM held on January 8, 2007
Mr. Khalid Ansari	Father of Mr. Tarique Ansari	50,000	4	1	Yes	No
Mr. Tarique Ansari	Son of Mr. Khalid Ansari	NIL	5	4	Yes	Yes
Mr. Narayan Varma	--	1,00,000	6	4	Yes	Yes
Mr. Nana Chudasama	--	1,00,000	5	5	Yes	Yes
Mr. Ravi Raheja	--	50,000	3	2	No	No
Mr. Adille J. Sumariwalla	--	50,000	5	-	Yes	No
Mr. Rakesh Jhunjunwala	--	10,000	1	No	No	No
Mr. Nikhil Khattau	--	60,000	5	1	No	No
	TOTAL	4,20,000				

Committees of the Board

I. Audit Committee

The Company has an Audit Committee, comprising of three Independent Directors as mentioned hereunder. The composition, procedure, role/functions of the committee complies with the requirements of the Companies Act, 1956 as well as those of Clause 49 of the Listing Agreement with Stock Exchanges.

The Managing Director, the Chief Financial Officer, the representatives of Internal Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary of the Audit Committee.

Mr. Narayan Varma, Chairman of the Audit Committee was present at the Annual General Meeting held on July 17, 2006.

Role

The Audit Committee of the Company, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensure:

- Safeguarding of assets and adequacy of provisions for all liabilities.
- efficiency and effectiveness of operations,
- reliability of financial and other management information and adequacy of disclosures
- Compliance with all relevant statutes.

Corporate Governance

The role of the Committee includes the following:

- a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- b) Recommending the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the auditors;
- c) Reviewing with the management the financial statements before submission to the Board.
- d) Reviewing with the management, external and internal auditors, the adequacy of internal control system;
- e) Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity.
- f) Discussion with the external auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;
- g) Reviewing the Company's financial and risk management policies;

The Audit Committee met four times during the year to deliberate on the aforesaid matters. Details of the meetings are given below.

Members	Category	Meetings held	Meetings attended
Mr. Narayan Varma- Chairman	Independent	4	4
Mr. Nana Chudasama	Independent	4	4
Mr. Ravi Raheja	Independent	4	2

2. Shareholders/Investors' Grievance Committee

The Company has constituted Shareholders/Investors' Grievance Committee of the Board of Directors to look into the specific complaints received from the shareholders of the Company.

Members	Category
Mr. Rakesh Jhunjhunwala - Chairman	Non-Executive
Mr. Tarique Ansari	Executive

The Committee looks into the redressal of shareholders and investor's complaints with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend etc.

Investor Services - Complaints Received during the Year ended 31st March 2007

There were no investor complaints pending at the beginning or end of the financial year 2006-2007. Two investor complaints were received during the financial year 2006-2007 and resolved. There are no complaints pending at the end of the year 2006-2007.

Corporate Governance

3. Remuneration Committee

The Remuneration Committee comprises the following:

Members	Category
Mr. Nikhil Khattau - Chairman	Independent
Mr. Khalid Ansari	Non-executive
Mr. Nana Chudasama	Independent

The Committee meeting was held on April 28, 2006.

Remuneration Policy

The remuneration of the Managing Director is decided by the Remuneration Committee based on criteria such as Industry Benchmarks, the Company's performance vis-à-vis industry, performance /track record of the Managing Director and is reported to the Board of Directors. Remuneration comprises a fixed component viz. Salary and Perquisites.

Remuneration of employees largely consists of base remuneration, perquisites and performance linked employee stock option plan.

The components of the total remuneration vary for different cadres and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled, individual performance etc. The objectives of the remuneration policy are to motivate employees to excel in their performance, recognise their contribution, and retain talent in the organisation and reward merit.

Remuneration to Directors

Mr. Tarique Ansari, Managing Director was paid a remuneration of Rs. 39,74,997 by way of Salary, Rs. 4,77,648 by way of PF & FPF, and Rs. 1,27,128 by way of perquisites for the year ended March 31, 2007, which are within the limits prescribed by Schedule XIII of the Companies Act, 1956. Apart from this, none of the directors were entitled to any remuneration except sitting fees for attending board meetings and committee meetings.

Subsidiary Companies

Radio Mid-Day West (India) Limited is a material non-listed Indian subsidiary whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year. Copies of the Minutes of the Board Meetings of the Subsidiary Companies are individually given to all the Directors and tabled at the subsequent Board Meetings.

Corporate Governance

General Body Meetings

Annual General Meetings for the last 3 years and Extra-Ordinary General Meeting were held as under:

Financial Year	Date of AGM	Venue & Time of AGM/EGM	Special Resolutions passed at AGM/EGM for
2003-2004	15.07.2004	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg (Behind Prince of Wales Museum), Mumbai- 400 001 at 4.00 p.m.	Re-appointment of Mr. Tarique Ansari as the Managing Director of the Company for a period of 3 years w.e.f. 1st July, 2004 to 30th June, 2007.
2004-05	18.07.2005	Kamalnayan Bajaj Hall Auditorium, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021 at 4.30 p.m.	1) Issue of 7,00,000 Stock Options under Employee Stock Option Scheme 2005 to Mid Day ESOP Trust
2004-05	17.09.2005 (EGM)	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Mumbai . 400 001 at 11.00 a.m.	1) Investments by FII's / NRIs /PIOs upto a ceiling of 26% 2) Preferential issue of equity shares to FII 3) Alterations in the Articles of Association
2005-06	17.07.2006	Kohinoor Hall, Kohinoor Corner, Opp. Siddhivinayak Mandir, Prabhadevi, Mumbai - 400 025 at 4.30 p.m.	No Special Resolution was passed
2006-07	08.01.2007 (EGM)	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Mumbai - 400 001 at 11.00 a.m.	1) Increase in Authorised Share Capital 2) Alteration of Articles of Association 3) Issue of equity shares and share warrants to Promoters and issue of equity shares and convertible preference shares to others 4) Modification of Employee Stock Option Scheme 2005

Corporate Governance

Postal Ballot

The Company has conducted a Postal Ballot process to seek members consent for making investments/ giving guarantees/ providing securities in radio business to the tune of Rs. 100 crores. The result of the Postal Ballot was declared at the Annual General Meeting of the Company held on July 17, 2006. A Special Resolution under Section 372A of the Companies Act, 1956 was passed by the shareholders with requisite majority.

Disclosures

The particulars of transactions between the Company and its related parties as per the Accounting Standards is set out under Schedule P of Main Company accounts and Schedule Q of Consolidated accounts. There are no materially significant related party transactions, which have potential conflict with the interest of the Company at large.

The Company has complied with the requirements of the Stock Exchanges/ SEBI/ Statutory Authorities on all matters relating to capital markets, since listed.

Code of Conduct

The Board of Directors has adopted the Code of Conduct for Directors and Senior Management. The said Code has been communicated to the Directors and the members of the Senior Management. The Code has also been posted on the Company's website www.middaymultimedia.com

Means of Communication

Quarterly, half-yearly and annual results of the Company were published in the leading English and vernacular news papers. The results and other important information is also periodically updated on the Company's website viz. www.middaymultimedia.com. The Company also holds an Analyst's meet after the results have been taken on record/ adopted by the Board of Directors, where information is disseminated and analysed. Moreover, the Company also gives important press releases from time to time.

Compliances

The Company's Secretarial Department, headed by the Company Secretary, is responsible for compliance in respect of Company and other allied laws, SEBI, Stock Exchange rules and regulations and NSDL/CDSL requirements.

Compliance of Accounting Standards

Company has complied with the Accounting standard 17- Segment Reporting & Accounting Standard 18- Related Party Disclosures. The details of which are given under Schedule Q of the main Balance Sheet and under Schedule Q of the Consolidated Balance Sheet.

Shareholders' Information

General Information for Shareholders

Date of Book Closure	Thursday, July 26, 2007 to Tuesday, July 31, 2007
Date, Time & Venue of the AGM	Tuesday, July 31, 2007 at 4.30 p.m. at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jammalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.
Dividend Payment	No Dividend
Listing on Stock Exchanges	<p>1) Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001. Tel: 2272 1233, 2272 1234</p> <p>2) The National Stock Exchange of India Ltd., "Exchange Plaza", Bandra -Kurla Complex, Bandra- East, Mumbai - 400 051 Tel: 2659 8100</p>
Listing fees	Annual Listing fees paid for the year 2007-2008 to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
Listing on Stock Exchange outside India	Not Applicable
Registered office of Company	Peninsula Centre, Dr. S. S. Rao Road, Parel, Mumbai - 400 012. Tel: 24197171/24104545 Fax: 24150009 E-mail - investors@mid-day.com Web site: www.middaymultimedia.com
Correspondence related to dividends may be addressed to	M/s Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup-West, Mumbai - 400 078. Tel: 2596 3838, Fax: 2594 6969
Share Transfer System	The shares of the Company are traded in dematerialised form only.
Stock Code	Bombay Stock Exchange Limited, Scrip Code - 532416 National Stock Exchange - MID-DAY EQ NSDL/CDSL - ISIN - INE747B01016

Shareholders' Information

Market Price Data

(Rs.)

MONTH	BSE (High)	BSE (Low)	NSE (High)	NSE (Low)
April, 2006	88.00	72.00	88.00	71.75
May, 2006	94.80	55.50	94.40	55.70
June, 2006	70.50	39.60	70.00	41.00
July, 2006	50.80	33.00	52.50	33.00
August, 2006	50.00	33.60	50.50	33.55
September, 2006	50.90	42.90	51.00	42.80
October, 2006	57.80	44.35	59.00	44.30
November, 2006	52.85	43.00	52.80	43.25
December, 2006	57.90	43.35	57.95	47.10
January, 2007	59.50	48.60	62.00	48.50
February, 2007	55.55	39.55	55.80	40.10
March, 2007	44.95	35.60	44.90	35.50

Share Price Performance

(Rs.)

Company's Share Price	BSE	NSE
01.04.2006	80.05	80.00
31.03.2007	39.60	39.45
Increase in %	-102.15	-102.79

The Distribution of Shareholding as on 31st March 2007

No. of Equity Shares held	No. of Shareholders	% of Total Shareholders	No. of Shares	% to total Shares
1-500	22,002	84.59	3,71,43,690	7.37
501-1000	2123	8.16	1,78,50,490	3.54
1001-2000	936	3.60	1,49,25,250	2.96
2001-3000	296	1.14	76,49,060	1.52
3001-4000	150	0.58	53,89,620	1.07
4001-5000	139	0.5340	67,14,360	1.33
5001-10000	199	0.7650	1,50,74,170	2.99
10001 and above	164	0.6310	39,89,39,460	79.20
TOTAL	26,009	100.00	50,36,86,100	100.00

Shareholders' Information

Category of Shareholders as on 31 March, 2007

Category	No. of Shareholders	Voting Strength (%)	No of Shares Held
Individuals	24,877	26.67	1,34,29,859
Companies/Clearing Members	1,065	14.11	71,09,129
FII's/NRI's	52	4.75	23,95,650
Promoters Group	9	51.94	2,61,63,342
Mutual Funds, Banks, Financial Institutions	6	2.53	12,70,630
TOTAL	26,009	100	5,03,68,610

Financial Calendar (tentative and subject to change)

Particulars	Date
Annual General Meeting	July 31, 2007
Financial reporting for 1st Qtr ended June 30, 2007	July 31, 2007
Financial reporting for 2nd Qtr ended September 30, 2007	October, 2007
Financial reporting for 3rd Qtr ended December 31, 2007	January, 2008
Financial reporting for 4th Qtr ended March 31, 2007	April, 2008
Annual General Meeting for the year ended March 31, 2007	July, 2008

Investors Correspondence:

Investors' correspondence may be addressed to:

M/s Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup-West,

Mumbai - 400 078.

Tel: 2596 3838,

Fax: 2594 6969

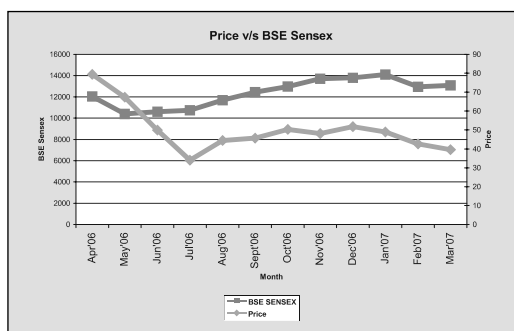
Nomination Facility:

The members holding shares in dematerialised form can contact their respective Depository participant (DP) for availing of the nomination facility.

Shareholders' Information

- v CLOSING PRICE
- v BSE SENSEX

MONTH	BSE SENSEX	Price
Apr-06	12042.56	79.40
May-06	10398.61	67.35
Jun-06	10609.25	49.90
Jul-06	10743.88	33.95
Aug-06	11699.05	44.45
Sep-06	12454.42	45.65
Oct-06	12961.90	50.35
Nov-06	13696.31	48.05
Dec-06	13786.91	51.70
Jan-07	14090.92	48.95
Feb-07	12938.09	42.65
Mar-07	13072.10	39.60



DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2007.

For **Mid-Day Multimedia Limited**

Tarique Ansari
Managing Director

Mumbai: May 7, 2007

Mid-Day Multimedia Limited

Directors' Report

TO THE MEMBERS,

Your Directors hereby present their 26th Annual Report on the business and operations of the Company together with the Audited Financial Accounts for the year ended 31st March 2007.

Financial Performance

(Rs. In Lacs)

	2006-07	2005-06
Profit before Interest, Depreciation, Taxes & Extra-ordinary Items	1,459	1,700
Less: - Interest	161	136
Depreciation	657	289
Extra-ordinary Items	266	-
Profit before taxes	375	1,275
Less: Provision for Taxation	264	466
Net Profit after Tax	111	809
Add: Balance brought from the previous year	3,640	2,831
Total	3,751	3,640
Profit available for appropriation	3,751	3,640

As required under the Accounting Standards, Segment-wise financial statements, related party transactions, calculation of earnings per share, provision of deferred tax liability and Consolidated Accounts of the Company and its four subsidiaries are made a part of the Annual Report. The consolidated statements of the Company have been prepared in accordance with Accounting Standard 21 on Consolidated Financial Statements.

Company Performance

During the year ended March 2007, the Company recorded operating revenues of Rs. 105.94 crores as against operating revenues of Rs. 104.36 in the previous year ended March 2006. Surplus from Operations was Rs. 10.77 crores against Rs. 15.25 crores during the previous year ended March 2006. The Company has made a Net Profit of Rs. 1.10 crores against Rs. 8.09 crores in the previous year.

The Company has taken its first step towards the expansion plan of becoming a national tabloid by launching a Bangalore edition of the flagship "MIDDAY" The Company has also re-acquired the Delhi Mid-Day brand.

Dividend

In order to preserve cash for the operating businesses, your Directors do not recommend any dividend for the financial year 2006-2007.

Fixed Deposits

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

Mid-Day Multimedia Limited

Directors' Report

Share Capital

During the year, the paid up capital of the Company had increased from Rs. 44,75,62,770/- (4,47,56,277 equity shares of Rs. 10 each) to Rs. 50,36,86,100/- (5,03,68,610 equity shares of Rs. 10 each) on account of allotment of 56,12,333 equity shares of Rs. 10/- each at a price of Rs. 60/- per share on a Preferential basis to the following allottees.

- 1) Ferari Investments and Trading Co. Pvt. Ltd. 29,27,333 equity shares. Being a Promoter Group Company, these equity shares shall remain under lock-in till January 22, 2010. i.e for a period of 3 years from the date of allotment.
- 2) Banhem Financial and Investments Consultants Limited 26,85,000 equity shares. These equity shares shall remain under lock-in till January 22, 2008 i.e. for a period of one year from the date of allotment.

The Post Preferential allotment holding of Banhem Financial and Investments Consultants Limited is 5.43% and Ferari Investments and Trading Co. Pvt. Ltd. is 8.12% of the present paid-up capital of the Company.

Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association, Mr. Rakesh Jhunjunwala and Mr. Nikhil Khattau retire by rotation and are eligible for re-appointment.

Corporate Governance

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance Practices followed by the Company together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this Report.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management, confirm that-

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
2. They have, in selection of the accounting policies, consulted the Statutory Auditors and have 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 of the Company for that year;
3. They have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts on a going concern basis.

Auditors

The auditors, M/s Haribhakti & Co., Chartered Accountants, retire as auditors of the Company at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed.

Mid-Day Multimedia Limited

Directors' Report

Subsidiary Companies

As required under section 212 (1) (e) of the Companies Act, 1956, the audited statements of accounts, along with the report of the Board of Directors relating to the Company's subsidiaries, Radio Mid Day West (India) Limited, Mid-Day Broadcasting South (India) Private Limited, Mid-Day Radio North (India) Limited, Mid-Day Outdoor Limited and respective Auditors' Reports thereon for the year ended March 31, 2007 are annexed.

Legal Compliances

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, forms part of the Directors' Report. However, as per provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956 the Annual Report is being sent to all shareholders of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are also annexed.

Acknowledgement

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the banks, customers, advertisers, advertising agencies, bankers, Government Authorities and all the local authorities. Your Directors also thank all the shareholders for their continued support and all the employees of the Company for their valuable services during the year.

For and on behalf of the Board

Mr. Tarique Ansari
Managing Director

Mr. Narayan Varma
Director

Place: Mumbai

Date: May 7, 2007

Mid-Day Multimedia Limited

Annexure to Directors' Report

ANNEXURE 'A'

Statement pursuant to section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

(A) Conservation of Energy:

The Company does not belong to category of power intensive industry and hence consumption of power is not significant. However, the management gives due importance for conservation of energy and also reviews from time to time the measure taken/to be taken for reduction of consumption of energy.

(B) Technology absorption, Research and Development: Not applicable

(A) Foreign Exchange Earnings and Outgo:

	2006-07	2005-2006
i) Foreign Exchange Earnings		
Advertising Revenue	NIL	NIL
II) Foreign Exchange Outgo:		
A) Expenditure in Foreign Currency on account of:		
Particulars	2006-07 (Rs.)	2005-06 (Rs.)
News/Subscription	39,58,507	29,59,318
Travelling	41,33,493	30,28,717
Legal & Professional	8,24,000	33,84,000
Conference & training	4,07,216	9,26,382
Total:	93,23,216	1,02,98,417
	2006-07 (Rs.)	2005-06 (Rs.)
B) C.I.F.Value of Newsprint Imports	32,18,57,287	32,69,11,410

Mid-Day Multimedia Limited

Annexure to Directors' Report

ANNEXURE - 'B'

Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956 relating to Subsidiary Companies

Rs. in lacs

Sr. No.	Name of the Subsidiary	Mid-Day Broadcasting South (India) Pvt. Ltd.	Mid-Day Outdoor Limited	Mid-Day Radio North (India) Limited	Radio Mid-Day West (India) Limited
1.	Holding Company's Interest	Holder of 10,000 Equity Shares of Rs. 10 each out of the total issued and subscribed 10,000 Equity Shares of Rs. 10 each of the aforesaid Subsidiary Company	Holder of 34,94,200 Equity Shares of Rs. 10 each out of the total issued and subscribed 34,95,000 Equity 10 each of the aforesaid Subsidiary Company	Holder of 50,000 Equity Shares of Rs. 10 each out of the total issued and subscribed 50,000 Equity Shares of Rs. 10 each of the aforesaid Subsidiary Company	100% Subsidiary of Mid-Day Multimedia Limited, Mid-Day Radio North (India) Limited is holder of 4,92,49,145 Equity Shares of Rs. 10 each out of the total issued and subscribed 8,66,86,438 Equity Shares of Rs. 10 each of the aforesaid Company
	Net aggregate amount of Subsidiaries profits less losses and not dealt within the Company's Accounts				
	For the Subsidiaries Financial Year ended 31st March, 2007	NIL	-12.97	NIL	-1,568
	For the previous Financial years since it became subsidiary	NIL	-328.95	NIL	-2,477
	Net aggregate amount of Subsidiaries profits less losses and dealt within the Company's Accounts				
	For the Subsidiaries Financial Year ended 31st March, 2007	NIL	NIL	NIL	NIL
	For the previous Financial years since it became subsidiary	NIL	NIL	NIL	NIL

5. No material changes have been occurred between the end of the preceding financial year of the subsidiary and the end of the holding Company's financial year in respect of the Subsidiaries: -
- a. Fixed Assets
 - b. Investments
 - c. The money lent by it
 - d. The money borrowed by it for any purpose other than that of meeting current liabilities.

Mid-Day Multimedia Limited

Annexure to Directors' Report

ANNEXURE 'C' TO DIRECTORS 'REPORT

Pursuant Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

Employee Stock Option Scheme -2005

a)	Options outstanding at the beginning of the year	6,96,000
	Options granted during the year	69,000
b)	The Pricing Formula	At Par Value
c)	Options Vested	116000
d)	Options Exercised (till 31.03.2007)	114500
e)	Total number of shares arising as a result of exercise of options	114500
f)	Options Lapsed (will be re-issued to other employees as per the scheme)	NIL
g)	Variation of terms of Options	Total number of stock options granted to Individual employee is increased to 60,000 options from 30,000 options.
h)	Money realized by Exercise of Options	Rs. 11,45,000
i)	Total number of options in force	7,65,000
j)	Employee wise details of options granted to;	
	(i) Senior managerial personnel;	As per Annexure "I"
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	NIL
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant;	NIL

ANNEXURE "I"

Sr.No	Name	No. of Options granted
1	Mr. Manajit Ghoshal	60,000
2	Mr. Cyriac Mathew	60,000
3	Mr. Rajesh Tahil	60,000
	TOTAL	1,80,000

Mid-Day Multimedia Limited

Annexure to Directors' Report

Fair Value:

The fair value of the options used to compute pro forma net income and earnings per share have been estimated on the dates of each grant using the Black Scholes model.

The various assumptions considered in the pricing model are:

	March 31,2007
Dividend Yield	Nil
Expected Volatility	25%
Risk Free Interest Rate	8%
Expected life of the options	852 days

Impact of fair value method on net profit and EPS

(Rs. In Lacs)

Net Profit (As per P & L a/c)	1,10,60,568
Add: ESOP expenses included in net Income	1,47,10,407
	2,57,70,975
Less: ESOP expenses determined under <i>fair value (Pro-Forma)</i>	1,49,05,859
<i>Net Profit (Pro-forma)</i>	1,08,65,116
Basic EPS (as reported)	0.24
<i>Basic EPS (pro-forma)</i>	0.24
Diluted EPS (as reported)	0.23
<i>Diluted EPS (pro-forma)</i>	0.23

Mid-Day Multimedia Limited

Auditors' Report

TO THE MEMBERS OF MID-DAY MULTIMEDIA LIMITED

1. We have audited the attached Balance Sheet of Mid-Day Multimedia Limited, as at 31st March 2007, the Profit and Loss Account and also 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 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.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) 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;
 - (ii) 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;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) Based on the written representations received from the directors and taken on record by the Board of Directors, we report that none of them are disqualified as on 31st 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;
 - (vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2007;
 - (b) in the case of the Profit & Loss account, 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

For **HARIBHAKTI & Co.**
Chartered Accountants

CHETAN DESAI
Partner
M. No. 17000

Place: Mumbai
Date: May 7, 2007

Mid-Day Multimedia Limited

Annexure to Auditors' Report

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF MID-DAY MULTIMEDIA LIMITED.

I. Fixed Assets:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. We are informed that management at reasonable intervals has physically verified all the fixed assets of the Company. The discrepancies found during the year were not material and the same have been properly dealt with in the books of account.
2. During the year the Company has not disposed off substantial part of its fixed assets

II. Inventories:

3. The management has physically verified stock of stores, spares, and raw material. In our opinion the frequency of verification is reasonable.
4. The procedures and method of physical verification of stock followed by the management are reasonable and adequate in relation to size of the Company and the nature of its business.
5. The Company has maintained proper records of inventory and the discrepancies between the physical stock and the book stock noticed on physical verification, as mentioned in paragraph 3 above, are not material.

III. Internal Controls:

6. There are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed major weaknesses in internal controls.

IV. Transaction with parties under section 301 of the Companies Act 1956:

7. On the basis of our examination of relevant records and on the basis of representation received from the management, transaction that need to be entered in the register pursuant of the section 301 of the Act have been so far entered.
8. On the basis of our examination of books of account, the Company has not entered into any transaction exceeding Rs.5 lacs in respect of any party during the financial year that needs to be entered in the register pursuant to section 301 of the Act.

V. Loans and Advances:

9. The Company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Act except for interest free loans granted to subsidiary companies and Rs. 80 lakhs to Inquilab Offset Printers Pvt. Ltd., the other terms and conditions of which are prima facie not prejudicial to the interest of the Company.
10. According to the information and explanation given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act 1956.
11. In respect of loans and advances in nature of loans given by the Company, to its employees and other parties, repayment of principal and interest, wherever applicable, is being made as stipulated.
12. The Company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.

VI. Deposits:

13. During the year the Company has not accepted any deposits within the meaning of Section 58A or Section 58AA of the Companies Act or any other relevant provisions of the Act and the rules framed thereunder.

VII. Internal Audit:

14. In our opinion, the Company's Internal Audit system is commensurate with its size and nature of the business.

VIII. Statutory Payments:

15. According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on the management representations,

Mid-Day Multimedia Limited

Annexure to Auditors' Report

undisputed Statutory Dues in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, and other Statutory dues have generally been regularly deposited by Company during the year with appropriate authorities in India.

16. As at March 31, 2007 there has been no disputed dues that have not been deposited with respective authorities in respect of Income Tax, Wealth Tax, Excise Duty, Service Tax, except the following:

Nature of Payment	Disputed Amount	Forum where dispute pending
Income Tax (Asst.Yr. 2003 -04)	33,67,784	C. I. T. (Appeals)
Income Tax (Asst.Yr. 2004 -05)	87,33,692	Income Tax Appellate Tribunal

17. According to the Records of the Company, it has not defaulted in payment of its dues to any financial institution or Banks or Debenture Holders.

IX. Losses:

18. The Company has neither accumulated losses as at March 31, 2007, nor it has incurred any cash loss, either during the financial year ended on that day or in the immediately preceding financial year.

X. Guarantees:

19. The Company has given counter guarantees for loan taken by others from the banks and financial institutions, aggregating Rs. 5840.00 lakhs, where the terms and conditions in our opinion, are prima facie not prejudicial to the interest of the Company.

XI. Utilization of Funds:

20. On the basis of review of utilization of funds pertaining to term loans on overall basis and related information as made available to us, the term loans taken by the Company have been applied for the purposes for which they were taken.
21. On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the Company, related information made available to us and as represented to us by the management, funds raised on short basis have not been used for long-term purposes.

XII. Preferential Allotment:

22. During the year the Company has made preferential allotment of equity shares and share warrants to Ferrari Investments and Trading Company Private Limited, a Company covered under Section 301 of the Act. The price at which the shares have been issued is prima facie not prejudicial to the interest of the Company.

XIII. Miscellaneous:

23. The Company has not dealt or traded in shares, securities, debentures or other investments during the year except as shown in Schedule E of the Balance Sheet as at March 31, 2007.
24. As per information and explanation given to us and on the basis of examination of records, no material fraud on or by the Company was noticed or reported during the year.
25. We are informed that the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the activities carried on by the Company.

For **HARIBHAKTI & Co.**
Chartered Accountants

CHETAN DESAI
Partner
M. No. I7000

Place: Mumbai
Date: May 7, 2007

Mid-Day Multimedia Limited

Balance Sheet as at March 31, 2007

	SCHEDULE	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	51,20,19,430	44,75,62,770
Share Warrant		49,99,998	-
Employee Stock Option Outstanding		4,92,58,104	-
Less: Deferred Employee Compensation cost		2,89,65,685	-
		<u>2,02,92,419</u>	
Reserves & surplus	B	1,15,41,11,472	82,07,67,604
		<u>1,69,14,23,319</u>	<u>1,26,83,30,374</u>
Loan funds			
Secured loans	C	17,13,29,696	19,20,67,163
Unsecured loans	D	3,50,00,000	-
		<u>20,63,29,696</u>	<u>19,20,67,163</u>
Deferred tax liability (net) (note no 9)		4,02,75,068	2,06,33,753
	TOTAL	<u>1,93,80,28,083</u>	<u>1,48,10,31,290</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	E	81,57,93,750	64,38,99,028
Less: Depreciation		22,44,30,696	19,67,13,667
Net block		<u>59,13,63,054</u>	<u>44,71,85,361</u>
Investments	F	26,83,03,050	66,53,36,624
Current assets, loans & advances			
Inventories	G	3,42,00,033	5,39,51,367
Sundry debtors	H	20,39,87,185	20,64,86,768
Cash & bank balances	I	48,09,838	3,16,55,521
Other current assets	J	36,759	4,07,44,695
Loans and advances	K	1,01,91,13,693	18,54,90,159
		<u>1,26,21,47,509</u>	<u>51,83,28,510</u>
Less:			
Current liabilities & provisions	L		
Current liabilities		17,71,21,932	14,18,55,476
Provisions		66,63,598	79,63,729
		<u>18,37,85,530</u>	<u>14,98,19,205</u>
Net current assets		<u>1,07,83,61,979</u>	<u>36,85,09,305</u>
	TOTAL	<u>1,93,80,28,083</u>	<u>1,48,10,31,290</u>

Notes forming part of Accounts

Q

Schedules A to P referred form integral part of the balance sheet and the profit & loss account.

As per our report of even date attached.

For **Haribhakti & Co.**
Chartered Accountants

Tarique Ansari
Managing Director

Narayan Varma
Director

Chetan Desai
Partner
M. No. 17000

Manajit Ghoshal
Chief Financial Officer

Vidya Shembekar
Company Secretary

Place : Mumbai,
Date : May 7, 2007

Mid-Day Multimedia Limited

Profit and Loss Account for the year ended March 31, 2007

	SCHEDULE	Year Ended to Mar 31, 2007 Rs.	Year Ended to Mar 31, 2006 Rs.
INCOME			
Circulation revenue		14,12,64,397	16,29,68,214
Advertising revenue		88,15,85,781	86,78,09,428
Jobwork income & Other Operating Income		3,65,63,123	1,25,76,327
Investment & Other Income			
Miscellaneous Income		2,35,01,419	81,50,768
Dividend from Mutual Fund		73,69,048	63,99,867
Interest Income		77,80,469	13,25,000
Gain on disposal of current investments		(14,29,497)	21,39,523
Gain / (Loss) on sale of Fixed Asset (net)		8,53,710	(4,30,437)
		<u>1,09,74,88,451</u>	<u>1,06,09,38,690</u>
EXPENSES			
Cost of printing /painting	M	44,57,00,156	421,526,178
Site rentals		-	3,55,95,046
News expenses		2,28,81,465	2,54,79,931
Employees cost	N	25,65,80,884	19,66,72,730
Selling & distribution	O	9,91,79,250	6,71,50,664
Other operational expenses	P	12,72,15,724	14,44,63,360
Finance charges		1,61,42,479	1,35,36,298
Depreciation		6,57,41,473	2,89,22,342
		<u>1,03,34,41,431</u>	<u>93,33,46,549</u>
Profit before tax and extra ordinary items		6,40,47,020	12,75,92,141
Less: Extra ordinary item		2,65,53,890	-
Profit before tax		<u>3,74,93,130</u>	<u>12,75,92,141</u>
Less: Provision for tax - Current Tax		33,85,589	3,94,58,000
- Deferred Tax		1,96,41,315	40,49,581
- Fringe benefit tax		34,05,658	31,24,104
Net profit after tax		<u>1,10,60,568</u>	<u>8,09,60,456</u>
Balance brought forward		<u>36,40,23,114</u>	<u>28,30,62,655</u>
Profit carried to balance sheet		<u>37,50,83,682</u>	<u>36,40,23,114</u>
Earning per share of Rs.10 each			
Basic		0.24	1.88
Diluted		0.23	1.88

Notes forming part of Accounts

Q

Schedules A to P referred form integral part of the balance sheet and the profit & loss account. As per our report of even date attached.

For **Haribhakti & Co.**
Chartered Accountants

Tarique Ansari
Managing Director

Narayan Varma
Director

Chetan Desai
Partner
M. No. 17000

Manajit Ghoshal
Chief Financial Officer

Vidya Shembekar
Company Secretary

Place : Mumbai,
Date : May 7, 2007

Mid-Day Multimedia Limited

Schedules forming part of Balance Sheet

SCHEDULE	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
Schedule A		
Share capital		
Authorised capital		
5,50,00,000 (5,00,00,000) Equity shares of Rs.10/- each	55,00,00,000	50,00,00,000
50,00,000 (Nil) Preference shares of Rs.10/- each	5,00,00,000	-
<u>Issued, subscribed & paid up capital</u>		
5,03,68,610 (4,47,56,277) Equity shares of Rs.10/- each (including 3,50,66,855 bonus shares issued by capitalisation of share premium)	50,36,86,100	44,75,62,770
8,33,333 (Nil) 0.01% Non-cumulative Convertible Preference shares of Rs. 10/- each	83,33,330	-
	51,20,19,430	44,75,62,770
Schedule B		
Reserves & surplus		
Share premium as per last Balance Sheet	45,67,44,490	29,90,64,490
Add: Share Premium received during the year	32,22,83,300	15,76,80,000
	77,90,27,790	45,67,44,490
Balance as per profit & loss account	37,50,83,682	36,40,23,114
	1,15,41,11,472	82,07,67,604
Schedule C		
Secured loans		
From banks		
Cash credit (Secured against hypothecation of book debts and stock of newsprint and further secured by paripasu charge on present and future, movable & immovable assets of the Company and also secured by personal guarantee of Chairman & Managing Director)	1,50,53,257	7,49,71,098
Foreign currency loan (repayable within a year) (Secured against hypothecation of book debts and stock of newsprint and further secured by paripasu charge on present and future, movable & immovable assets of the Company and also secured by personal guarantee of Chairman & Managing Director)	3,02,56,396	4,46,36,087
Term loan (External Commercial Borrowing) (Secured against mortgage of existing & future fixed assets of the Company and personal guarantee of Chairman & Managing Director)	12,42,35,539	7,08,45,642
Car loan (Secured against hypothecation of cars)	70,887	5,18,148
Interest accrued and due	17,13,617	10,96,188
	17,13,29,696	19,20,67,163
Schedule D		
Unsecured loans		
From Bank - Term Loan (Repayable within 1 year Rs. 3,50,00,000)	3,50,00,000	-
	3,50,00,000	-

Mid-Day Multimedia Limited

Schedules forming part of Balance Sheet

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As At 01.04.2006	Addition	Deduction	As at 31.03.2007	For the period	Deduction	Upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
	(Rs)								
1. Good Will	5,00,000	-	5,00,000	-	-	-	-	-	5,00,000
2. Technical Know how	5,70,59,493	-	-	5,70,59,493	18,19,795	-	5,60,76,124	9,83,369	28,03,164
3. Licence & Marketing Rights	-	45,20,750	-	45,20,750	1,22,617	-	1,22,617	43,98,133	-
4. Freehold Land	1,69,77,800	-	-	1,69,77,800	-	-	-	1,69,77,800	1,69,77,800
5. Plant & Machinery	5,81,16,304	61,95,305	1,96,49,008	4,46,62,601	53,64,934	1,86,84,858	2,77,58,698	1,69,03,903	1,70,37,682
6. Tardoo Press	3,76,90,255	3,78,80,351	-	7,55,70,606	32,88,901	-	1,80,06,722	5,75,63,884	4,79,81,890
7. Rabala Press	15,73,34,907	4,53,31,554	-	20,26,66,461	85,99,468	-	3,39,03,978	16,87,62,483	10,70,20,941
8. Press Premises	9,70,60,999	7,71,86,841	1,21,83,370	16,20,64,470	36,61,362	52,04,608	49,74,380	15,70,90,090	9,05,43,373
9. Office Premises	4,59,98,776	11,50,754	22,49,165	4,49,00,365	19,53,274	4,01,040	23,03,427	4,25,96,938	4,40,45,501
10. Photographic Equipments	55,69,316	25,31,300	5,71,244	75,29,372	20,61,448	4,46,572	23,90,984	51,38,388	35,07,868
11. Air Conditioners	74,41,357	62,01,165	15,85,031	1,20,57,491	9,59,321	11,08,700	26,95,887	93,61,604	45,96,091
12. Office Equipments	39,60,466	8,96,333	7,77,364	40,79,435	13,30,144	5,72,975	12,38,749	28,40,686	26,30,321
13. Furniture & Fixtures	1,22,22,919	62,33,097	29,92,281	1,54,63,735	48,22,858	24,52,670	45,70,378	1,08,93,357	74,00,061
14. Vehicles	94,14,507	16,19,709	8,38,182	1,01,96,034	49,36,225	5,78,030	58,32,399	43,63,635	44,78,282
15. Fire Fighting System	4,43,097	1,28,271	-	5,71,368	3,38,549	-	3,55,722	2,15,646	1,04,548
16. Electric Installation	1,76,69,484	1,39,71,198	35,04,431	2,81,36,251	48,89,536	26,63,221	44,55,956	2,36,80,295	1,27,79,948
17. Computers	3,77,23,446	1,22,51,803	56,43,223	4,43,32,026	3,10,21,247	54,11,770	3,13,12,613	1,30,19,413	67,02,199
18. Computers Software	50,57,600	20,72,725	-	71,30,325	6,40,212	12,53,334	18,93,546	52,36,779	44,17,388
19. Film - Black Friday	-	7,62,98,233	-	7,62,98,233	2,65,38,516	-	2,65,38,516	4,97,59,717	-
20. Capital work in progress (Including capital advances)	7,36,58,303	10,58,55,755	17,79,37,124	15,76,934	-	-	-	15,76,934	7,36,58,303
TOTAL	64,38,99,028	40,03,25,144	22,84,30,423	81,57,93,750	19,67,13,667	3,75,24,444	22,44,30,696	59,13,63,054	44,71,85,361
Previous Year	43,47,19,431	44,34,76,316	23,42,96,719	64,38,99,028	17,73,11,813	2,89,22,342	19,67,13,667	44,71,85,361	-

Mid-Day Multimedia Limited

Schedules forming part of Balance Sheet

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
Schedule F		
UNQUOTED: (trade)		
Investment in Subsidiaries (long term at cost less provision)		
34,94,200 Equity Shares of Rs.10/- each of Mid-Day Outdoor Ltd.	3,49,42,000	3,49,42,000
Less: Provision for diminution in value of investment	3,49,42,000	3,49,42,000
	-	-
0 (4,92,49,150) Equity Shares of Rs.10/- each of Radio Mid-Day West (India) Ltd.	-	49,24,91,500
10,000 (10,000) Equity Shares of Rs.10/-each of Mid-Day Broadcasting South (India) Pvt.Ltd.	1,00,000	1,00,000
50,000 (50,000) Equity Shares of Rs.10/-each of Mid-Day Radio North (India) Ltd.	5,00,000	5,00,000
Investment in Associates (long term at cost less provision)		
28,23,530 Equity Shares of Rs.10/- each of M.C.Media Pvt.Ltd.	1,34,90,284	2,82,35,300
Less: Provision for diminution in value of investment	1,34,90,284	-
	-	2,82,35,300
Others (long term at cost less provision)		
250 Equity Shares of Rs.10/- each of Awami Co-operative Bank Ltd.	2,500	2,500
Sub total	6,02,500	52,13,29,300
Other Unquoted:		
Investments in mutual funds (current at cost)		
ABN AMRO Mutual Fund		
4,33,612 (6,45,798) Units - Future Leaders - Dividend	43,36,123	65,04,271
19,41,453 (19,08,359) Units - MIP - Dividend	2,04,73,786	2,01,23,843
0 (1,20,169) Units - Equity - Dividend	-	22,63,713
1,31,020 (0) Units - Opportunity - Dividend	22,49,088	-
5,00,000 (0) Units - Sustainable Development - Dividend	50,00,000	-
5,00,000 (0) Units - Future Leader - Dividend	50,00,000	-
1,08,103 (0) Units of DSP Merrill Lynch Mutual Fund - Opportunity - Dividend	25,00,000	-

Mid-Day Multimedia Limited

Schedules forming part of Balance Sheet

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
DWS Mutual Fund		
10,06,979 (0) Units - Fixed term series 27 - Dividend	1,00,98,576	-
10,07,373 (0) Units - Money plus - Dividend	1,01,26,819	-
1,31,352 (0) Units of Fidelity India Mutual Fund - Special Situation - Dividend	16,00,000	-
65,784 (0) Units of Franklin India Mutual Fund - Prima Plus - Dividend	21,78,838	-
HDFC Mutual Fund		
43,24,720 (0) Units - Cash Management Savings Plan - Dividend	4,45,82,408	-
19,899 (22,619.78) Units - Equity - Dividend	7,99,494	6,93,000
0 (1,16,917) Units - Prudence - Dividend	-	34,88,886
0 (4,88,998) Units of HSBC Mutual Fund - Advantage India - Dividend	-	50,00,000
Kotak Mutual Fund		
0 (19,55,990) Units - Kotak Flexi FOF - Series I	-	2,00,00,000
17,87,384 (0) Units - Kotak Flexi FOF - Series II	1,80,67,482	-
5,00,000 (0) Units of - Wealth Builder Series I - Dividend	50,00,000	-
1,03,028 (0) Units of Principal Income Fund - ST	10,39,545	-
Prudential ICICI Mutual Fund		
2,08,410 (0) Units - Liquid Fund - Dividend	24,70,623	-
1,65,634 (141794) Units - Dynamic - Dividend	38,28,447	20,00,000
30,992 (86,431) Units - Emerging Star Fund - Dividend	6,00,000	15,00,000
19,00,000 (0) Units - FMP Series 35 - Dividend	1,90,35,950	-
5,00,000 (0) Units - Fusion fund - Dividend	50,00,000	-
0 (17,30,014) Units - Monthly Income Plan - Dividend	-	2,00,00,000
1,60,944 (0) Units - Infrastructure fund	24,85,185	-
13,73,539 (0) Units - Liquid Plan - Dividend	1,62,64,758	-
3,51,261 (0) Units - Liquid Fund - Dividend	37,85,084	-
0 (1,86,709) Units PDFD - Discovery	-	31,89,330
Reliance Mutual Fund		
1,31,287 (3,13,279) Units - Equity Opportunities - Dividend	25,00,000	45,00,000
0 (3,00,000) Units - Equity	-	30,00,000
10,00,000 (0) units - II Fixed Horizon Annual - Growth	1,00,00,000	-
5,00,000 (0) Units - Fixed Horizon IV - Dividend	50,32,669	-
9,19,111 (0) Units - Floating Liquid Plan	92,05,703	-
43,114 (25,307) Units - Growth	20,67,134	10,00,000
11,77,815 (0) Units - Liquid	1,23,80,368	-
96,913 (1,27,247) Units - Vision Dividend	33,63,685	52,82,608
0 (12,03,081) Units of Templeton Mutual Fund - Floating Rate Short Term	-	1,20,62,891

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
SBI Mutual Fund		
47,846 (0) Units - Magnum Global - Dividend	26,02,242	-
8,50,537 (0) Units - Magnum Global - Dividend	86,97,886	-
0 (1,15,606.94) Units - Magnum Midcap - Dividend	-	20,00,000
54,054 (0) Units - Magnum Multiplier Plus Scheme - 93 - Dividend	25,00,000	-
85,876 (0) Units - Magnum sector Umbrella - Dividend	23,35,830	-
Standard Chartered Mutual Fund		
0 (31,19,166.37) Units - Liquidity Manager - Dividend	-	3,11,94,782
20,05,642 (0) - Arbitrage - Dividend	2,02,76,435	
Sub total	26,74,96,550	14,38,03,324
QUOTED: (trade at cost)		
2,400 Equity shares of Rs.10/- each of Bank Of Baroda (market value Rs.5,52,720; previous period Rs.5,18,400)	2,04,000	2,04,000
	26,83,03,050	66,53,36,624
Aggregate of quoted investments	2,04,000	2,04,000
Aggregate of unquoted investments	26,80,99,050	66,51,32,624

Details of Investments Purchased & Sold during the year

	Face Value Rs.Per Unit	No.of Units	Cost (Rs.)
ABN AMRO Floating Rate Inst-DM	10	10,99,071.923	1,10,31,719
ABN AMRO Floating Rate Regular - DW	10	3,10,740.713	31,08,961
ABN AMRO Long Term Floating Rate Regular - DW	10	4,99,875.0312	50,00,000
DWS Money Plus fund	10	10,02,308.346	1,00,75,905
Reliance Floating Rate-DW	10	6,06,412.657	61,16,703
Pru ICICI MIP-DM	10	17,74,104.873	2,05,09,717
Pru ICICI Discovery-D	10	3,26,653.192	55,53,104
Principal Growth-D	10	77,841.815	11,12,360
HDFC Cash Management Fund	10	3,40,932.154	36,25,848
Principal Cash Mgmt-Daily Div Rein	10	3,02,696.373	30,27,630

Mid-Day Multimedia Limited

Schedules forming part of Balance Sheet

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
Schedule G		
Inventories		
Newsprint	3,15,11,342	5,21,36,219
Consumables	26,88,691	18,15,148
	<u>3,42,00,033</u>	<u>5,39,51,367</u>
Schedule H		
Sundry debtors (Unsecured)		
Debts outstanding for a period exceeding 6 months considered doubtful	27,69,459	21,46,951
Debts outstanding for a period exceeding 6 months considered good	2,52,49,912	4,92,66,508
Other debts considered good *	17,87,37,273	15,72,20,260
Less : Provision for doubtful debts	27,69,459	21,46,951
	<u>20,39,87,185</u>	<u>20,64,86,768</u>
<p>*(Debtors less than six months are net of Rs 1,45,09,953/- being value of complimentary advertisements to be released in future under specific arrangements).</p>		
Schedule I		
Cash & bank balances		
Cash on hand	6,59,770	9,74,764
In current accounts with scheduled banks	40,12,387	1,86,72,890
In fixed deposit with scheduled banks	57,867	1,15,57,867
Margin money with scheduled banks	79,814	4,50,000
	<u>48,09,838</u>	<u>3,16,55,521</u>
Schedule J		
Other current assets		
Production cost of film completed	-	4,06,54,563
Interest accrued but not due	36,759	90,132
	<u>36,759</u>	<u>4,07,44,695</u>
Schedule K		
Loans & advances		
Unsecured, considered good		
Loans to subsidiaries	72,51,27,308	5,66,26,242
Loans to others	1,04,600	15,11,517
Trade deposit	10,68,00,683	11,04,41,049
Staff advance	31,62,472	31,21,744
Advance Income-tax(net of provision)	28,45,223	(5,41,624)
Advances given for Investment	16,56,39,978	-
Advances recoverable in cash or kind , or for value to be received	1,54,33,429	1,43,31,231
	<u>1,01,91,13,693</u>	<u>18,54,90,159</u>

Mid-Day Multimedia Limited

Schedules forming part of Balance Sheet

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
Schedule L		
Current liabilities & provisions		
Current liabilities		
Sundry creditors - SSI*	4,75,684	3,17,570
- Others	12,03,19,074	9,59,60,235
Other liabilities	4,88,87,719	3,87,82,297
Trade deposit	74,39,454	67,95,374
	17,71,21,932	14,18,55,476
Provisions		
Provision for leave encashment	66,63,598	79,63,729
	66,63,598	79,63,729
	18,37,85,530	14,98,19,205

* Names of SSI undertakings :

Shobha Plastic Industries, Print Top Rubber Industries

Mid-Day Multimedia Limited

Schedules forming part of Profit & Loss Account

	Year Ended Mar 31, 2007 Rs.	Year Ended Mar 31, 2006 Rs.
Schedule M		
Cost of printing / painting		
Consumption of Newsprint		
Opening stock	5,21,36,219	2,80,19,753
Purchases (net)	34,43,51,575	36,78,44,735
	39,64,87,794	39,58,64,488
Closing stock	3,15,11,342	5,21,36,219
	36,49,76,452	34,37,28,269
Printing job work & labour charges	1,81,96,849	2,34,41,969
Printing & Packing materials	5,29,32,167	4,64,19,349
Electricity	95,94,688	51,43,856
Painting & fabrication	-	27,92,735
	44,57,00,156	42,15,26,178
Schedule N		
Employees cost		
Salaries, wages & bonus	18,08,26,993	14,35,82,023
Contribution to PF,FPF	1,00,63,965	90,27,077
Gratuity	32,36,606	61,42,540
Outsourcing	5,20,53,422	3,11,02,495
Staff welfare expenses	84,55,973	68,18,595
ESOP Compensation (Includes Rs 64,15,270 for 2005-06)	1,47,10,407	-
	26,93,47,365	19,66,72,730
Less: Capitalised for Rabale project (Includes Rs 75,78,670 for 2005-06)	1,27,66,481	-
	25,65,80,884	19,66,72,730
Schedule O		
Selling & distribution		
Freight	2,94,26,193	1,94,89,937
Entertainment & business development	3,15,26,513	3,23,89,549
Advertisement expenses	3,82,26,545	1,52,71,178
	9,91,79,250	6,71,50,664

Mid-Day Multimedia Limited

Schedules forming part of Profit & Loss Account

	Year Ended Mar 31, 2007 Rs.	Year Ended Mar 31, 2006 Rs.
Schedule P		
Other operational expenses		
Conveyance	98,98,178	65,13,827
Electricity	53,66,917	55,20,507
General expenses	33,30,600	47,79,171
Vehicle expenses	8,24,559	20,68,626
Insurance premium	33,04,499	17,29,479
Legal & professional charges	1,01,81,537	1,20,24,103
Machinery repairs	1,11,98,242	53,30,149
Other repairs & maintenance	1,33,94,991	1,01,59,411
Printing & stationery	68,42,512	40,18,825
Postage & telephone	1,40,83,082	1,54,98,058
Rent, rates & taxes	3,32,83,506	3,66,47,147
Travelling	1,00,14,205	1,34,19,086
TV production & broadcasting	-	14,55,755
Site repairs & maintenance	-	1,48,04,739
Site electricity	-	27,57,350
Bad debts written off	17,95,817	43,57,557
Membership & Subscription	21,45,099	17,31,204
Directors fees	4,20,000	5,20,000
Donation	5,53,601	6,42,501
<u>Remuneration to auditors for :</u>		
Statutory audit	3,87,228	1,10,200
Taxation matter	-	1,60,000
Tax audit	30,300	30,305
Certification work	1,10,850	66,120
<u>Remuneration to branch auditors for :</u>		
Statutory audit	22,000	50,000
Taxation matter	-	31,740
Tax audit	10,000	10,000
Certification work	18,000	27,500
	12,72,15,724	14,44,63,360

Mid-Day Multimedia Limited

Notes Forming Part of the Accounts

SCHEDULE 'Q'

Notes Forming Part of the Accounts for the Year ended March 31, 2007.

I. Accounting Policies

- a) Company follows the accrual system of accounting for all revenues and expenses. Advertisement and circulation revenue is net of commission/credits allowed. As per industry practice, income/expenditure of a reciprocal nature not involving any monetary transactions have not been considered. Circulation Revenue is recognized at the time of dispatch and advertisement revenue is recognized on the date of publication.

Share of combined advertisement revenue received from advertisers are accounted on the basis approved by the management.

2. The Company provides depreciation under the straight-line method as per the rates prescribed in Schedule XIV of the Companies Act, 1956 in respect of office & factory premises and Presses. Depreciation on other fixed assets is provided under the written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Technical know-how is amortized over a period of five years from the month of acquisition. License & Marketing right is amortised over a period of ten years.

Production cost of film is identified as intangible asset and it is amortised based on the estimate of overall revenue potential of the film and balance is carried to the Balance Sheet.

- a) Company has set up an approved gratuity fund and has funded with the HDFC Standard Life Insurance, its present and past liabilities based on actuarial valuation. Leave Encashment is provided based on actuarial valuation.
- b) Stocks of newsprint and consumables are valued at lower of cost (FIFO basis) or net realizable value.
- c) All investments of long-term nature are valued at cost. Diminution in value of such investments, if of permanent nature, is provided for. Current investments are valued at cost.
- d) Foreign Exchange Transactions: Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign Currency assets and liabilities are restated at the rate prevailing at the year end or at the forward rate where forward cover has been taken. In respect of transactions covered by forward exchange contracts, the difference between the contract rate and the rate on the date of the transaction is recognised as income or expense in the profit and loss account over the life of the contract.
- e) Current tax is provided at the current tax rates on taxable income. The Company provides for deferred tax based on tax effect of timing differences resulting from the recognition of items in the financial statements and in estimating its current tax provision using the tax rates and tax laws that have been enacted or substantively enacted. Deferred Tax Assets arising from timing differences are recognized to the extent there is a reasonable certainty that these would be realized in future.
- f) Borrowing costs that are attributable to the acquisition, construction or production of a

Mid-Day Multimedia Limited

Notes Forming Part of the Accounts

qualifying asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

- g) In respect of stock options granted pursuant to the Company's Stock Option Schemes, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period.

3. Contingent Liability

- a) Demands raised by Income-tax department for assessments up to 31.3.2004 Rs. 121 Lacs net of provisions (Rs.49 lacs) arising out of non-granting of Company's claims. The Company has preferred an appeal and is confident of the demand being set aside.
- b) Capital commitments to the extent not provided for or paid Rs. 21 lacs (Rs 587 lacs)
- c) In respect of corporate guarantee issued to State Bank of Travancore in respect of cash credit facility granted to SSI Media India Private Limited, upto Rs 50 lacs (Rs 50 lacs).
- d) In respect of guarantees issued by Company's bankers to MSRDC for Rs 3 lacs (Rs 15 lacs).
- e) In respect of corporate guarantee issued against term loan given by Bank of Baroda to Radio Mid-Day West (India) Ltd Rs.150 Lacs & CC limit Rs. 140 Lacs and In respect of counter guarantee issued to UTI Bank Ltd on behalf of Radio Mid-Day West (India) Ltd. Rs. 5500 lacs.
- f) Claims against the Company in respect of various defamation suits and claims of employees, amount not ascertainable (Previous year Unascertainable)
4. The Company has allotted 29,27,333 equity shares at a price of Rs. 60 each aggregating to Rs. 17,56,39,980 and 8,33,333 share warrants to Ferari Investments and Trading Co.Pvt. Ltd, a promoter group Company at an exercise price of Rs. 60 each. (10% of warrant exercise price i.e. Rs. 6 per warrant aggregating to Rs. 49,99,998/- was paid up front as subscription price and balance 90% i.e. Rs. 54/- per warrant shall be payable at the time of conversion of warrants into equity shares). The Company has also allotted 26,85,000 equity shares at a price of Rs. 60 each aggregating to Rs. 16,11,00,000/- and 833,333 0.01% convertible preference shares at a price of Rs. 60 per share aggregating to Rs 4,99,99,980/- to Banhem Financial and Investment Consultants Limited, an affiliate of Bennett Coleman and Co Ltd.
5. Managerial Remuneration: Managing Director

Particulars	2006-07 (Rs.)	2005-06 (Rs.)
Salaries, Wages & Bonus	39,74,997	32,92,500
Contribution to PF & FPF	4,77,648	3,93,228
Perquisites	1,27,128	1,09,894

6. C.I.F.Value of Newsprint Imports

Particulars	2006-07 (Rs.)	2005-06 (Rs.)
C.I.F.Value of Newsprint Imports	32,18,57,287	32,69,11,410

Mid-Day Multimedia Limited

Notes Forming Part of the Accounts

7. Expenditure in Foreign Currency on account of:

Particulars	2006-07 (Rs.)	2005-06 (Rs.)
News/Subscription	39,58,507	29,59,318
Traveling	41,33,493	30,28,717
Legal & Professional	8,24,000	33,84,000
Conference & training	4,07,216	9,26,382

8. Consumption of Newsprint

Particulars	2006-07 (in Rs. Lacs)	%	2005-06 (in Rs. Lacs)	%
Imported	3,462	95.00	3,434	99.91
Indigenous	188	5.00	3	0.09

9. The calculation of deferred tax asset/(liability) is shown below:

Particulars	Opening (Rs.)	During the year (Rs)	Closing (Rs.)
Depreciation	(2,29,30,354)	(1,32,81,413)	(3,62,11,767)
Deferred revenue expenditure	(26,614)	26,614	-
C/F Loss	-	1,14,40,855	1,14,40,855
Deferred Cost of Film	-	(1,69,13,328)	(1,69,13,328)
Bad Debt Provision	9,38,244	(4,72,129)	4,66,115
Provision for Leave Encashment	13,84,971	(4,41,915)	9,43,056
Total	(2,06,33,753)	(1,96,41,315)	(4,02,75,068)

10. During the year, Company has raised Rs. 3,917 lacs by way of preferential allotment (as per above note). Out of the total amount raised, Rs. 1,656 lacs is paid to Ferrari Investment & Trading Co. Pvt. Ltd. for purchase of shares in Radio Mid-Day West (India) Ltd. Balance unutilised amount Rs 2,261 lacs is invested in Mutual funds.
11. The difference between cost of investment in equity shares in M.C. Media Pvt Ltd (Rs. 282.35 lacs) and amount realised from official liquidator (Rs. 147 lacs) towards Company's share in distribution of asset of M. C. Media has been charged off during the year and shown as extra ordinary item.

It also includes amount w/off against loan given to subsidiary companies Rs. 130 lacs.

Mid-Day Multimedia Limited

Notes Forming Part of the Accounts

12. Disclosure with regards to Provisions as per Accounting Standard - 29 is as under:

Particulars	Amount (Rs.)
Leave encashment	
Opening balance	79,63,729
Less: Payment during the year	30,46,239
Add: Provision during the year	17,46,108
Closing Balance	66,63,598

13. Calculation of EPS

Particulars	2006-07	2005-06
Net Profit after tax for the year (Rs)	1,10,60,568	8,09,60,456
Calculation of weighted average number of equity shares		
Number of shares at the beginning of the year	4,47,56,277	4,25,66,277
Weighted avg. of Shares issued during the year	10,60,962	4,08,000
Weighted avg. Number of Equity Shares considered for Basic EPS calculation.	4,58,17,239	4,29,74,277
Weighted avg. Number of Equity Shares considered for Diluted EPS calculation.	4,74,90,214	4,29,74,277
Basic Earnings/(loss) (in Rupees) Per Share	0.24	1.88
Diluted Earnings/(loss) (in Rupees) Per Share	0.23	1.88

14. Segment reporting:

Particulars	Newsmedia	Outdoor	Film	Total (Rs.Lacs)
A. Segment Revenue				
i) External sales	10,300	0	294	10,594
	(9,922)	(511)	(0)	(10,433)
ii) Inter-segment sales	0	0	0	0
	0	(164)	(0)	(164)
iii) Total Revenue	10,300	0	294	10,594
	(9,922)	(675)	(0)	(10,597)

Mid-Day Multimedia Limited

Notes Forming Part of the Accounts

Particulars	Newsmedia	Outdoor	Film	Total (Rs.Lacs)
B Segment Results				
Profit before interest & tax	599 (1,474)	-1 (-8)	6 (-17)	604 (1,449)
Less: Unallocable expenditure net of unallocable income	-	-	-	-198 (38)
Less: Interest	-	-	-	161 (135)
Less: Extra ordinary Item	-	-	-	266 (0)
Total Profit before tax	-	-	-	375 (1,276)
Less : Provision for tax	-	-	-	264 (466)
Net Profit after tax	-	-	-	111 (810)
C Segment Capital Employed				
Segment assets	8,426	538	630	9,593
(A)	(7,453)	(626)	(673)	(8,752)
Segment liabilities	1,548	286	187	2,021
(B)	(1,076)	(350)	(78)	(1,504)
(A-B)	6,878 (6,377)	252 (276)	443 (595)	7,572 (7,248)
Unallocable net assets & investments				11,808 (7,561)
Total Capital Employed	-	-	-	19,380 (14,810)
Segment capital expenditure	1,461 (2,277)	0 0	763 0	2,224 (2,277)
Unallocable capital expenditure				0 (0)
Segment depreciation	387 (283)	0 (6)	265 0	652 (289)
Unallocable depreciation	-	-	-	0 (0)

Notes: Segment revenue, segment results and segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses and income and assets and liabilities, which are not directly relatable to the business segment, are shown as unallocable.

Mid-Day Multimedia Limited

Notes Forming Part of the Accounts

15. Disclosure with regard to related party transactions as per Accounting Standard AS- 18 is as follows:

Relationship

A. Subsidiary Company

Name of The Party	Relationship	Nature of Transaction during the year	Amount of transaction (Rs.)	Closing Balance Due (to)/ from Rs.	Amount written off/ added back Rs.
Mid-Day Broadcasting South (India) Pvt. Ltd	Subsidiary Company	Received against Advances given	75,31,000	Nil	1,16,56,689
Mid-Day Radio North (India) Ltd	Subsidiary Company	Advances Given (net)	47,66,86,500	51,20,40,938	Nil
Mid-Day Outdoor Limited	Subsidiary Company	Unsecured Loan	Nil	20,84,370	Nil
Radio Mid-Day West (India) Ltd	Subsidiary Company	• Advertisement Income	64,55,379	1,28,58,058	Nil
		• Rent Income	14,64,645		
		• Expense Reimbursement	45,60,207		
		• Interest on Loan given	94,60,229		
		• Loan Given	21,10,02,000		

B. Other related parties where control exists:

Name of The Party	Relationship	Nature of Transaction during the year	Amount of transaction (Rs.)	Closing Balance Due (to)/ from Rs.	Amount written off/ added back Rs.
Inquilab Offset Printers Pvt. Ltd	Associate Company	Rent expense for press premises	31,72,800	34,086	Nil
Ferari Investments and Trading Co Pvt. Ltd.	Associate Company	Advance Given for Purchase of shares of Radio Mid-Day West (India) Ltd.	16,56,39,978	16,56,39,978	Nil
		Subscription of Equity shares and Share Warrants of the Company	18,06,39,978		

Mid-Day Multimedia Limited

Notes Forming Part of the Accounts

During the year, there were no transactions with the following associate companies:

- Mid-Day Exports Pvt. Ltd.
- M.C Media Pvt. Ltd.
- Meridian Holding & Leasing Co Pvt. Ltd.

C. Key Management Personnel:

- Mr. Khalid Ansari
- Mr Tarique Ansari (Remuneration Rs 45,79,773 Refer Note 5)

D. Relatives of key management personnel and their enterprises where transactions have taken place: Not Applicable

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

17. Company has launched new edition of Mid-Day in Bangalore and reacquired Delhi edition during the year.
18. Previous year's figures have been re-grouped / re-arranged wherever necessary. Figures in bracket indicate previous year's figures.

Tarique Ansari
Managing Director

Narayan Varma
Director

Manajit Ghoshal
Chief Financial Officer

Vidya Shembekar
Company Secretary

Mid-Day Multimedia Limited

Cash Flow Statement

(Rs.lacs)

		Financial Year 2006-07	Financial Year 2005-06
A. Net Cashflow from operating Activities			
Net Profit before tax		375	1,276
Depreciation		657	289
Interest		161	135
Loss/(profit) on sale of fixed assets (net)		(9)	(10)
Income from Mutual fund Investment		(151)	(77)
ESOP Written off		147	-
Deferred revenue expenditure		-	64
Loss/(gain) on foreign currency translation		(53)	12
Loss/(Gain) on disposal of current investment		14	(21)
Operational Profit before Working Capital		1,142	1,668
Adjustments for changes in Working Capital			
Sundry Debtors		25	743
Inventories		198	(250)
Loans & Advances		(8,315)	2,947
Other Current assets		407	(68)
Current Liabilities		344	123
Sub-Total		(7,341)	3,495
Cash generated from operations		(6,199)	5,164
Income Tax		(39)	(415)
Fringe Benefit Tax		(33)	(30)
Sub-Total		(72)	(445)
Net Cash Flow from Operating Activities	(A)	(6,271)	4,719
B. Cash Flow from Investing Activities			
Purchase fixed Assets (net)		(2,056)	(2,055)
Investments (net)		3,956	(4,866)
Income from mutual fund Investments		151	77
Net Cash Flow from Investing Activities	(B)	2,051	(6,844)
C. Cash Flow from financing Activities			
Capital		3,917	1,796
Borrowings		196	(134)
Interest		(161)	(135)
Net Cash Flow from Financing Activities	(C)	3,952	1,526
Net Increase/decrease in Cash & Cash Equivalents	(A+B+C)	(268)	(599)
Cash & Cash Equivalents at the beginning of the year		317	916
Cash & Cash Equivalents at the end of the year		48	317

Mid-Day Multimedia Limited

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No. State Code

Balance Sheet

Date Date Month Year

CIN No.

II Capital Raised during the Year (Amount in Rs.Thousands)

Public Issue Rights Issue

Bonus Issue Private Placement

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

Total Liabilities Total Assets

Sources of Funds Paid-up Capital Reserves & Surplus

(Incl Share Warrants)

Secured Loans Unsecured Loans

Deferred tax liability

Application of Funds Net Fixed Assets Investments

Net Current Assets Misc Expenditure

Accumulated Losses

IV Performance of Company(Amount in Rs.Thousands)

Turnover Total Expenditure

Profit Before Tax Profit After Tax

Earning Per Share (in Rs.) Dividend Rate %

Basic .

Diluted .

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

Product Description 1. Newspaper Publishing

Item Code No. (ITC Code)

2. Outdoor Advertising

Mid-Day Multimedia Limited

Auditors' Certificate on Corporate Governance

TO THE MEMBERS OF MID- DAY MULTIMEDIA LIMITED

We have examined the compliance of conditions of Corporate Governance by MID-DAY MULTIMEDIA LIMITED for the year ended on 31st March 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **HARIBHAKTI & CO.**
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

Place : Mumbai
Date : May 7, 2007

Mid-Day Multimedia Limited & Subsidiaries

Auditors' Report on Consolidated Financial Statements

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MID-DAY MULTIMEDIA LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MID-DAY MULTIMEDIA LIMITED AND ITS SUBSIDIARIES

We have examined the attached consolidated Balance Sheet of Mid-Day Multimedia Limited and its subsidiaries as at 31st March, 2007 and the consolidated Profit and Loss Account for the year ended on that date and Cash Flow statement annexed thereto.

These financial statements are the responsibility of the Mid-Day Multimedia Limited's management. 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. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material 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.

We did not audit the financial statement of the subsidiaries other than Radio Mid-Day West (India) Ltd., whose financial statements reflect total assets of Rs. 4949.24 lacs as at 31st March, 2007, total revenues of Rs. 6.17 lacs and net cash flows of Rs. (230.62) lacs for the year then ended. These financial statements have been audited by other auditors whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of subsidiaries, are based solely on the report of the other auditors.

We report as under:

- 1) The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, on "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Mid-Day Multimedia Limited and its subsidiaries included in the consolidated financial statements.
- 2) *The Balance Sheet and Profit and Loss Account dealt with by this report are prepared in compliance of the applicable accounting standards referred to under Section 211(3C) of the Companies Act, 1956 except that the management of Radio Mid-Day West (India) Limited has considered factors like expected profits in future, present and expected investments from outside groups etc. to recognize deferred tax assets of Rs. 845.64 lacs during the year on account of unabsorbed tax losses and depreciation. We are unable to comment whether these can be considered as 'virtual certainty' prescribed under Accounting Standard 22 - 'Accounting for Taxes on Income', to recognize such assets.*
- 3) Subject to our observation in para 2 above and on the basis of the information and explanation given to us and on consideration of the separate audit reports on individual audited financial statements of Mid-Day Multimedia Limited and its aforesaid Subsidiaries, we are of the opinion that that the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in so far it relates to the consolidated Balance Sheet, of the consolidated state of affairs of Mid-Day Multimedia Limited and its subsidiaries as at 31st March, 2007; and
 - b) in so far it relates to the consolidated Profit and Loss Account, consolidated results of operations of Mid-Day Multimedia Limited and its subsidiaries for the year then ended.
 - c) in case of consolidated Cash Flow Statement, of the consolidated cash flows of Mid-Day Multimedia Limited and its subsidiaries for the year ended on that date.

For **HARIBHAKTI & CO.**

Chartered Accountants

CHETAN DESAI

Partner

Membership No. 17000

Place : Mumbai

Date : May 7, 2007

Mid-Day Multimedia Limited & Subsidiaries

Consolidated Balance Sheet as at March 31, 2007

	SCHEDULE	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	51,20,19,430	44,75,62,770
Share Warrant		49,99,998	-
Share Application Money		-	41,85,33,444
Employee Stock Option Outstanding		4,92,58,104	-
Less: Deferred Employee Compensation cost		2,89,65,685	-
		2,02,92,419	-
Reserves & surplus	B	97,86,48,870	60,28,82,128
		<u>1,51,59,60,716</u>	<u>1,46,89,78,342</u>
		29,53,70,110	5,88,44,841
Minority interest			
Loan funds			
Secured loans	C	69,21,93,265	70,08,95,268
Unsecured loans	D	3,87,44,000	58,06,000
		73,09,37,265	70,67,01,268
		4,02,75,068	2,06,33,753
Deferred tax liability (note no 8)	TOTAL	<u>2,58,25,43,160</u>	<u>2,25,51,58,204</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	E	2,01,96,01,497	1,71,22,89,954
Less: Depreciation		32,61,15,773	23,63,21,882
Net block		1,69,34,85,724	1,47,59,68,072
Investments	F	26,77,03,050	16,43,16,154
Incidental Expenditure during construction period pending allocation to capital/other accounts		-	1,49,76,015
Current assets, loans & advances			
Inventories	G	3,42,00,033	5,39,51,367
Sundry debtors	H	29,99,42,607	25,45,91,405
Cash & bank balances	I	4,22,07,891	11,07,17,455
Other current assets	J	36,759	4,07,44,695
Loans and advances	K	34,98,51,827	18,73,92,091
		72,62,39,118	64,73,97,013
Less:			
Current liabilities & provisions	L	30,58,91,863	16,58,97,065
Current liabilities		70,19,359	79,63,729
Provisions		31,29,11,222	17,38,60,794
Net current assets		41,33,27,896	47,35,36,219
Deferred tax asset (note no 8)		20,80,26,490	12,61,67,777
Miscellaneous expenditure (to the extent not written off or adjusted)		-	1,03,329
Deferred revenue expenditure		-	60,378
Share issue expenses		-	30,260
Preliminary expenses not written off		-	-
	TOTAL	<u>2,58,25,43,160</u>	<u>2,25,51,58,204</u>

Notes forming part of Accounts

Q

Schedules A to Q referred form integral part of the balance sheet and the profit & loss account.

For **Haribhakti & Co.**
Chartered Accountants

Tarique Ansari
Managing Director

Narayan Varma
Director

Chetan Desai
Partner
M. No. 17000

Manajit Ghoshal
Chief Financial Officer

Vidya Shembekar
Company Secretary

Place : Mumbai,
Date : May 7, 2007

Mid-Day Multimedia Limited & Subsidiaries

Consolidated Profit and Loss Account

	SCHEDULE	Year Ended to Mar 31, 2007 Rs.	Year Ended to Mar 31, 2006 Rs.
INCOME			
Circulation revenue		14,12,64,397	16,29,68,214
Advertising revenue		1,03,00,15,347	97,55,67,222
Jobwork income		3,65,63,123	1,25,76,327
Investment & Miscellaneous Income			
Miscellaneous Income		2,43,86,771	96,22,821
Dividend from Mutual Fund		73,69,048	89,92,676
Gain on disposal of current investment		(14,29,497)	26,33,579
Gain/(loss) on sale of Fixed Asset		7,83,300	-
		1,23,89,52,489	1,17,23,60,839
EXPENSES			
Cost of printing /painting	M	44,57,00,156	42,20,27,433
Site rentals		-	4,62,29,086
News expenses		2,28,81,465	2,54,79,931
Radio licence fees		1,78,53,062	1,71,76,069
Employees cost	N	32,21,05,037	20,41,87,863
Selling & distribution	O	18,32,52,551	7,28,57,372
Other operational expenses	P	21,78,34,437	19,08,92,659
Finance charges		7,49,05,858	3,38,33,979
Depreciation		12,79,28,396	6,00,92,374
Preliminary expenses written off		62,723	62,723
		1,41,25,23,685	1,07,28,39,489
Profit before tax and extra ordinary items		(17,35,71,196)	9,95,21,350
Less: Extra ordinary item		1,35,09,593	-
Less: Incidental expenditure w/off		2,28,98,884	-
Profit before tax		(20,99,79,673)	9,95,21,350
Less: Provision for tax - Current Tax		33,85,589	4,07,40,768
- Deferred Tax		(6,22,17,398)	(66,09,740)
- Fringe benefit tax		58,26,464	34,80,630
Net Profit After Tax		(15,69,74,328)	6,19,09,692
Less: Share of profit of minority shareholders		(4,70,00,882)	(23,24,617)
Add: Share of profit in associated companies		-	(7,48,419)
Net profit after tax & minority interest		(10,99,73,446)	6,34,85,890
Profit/-loss on sale of Investments in subsidiaries		-	(52,62,793)
Balance brought forward		21,09,61,815	8,79,14,541
Profit carried to balance sheet		10,09,88,369	14,61,37,638
Earning per share of Rs.10 each			
Basic		(2.40)	1.48
Diluted		(2.32)	1.48
Notes forming part of Accounts	Q		

Schedules A to Q referred form integral part of the balance sheet and the profit & loss account.

For **Haribhakti & Co.**
Chartered Accountants

Tarique Ansari
Managing Director

Narayan Varma
Director

Chetan Desai
Partner
M. No. 17000

Manajit Ghoshal
Chief Financial Officer

Vidya Shembekar
Company Secretary

Place : Mumbai,
Date : May 7, 2007

Mid-Day Multimedia Limited & Subsidiaries

Schedules forming part of Balance Sheet

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
Schedule A		
Share capital		
Authorised capital		
5,50,00,000 (5,00,00,000) Equity shares of Rs.10/- each	55,00,00,000	50,00,00,000
50,00,000 (Nil) Preference shares of Rs.10/- each	5,00,00,000	-
<u>Issued, subscribed & paid up capital</u>		
5,03,68,610 (4,47,56,277) Equity shares of Rs.10/- each (including 3,50,66,855 bonus shares issued by capitalisation of share premium)	50,36,86,100	44,75,62,770
8,33,333 (Nil) 0.01% Non-cumulative Convertible Preference shares of Rs. 10/- each	83,33,330	-
	51,20,19,430	44,75,62,770
Schedule B		
Reserves & surplus		
Share premium as per last Balance Sheet	45,67,44,490	29,90,64,490
Add: Share Premium received during the year	42,09,16,011	15,76,80,000
	87,76,60,501	45,67,44,490
Balance as per profit & loss account	10,09,88,369	14,61,37,638
	97,86,48,870	60,28,82,128
Schedule C		
Secured loans		
From banks		
<u>Cash credit</u>	2,24,16,826	7,85,83,772
(Secured against hypothecation of book debts and stock of newsprint and further secured by paripasu charge on present and future, movable and immovable assets of the Company and also secured by personal guarantee of Chairman and Managing Director)		
<u>Foreign currency loan</u> (repayable within a year)	3,02,56,396	4,46,36,087
(Secured against hypothecation of book debts and stock of newsprint and further secured by paripasu charge on present and future, movable and immovable assets of the Company and also secured by personal guarantee of Chairman and Managing Director)		
<u>Term loans</u>	51,35,00,000	50,52,00,000
(Secured against mortgage of existing and future machineries & personal guarantee of Chairman and Managing Director respectively)		
Due within a year Rs.60 Lacs (Rs.60 Lacs)		
<u>Term loan</u> (External Commercial Borrowing)	12,42,35,539	7,08,45,642
(Secured against mortgage of existing & future fixed assets of the Company and personal guarantee of Chairman and Managing Director)		
Car loans (Secured against hypothecation of cars)	70,887	5,33,579
Interest accrued and due	17,13,617	10,96,188
	69,21,93,265	70,08,95,268
Schedule D		
Unsecured loans		
From Bank - Term Loan	3,50,00,000	-
From Others	37,44,000	58,06,000
	3,87,44,000	58,06,000

Mid-Day Multimedia Limited & Subsidiaries

Schedules forming part of Balance Sheet

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As At 1.4.2006	Addition	Deduction	As at 31.03.2007	For the period	Deduction	Upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
	As At 1.4.2006	As at 31.03.2007	As at 1.4.2006	As at 31.03.2007	As at 1.4.2006	As at 31.03.2007	As at 31.03.2007	As at 31.03.2007	As at 31.03.2006
1. Good Will	500,000	-	5,00,000	-	-	-	-	5,00,000	5,00,000
2. Technical Know how	5,70,59,493	-	-	5,70,59,493	18,19,795	-	5,60,76,124	9,83,369	28,03,164
3. Freehold Land	1,69,77,800	-	-	1,69,77,800	-	-	-	1,69,77,800	1,69,77,800
4. Plant & Machinery	5,81,16,304	61,95,305	1,96,49,008	4,46,62,601	53,64,934	1,86,84,858	2,77,58,698	1,69,03,903	1,70,37,682
5. Tarduo Press	3,76,90,255	3,78,80,351	-	7,55,70,606	32,98,901	-	1,80,06,772	5,75,63,884	4,79,81,890
6. Rabala Press	15,73,34,907	4,53,31,554	-	20,26,66,461	85,99,468	-	3,39,03,978	16,87,62,483	10,70,20,941
7. Press Premises	9,70,60,999	7,71,86,841	1,21,83,370	16,20,64,470	36,61,362	52,04,608	49,74,380	15,70,90,090	9,05,43,373
8. Office Premises	4,86,59,775	11,61,754	22,49,165	4,75,72,364	21,16,434	4,01,040	25,13,862	4,50,58,502	4,65,43,341
9. Photographic Equipments	55,69,316	25,31,300	5,71,244	75,29,372	20,61,448	4,46,572	23,90,984	51,38,388	35,07,868
10. Air Conditioners	81,18,667	1,07,48,160	16,04,312	1,72,62,515	29,69,581	11,18,666	29,57,086	1,43,05,429	51,49,086
11. Air Conditioners-Leased	-	9,27,660	-	9,27,660	-	-	17,958	9,09,702	-
12. Office Equipments	49,41,181	17,45,899	8,23,890	58,63,190	15,03,819	5,84,021	14,61,235	44,01,955	34,37,361
13. Office Equipments-Leased	-	9,85,401	-	9,85,401	-	-	24,852	9,60,549	-
14. Furniture & Fixtures	1,98,62,079	2,56,38,971	29,92,281	4,25,08,769	64,60,700	24,52,670	73,25,843	3,51,82,926	1,34,01,380
15. Furniture & Fixtures-Leased	-	1,12,38,447	-	1,12,38,447	-	-	3,96,487	1,08,41,960	-
16. Vehicles	1,00,43,602	16,19,709	11,08,570	1,05,54,741	51,51,127	15,32,470	60,12,318	45,42,423	48,92,475
17. Fire Fighting System	4,43,097	1,28,271	-	5,71,368	3,38,549	-	3,55,772	2,15,646	1,04,548
18. Electric Installation	1,76,69,484	1,39,71,198	35,04,431	2,81,36,251	48,89,536	26,63,221	44,55,956	2,36,80,295	1,27,79,948
19. Computers	40,608,157	1,88,79,642	56,43,223	5,38,44,576	3,27,35,519	59,82,669	3,33,06,418	2,05,38,158	78,72,638
20. Computers-Leased	-	1,27,14,890	-	1,27,14,890	-	-	17,89,978	1,09,24,912	-
21. Computers Software	50,57,600	68,20,659	-	1,18,78,259	6,40,212	-	22,41,143	96,37,116	44,17,388
22. Studio Equipment	1,53,90,458	43,99,078	-	1,97,89,536	41,69,208	-	66,47,262	1,31,42,274	1,12,21,250
23. Studio Equipment-Leased	-	1,03,97,275	-	1,03,97,275	-	-	-	99,90,124	-
24. Transmitter	3,27,43,001	64,49,328	-	3,91,92,329	67,34,400	-	76,76,827	3,15,15,502	2,60,08,601
25. Transmitter-Leased	-	1,37,83,363	-	1,37,83,363	-	-	3,40,874	1,34,42,489	-
26. Audio Visual Equipment	1,08,221	1,31,923	-	2,40,144	11,071	-	18,822	2,21,322	97,150
27. Audio Visual Equipment-Leased	-	-	-	-	-	-	-	-	-
28. One Time Entry Fees	97,32,53,698	-	-	97,32,53,698	2,46,65,370	-	7,83,93,960	89,48,59,738	94,85,88,328
29. Film - Black Friday	10,50,81,860	7,62,98,233	-	7,62,98,233	2,65,38,516	-	2,65,38,516	4,97,59,717	-
30. Capital work in progress (Including capital advances)	1,71,22,89,954	1,45,27,65,433	1,71,22,89,954	2,01,96,01,497	23,63,21,882	-	32,61,15,773	1,69,34,85,724	1,47,59,68,072
TOTAL	5,46,42,192	53,60,78,160	22,87,66,618	2,01,96,01,497	23,63,21,882	-	3,76,38,705	1,69,34,85,724	1,47,59,68,072
Previous Year	1,71,22,89,954	1,45,27,65,433	28,69,03,671	1,71,22,89,954	20,02,81,994	-	23,63,21,882	1,69,34,85,724	1,47,59,68,072

Mid-Day Multimedia Limited & Subsidiaries

Schedules forming part of Balance Sheet

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
Schedule F		
Investments (long term at cost less provision)		
UNQUOTED: (trade)		
250 Equity Shares of Rs.10/- each of Awami Co-operative Bank Ltd.	2,500	2,500
0(28,23,530) Equity Shares of Rs.10/- each of M.C.Media Pvt.Ltd.	1,51,90,323	2,82,35,300
Less : Provison per equity method of valuation	-	1,30,44,977
Less: Written-off during the yer	1,51,90,323	-
	-	1,51,90,323
Investments in mutual funds (current at cost)		
QUOTED: (trade at cost)		
2,400 Equity shares of Rs.10/- each of Bank Of Baroda (market value Rs. 5,16,960; previous period Rs.5,52,720)	2,04,000	2,04,000
	26,77,03,050	16,43,16,154
Aggregate of quoted investments	2,04,000	2,04,000
Aggregate of unquoted investments	26,74,99,050	16,41,12,154
Schedule G		
Inventories		
Newsprint	3,15,11,342	5,21,36,219
Consumables	26,88,691	18,15,148
	3,42,00,033	5,39,51,367
Schedule H		
Sundry debtors (Unsecured)		
Debts outstanding for a period exceeding 6 months considered doubtful	54,08,318	21,46,951
Debts outstanding for a period exceeding 6 months considered good	5,48,63,818	6,85,46,513
Other debts considered good	24,50,78,789	18,60,44,892
Less : Provision for doubtful debts	54,08,318	21,46,951
	29,99,42,607	25,45,91,405
Schedule I		
Cash & bank balances		
Cash on hand	12,92,274	10,35,236
In current accounts with scheduled banks	1,00,28,082	2,38,93,718
In fixed deposit accounts with scheduled banks	2,54,52,083	3,53,57,867
Margin money with scheduled banks	54,35,452	5,04,30,634
	4,22,07,891	11,07,17,455

Mid-Day Multimedia Limited & Subsidiaries

Schedules forming part of Balance Sheet

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
Schedule J		
Other current assets		
Production cost of film completed but not released	-	4,06,54,563
Interest accrued but not due	36,759	90,132
	36,759	4,07,44,695
Schedule K		
Loans & advances		
Unsecured, considered good		
Loans to others	1,04,600	15,11,517
Trade deposit	14,12,95,187	13,43,08,351
Staff advance	37,73,356	33,48,983
Advance Income-tax (net of provision)	81,20,947	25,18,446
Advances for Investment	16,56,39,978	-
Advances recoverable in cash or kind, or for value to be received	3,09,17,759	4,57,04,794
	34,98,51,827	18,73,92,091
Schedule L		
Current liabilities & provisions		
Current liabilities		
Sundry creditors	23,73,09,237	11,54,53,146
Other Liabilities	6,11,43,172	4,36,48,545
Trade deposits	74,39,454	67,95,374
	30,58,91,863	16,58,97,065
Provisions		
Provision for leave encashment	70,19,359	79,63,729
	70,19,359	79,63,729
	31,29,11,222	17,38,60,794

Mid-Day Multimedia Limited & Subsidiaries

Schedules forming part of Profit & Loss Account

	Year Ended Mar 31, 2007 Rs.	Year Ended Mar 31, 2006 Rs.
Schedule M		
Cost of printing / painting		
Consumption of Newsprint		
Opening stock	5,21,36,219	2,80,19,753
Purchases (net)	34,43,51,575	36,78,44,735
	39,64,87,794	39,58,64,488
Closing stock	3,15,11,342	5,21,36,219
	36,49,76,452	34,37,28,269
Printing job work & labour charges	1,81,96,849	2,34,41,969
Printing & Packing materials	5,29,32,167	4,64,19,349
Electricity	95,94,688	51,43,856
Painting & fabrication	-	32,93,990
	44,57,00,156	42,20,27,433
Schedule N		
Employees cost		
Salaries, wages & bonus	23,87,13,279	14,99,54,162
Contribution to PF,FPF	1,26,48,560	97,81,053
Gratuity	35,92,367	61,42,540
Outsourcing	5,20,53,422	3,11,02,495
Staff welfare expenses	97,18,240	72,07,613
ESOP Compensation (Includes Rs 64,15,270 for 2005-06)	1,81,45,651	-
	33,48,71,518	20,41,87,863
Less: Capitalised for Rabale project (Includes Rs 75,78,670 for 2005-06)	1,27,66,481	-
	32,21,05,037	20,41,87,863
Schedule O		
Selling & distribution		
Freight	2,94,26,193	1,94,89,937
Entertainment & business development	3,77,11,668	3,32,95,539
Advertisement expenses	11,61,14,691	2,00,71,896
	18,32,52,551	7,28,57,372

Mid-Day Multimedia Limited & Subsidiaries

Schedules forming part of Profit & Loss Account

	Year Ended Mar 31, 2007 Rs.	Year Ended Mar 31, 2006 Rs.
Schedule P		
Other operational expenses		
Conveyance	15,227,305	7,958,476
Electricity	11,700,592	7,740,173
General expenses	4,230,280	4,890,862
Vehicle expenses	824,559	9,327,651
Insurance premium	3,415,538	1,828,614
Legal & professional charges	20,464,640	14,678,743
Machinery repairs	14,783,884	6,000,069
Other repairs & maintenance	15,292,596	11,126,749
Printing & stationery	8,552,085	4,500,332
Postage & telephone	18,726,343	16,317,275
Rent, rates & taxes	62,718,100	56,820,693
Travelling	16,637,461	14,812,336
TV Production & Broadcasting	-	14,55,755
Site repairs & maintenance	-	17,121,073
Site electricity	-	3,311,110
Radio programme creation & studio hire	12,434,249	4,297,445
Bad debts written off	6,167,195	5,018,356
Provision for Doubtful debts	2,638,859	-
Membership & Subscription	2,145,099	1,829,942
Directors fees	570,000	520,000
Donation	553,601	644,003
Remuneration to auditors for :		
Statutory audit	539,228	348,360
Taxation matter	10,000	210,720
Tax audit	73,972	40,305
Certification work	128,850	93,617
	217,834,437	19,08,92,659

Mid-Day Multimedia Limited & Subsidiaries

Notes to Accounts

SCHEDULE Q

Notes Forming Part of the Accounts for the Period ended March 31, 2007

I. Accounting Policies

- a) Company & its subsidiaries follow the accrual system of accounting for all revenues and expenses. Advertisement and circulation revenue is net of commission/credits allowed. As per industry practice, income/expenditure of a reciprocal nature not involving any monetary transactions have not been considered.

Circulation Revenue is recognized at the time of dispatch and advertisement revenue is recognised on the date of publication.

Share of combined advertisement revenue received from advertisers are accounted on the basis approved by the management.

- b) Depreciation has been provided under the straight-line method as per the rates prescribed in schedule XIV of the Companies Act, 1956 in respect of office & factory premises, presses and fixed assets of radio division. Depreciation on other fixed assets is provided under the written down value method at the rates prescribed in schedule XIV of the Companies Act, 1956. Technical know-how is amortized over a period of five years from the month of acquisition and License & Marketing Rights over a period of ten years.

As per AS-26 "Intangible Assets" pronounced by the Institute of Chartered Accountants of India, the One Time Entry Fees paid by Radio Mid-Day West (India) Ltd. during the year for Private FM Broadcasting has been classified as an intangible asset. The benefit of this Entry Fee will be derived over a period of 10 years, hence it is depreciated accordingly.

Production cost of film is identified as intangible asset and it is amortised based on the estimate of overall revenue potential of the film and balance is carried to the Balance Sheet.

- c) Company has set up an approved gratuity fund and has funded with the HDFC Standard Life Insurance, its present and past liabilities based on actuarial valuation Leave Encashment is provided based on actuarial valuation.
- d) Stocks of newsprint and consumables are valued at lower of cost (FIFO basis) or net realizable value.
- e) All investments of long-term nature are valued at cost. Diminution in value of such investments, if of permanent nature, is provided for. Current investments are valued at cost.
- f) Foreign Exchange Transactions: Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign Currency assets and liabilities are restated at the rate prevailing at the year-end or at the forward rate where forward cover has been taken. In respect of transactions covered by forward exchange contracts, the difference between the contract rate and the rate on the date of the transaction is recognised as income or expense in the profit and loss account over the life of the contract.
- g) Current tax is provided at the current tax rates on taxable income. Company provides for deferred tax based on tax effect of timing differences resulting from the recognition of items in

Mid-Day Multimedia Limited & Subsidiaries

Notes to Accounts

the financial statements and in estimating its current tax provision using the tax rates and tax laws that have been enacted or substantively enacted. Deferred Tax Assets arising from timing differences are recognized to the extent there is a reasonable certainty that these would be realised in future.

- h) Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.
- i) In respect of stock options granted pursuant to the Company's Stock Option Schemes, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period.

2. **The Accounts of the following subsidiaries are incorporated in these financial statements. All subsidiaries are incorporated in India.**

Name of Subsidiary	No of Equity Shares Held	Percentage Holding in Subsidiary
Mid-Day Broadcasting South (India) Pvt. Ltd.	10,000 of Rs 10 each	100%
Mid-Day Outdoor Limited	34,94,200 of Rs 10 each	99.97%
Mid-Day Radio North (India) Ltd.	50,000 of Rs 10 each	100%
Radio Mid-Day West (India) Ltd.	4,92,49,145 of Rs 10 each	56.81%

3. **Details of Minority Shareholders**

Particulars	As on April 1, 2006	Additions During the year	Deductions during the year	As on March 31, 2007
Contribution to Share Capital	10,10,00,000	37,43,72,928	10,10,00,000	37,43,72,928
Retained profits	-4,21,55,159	-3,68,47,595	4,21,55,159	-3,68,47,595
Total	5,88,44,841	29,53,70,110	5,88,44,841	29,53,70,110

4. **Contingent Liability**

Demands raised by Income-tax department for assessments up to 31.3.2004 Rs. 121 lacs net of provisions (Rs.73 lacs) arising out of non-granting of Company's claims. Company has preferred an appeal and is confident of the demand being set aside.

- a) Capital commitments to the extent not provided for or paid Rs. 21 lacs (Rs 1,017 lacs)

Mid-Day Multimedia Limited & Subsidiaries

Notes to Accounts

- b) In respect of corporate guarantee issued against term loan given by Bank of Baroda to Radio Mid-Day West (India) Ltd Rs.150 Lacs & CC limit Rs. 140 Lacs and In respect of counter guarantee issued to UTI Bank Ltd on behalf of Radio Mid-Day West (India) Ltd. Rs. 5,500 lacs.
- c) In respect of corporate guarantee issued to State Bank of Travancore in respect of cash credit facility granted to SSI Media India Private Limited, upto Rs 50 lacs.
- d) Claims against the Company in respect of various defamation suits and claims of employees, amount not ascertainable (Previous year Unascertainable)
- e) In respect of extension of pari-pasu charge on movable and immovable assets, present and future of the Company issued to Banks for secured loans availed by subsidiary Company for Rs.226.13 lacs (Rs. 226.13 lacs)
5. Company has gone into appeal against an order of the Copyright Board, which has determined the royalty payable to Phonographic Performance Limited at an average rate of Rs 660 per hour as against their demand of Rs 1500 per hour. Company has provided for royalty in its books at the rate decided by the Copyright Board.
6. The Company has allotted 29,27,333 equity shares at a price of Rs. 60 each aggregating to Rs. 17,56,39,980 and 8,33,333 share warrants to Ferari Investments and Trading Co.Pvt. Ltd, a promoter group Company at an exercise price of Rs. 60 each. (10% of warrant exercise price i.e. Rs. 6 per warrant aggregating to Rs. 49,99,998/- was paid up front as subscription price and balance 90% i.e. Rs. 54/- per warrant shall be payable at the time of conversion of warrants into equity shares). Company has also allotted 26,85,000 equity shares at a price of Rs. 60 each aggregating to Rs. 16,11,00,000/- and 0.01% 8,33,333 Non-cumulative convertible preference shares at a price of Rs. 60 Per share aggregating to Rs 4,99,99,980/- to Banhem Financial and Investment Consultants Limited, an affiliate of Bennett Coleman and Co.

7. Managerial Remuneration: Managing Director

Particulars	2006-07 (Rs.)	2005-06 (Rs.)
Salaries, Wages & Bonus	39,74,997	32,92,500
Contribution to PF & FPF	4,77,648	3,93,228
Perquisites	1,27,128	1,09,894

8. The calculation of Deferred Tax Asset / (Liability) is shown below

Particulars	Opening (Rs.)	During the year (Rs)	Closing (Rs.)
Depreciation	(3,07,80,428)	(94,53,947)	(4,02,34,376)
Carried Forward Losses	13,40,17,851	8,81,54,757	22,21,72,608
Deferred revenue expenditure	(26,614)	26,614	-
Deferred Cost of Film	-	(1,69,13,328)	(1,69,13,328)
Bad Debt Provision	9,38,244	4,24,819	13,63,063
Provision for Leave Encashment	13,84,971	(21,519)	13,63,452
Total	10,55,34,024	6,22,17,398	16,77,51,422

Mid-Day Multimedia Limited & Subsidiaries

Notes to Accounts

9. Calculation of EPS

Particulars	2006-07	2005-06
Net Profit after tax and minority interest for the year	(10,99,73,446)	6,34,85,890
Calculation of weighted average number of equity shares		
Number of shares at the beginning of the year	4,47,56,277	4,25,66,277
Weighted avg. of Shares issued during the year	10,60,962	4,08,000
Weighted avg. Number of Equity Shares considered for Basic EPS calculation.	4,58,17,239	4,29,74,277
Weighted avg. Number of Equity Shares considered for Diluted EPS calculation.	4,74,90,214	4,29,74,277
Basic Earnings/(loss) (in Rupees) Per Share	(2.40)	1.48
Diluted Earnings/(loss) (in Rupees) Per Share	(2.38)	1.48

10. Segment reporting:

Particulars	Newsmedia	Outdoor	Film	Ratio	Total (Rs.Lacs)
A. Segment Revenue					
i) External sales	10,300 (9,922)	0 (731)	294 (0)	1,484 (858)	12,078 (11511)
ii) Inter-segment sales	0 (0)	0 (191)	0 (0)	67 (8)	67 (199)
iii) Total Revenue	10,300 (9,922)	0 (922)	294 (0)	1551 (866)	12,145 (11,710)
B. Segment Results					
Profit before interest & tax	599 (1,474)	-14 (15)	6 (-17)	-1,721 (-136)	-1,130 (1,336)
Less: Unallocable expenditure net of unallocable income	-	-	-	-	-126 (2)
Less: Interest	-	-	-	-	731 (338)
Less: Extra Ordinary Item	-	-	-	-	135 (0)

Mid-Day Multimedia Limited & Subsidiaries
Notes to Accounts

Particulars	Newsmedia	Outdoor	Film	Ratio	Total (Rs.Lacs)
Total Profit before tax	-	-	-	-	-2,100 (995)
Less: Provision for tax	-	-	-	-	530 (376)
Net Profit after tax	-	-	-	-	-1,570 (619)
C Segment Capital Employed					
Segment assets	8,426 (7,453)	878 (633)	630 (673)	16,824 (13,669)	26,758 (22,428)
Segment liabilities	1,548 (1,076)	619 (350)	187 (78)	1,623 (242)	3,977 (1,746)
	6,878 (63,77)	246 (283)	443 (595)	15,344 (13,427)	22,910 (20,682)
Unallocable net assets & investments	-	-	-	-	2915 (1,838)
Total Capital Employed	-	-	-	-	25,825 (22,552)
Segment capital expenditure	1,461 (2,277)	0 (0)	763 (0)	972 (15)	2,433 (2,292)
Unallocable capital expenditure	-	-	-	-	0 (0)
Segment depreciation	387 (283)	0 (32)	265 (0)	622 (39)	1,274 (354)
Unallocable depreciation	-	-	-	-	0 (0)

Notes:

Segment revenue, segment results and segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses and income and assets and liabilities, which are not directly relatable to the business segment, are shown as unallocable.

Mid-Day Multimedia Limited & Subsidiaries

Notes to Accounts

11. Disclosure with regards to related party transactions as per Accounting Standard AS-18 is as under:

Relationship

A. Related Party where control exists

Name of The Party	Relationship	Nature of Transaction during the year	Amount of transaction (Rs.)	Closing Balance Due (to)/ from Rs.	Amount written off/ added back Rs.
Inquilab Offset Printers Pvt. Ltd	Associate Company	Rent expense for press premises	31,72,800	34,086	Nil
Ferari Investments and Trading Co Pvt. Ltd.	Associate Company	1) Advance Given for Purchase of shares of Radio Mid-Day West (India) Ltd.	16,56,39,978	16,56,39,978	Nil
		2) Subscription of Equity shares and Share Warrants	18,06,39,978		

During the year there were no transactions with the following associate companies

- Mid-Day Exports Pvt. Ltd.
- M C Media Pvt. Ltd.
- Meridian Holding & Leasing Co Pvt. Ltd.

B. Key Management Personnel

- Mr. Khalid Ansari
- Mr Tarique Ansari (Remuneration Rs 45,79,773. Refer note 7)

C. Relatives of key management personnel and their enterprises where transactions have taken place: Not applicable

Note: Related party relationship is as identified by the Company and relied upon by the auditors.

12. Disclosure with regards to Provisions as per Accounting Standard - 29 is as under :

Particulars	Amount (Rs.)
Leave encashment:	
Opening balance	79,63,729
Less: Payment during the year	38,59,290
Add: Provision during the year	29,82,932
Closing Balance	70,87,371

13. Previous year's figures have been regrouped / rearranged wherever necessary. Figures in bracket indicate previous year's figures.

Tarique Ansari
Managing Director

Narayan Varma
Director

Manajit Ghoshal
Chief Financial Officer

Vidya Shembekar
Company Secretary

Mid-Day Multimedia Limited & Subsidiaries

Consolidated Cash Flow Statement

(Rs.lacs)

	Financial Year 2006-07	Financial Year 2005-06
A. Net Cashflow from operating Activities		
Net Profit before tax	(2,100)	995
Depreciation	1,279	601
Interest	826	338
Loss/(profit) on sale of fixed assets (net)	(9)	(10)
Incidental Expenditure Written Off	229	-
Income from Mutual fund Investment	(151)	(90)
ESOP Written off	147	-
Deferred revenue expenditure	-	65
Loss/(gain) on foreign currency translation	(53)	12
Loss/(Gain) on disposal of current investment	14	(26)
Operational Profit before Working Capital	183	1,886
Adjustments for changes in Working Capital		
Sundry Debtors	(452)	787
Inventories	198	(249)
Loans & Advances	(8,368)	(163)
Other Current assets	407	(68)
Current Liabilities	1,262	(573)
Sub-Total	(6,953)	(266)
Cash generated from operations	(6,770)	1,620
Income Tax	(39)	(407)
Fringe Benefit Tax	(57)	(54)
Sub-Total	(96)	(461)
Net Cash Flow from Operating Activities	(A) (6,867)	1,159
B. Cash Flow from Investing Activities		
Purchase fixed Assets (net)	(3,409)	(11,969)
Investments (net)	4,007	(838)
Income from mutual fund Investments	151	90
Incidental Expenditure during construction period	-	(0)
Net Cash Flow from Investing Activities	(B) 750	(12,718)
C. Cash Flow from financing Activities		
Capital	4,201	6,991
Borrowings	2,057	4,581
Interest	(826)	(338)
Net Cash Flow from Financing Activities	(C) 5,432	11,234
Net Increase/decrease in Cash & Cash Equivalents (A+B+C)	(685)	(324)
Cash & Cash Equivalents at the beginning of the year	1,108	1,433
Cash & Cash Equivalents at the end of the year	422	1,108

Mid-Day Broadcasting South (India) Private Limited

Directors' Report

TO THE MEMBERS OF MID-DAY BROADCASTING SOUTH (INDIA) PRIVATE LIMITED

The Directors have pleasure in presenting the Seventh Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2007.

Business Operations: -

During the year under review, the Company had no operations.

As the arbitrator has settled our dispute, regarding the surrender of the license granted under Phase I of Private FM Broadcasting, with the Ministry of I&B in our favour, we have charged off the Incidental Expenditure during Construction Period amounting to Rs.13608689 against the loan taken from our Holding Company, Mid-Day Multimedia Limited.

Auditors: -

The Auditors M/s R.D. Shenvi & Co, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting. They have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Particulars of Employees: -

Since there are no eligible employees, the provisions laid down in Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 shall not be applicable.

Directors' Responsibility Statement

The Directors confirm that: -

- * In the preparation of the annual accounts, the applicable Accounting Standards have been followed.
- * The selected and applied accounting policies are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2007.
- * Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- * The annual accounts are prepared on a going concern basis.

Conservation of Energy, Technology Absorption, Foreign Exchange earning and outgo: -

- | | |
|-----------------------------|-------|
| a) Conservation of Energy | : NIL |
| b) Technology Absorption | : NIL |
| c) Foreign Exchange Earning | : NIL |
| d) Foreign Exchange Outgo | : NIL |

Acknowledgement: -

Your Directors would like to express their appreciation for the valuable support given by the personnel and bankers.

For and on behalf of the Board

Manajit Ghoshal
Chairman

Place: Mumbai

Date : April 30, 2007

Mid-Day Broadcasting South (India) Private Limited

Auditors' Report

We have audited the attached Balance Sheet of **MID-DAY BROADCASTING SOUTH (INDIA) PRIVATE LIMITED**, as at 31st March, 2007. 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 the 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 from any 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 the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report as under: -

- I. No Profit & Loss Account has been prepared since the Company has not yet commenced commercial operations.
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the 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 such books.
 - c) The Balance Sheet dealt with by this report is in agreement with the books of account.
 - d) In our opinion, the Balance Sheet comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the Directors, we report that none of the Directors of the Company are, prima facie, as at 31st March, 2007 disqualified from being appointed as Director of the Company under 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 Balance Sheet, read along 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 of the state of affairs of the Company as at 31st March, 2007.

As per the conditions specified under Clause (2), sub-clause (iv), of the Companies (Auditor's Report) Order, 2003, as amended by the Companies {Auditor's Report}, 2004, the provisions of the said order are not applicable to the Company.

For R.D.SHENVI & Co.

Chartered Accountants

R.D.Shenvi

Proprietor

Membership No. 35818

Place : Mumbai

Date : April 30, 2007

Mid-Day Broadcasting South (India) Private Limited

Balance Sheet as at 31st March, 2007

	SCHEDULE	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	1,00,000	1,00,000
Loan funds			
Unsecured loan	2	-	2,12,49,689
		1,00,000	2,13,49,689
APPLICATION OF FUNDS			
Incidental Expenditure during construction period pending allocation to Capital/Other accounts	3	-	45,35,706
Current assets, loans and advances			
Cash and bank balances	4	2,178	73,79,650
Loans and advances	5	1,21,649	94,77,545
		1,23,827	1,68,57,195
Less:- Current liabilities & provisions			
Current liabilities	6	23,827	56,827
Net current assets		1,00,000	1,68,00,368
Miscellaneous expenditure (to the extent not written off or adjusted)	7	-	13,615
		1,00,000	2,13,49,689
Notes forming part of the Balance Sheet	8		

For R.D. Shenvi & Co.
Chartered Accountants

For Mid-Day Broadcasting South (India) Pvt. Ltd.

R.D. Shenvi
(Proprietor)

Manajit Ghoshal
Director

Rajesh Tahil
Director

Place : Mumbai
Date : April 30, 2007

Mid-Day Broadcasting South (India) Private Limited

Schedules forming part of the Balance Sheet

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
1. Share capital		
Authorised capital		
60,000 equity shares of Rs.10/- each	6,00,000	6,00,000
	6,00,000	6,00,000
Issued, subscribed and paid-up capital		
10,000 equity shares of Rs.10/- each fully paid-up	1,00,000	1,00,000
	1,00,000	1,00,000
2. Unsecured loan		
From Holding Company	-	19,187,689
From bodies corporate	-	2,062,000
	-	21,249,689
3. Incidental Expenditure during construction period pending allocation to Capital/Other accounts		
Opening balance	45,35,706	45,15,467
Reserved license fees	50,00,000	-
Advances written off	43,30,323	-
Miscellaneous Expenses written off	13,615	-
Loans balance written back	(1,36,08,689)	-
Miscellaneous Expenses	-	-
Legal & professional charges	-	35,755
Audit fees	6,061	6,061
Rates & taxes	2,600	2,900
Finance charges	204	736
Conveyance & travelling expenses	-	-
Bank guarantee fees	-	3,83,795
Less:- Interest on margin money deposit against bank guarantee	2,75,321	(4,09,008)
Income Tax Refund	4,499	
	(2,79,820)	(25,213)
	-	45,35,706
4. Cash and bank balances		
Cash on hand	200	200
Balances with scheduled banks in -current accounts	1,978	16,976
Margin money deposit on bank guarantee (under lien with bank)	-	73,62,474
	2,178	73,79,650

Mid-Day Broadcasting South (India) Private Limited

Schedules forming part of the Balance Sheet

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
5. Loans and advances		
Reserved licence fees	-	50,00,000
Deposits	-	21,76,000
Prepaid expenses	-	21,27,975
Tax deducted at source	1,21,649	1,73,570
	1,21,649	94,77,545
6. Current liabilities		
Sundry creditors for expenses	23,827	56,827
	23,827	56,827
7. Miscellaneous expenditure (to the extent not written off or adjusted)		
Preliminary expenses	-	13,300
Share issue expenses	-	315
	-	13,615

SCHEDULE:- 8

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 :

1) Statement Of Significant Accounting Policies:

- a) Accounts have been prepared on historical cost and accrual basis.
- b) Miscellaneous expenditure has been written off during the current year.

2) Notes to Accounts :-

- a) Prior to the operating license being issued to the Company, it expressed its inability to the Government to launch the radio station at Chennai under the current unviable license fee structure. The Company appealed to the Government for a rationalization of the same. The matter was under arbitration and now has been decided in favour of the Company. The bank guarantee and the related margin money have since been released and the license fee being paid has been forfeited and being treated accordingly.
- b) The expenditure incurred upto 31.03.2006 of Rs. 45,35,706 shown as "Incidental Expenditure During The Construction Period Pending Allocation to Capital / Other Accounts" has been written off during the current year since our plan for proposed business did not materialise.

Mid-Day Broadcasting South (India) Private Limited

Schedules forming part of the Balance Sheet

c) Remuneration Payable to Auditors

	Current Year (in Rs)	Previous Year (in Rs)
Audit fees	6,061	6,061
Taxation matters	Nil	Nil

d) Contingent liabilities

- i) in respect of guarantees issued by the Company's bankers is Nil (Previous Year Rs.3.30 crores) .
- ii) in respect of counter guarantee issued by the Company in favour of Bank of Baroda, Mumbai, with respect to the bank issuing guarantee on behalf of:
- a) Radio Mid-Day West (India) Private Limited is Nil. (Previous Year Rs.9.75 Crores).
- b) Mid-Day Radio North (India) Private Limited is Nil. (Previous Year Rs.7.125 crores).
- e) Disclosure with regard to related party transactions as per Accounting Standard AS-18 is as under:

Name of The Party	Relationship	Nature of Transaction during the year	Amount of transaction (Rs.)	Closing Balance Due (to)/ from Rs.	Amount written off/ added back Rs.
Mid-Day Multimedia Ltd	Holding Company	On account payment (net)	75,31,000	Nil	1,16,56,689

- f) Previous years figures have been re-grouped / recast wherever necessary.
- g) Additional information required under Part II of Schedule VI of the Companies Act, 1956 has been furnished to the extent applicable.

FOR R.D.SHENVI & CO.
Chartered Accountants

R.D.SHENVI
Proprietor

For Mid-Day Broadcasting South (India) Pvt Ltd

Manajit Ghoshal
Director

Rajesh Tahil
Director

Place: Mumbai.

Date : April 30, 2007

Mid-Day Broadcasting South (India) Private Limited

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No. State Code
 Date Balance Sheet
 Date Month Year

CIN NO.

II Capital Raised during the Year (Amount in Rs.Thousands)

Public Issue Rights Issue
 Bonus Issue Private Placement

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

Total Liabilities Total Assets
 Sources of Funds
 Paid-up Capital Reserves & Surplus
 (Incl Share Warrants)
 Secured Loans Unsecured Loans
 Application of Funds
 Net Fixed Assets/
 Incidental Expenditure Investments
 During The Construction Period Misc Expenditure
 Pending Allocation to Capital /
 Other Accounts
 Net Current Assets Accumulated Losses

IV Performance of Company(Amount in Rs.Thousands)

Turnover Total Expenditure
 Profit/Loss Before Tax Profit After Tax
 Earning Per Share (in Rs.) Dividend Rate %

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

Item Code No. (ITC Code)
 Service Description :- Radio Broadcasting Services

For Mid-Day Broadcasting South (India) Private Limited

Manajit Ghoshal
Director

Rajesh Tahil
Director

Mid-Day Outdoor Limited

Directors' Report

To The Members,

Your Directors' are pleased to submit their Annual Report together with the audited statement of accounts for the year ended 31st March 2007.

FINANCIAL RESULTS
(Amount in Rs.)

	31.03.2007	31.03.2006
Profit/(Loss) during the year	(12,96,968)	(13,33,203)
Less: Income tax of earlier year	NIL	7,768
Net Profit / (Loss) for the year	(12,96,968)	(13,40,971)
Add/ (Less): Balance from Profit & Loss Account B/F	(3,42,35,476)	(3,28,94,505)
Profit/(Loss) carried to Balance Sheet	(3,55,32,444)	(3,42,35,476)

OPERATIONS:

During the year under review your Company has earned other income of Rs. 35,418/- against Rs. 20,129/- for the year 2005-06. During the year, the Company has incurred total expenditure of Rs. 13,32,386/- and registered a net loss of Rs. 12,96,968/-.

BOARD OF DIRECTORS:

Mrs. Rukya Ansari, Director would retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

AUDITORS:

M/s T.R. Chadha & Co., Chartered Accountants, Mumbai the present auditors of the Company would be retiring at the conclusion of the forthcoming Annual General Meeting. They have expressed their willingness to continue as the Statutory Auditors, if re-appointed at the AGM and hold office until the conclusion of the next AGM.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975 AS AMENDED:

No Employee of the Company was in receipt of remuneration aggregating to Rs. 24,00,000/- or more per annum or Rs. 2,00,000/- per month if employed for a part of the year.

PARTICULARS U/S 217 (1) (e) OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF THE BOARD OF DIRECTORS) RULES 1988:

- | | | |
|--------------------------------|---|----------------|
| i) Conservation of Energy | : | Not applicable |
| ii) Technology absorption | : | Nil |
| iii) Foreign Exchange Earnings | : | Nil |
| iv) Foreign Exchange Outgo | : | Nil |

Mid-Day Outdoor Limited Directors' Report

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- the selected and applied accounting policies are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 and the profit of the Company for the period ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts are prepared on a 'going concern' basis.

ACKNOWLEDGEMENT:

Your Directors would like to express their appreciation for the valuable support given by the personnel.

For and on behalf of the Board

Place : Mumbai
Date : May 7, 2007

Tarique Ansari
Director

Mid-Day Outdoor Limited

Auditors' Report

To,

The Members of MID-DAY OUTDOOR LIMITED

1. We have audited the attached Balance Sheet of Mid-Day Outdoor Limited as at 31st March, 2007, and also the Profit and Loss Account 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.
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 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 of our opinion.
3. 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.
4. Further to our comments in the Annexure referred to above, we report that:
 - 4.1 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;
 - 4.2 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;
 - 4.3 The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - 4.4 In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
 - 4.5 On the basis of representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2007 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to Note number B 2 of Schedule I with regard to deposits confirmation, reconciliation, and ultimate recovery thereof read together with the Statement of Significant Accounting Policies and the Notes forming part of Accounts 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:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007; and
 - b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.
 - c) in case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For T. R. Chadha & Co.

Chartered Accountants

Vikas Kumar

(Partner)

Membership No.: 75363

Place : Mumbai

Date : May 7, 2007

Mid-Day Outdoor Limited

Annexure to Auditors' Report

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

I. Fixed Assets

The Company is not having any Fixed Assets and accordingly sub clause (a) to (c) of clause (i) of Para 4 of the order is not applicable.

II Inventories

The Company is not having any inventories and accordingly the sub clause (a) to (c) of clause (ii) of Para 4 of the order is not applicable.

III Loans Given / Taken

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 Companies Act, 1956. The Company has taken interest free unsecured loan from Holding Company and an amount of Rs. 20.84 Lac was payable against the same as on 31.03.2007.

b) The rate of interest and other terms and conditions of loans taken by the Company, are prima facie not prejudicial to the interest of the Company.

c) The payment of the principal amount is generally regular.

d) The overdue amount for any individual party is not more than one lakh.

IV Internal Control

In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for providing services. There is no continuing failure to correct major weaknesses in internal control system.

V. Transactions under Section 301

According to the information and explanations given to us and to the best of our knowledge and belief, there are no contract or arrangement that needed to be entered in to the register maintained in pursuance of Section 301 of the Companies Act, 1956.

VI. Public Deposits

According to the information and explanation given to us, the Company has not taken any deposits from the public.

VII. a) Internal Audit System

The Company has an internal audit system commensurate with its size and the nature of its business.

b) Cost Records

As explained, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of subsection (1) of section 209 of the Companies Act, 1956.

VIII. Statutory Dues

a) The Company is regular in depositing undisputed statutory dues with the appropriate authorities and no such dues are outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.

Mid-Day Outdoor Limited

Annexure to Auditors' Report

- b) There are no dues of Income Tax / sales tax / wealth tax / service tax / custom duty / excise duty / cess, which are not deposited on account of dispute.

IX. Miscellaneous

- a) The networth of the Company has been fully eroded as on 31.03.2007. The Company has incurred cash losses in current financial year and in preceding financial year.
- b) The Company has not taken any loans from financial institution or bank or debenture holders and accordingly the question of any default does not arise.
- c) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- d) As explained, the Company is not a chit fund, nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order are not applicable to the Company.
- e) As explained and verified, the Company is not dealing or trading in shares, securities, debentures and other investments.
- f) As explained, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- g) The Company has not obtained any loans, accordingly clause (xvi) and (xvii) of para 4 of the order is not applicable.
- h) The Company has not issued any shares / debentures during the year. Accordingly, the compliance of clause (xviii) to (xx) of para 4 of the order is not applicable.
- i) As explained to us, no fraud on or by the Company has been noticed or reported during the year.

For T. R. Chadha & Co.

Chartered Accountants

Vikas Kumar

(Partner)

Membership No.: 75363

Place : Mumbai

Date : May 7, 2007

Mid-Day Outdoor Limited

Balance Sheet as at March 31, 2007

	SCHEDULE	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
SOURCES OF FUNDS			
I. Shareholders' funds			
Share Capital	A	3,49,50,000	3,49,50,000
Reserves and Surplus		0	0
		3,49,50,000	3,49,50,000
2. Loan Funds			
Unsecured Loan	B	20,84,370	20,84,115
		20,84,370	20,84,115
		3,70,34,370	3,70,34,115
APPLICATION OF FUNDS			
I. Current Assets, Loans & Advances			
Sundry Debtors	C	0	13,15,472
Cash & Bank Balances	D	15,954	39,704
Loans & Advances	E	15,00,000	15,00,000
		15,15,954	28,55,176
Less: Current Liabilities & Provisions	F	14,028	56,537
Net Current Assets		15,01,926	27,98,639
2. Profit & Loss Account (Dr. Balance)			
		3,55,32,444	3,42,35,476
		3,70,34,370	3,70,34,115
Significant Accounting Policies And Notes Forming Part of Accounts	I		

As per our report of even date.

For and on behalf of the Board

For T.R.Chadha & Co.
Chartered Accountants

Vikas Kumar
(Partner)

Rukya Ansari
Director

Tarique Ansari
Director

Place : Mumbai
Date : May 7, 2007

Mid-Day Outdoor Limited
Profit and Loss Account for the year ended March 31, 2007

	SCHEDULE	Year Ended to Mar 31, 2007 Rs.	Year Ended to Mar 31, 2006 Rs.
INCOME			
Advertising,Painting,Fabrication Revenue		-	4,750
Other Income	G	35,418	15,379
TOTAL		35,418	20,129
EXPENDITURE			
Operating Expenses	H	13,32,386	13,53,332
TOTAL		13,32,386	13,53,332
Profit /(Loss) during the year		(12,96,968)	(13,33,203)
Earlier Year Income Tax		-	7,768
Net Profit /(Loss) for the year		(12,96,968)	(13,40,971)
Profit/(Loss) Brought Forward		(3,42,35,476)	(3,28,94,505)
Profit /(Loss) Carried to Balance Sheet		(3,55,32,444)	(3,42,35,476)
Earning/(loss) Per Share - Face Value Rs 10 per share		(0.37)	(0.38)
Significant Accounting Policies And Notes Forming Part of Accounts	I		

As per our report of even date.

For and on behalf of the Board

For T.R.Chadha & Co.

Chartered Accountants

Vikas Kumar
(Partner)

Rukya Ansari
Director

Tarique Ansari
Director

Place : Mumbai
Date : May 7, 2007

Mid-Day Outdoor Limited

Schedules forming part of the Balance Sheet

SCHEDULE	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
Schedule A		
Share Capital		
<u>Authorised Capital</u>		
40,00,000 equity shares of Rs.10/- each	4,00,00,000	4,00,00,000
<u>Issued,Subscribed & Paid up</u>		
34,95,000 Equity shares of Rs.10/-each (Previous Year 34,95,000 equity shares of Rs.10/- each) [34,94,200 Equity shares are held by Holding Company Mid-Day Multimedia Ltd.]	3,49,50,000	3,49,50,000
	3,49,50,000	3,49,50,000
SCHEDULE B		
Unsecured Loan		
Loan from Holding Company	20,84,370	20,84,115
	20,84,370	20,84,115
SCHEDULE C		
Sundry Debtors		
(unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	13,15,472
Other debts	-	-
	-	13,15,472
SCHEDULE D		
Cash & Bank Balances		
In current account with a scheduled Bank	15,954	39,704
	15,954	39,704
SCHEDULE E		
Loans & Advances		
(Unsecured, considered good)		
Trade Deposit	15,00,000	15,00,000
	15,00,000	15,00,000
SCHEDULE F		
Current Liabilities & Provisions		
Sundry Creditors for expenses	-	35,826
TDS Payable	-	255
Service Tax Payable	4,028	5,456
Outstanding Liabilities	10,000	15,000
	14,028	56,537

Mid-Day Outdoor Limited

Schedules forming part of Profit & Loss Account

SCHEDULE	Year Ended Mar 31, 2007 Rs.	Year Ended Mar 31, 2006 Rs.
SCHEDULE G		
Other Income		
Interest on Income Tax refund	-	15,379
Mis.Income	35,418	-
	35,418	15,379
SCHEDULE H		
Operating Expenses	-	2,000
Operational Expenses	-	4,500
Filing fee	1,500	10,000
Remuneration to Auditors - Statutory Audit Fees	10,000	18,980
- Taxation Matters	10,000	68
Bank Charges	149	13,15,184
Advances Written Off	-	-
Bad debt written off	13,10,237	-
Miscellaneous Expenses	500	2,600
	13,32,386	13,53,332

SCHEDULE-I

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FORMING AN INTEGRAL PART OF THE BALANCE SHEET AS AT 31st MARCH 2007 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements are prepared under historical cost convention and on accrual method of accounting. Advertising Income & Commission Income is net of commission / credits allowed during the year.

2. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation has been provided as per Written Down Value Method at the rates specified in Schedule XIV of the Companies Act, 1956.

Depreciation has been provided for additions to the assets during the year from the month of addition and for assets sold during the year up to the month preceding the sale.

3. Inventory

Stores and Consumables are valued at cost.

4. Investments

Investments, being long term in nature, are valued at cost.

Mid-Day Outdoor Limited

Schedules forming part of Profit & Loss Account

5. Retirement Benefits

No gratuity is payable by the Company under the Payment of Gratuity Act. There is no liability on account of the accumulated leave as there are no employees on the roll of the Company. Accordingly, no provision is made for leave wages.

B) NOTES TO ACCOUNTS

1. Contingent liability:

Income-tax : NIL

2. Deposits are subject to confirmation / reconciliation. Adjustments arising out of the same would be accounted for as and when ascertained.
3. In the opinion of the Board, current assets, loans and advances have a value, in the ordinary course of business, on realisation at least equal to the amount at which they are stated.

	Current Year Rs.	Previous Year Rs.
4. Expenditure in Foreign Currency	Nil	Nil
5. Earning in Foreign Currency	Nil	Nil
6. In view of the accumulated losses, provision for Income tax is not made.		
7. Disclosure with regard to the Related party transactions as per AS- 18 is as under:		

The name of the transacting related party	Relationship	Description of the nature of transactions	Amount (Rs. in Lac)
Mid-Day Multimedia Limited	Holding Company	Unsecured Loan outstanding as on 31.03.2007 (As on 31.03.2006)	20.84 (20.84)

List of Related Parties:

Holding Company:

- Mid-Day Multimedia Ltd.

Concerns where control exists:

- Meridian Holding & Leasing Co. Pvt. Ltd.
- Mid-Day Export Pvt. Ltd.
- Inquilab Offset Printers Pvt. Ltd.
- Ferari Investments & Trading Co. Pvt. Ltd.
- Radio Mid-Day West (India) Ltd.
- Mid-Day Broadcasting South (India) Pvt. Ltd.
- Mid-Day Radio North (India) Ltd.

8. The deferred tax assets as per Accounting Standard - 22 (AS-22) on Accounting of taxes towards carried forward losses has not been recognised, as there is no certainty of their realizability.
9. The Company operates in a single business segment of Outdoor Advertising. Therefore disclosure requirement for Segment Reporting as per AS-17 is not applicable to the Company.
10. The disclosures with regard to the requirement of Part II of Schedule VI of the Companies Act, 1956 are not applicable.
11. Previous year figures have been regrouped / rearranged wherever considered necessary to make them comparable with the current year figures.
12. All figures are rounded off to the nearest rupee.

For **T.R. Chadha & Co.**
Chartered Accountants

For and on behalf of the Board

Vikas Kumar
(Partner)

Rukya Ansari
Director

Tarique Ansari
Director

Place: Mumbai
Date: May 7, 2007

Mid-Day Outdoor Limited

Cash Flow Statement

	Financial Year 2006-07	Financial Year 2005-06
A. Net Cashflow from operating Activities		
Net Profit/(Loss) before tax	(12,96,968)	(13,33,203)
Depreciation	-	-
Operational Profit Before Working Capital	<u>(12,96,968)</u>	<u>(13,33,203)</u>
Adjustments for changes in Working Capital		
Sundry Debtors	13,15,472	-
Loans & Advances (others)	-	15,69,600
Other Current Assets		
Current Liabilities Prov others	(42,509)	(1,54,694)
Sub Total	<u>12,72,963</u>	<u>14,14,906</u>
Cash Generated from Operations	(24,005)	81,703
Income Tax Paid	-	(7,768)
Sub Total	<u>-</u>	<u>(7,768)</u>
Net Cashflow from Operating Activities	(24,005)	73,935
B. Cash Flow from Investing Activities		
C. Cash Flow from Financing Activities	-	-
Borrowings		
others	-	-
Holding Company	255	(95,000)
Net Cash Flow from Financing Activities	<u>255</u>	<u>(95,000)</u>
Net Increase in cash & cash equivalents	(23,750)	(20,965)
Opening balance of cash & cash equivalents	39,704	60,669
Closing balance of cash & cash equivalents	15,954	39,704

Mid-Day Outdoor Limited

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

 Registration No. State Code

 Balance Sheet Date
 Date Month Year

 CIN Number
II Capital Raised during the year (Amount in Rs.Thousands)

 Public Issue Right Issue

 Bonus Issue Private Placement
III Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

 Total Liabilities Total Assets
Sources of Funds

 Paid-up Capital Reserves & Surplus

 Secured Loans Unsecured Loans
Application of Funds

 Net Fixed Assets Investments

 Net Current Assets Misc.Expenditure

 Accumulated Losses
IV Performances of Company (Amount in Rs.Thousands)

 Turnover Total Expenditure

 Profit/(Loss) Before Tax Profit/(Loss) After Tax

 Earning Per Share in Rs. Dividend Rate %
V Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code No.) N I L

Product Description : Outdoor Advertising

For T.R.Chadha & Co.

Chartered Accountants

Vikas Kumar
 (Partner)

Rukya Ansari
 Director

Tarique Ansari
 Director

 Place : Mumbai
 Date : May 7, 2007

Mid-Day Radio North (India) Limited

Directors' Report

TO THE MEMBERS OF MID-DAY RADIO NORTH (INDIA) LIMITED

The Directors have pleasure in presenting the Seventh Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2007.

Business Operations: -

During the year under review, the Company had no operations. Your Company is the Holding Company of Radio Mid-Day West (India) Ltd., which has acquired 6 licenses in Phase 2 of Private FM Broadcasting.

As the arbitrator has settled our dispute, regarding the surrender of the license granted under Phase I of Private FM Broadcasting, with the Ministry of I&B in our favour, we have written off the Incidental Expenditure during Construction Period amounting to Rs.2,28,98,884.

Directors: -

In accordance with the provisions of the Companies Act, 1956 and Articles of Association, Mr. Manajit Ghoshal, Director retires by rotation and is eligible for re-appointment.

Auditors: -

The Auditors M/s T.R. Chadha & Co, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting. They have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Particulars of Employees: -

Since there are no eligible employees, the provisions laid down in Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 shall not be applicable.

Directors' Responsibility Statement: -

The Directors confirm that: -

- * In the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- * The selected and applied accounting policies are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2007;
- * Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- * The annual accounts are prepared on a going concern basis.

Conservation of Energy, Technology Absorption, Foreign Exchange earning and outgo: -

- | | |
|-----------------------------|-------|
| a) Conservation of Energy | : NIL |
| b) Technology Absorption | : NIL |
| c) Foreign Exchange Earning | : NIL |
| d) Foreign Exchange Outgo | : NIL |

Acknowledgement: -

Your Directors would like to express their appreciation for the valuable support given by the personnel and bankers.

For and on behalf of the Board

Manajit Ghoshal
Chairman

Place: Mumbai
Date: May 3, 2007

Mid-Day Radio North (India) Limited

Auditors' Report

AUDITOR'S REPORT TO THE SHAREHOLDERS OF MID-DAY RADIO NORTH (INDIA) LIMITED

1. We have audited the attached Balance Sheet of Mid-Day Radio North (India) Limited as at 31st March, 2007 and the Profit and Loss Account 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.
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 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 of our opinion.
3. The Company is a public limited Company which has paid up capital and reserves of less than rupees Fifty Lac and has not accepted any public deposit and does not have any outstanding loans from any bank or financial institution and does not have a turnover exceeding rupee five crores. Accordingly, provisions of Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of the section 227 of the companies Act, 1956 are not applicable to the Company.
4. Further to our comments referred to above, we report that:
 - 4.1 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;
 - 4.2 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;
 - 4.3 The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - 4.4 In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report complies with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
 - 4.5 On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2007 from being appointed as a director under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
 - 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Statement of Significant Accounting Policies and the Notes forming parts of Accounts 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:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007; and
 - b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date

For T. R. Chadha & Co.
Chartered Accountants

Vikas Kumar
(Partner)
Membership No. 75363
Place: Mumbai
Date : May 3, 2007

Mid-Day Radio North (India) Limited

Balance Sheet as at March 31, 2007

	SCHEDULE	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	5,00,000	5,00,000
Loan funds			
Unsecured loan	2	51,57,84,938	3,90,98,438
Total		51,62,84,938	3,95,98,438
APPLICATION OF FUNDS			
Fixed assets			
Gross block	3	-	65,807
Less:- Depreciation		-	16,812
		-	48,995
Incidental Expenditure pending allocation to Capital / Other accounts	4	-	1,04,40,309
Investments	5	49,24,91,500	-
Current Assets, Loans and advances			
Cash and bank balances	6	2,15,981	1,58,78,465
Loans and Advances	7	7,09,281	1,33,84,574
		9,25,262	2,92,63,039
Less:- Current liabilities and provisions			
Current liabilities	8	94,957	1,68,205
Net current assets		8,30,305	2,90,94,834
Miscellaneous expenditure (to the extent not written off or adjusted)	9	-	14,300
Profit and loss account (Dr. balance)		2,29,63,133	-
Total		51,62,84,938	3,95,98,438
Notes to accounts and accounting policies forming part of the accounts	10	-	-

Schedules A to P referred form integral part of the balance sheet and the profit & loss account.
As per our report of even date attached.

For T.R.Chadha & Co.
Chartered Accountants

For Mid-Day Radio North (India) Ltd.

Vikas Kumar
(Partner)

Manajit Ghoshal
Director

Rajesh Tahil
Director

Place: Mumbai

Date : May 3, 2007

Mid-Day Radio North (India) Limited

Profit and Loss Account for the year ended March 31, 2007

	SCHEDULE	Year Ended to Mar 31, 2007 Rs.	Year Ended to Mar 31, 2006 Rs.
INCOME			
Interest income		-	-
		-	-
Expenditure			
General & Administration Expenses		19,454	-
Assets Scraped during the year		44,795	-
Incidental Expenditure pending allocation written off		2,28,98,884	-
		2,29,63,133	-
Net loss carried to the Balance Sheet		(2,29,63,133)	-

Notes to accounts and accounting policies forming part of the accounts

10

As per our report of even date attached.

For T.R.Chadha & Co.
Chartered Accountants

For Mid-Day Radio North (India) Ltd.

Vikas Kumar
(Partner)

Manajit Ghoshal
Director

Rajesh Tahil
Director

Place: Mumbai
Date: May 3, 2007

Mid-Day Radio North (India) Limited

Schedules forming part of the Balance Sheet

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
1. Share Capital		
Authorised Capital		
50,000 equity shares of Rs.10/- each	5,00,000	5,00,000
	5,00,000	5,00,000
Issued, subscribed and paid-up capital		
50,000 equity shares of Rs.10/- each fully paid-up	5,00,000	5,00,000
	5,00,000	5,00,000
2. Unsecured Loan		
From Holding Company	51,20,40,938	3,53,54,438
From Bodies Corporate	37,44,000	37,44,000
	51,57,84,938	3,90,98,438
3. Fixed Assets		

Description	Gross Block			Accumulated Depreciation				Net Block		
	At April 1 2006	Additions	Deletions	At Mar 31 2007	At April 2006	Depreciation	Deletions	At Mar 31 2007	At Mar 31 2006	
Office Equipments	46,526	0	46,526	0	8,838	2,208	11,046	0	0	37,688
Airconditioners	19,281	0	19,281	0	7,974	1,992	9,966	0	0	11,307
	65,807	0	65,807	0	16,812	4,200	21,012	0	0	48,995
Previous Year	65,807	0	0	65,807	12,612	4,200	0	16,812	48,995	

4. Incidental Expenditure during construction period		
pending allocation to Capital/Other accounts		
Opening balance	1,04,40,309	1,04,59,394
Reserved licence fees written off	62,50,000	-
Depreciation	4,200	4,200
Bank charges	1,344	1,231
Legal & professional fees	-	80,000
Advances Written Off	67,70,790	-
Auditor's remuneration	-	8,265
ROC filing fees	-	3,400
Miscellaneous expenses	14,300	1,700
Bank guarantee fees	-	7,38,853
Less:- Interest on margin money deposit against bank guarantee	(5,82,059)	(8,56,734)
Less:- Incidental Expenditure written Off	(2,28,98,884)	-
	-	1,04,40,309

Mid-Day Radio North (India) Limited

Schedules forming part of the Balance Sheet

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
5. Investments		
4,92,49,150 shares (previous year nil) @ Rs.10 each of Radio Mid-Day West (India) Ltd.	49,24,91,500	-
	49,24,91,500	-
6. Cash and bank balances		
Cash in hand	200	200
Balances with scheduled banks in -current accounts	2,15,781	28,540
Margin money deposit on bank guarantee (under lien with bank)	-	1,58,49,725
	2,15,981	1,58,78,465
7. Loans and advances (unsecured and considered good)		
Reserved licence fees	-	62,50,000
Deposits	-	35,10,000
Advances recoverable in cash or for value to be received	7,09,281	36,24,574
	7,09,281	1,33,84,574
8. Current liabilities		
Sundry creditors for expenses	94,957	1,68,205
	94,957	1,68,205
9. Miscellaneous expenditure (to the extent not written off or adjusted)		
Preliminary expenses	-	14,300
	-	14,300

SCHEDULE:- 10

Notes Annexed to and forming part of the Balance Sheet as at 31st March, 2007

1) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

- a) The Financial Statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the applicable accounting standard issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.
- b) Fixed Assets not in usable condition have been scrapped during the year.
- c) Depreciation on Fixed Assets has been charged at Straight Line Method rates as per the Companies Act, 1956.
- d) Miscellaneous expenditure has been written off during the year.

Mid-Day Radio North (India) Limited

Schedules forming part of the Balance Sheet

2) Notes to Accounts:

- a) Prior to the operating license being issued to the Company, it expressed its inability to the Government to launch the radio station at Delhi under the current unviable license fee structure. The Company appealed to the Government for a rationalization of the same. The matter was under arbitration and has been decided in favour of the Company. The bank guarantee and the related margin money have since been released and the licence fee being paid has been forfeited and being treated accordingly.
- b) The expenditure incurred upto 31.03.2006 of Rs.1,04,40,309 shown as "Incidental Expenditure pending Allocation to Capital / Other Accounts" has been written off during the year since our plan for proposed business did not materialise.
- c) During the year under consideration, the Company earned interest income of Rs.5,82,059 (Previous year Rs. 8,56,734) on Fixed Deposit with bank, which were placed as Margin Money Deposit with the bank for providing guarantee to The Ministry of Information and Broadcasting on behalf of the Company in order to obtain licence to operate the FM broadcasting activities.

Relying on the Supreme Court judgement in the case of CIT Vs Bokaro Steel Ltd. (1999) 102 Taxman 94 (S.C.), the interest income is adjusted against the expense incurred till date as the aforesaid activities are directly connected with or incidental to the work undertaken by the Company and accordingly no provision for tax has been made in the accounts.

The Company has received a demand of Rs.8,12,528 on above issue relating to assessment year 2003-04 against which the appeal has been referred to Commissioner (Appeals). The Company is confident of having the appeal in its favour and accordingly no provision has been made against the same. The tax paid against this demand till 31.03.2007 of Rs.4 Lac has been treated as advances recoverable.

	Current Year Rs.	Previous Year Rs.
d) Expenditure in foreign currency	Nil	Nil
e) Audit fees (including service tax)	Rs.16,854/-	Rs. 8,265/-
f) Contingent liability: -		
i) for guarantees issued by the Company's bankers	Nil	Rs.712.50 lacs
ii) for counter guarantee issued on behalf of		
- Radio Mid-Day West (India) Ltd.	Nil	Rs. 975 lacs
- Mid-Day Broadcasting South (India) Pvt Ltd.	Nil	Rs.330 lacs
g) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs nil (Previous year Rs. nil).		
h) The Company has only one segment namely radio, hence no separate disclosure of the segment wise information has been made.		

Mid-Day Radio North (India) Limited

Schedules forming part of the Balance Sheet

- i) Previous years figures have been re-grouped / re-cast wherever necessary.
- j) Disclosure with regard to related party transactions as per Accounting Standard AS-18 is as under: under:

Name of The Party	Relationship	Nature of Transaction during the year	Amount of transaction (Rs.)	Closing Balance Due (to)/ from Rs.
Mid-Day Multimedia Ltd	Holding Company	On account receipt (net)	1,58,05,000	51,20,40,938
		Purchase of investments on credit basis	49,24,91,500	
Inquilab Offset Printers	Associate	-	-	37,44,000

- k) Additional information required under Part II of Schedule VI of the Companies Act, 1956 has been furnished to the extent applicable.

For T. R. Chadha & Co.
Chartered Accountants

For Mid-Day Radio North (India) Ltd.

Vikas Kumar
Partner

Manajit Ghoshal
Director

Rajesh Tahil
Director

Place: Mumbai
Date: May 3, 2007

Radio Mid-Day West (India) Limited

Directors' Report

TO THE MEMBERS OF RADIO MID-DAY WEST (INDIA) LIMITED

The Directors have pleasure in presenting the Seventh Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2007.

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	2006-07	2005-06
Profit/(Loss) before Depreciation, Interest and Tax	(1,074.12)	182.11
Less: Depreciation	621.86	285.71
Interest	665.44	198.27
Profit Before Tax	(2,362.06)	(302.50)
Less: Fringe benefit tax	(24.21)	(3.57)
Profit After Tax	(2,386.21)	(306.07)
Add: Balance brought forward from previous year	(2,477.10)	(2,277.13)
Deferred Tax Benefit in respect of Loss	818.59	106.09
Balance carried forward	(4,044.78)	(2,477.10)

Business Operations and Future Prospects: -

The implementation of the Phase II policy of the Ministry of Information and Broadcasting is in full swing. Radio stations are being launched all over the country.

We have launched 3 new radio stations, Bangalore, Delhi and Chennai in the year under review with interim infrastructure. The CTI for these is expected to be ready in 2007-08. The remaining 3 stations, Ahmedabad, Pune and Kolkata, will also be launched once the CTI is in place.

The topline of the Company has grown by 79% from Rs.866 lacs to Rs.1551 lacs. This reflects the performance of the new stations as well. The Loss before tax has gone up from Rs.306 lacs to Rs.2386 lacs due to the expenses incurred towards launching the new stations.

Enhancement of Capital:-

Pursuant to the approval by the shareholders at the Extra-Ordinary General Meeting of the Company held on March 23, 2007, the authorised share capital of the Company was increased from Rs. 100,00,00,000/- comprising of 10,00,00,000 Equity shares of Rs. 10 each to Rs. 110,00,00,000/- comprising of 11,00,00,000 Equity shares of Rs. 10 each.

At the meeting of the Board of Directors held on 18.07.2006 2,73,37,288 equity shares of Rs. 10 each were allotted as under:

- 1) 50,00,000 Equity shares of Rs. 10 each to Rare Enterprises
- 2) 50,00,000 Equity shares of Rs. 10 each to Mr. Rakesh Jhunjunwala
- 3) 1,73,37,288 Equity shares of Rs. 10 each to BBC Worldwide Holdings B.V.

Consequently the paid up share capital of the Company stands increased to Rs. 86,68,64,380/-.

Directors: -

Mr. Khalid A.H. Ansari, was appointed as an Additional Director in the Board meeting held on May 18, 2006. He holds office up to the date of this Annual General Meeting and in respect of him, the Company has received notice in writing under Section 257 of the Companies Act, 1956 from shareholder proposing his candidature for the office of Director of the Company and the forthcoming Annual General Meeting.

Mr. Dilip Cherian was appointed as a director on November 24, 2006. He is Nominee of BBC Worldwide Holdings B.V.

Radio Mid-Day West (India) Limited

Directors' Report

Mr. Manajit Ghoshal is liable to retire by rotation and being eligible offer himself for reappointment.

Auditors: -

The Auditors M/s Haribhakti & Co, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting. They have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Auditors' Observation in their Report

As on March 31, 2007, the Company has accounted for Rs 8,45,63,977/- as Deferred Tax Asset. The Board reviews the carrying amount of Deferred Tax Assets at each Balance Sheet date and reviews the performance of the Company vis-à-vis the plan to arrive at a conclusion for carrying forward and creating a further Deferred Tax Asset.

As the Board is virtually certain that there will be sufficient future taxable income against which the Deferred Tax Asset can be realized, the Company has decided to recognize the Deferred Tax Asset for the carry forward loss.

Particulars of Employees: -

Since there are no eligible employees, the provisions laid down in Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 shall not be applicable.

Directors' Responsibility Statement :-

The Directors confirm that: -

- * In the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- * The selected and applied accounting policies are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2007;
- * Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- * The annual accounts are prepared on a going concern basis.

Conservation of Energy, Technology Absorption, Foreign Exchange earning and outgo: -

a) Conservation of Energy	: NIL
b) Technology Absorption	: NIL
c) Foreign Exchange Earning	: NIL
d) Foreign Exchange Outgo	: Rs. 308 lacs

Acknowledgement: -

The Board of Directors places on record their appreciation to all the employees of the Company for their outstanding contribution to the operations of the Company during the year under review. Your Directors also place on record their sincere appreciation of the wholehearted support extended by the Government and other Statutory Authorities, Company's Bankers, Business Associates, Auditors and all the Stakeholders of the Company.

For and on behalf of the Board

Manajit Ghoshal
Chairman

Place: Mumbai
Date: May 3, 2007

Radio Mid-Day West (India) Limited

Auditors' Report

TO THE MEMBERS OF RADIO MID-DAY WEST (INDIA) LIMITED

1. We have audited the attached Balance Sheet of Radio MidDay West (India) Limited, as at 31st March 2007, the Profit and Loss Account and also 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 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.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) 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;
 - (ii) 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;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. Attention is drawn to Note no. (v) of Schedule 17 of the Profit and Loss Account. The management has considered factors like expected profits in future, present and expected investments from outside groups etc. to recognize deferred tax assets of Rs. 8,45,63,977 during the year on account of unabsorbed tax losses and depreciation. We are unable to comment whether these can be considered as 'virtual certainty' prescribed under Accounting Standard 22 - Accounting for Taxes on Income, to recognize such assets.
 - (v) Based on the written representations received from the directors, as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st 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;
 - (vi) Subject to our observations in para (iv) above and the consequential effect thereof, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2007;
 - (b) in the case of the Profit & Loss account, of the loss 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.

For **Haribhakti & Co.**
Chartered Accountants

Chetan Desai
Partner
Membership No. 17000

Place : Mumbai
Date : May 3, 2007

Radio Mid-Day West (India) Limited

Annexures to Auditors' Report

ANNEXURE REFERRED TO IN PARA 3 OF OUR AUDIT REPORT

I. Fixed Assets:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. We are informed that the management has at reasonable intervals physically verified all the fixed assets of the Company and no material discrepancies were noticed.
2. During the year the Company has not disposed off substantial part of its fixed assets.

II. Inventories:

3. Considering the nature of business of the Company, the Company does not hold any inventory.

III. Internal Controls:

4. There is 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 goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.

IV. Transactions with parties under section 301 of the Companies Act, 1956:

5. On the basis of our examination of relevant records and on the basis of representation received from the management, transactions that need to be entered in the register in pursuant to Section 301 of the Act have been so entered.
6. On the basis of our examination of books of account, the Company has not entered into any transaction exceeding Rs. 5 lacs in respect of any party during the financial year that needs to be entered in the register pursuant to Section 301 of the act.

V. Loans and Advances:

7. The Company has not granted any loan to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
8. According to the information and explanation given to us, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act 1956.
9. In respect of loans and advances in the nature of loans, given by the Company, to its employees and other parties, repayment of principal and interest, wherever applicable, is being made as stipulated.
10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

VI. Deposits:

11. During the year, the Company has not accepted any deposits within the meaning of Section 58A and Section 58AA of the Companies Act or any other relevant provisions of the Act and the Rules framed thereunder.

VII. Internal Audit:

12. In our opinion, the Company's internal audit system is commensurate with its size and nature of the business.

VIII. Statutory Payments:

13. According to the books and records as produced and examined by us in accordance with the generally auditing practices in India and also based on the management representations, undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Customs Duty, Income Tax, Service Tax, and any other statutory dues have generally been regularly deposited by the Company with the appropriate authorities in India. The provisions of Sales Tax, Wealth Tax, and Excise Duty do not apply to the Company.

Radio Mid-Day West (India) Limited

Annexures to Auditors' Report

14. As at March, 2007 there have been no disputed dues that have not been deposited with the respective authorities in respect of Income Tax, Service Tax etc.
15. According to the records of the Company, it has not defaulted in repayment of its dues to any financial institution or banks.

IX. Losses:

16. The accumulated losses of the Company at the end of the financial year exceeds fifty percent of its net worth. The Company has incurred cash losses in the current financial year and in the immediately preceding financial year.

X. Guarantees:

17. As per the information and explanations given to us the Company has not given any counter guarantees for loans taken by others from banks or financial institutions.

XI. Utilisation of funds:

18. On the basis of review of utilization of funds pertaining to term loans on overall basis and related information as made available to us the term loans taken by the Company have been applied for the purposes for which they were taken.
19. On the basis of review of utilization of funds, which is based on overall examination of Balance Sheet of the Company, related information made available to us and as represented to us by the management, funds raised on short term basis have not been used for long term purposes.

XII. Miscellaneous:

20. The Company has not traded or dealt in shares, securities, debentures or other investments during the year except as shown in Schedule No. 5 of the Balance Sheet as at 31.03.2007.
21. As per information and explanation given to us and on the basis of examination of records, no material fraud on or by the Company was noticed or reported during the year.
22. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 for the activities carried by the Company.
23. According to information and explanation given to us, 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.
24. According to information and explanation given to us, the Company has not raised any money by public issue.
25. In our opinion, the Company is not a chit fund / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the order are not applicable to the Company.

For Haribhakti & Co.

Chartered Accountants

Chetan Desai

Partner

Membership No. 17000

Place : Mumbai

Date : May 3, 2007

Radio Mid-Day West (India) Limited

Balance Sheet as at March 31, 2007

	SCHEDULE	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
SOURCES OF FUNDS			
Shareholders' funds			
Share capital			
Share capital	1	86,68,64,380	59,34,91,500
Share application money		-	41,85,33,444
Reserves & Surplus			
Securities Premium		17,36,09,479	-
Loan funds			
Secured loan	2	52,08,63,569	50,88,28,105
Unsecured loan	3	21,10,02,000	-
		1,77,23,39,428	1,52,08,53,049
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	1,13,38,47,747	1,03,69,01,562
Less:- Depreciation		10,16,85,077	3,95,91,403
Net Block		1,03,21,62,670	99,73,10,159
Add Capital Work in Progress including Capital Advances		6,99,60,000	3,14,23,557
		1,10,21,22,670	1,02,87,33,716
Investments			
Deferred tax asset	5	-	51,16,007
		20,80,26,490	12,61,67,777
Current assets, loans and advances			
Sundry debtors	6	9,60,09,508	4,70,41,538
Cash and bank balances	7	3,71,63,940	5,57,64,115
Loans and advances	8	5,35,34,512	3,41,66,055
		18,67,07,960	13,69,71,708
Less:- Current liabilities			
Current liabilities	9	12,86,91,205	2,40,00,916
Provisions		3,55,761	11,477
		12,90,46,966	2,40,12,393
Net current assets			
		5,76,60,994	11,29,59,315
Miscellaneous expenditure			
(to the extent not written off or adjusted)	10	-	1,66,052
Profit and loss account (Dr. balance)		40,45,29,274	24,77,10,182
		1,77,23,39,428	1,52,08,53,049
Notes forming part of the accounts	17		

Schedules 1 to 17 referred to above form integral part of the balance sheet and the profit & loss account
As per our Report of even date attached.

For Haribhakti & Co.
Chartered Accountants

For Radio Mid-Day West (India) Limited

Chetan Desai
(Partner)
Membership No.:- I7000

Manajit Ghoshal
Director

Dilip Cherian
Director

Place: Mumbai
Date: May 3, 2007

Radio Mid-Day West (India) Limited
Profit and Loss Account for the year ended March 31, 2007

	SCHEDULE	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
Income			
Airtime sales		15,51,45,400	8,66,17,562
Interest income		22,61,957	15,18,917
Other income	11	52,622	17,61,865
		15,74,59,979	8,98,98,344
Expenditure			
Radio license fees		1,78,53,062	1,71,76,069
Employee cost	12	6,55,24,153	1,35,02,522
Operating expenses	13	5,26,20,410	1,73,06,053
General & Administration Expenses	14	12,89,25,858	2,37,02,737
Finance charges	15	6,65,43,849	1,98,27,132
Depreciation & Amortisation		6,21,86,923	2,85,70,630
Miscellaneous Expenditure Written Off	16	62,723	62,723
		39,37,16,978	12,01,47,866
Net Loss for the year		(23,62,56,999)	(3,02,49,522)
Fringe Benefit Tax		24,20,806	3,56,526
Deferred tax benefit		8,18,58,713	1,06,08,734
Net Loss For the Year		(15,68,19,092)	(1,99,97,314)
Add Loss brought forward		(24,77,10,182)	(22,77,12,868)
Net loss carried to the Balance Sheet		(40,45,29,274)	(24,77,10,182)
Notes forming part of the accounts	17		

As per our report of even date attached

For Haribhakti & Co.

Chartered Accountants

Chetan Desai

(Partner)

Membership No.:- I7000

Place: Mumbai

Date: May 3, 2007

For Radio Mid-Day West (India) Limited

Manajit Ghoshal

Director

Dilip Cherian

Director

Radio Mid-Day West (India) Limited

Schedules forming part of the Balance Sheet

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
1. Share Capital		
Authorised capital		
11,00,00,000 Equity shares of Rs.10/- each (10,00,00,000 Equity shares of Rs 10/- each)	1,10,00,00,000	1,00,00,00,000
	1,10,00,00,000	1,00,00,00,000
Issued, subscribed and paid-up capital		
8,66,86,438 Equity shares of Rs.10/- each fully paid-up (5,93,49,150 Equity shares of Rs 10/- each)	86,68,64,380	59,34,91,500
Of the above 4,92,49,150 (4,92,49,150 held by Mid-Day Multimedia Ltd.) shares are held by the Holding Company Mid-Day Radio North India Ltd., and 2,73,37,288 shares are issued during the year by way of preferential allotment.	86,68,64,380	59,34,91,500
2. Secured loans		
Cash Credit	73,63,569	36,12,674
(Secured against hypothecation of Book Debts and further secured by pari-passu charge on movable and immovable assets of the Company, present and future, as well as that of Mid-Day Multimedia Ltd. and further secured by personal guarantees of Chairman and Managing Director of the Mid-Day Multimedia Ltd. respectively and Corporate guarantee of Mid-Day Multimedia Ltd.)		
Term loan - Bank Of Baroda	1,35,00,000	1,90,00,000
(Secured against movable and immovable assets of the Company, present and future, having pari-passu charge on such assets of the Company as well as that of Mid-Day Multimedia Ltd. and further secured by personal guarantees of Chairman and Managing Director of the Mid-Day Multimedia Ltd. & Corporate gurantee of Mid-Day Multimedia Ltd. Instalment due within a year Rs.60 lacs (Rs.60 lacs).		
Term loan - UTI Bank	50,00,00,000	48,62,00,000
(Secured against movable and immovable assets of the Company, present and future, having pari-passu charge on such assets of the Company and further secured by personal guarantees of Chaiman and Managing Director of Mid-Day Multimedia Ltd. and also to be secured by Corporate guarantee of Mid-Day Multimedia Ltd.) Instalment due within a year Rs.Nil (Rs.Nil).		
Vehicle Loan - Citibank	-	15,431
(Secured against vehicle)		
Instalment due within a year Rs.nil (Rs.15,431)		
	52,08,63,569	50,88,28,105

Radio Mid-Day West (India) Limited

Schedules forming part of the Balance Sheet

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
3. Unsecured loan		
Inter Corporate Deposit from Mid-Day Multimedia Ltd - Ultimate Holding Company	21,10,02,000	-
	21,10,02,000	-

4. Fixed Assets

Description	Gross Block			Accumulated Depreciation				Net Block	
	At April 1 2006	Additions	Deletions	At Mar 31 2007	At April 1 2006	Charges for the period	Deletions	At Mar 31 2007	At Mar 31 2006
OWNASSETS:									
Building	26,61,000	11,000	-	26,72,000	1,63,160	47,275	-	2,10,435	24,61,565
Studio equipment	1,53,90,458	43,99,078	-	1,97,89,536	41,69,208	24,78,054	-	66,47,262	1,31,42,274
Transmitter	3,27,43,001	64,49,328	-	3,91,92,329	67,34,400	9,42,427	-	76,76,827	3,15,15,502
Furniture and fixtures	76,39,160	1,94,05,874	-	2,70,45,034	16,37,842	11,17,623	-	27,55,465	2,42,89,569
Office Equipments	9,34,189	8,49,566	-	17,83,755	1,64,837	57,649	-	2,22,486	15,61,269
Computers	28,84,711	66,27,839	-	95,12,550	17,14,272	2,79,533	-	19,93,805	75,18,745
Motor Vehicles	6,29,095	-	270,388	3,58,707	2,14,902	58,266	93,249	1,79,919	1,78,788
Air-conditioners	6,58,029	45,46,995	-	52,05,024	1,16,341	1,44,858	-	2,61,199	49,43,825
Audio-visual equipments	1,08,221	1,31,923	-	2,40,144	1,10,71	7,751	-	18,822	2,21,322
Computer software	-	47,47,934	-	47,47,934	-	3,47,597	-	3,47,597	44,00,337
LEASED ASSETS :									
Studio equipment	-	1,03,97,275	-	1,03,97,275	-	4,07,151	-	4,07,151	99,90,124
Transmitter	-	1,37,83,363	-	1,37,83,363	-	3,40,874	-	3,40,874	1,34,42,489
Furniture and fixtures	-	1,12,38,447	-	1,12,38,447	-	3,96,487	-	3,96,487	1,08,41,960
Office Equipments	-	9,85,401	-	9,85,401	-	24,852	-	24,852	9,60,549
Computers	-	1,27,14,890	-	1,27,14,890	-	17,89,978	-	17,89,978	1,09,24,912
Air-conditioners	-	9,27,660	-	9,27,660	-	17,958	-	17,958	9,09,702
Audio-visual equipments	-	-	-	-	-	-	-	-	-
ONETIME ENTRY FEES	97,32,53,698	-	-	97,32,53,698	2,46,65,370	5,37,28,590	-	7,83,93,960	89,48,59,738
Total	1,03,69,01,562	9,72,16,573	2,70,388	1,13,38,47,747	3,95,91,403	6,21,86,923	93,249	10,16,85,077	1,03,21,62,670
Previous Year	6,21,66,876	97,47,34,686	-	1,03,69,01,562	1,10,20,773	2,85,70,630	-	3,95,91,403	99,73,10,159

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
5. Investments		
ABN Amro floating rate fund	-	12,28,775
CAN Liquid fund	-	18,87,232
Application money	-	20,00,000
	-	51,16,007

6. Sundry Debtors

(unsecured and considered good, unless otherwise stated)

Debts outstanding for a period exceeding six months

Good	2,96,13,906	-
Considered Doubtful	26,38,859	-
Other debts	6,69,47,082	2,90,77,005
Less: Amounts Billed in Advance	5,51,480	-
Less Provision for doubtful debts	26,38,859	-
	9,60,09,508	4,70,41,538

Radio Mid-Day West (India) Limited

Schedules forming part of the accounts

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
7. Cash and bank balances		
Cash on hand	6,32,104	60,072
Balances with scheduled banks in		
-current accounts	57,81,982	51,35,608
UTI Bank DSRA Account - (under lien with bank)	2,53,94,216	2,38,00,000
Margin money deposit on bank guarantee (under lien with bank)	53,55,638	2,67,68,435
	3,71,63,940	5,57,64,115
8. Loans and advances (unsecured and considered good)		
Deposits	3,29,94,504	1,66,81,302
Staff loans	6,10,884	2,27,239
Tax deducted at source	51,54,075	28,86,500
Advances recoverable in cash or in kind or for value to be received	1,47,75,049	1,43,71,014
	5,35,34,512	3,41,66,055
9. Current liabilities		
Lease arrangement - BBC	4,80,42,644	
Sundry creditors for expenses *	6,84,58,360	1,91,66,856
Other liabilities	1,21,90,201	48,34,060
(Of the above, Rs.94.23 Lacs is due to Mid-Day Multimedia Ltd.)	12,86,91,205	2,40,00,916
10. Miscellaneous expenditure (to the extent not written off or adjusted)		
Preliminary expenses	-	2,660
Share issue expenses	-	60,063
Deferred revenue expenditure	-	1,03,329
	-	1,66,052
11. Other Income		
Dividend Income	3,413	12,67,809
Profit on short term investments	49,209	4,94,056
	52,622	17,61,865
12. Employee Cost		
Salary & Wages	5,82,42,047	124,52,978
Contribution to PF and other funds	25,84,595	7,53,976
Employee Compensation (ESOP)	34,35,244	-
Staff Welfare expenses	12,62,267	2,95,568
	6,55,24,153	1,35,02,522

* Payable to SSI Units - Rs. Nil.

Radio Mid-Day West (India) Limited

Schedules forming part of the accounts

	As at Mar 31, 2007 Rs.	As at Mar 31, 2006 Rs.
13. Operating expenses		
Royalty	1,38,58,710	58,03,585
Radio programme creation and studio hire	1,24,34,249	42,97,445
Repairs & Maintenance - Equipment	35,85,642	6,69,920
Repairs & Maintenance - Others	18,97,605	8,59,129
Electricity charges	63,33,675	22,19,666
Rent	1,45,10,529	34,56,308
	5,26,20,410	1,73,06,053
14. General & administration expenses		
Telephone charges	46,43,261	6,47,367
Travelling	66,23,256	13,09,937
Conveyance	53,29,127	14,27,617
Directors sitting fees	1,50,000	-
Business Promotion	61,85,155	5,60,302
Auditors remuneration :-		
- Statutory Audit	1,20,000	88,160
- Tax Audit	33,672	-
Miscellaneous Expenses	8,33,282	2,42,084
Advertisement Expenses	8,46,03,980	62,47,498
Provision for bad and doubtful debts	26,38,859	-
Bad Debts Written Off	30,61,141	-
Legal & Professional Charges	1,02,83,103	18,98,846
Printing and stationery	17,09,573	4,53,996
Insurance	1,11,039	56,407
Rates and Taxes	25,30,000	1,07,70,523
Loss on sale of asset	70,410	-
	12,89,25,858	2,37,02,737
15. Finance Charges		
Interest		
- On Term Loans	6,36,73,950	
- On Others	<u>5,54,253</u>	
Bank charges & commission	23,15,646	66,40,481
	6,65,43,849	1,98,27,132
16. Amortisation of Miscellaneous Expenditure		
Share Issue Expenses written off	60,063	60,063
Preliminary Expenses written off	2,660	2,660
	62,723	62,723

Radio Mid-Day West (India) Limited

Notes to Accounts

SCHEDULE 17 :-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2007 :

I) Significant Accounting Policies:

i) Accounting system

- a) The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the provision of the Companies Act, 1956.

ii) Fixed Assets

- a) Fixed Assets are stated at cost less accumulated depreciation
- b) Expenses related to and incurred during implementation and set up of new project are capitalized under the appropriate heads on completion of the project.
- c) The original cost of Fixed Assets is inclusive of freight, duties, taxes, incidental expenses relating to the acquisition, cost of installation / erection, adjustments arising from exchange rate variations.
- d) As per AS-26 "Intangible Assets", pronounced by the ICAI, the One Time Entry Fees paid by the Company during the year has been classified as an intangible asset. The benefit of this will be derived over a period of 10 years, and hence it is being depreciated accordingly.

iii) Leased Assets

The Company recognizes Assets taken on finance lease as an asset and a liability at the inception of the lease.

iv) Depreciation

- a) Depreciation on fixed assets is provided for on Straight Line Method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956
- b) Depreciation on additions during the year is provided on a pro-rata basis from the date of addition.

v) Deferred Taxation

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax Asset arising on account of unabsorbed tax losses and unabsorbed depreciation are accounted for on prudence basis when there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

vi) Miscellaneous Expenditure

Miscellaneous Expenditure is written off over a period of five years.

vii) Staff benefits

- a) Company has set up an approved gratuity fund and has funded with the HDFC Standard Life Insurance Company, its present and past liabilities based on actuarial valuation.
- b) The Company provides Leave Encashment liability as per actuarial valuation.

Radio Mid-Day West (India) Limited

Notes to Accounts

2) Notes to Accounts :-
a) Expenditure In Foreign Currency

Particulars	Current year (in Rs)	Previous year (in Rs)
i) Conference / Training & Travel	27,52,925	Nil
ii) Capital Expenditure	2,48,41,207	Nil
iii) Lease Rentals	32,07,357	Nil

b) Contingent Liabilities

In respect of guarantees issued by the Company's bankers Rs. 2.96 Crores (Previous year Rs.10.20 Crores).

c) Licensed and installed capacity:

The Company is primarily engaged in broadcasting of radio programmes. It is not subject to capacity licensing requirements, and due to the nature of the business it is not possible to determine installed capacity.

d) Balances in Sundry Debtors and Sundry Creditors are subject to confirmation.

e) In view of the standard on accounting for taxes on income, the Company has provided Rs 8,18,58,712 as deferred tax asset as on March 31, 2007. The calculation of deferred tax assets / liability is shown below:

Particulars	Amount as per Books	Amount as per IT	Deff. Tax Assets	Deff. Tax Liability
C/f Loss As per IT Return		61,99,81,620	21,07,31,753	
Net Block of Fixed Assets				
as on 31.03.2007	98,50,92,934	97,32,58,252		40,22,609
Provision for Bad Debts	26,38,859		8,96,948	
Provision for Leave Encashment	12,36,824		4,20,396	
			21,20,49,097	40,22,609
Net Deff. Assets as on 31.03.2007			20,80,26,488	
Less:- Provided in Books up to 31.03.2006			12,61,67,777	
Deff Tax Assets for the period			8,18,58,712	

f) Estimated amount of contracts remaining to be executed on capital account and not provided for is Nil. (Previous Year Rs 430 lacs (Net of Advances))

g) The Company has gone into appeal against an order of the Copyright Board, which has determined the royalty payable to Phonographic Performance Limited at an average rate of Rs 660 per hour as against their demand of Rs 1500 per hour. The Company has however provided for royalty in its books at the rate decided by the Copyright Board.

Radio Mid-Day West (India) Limited

Notes to Accounts

- h) Disclosure with regard to related party transactions as per Accounting Standard AS-18 is as under:

Name of the Party	Relationship	Nature of transaction during the year	Amount of Transaction (RS)	Closing balance due to / (from)	Amount written off/ Added back
Mid-Day Multimedia Ltd	Ultimate Holding Company	Rent expense	14,64,645	8,01,528	Nil
		Hoarding / bus shelter Newspaper advertising	64,55,379	4,56,299	
		Interest	94,60,229	70,73,584	
		Reimbursements	11,24,963	10,91,403	
		ESOP Loan	34,35,244 21,10,02,000	34,35,244 21,10,02,000	
Meridian Holding & Leasing Co Ltd	Associate Company	Rent expense	7,73,160	Nil	Nil

- i) The total of minimum lease payments at the balance sheet date and their present value is as under

Particulars	Minimum Lease Payment (Rs.)	Present Value (Rs.)
Not later than one Year	1,28,29,428	85,39,430
Later than one year and not later than five year	4,49,02,998	3,74,96,924
Later than five year	NIL	NIL

- j) Deferred Revenue Expenditure representing Advertisement and Business Promotion Expenses incurred prior to commencement of operations amounting to Rs 5,16,653 are amortized over a period of five years. Accordingly an amount of Rs 1,03,329 has been charged to the Advertisement Expense.
- k) The Company has only one segment namely Radio, hence no separate disclosure of segment-wise information has been made.

Radio Mid-Day West (India) Limited

Notes to Accounts

- l) Earnings per share

Particulars	March 31, 2007	March 31, 2006
Net loss for the year	15,68,19,092	1,99,97,314
Calculation of weighted average number of equity shares		
Number of shares at the beginning of the year	5,93,49,150	70,00,000
Shares issued during the year	2,73,37,288	5,23,49,150
Weighted average number of equity shares	7,85,22,700	2,88,12,146
Basic and diluted earnings / (loss) (in Rupees) per share	(1.81)	(0.69)

- m) A few key employees of the Company have been offered ESOP of the ultimate holding Company, Mid-Day Multimedia Ltd. The proportionate amount of Rs.34,35,244 has been expensed as a part of employee compensation.
- n) Previous years figures have been re-grouped / recast wherever necessary.
- o) Additional information required under Part II of Schedule VI of the Companies Act, 1956 has been furnished to the extent applicable.
- p) The Company has operationalized three radio stations viz. Delhi, Bangalore and Chennai, during the year. In all, four radio stations are on air as on the date of the Balance Sheet.

For Radio Mid-Day West (India) Ltd.

FOR HARIBHAKTI & CO.
Chartered Accountants.

Manajit Ghoshal
Director

Dilip Cherian
Director

Chetan Desai
Partner
Membership No.:- I7000

Place : Mumbai.
Date : May 3, 2007

Radio Mid-Day West (India) Limited

Cash Flow Statement

	<u>2006-07</u> (Rs. in lacs)	<u>2005-06</u> (Rs. in lacs)
A. Net Cashflow from operating Activities		
Net Profit/(Loss) before tax	(2,362)	(302)
Depreciation	622	39
Interest	665	198
Operational Profit Before Working Capital Adjustments (a)	<u>(1,075)</u>	<u>(65)</u>
Adjustments for changes in Working Capital		
Sundry Debtors	(490)	(124)
Loans & Advances	(194)	(187)
Sundry Creditors	1,048	(489)
Sub Total (b)	<u>365</u>	<u>(800)</u>
Cash Generated from Operations (a)+(b)=(c)	<u>(710)</u>	<u>(865)</u>
Interest	665	198
Income Tax	24	4
Sub Total (d)	<u>689</u>	<u>202</u>
Net Cashflow from Operating Activities (c)-(d)=(e)	<u>(1,399)</u>	<u>(1,067)</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,355)	(328)
Deferred Revenue Expenditure	2	(9,485)
Sale of Investments	51	(51)
Net Cash Flow from Investing Activities (f)	<u>(1,302)</u>	<u>(9,864)</u>
C. Cash Flow from Financing Activities		
Borrowings	2,231	1,780
Issue of Share Capital	284	9,420
Net Cash Flow from Financing Activities (g)	<u>2,515</u>	<u>11,200</u>
Net Increase / Decrease in Cash & Cash Equivalents during the year	<u>(186)</u>	<u>269</u>
Cash & Cash Equivalents at the beginning of the Year	558	289
Cash & Cash Equivalents at the end of the Year	372	558

For Radio Mid-Day West (India) Limited

Manajit Ghoshal
Director

Dilip Cherian
Director

Radio Mid-Day West (India) Limited

BALANCE -SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No	1 1 1 2 2 2 3 3	State Code	
	3 1 0 3 2 0 0 7		
Date	Date Month Year		
CIN	U 9 2 1 3 0 M H I 9 9 9 P T C I 2 2 2 3 0		

II Capital Raised during the Year (Amount in Rs.Thousands)

Public Issue		Rights Issue	
	N I L		N I L
Bonus Issue		Private Placement	
	N I L		4 0 0 0 0

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

Total Liabilities		Total Assets	
	1 9 0 1 3 8 6		1 9 0 1 3 8 6
Sources of Funds		Reserves & Surplus (Incl Share Warrants)	
Paid -up Capital			1 7 3 6 0 9
	8 6 6 8 6 4	Unsecured Loans	
Secured Loans			2 1 1 0 0 2
Application of Funds		Investments	
Net Fixed Assets/ Incidental Expenditure During The Construction Period		Misc Expenditure	
	1 9 0 1 3 8 6		N I L
Pending Allocation to Capital / Other Accounts			N I L
		Accumulated Losses	
Net Current Assets			4 0 4 5 2 9
Deferred Tax Assets			2 0 8 0 2 6

IV Performance of Company(Amount in Rs.Thousands)

Turnover		Total Expenditure	
	1 5 7 4 6 0		3 9 3 7 1 7
Profit/Loss Before Tax	(2 3 6 2 5 7)	Profit After Tax	(1 5 6 8 1 9)
Earning Per Share (in Rs.)		Dividend Rate %	
	(1 . 8 1)		N A

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

Item Code No. (ITC Code)	
Service Description :-	N A
	Radio Broadcasting Services

For Radio Mid-Day West (India) Limited

Manajit Ghoshal
Director

Dilip Cherian
Director

MID-DAY MULTIMEDIA LIMITED

Registered Office: Peninsula Centre, Dr. S.S. Rao Road, Parel, Mumbai - 400 012

NOTICE

NOTICE is hereby given that the TWENTY-SIXTH ANNUAL GENERAL MEETING of the Company will be held on Tuesday, July 31, 2007 at 4.30 p.m. at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021 to transact the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007 and the Profit and Loss Account for the financial year ended on that date together with the Directors' Report and the Auditors' Report thereon.
- 2) To appoint a Director in place of Mr. Rakesh Jhunjhunwala, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Nikhil Khattau, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956 and subject to such approvals, if any, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Tarique Ansari, as Managing Director, for a further period of 3 years w.e.f. 1st July, 2007 to 30th June, 2010 on such remuneration and other terms and conditions as set out in the agreement to be executed with him, the broad terms whereof are set out in the explanatory statement attached hereto."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to alter and vary any of the terms and conditions relating to the remuneration payable to Mr. Tarique Ansari within the limits specified under the provisions of the Companies Act, 1956."

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
2. The Register of Members and Share Transfer Books of the Company will be closed from Thursday, July 26, 2007 to Tuesday, July 31, 2007 (both days inclusive) for annual closure as per the Listing Agreements.
3. Members desiring any information on the accounts at the annual general meeting are requested to write to the Company at least seven days in advance, so as to enable the Company to keep the information ready at the meeting.

NOTICE

4. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays and holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
5. As a measure of economy, copies of annual report will not be distributed at the annual general meeting. Members are requested to bring their copies of the annual report to the meeting.
6. Pursuant to the amendment to the Companies Act, 1956 the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of 7 years from the date of its transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.
7. Members are requested to notify immediately any change in their address and/or the Bank Mandate details to the Company's Registrars and Share Transfer Agents for shares held in physical form and to their respective Depository Participants for shares held in electronic form.

By Order of the Board of Directors

Vidya Shembekar
Company Secretary

Registered Office:

Peninsula Centre,
Dr.S.S. Rao Road,
Parel,
Mumbai - 400 012

Place: Mumbai

Date: May 7, 2007

Explanatory Statement

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

ITEM NO. 5

- a) The term of office of Mr. Tarique Ansari as a Managing Director of the Company will be expiring on 30th June, 2007. Subject to shareholders' approval, the Board of Directors, at their meeting held on 7th May, 2007 have approved re-appointment of Mr. Tarique Ansari for a further period of 3 years from 1st July, 2007. The present remuneration of Mr. Tarique Ansari is Rs. 42,00,000 per annum. Subject to approval of the members, the board has approved an overall limit of Rs. 42,00,000 per annum i., e. there is no revision in the remuneration of the Managing Director.

Remuneration:

Salary:

The Proposed remuneration including perquisite and allowances is Rs. 42,00,000/-.

Perquisites and Allowances:

- a) The perquisites and allowances payable to the Managing Director shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses and/or allowances for utilization of gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession for self and family including dependents, club fees, medical insurance and such other perquisites and allowances subject to ceiling of Rs.3, 00,000 per annum and subject to an overall ceiling of remuneration stipulated in Sections 198,309 of the Companies Act, 1956 and Schedule XIII to the Companies Act, 1956.
- b) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per income tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost, Provision for use of Company's car for official duties and telephone at residence (including payment for local calls and long distance official call) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- c) Company's contribution to Provident Fund and Superannuation and Pension Fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity Payable as per Rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- d) The Managing Director shall, subject to supervision and control of the Board of Directors, be entrusted with such powers and perform such duties, as may, from time to time, be delegated/entrusted to him.

II) Other Terms and Conditions:

- 1) The tenure of the Managing Director shall be for a period of 3 years commencing from July 1, 2007.

Explanatory Statement

- 2) The Managing Director shall be vested with substantial powers of the Management of the day-to-day affairs of the Company subject to the supervision and direction of the Board of Directors of the Company.
- 3) The Managing Director will devote his time and efforts for the business of the Company and its subsidiaries.
- 4) The following disclosures are being made in this Explanatory Statement in compliance with Paragraph I(C) of Section II in Part II of Schedule XIII to the Companies Act, 1956.

General information

- 5) The Company was incorporated in the year 1981 with the main object of printing and publishing of newspapers, magazines, books and journals etc.
- 6) Operational Performance of the Company for the financial year 2005-06 and 2006-07 is as follows.

(Rs. in Lacs)

Particulars	2006-07	2005-06
Sales and other Income	10974.88	10609.38
Profit Before Tax	374.93	1275.92
Profit After Tax	110.60	809.60
Paid up Equity Capital	5036.86	4475.63
Reserves & Surplus	11541.00	8207.00
Basic Earning per Share (Rs.)	0.24	1.88

- 7) The Company has not earned any foreign exchange during the financial year 2005-06 and 2006-07.

Information about appointee:

Mr. Tarique Ansari has completed his Bachelor of Business Administration from University of Notre Dame, USA. In 1983 he joined the Company as an Executive Assistant to the Managing Director. He continued in this post till 1985 when he became a Director.

He became the Managing Director of the Company in 1988. He looks after the management and administration of the Company under the overall supervision, control and the direction of the Board of Directors. There has been a tremendous growth in the operations of the Company during his tenure due to his competence and experience.

Taking into account financial position of the Company, trend in the industry, his qualifications and experience the terms of his re-appointment and remuneration as set out in the resolution are considered to be just, fair and reasonable.

He is a key promoter of the Company and owns 8.61 percent Equity stake in the Company as of date.

Explanatory Statement

The total remuneration drawn by Mr. Tarique Ansari for the financial year 2005-06 and 2006-07 was as follows:

Managerial Remuneration : Managing Director

Particulars	2006-07 (Rs.)	2005-06 (Rs.)
Salaries, Wages & Bonus	39,74,997	32,92,500
Contribution to PF & FPF	4,77,648	3,93,228
Perquisites	1,27,128	1,09,894

Besides his remuneration, Mr. Tarique Ansari does not have any other pecuniary relationship with the Company. He is a son of Mr. Khalid A.H. Ansari, Chairman of the Company.

Other information

- (a) Currently, the Company is performing well. However, in the event of unforeseen circumstances and conditions beyond the control of the Company, the profitability of the Company may be affected.
- (b) The Company is looking at new business opportunities and new markets to grow.
- (c) The Company is expected to perform well in future.

Disclosures

- (a) The shareholders are being informed of the remuneration package by way of explanatory statement as given above.
- (b) The details of remuneration etc. of other Directors are included in the Corporate Governance Report forming part of the Annual Report of the Company.
- (c) The Board of Directors and the Managing Director have reached agreement on the terms of employment. After obtaining approval from shareholders the Board will formally execute an agreement with the Managing director reflecting these terms.
- (d) None of the Directors, except Mr. Tarique Ansari and Mr. Khalid Ansari, is concerned or interested in passing of the resolution.
- (E) The terms and conditions of Mr. Tarique Ansari's appointment and remuneration as set out above may also be treated as an abstract of the Agreement between the Company and Mr. Tarique Ansari pursuant to section 302 of the Companies Act, 1956.
- (f) The Resolution regarding the remuneration and re-appointment of Mr. Tarique Ansari as the Managing Director of the Company is commended for acceptance by the Members.

Mid-Day Multimedia Limtied

ATTENDANCE SLIP

Registered Office: Peninsula Centre, Dr. S. S. Rao Road, Parel, Mumbai - 400 012.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

Joint Shareholders may obtain additional Attendance Slip on request.

DP. Id*	
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Regd. Folio No.	
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Client Id*	
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NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held:

I hereby record my presence at the **26th ANNUAL GENERAL MEETING** of the Company held on Tuesday, July 31, 2007 at 4.30 p.m. at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.

Signature of the Shareholder or proxy

*Applicable for investors holding shares in electronic form.

----- TEAR HERE -----

PROXY FORM

Mid-Day Multimedia Limtied

Registered Office: Peninsula Centre, Dr. S. S. Rao Road, Parel, Mumbai - 400 012.

DP. Id*	
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Regd. Folio No.	
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Client Id*	
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I/We.....of
 being a member/members of Mid-Day
 Multimedia Limited hereby appoint.....of
or failing him
 of.....

as my/our proxy to vote for me/us and on my/our behalf at the **26th ANNUAL GENERAL MEETING** of the Company to be held on Tuesday, July 31, 2007 at 4.30 p.m. at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021. or at any adjournment thereof.

Signed this day of 2007.

Affix Re. I Revenue Stamp

*Applicable for investors holding shares in electronic form.

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.